



BCE Stock or TELUS Stock: Which Is the Better Long-Term Buy Today?

Description

Motley Fool investors should be aware by now that we have a strong preference for long-term buys on the **TSX** today. And some of the best long-term buys are among telecommunication stocks. Both **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **TELUS** ([TSX:T](#))([NYSE:TU](#)) have seen major growth during the pandemic that only looks to get stronger from the 5G and wireline rollout.

But of the two, which is better for [long-term](#) investors to consider? Let's look at both companies and decide which one Motley Fool investors should add to their watchlist.

BCE stock

Shares of BCE stock have been growing steadily over the summer. The company can boast share growth of 10% in the last three months, and 25% over the last year. It's a fairly valued stock at the moment, with an EV/EBITDA of 11, and a P/E ratio of 20.73 as of writing. Plus, Motley Fool investors can pick up a strong 5.23% dividend yield. Shares have grown at a compound annual growth rate (CAGR) of 11.15% in the last decade, with dividends growing at a CAGR of 6.43% in that time.

The company's recent earnings report was strong, showing a whopping 149.7% increase in net earnings, and revenue growth up 6.4% as well. BCE stock added 115,916 new wireless customers, up 75% year over year, with internet additions up 80% year over year.

BCE stock is busy getting caught up from the pandemic. It's currently working on [upgrading](#) to fibre-to-the-home, providing incredibly fast internet to its Canadian clients. Of the Canadian telecoms, BCE stock can still boast the market share at 60%! And it may claim even more with the 5G rollout now truly underway. Not only that, but it also has a strong media business bringing in reliable revenue. Add on the fibre network, and BCE stock has now cut long-term operating costs for more shareholder growth. Though this may stagnate over time, and the reduction of landlines has already taken a toll on BCE revenue.

TELUS stock

So what about TELUS stock? The stock has certainly been no slouch either this last year. In fact, shares have grown 7.5% in the last three months, and 31% in the last year. TELUS is also fairly valued at the moment, with an EV/EBITDA of 13.37, and a P/E ratio of 31.57. And Motley Fool investors can again pick up a dividend yield of 4.3%. Shares have grown at a compound annual growth rate (CAGR) of 13.12% in the last decade, with dividends rising at a CAGR of 9% during that time.

As for earnings, whereas BCE stock is more “coming soon” TELUS stock is already here. The company already has the 5G rollout well underway, along with its wireline network, cutting costs already. During its latest earnings report, the company reported 223,000 new customers, 82,000 more than last year. TELUS saw revenue and EBITDA growth of 10% each, and EPS growth of 8.7%. TELUS is also on target to see revenue rise by 10%, and EBITDA by 8% as well.

Furthermore, whereas BCE stock is working on rolling out its network, TELUS stock is moving to the [next phase](#). Instead of focusing on the older methods of revenue, such as television and radio, TELUS partnered with **GM Motors** Canada to help move cars into the next phase of electric vehicles. Any car made after 2019 can now receive 4G LTE in their vehicles, and cars after 2025 will have 5G capabilities. This will allow for fast software updates, a necessity with autonomous vehicles in the future. The stock is now trading at 52-week highs, as is BCE stock.

Foolish takeaway

So, which is it? I have to say between the two, TELUS stock seems more prepared for the future of telecommunication companies. Now I don't think BCE stock is going anywhere. It's a great company that will continue delivering strong returns. But for *stronger* returns and potentially higher dividends in the future, TELUS stock is still a great buy.

Shares currently trade at just \$29.44 compared to more than double that for BCE stock. And growth seems to be more stable given that the company already has much of its network in place, compared to BCE stock that's playing catchup. So if you're looking for a long-term hold, I would go with TELUS stock that seems to be the less speculative buy.

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