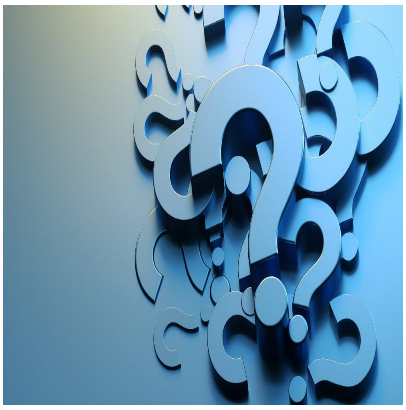

BCE Stock vs. Rogers Stock: Which Is the Better Buy?

Description

Telecommunications stocks are likely to have some solid years of growth ahead. The rollout of 5G networks coupled with wireline means investors can look forward to an enormous boost in revenue, all while charging higher rates that, in the long run, is a cheaper implementation cost! Two companies we continue to watch are **BCE** (TSX:BCE)(NYSE:BCE) and **Rogers Communications** (TSX:RCI.B)(NYSE:RCI). BCE stock and Rogers stock are excellent companies, but how will they stack up long term?

The main issue

Eventually, all of the telecommunication companies will have these faster capabilities. In fact, there are few competitors and some have already started to lead the pack. That includes **TELUS**, which has already implemented its wireline services, continues to roll out 5G, and is now looking to implement it in vehicles with **General Motors** Canada.

But what BCE stock and Rogers stock have above TELUS is the Canadian market. Both are powerhouses, especially in the fields of communications beyond wireless. Both BCE stock and Rogers stock own multiple television networks, radio stations, news outlets, and more. And together they make up a vast majority of the Canadians signed up for wireless services.

So, of the two, which comes out on top?

Think long term

We're interested in whether BCE stock or Rogers stock is the better choice long term. Both are strong companies with solid returns and dividend growth. BCE stock is up 26% year to date compared to Rogers stock, which is up just 4.77%. BCE stock offers a 5.26% dividend yield compared to Rogers stock and its 3.3% dividend yield.

So, why the big difference? BCE stock right now is focused solely on the 5G and wireline rollout. It alone holds 60% of the Canadian market in telecommunications. So, getting faster internet and data out there as quickly as possible could mean even more clients.

Rogers stock, however, is also concerned with the 5G rollout, but it's also spending a lot lately. Part of this cost would be taking on **Shaw Communications** should the acquisition deal eventually go through. This could put it ahead when it comes to television revenue. Basically, Rogers stock is looking to create future growth opportunities and pay down debt, whereas BCE stock is focused on the here and now with 5G.

Foolish takeaway

When it comes down to the battle between these two major telecom stocks, it's all about your own goals. However, the Shaw deal for Rogers stock is still speculative. While it's very likely, it still needs regulatory approval, and that means it's not a sure thing. Meanwhile, its 5G rollout is a lot slower than BCE stock at this point.

As for BCE stock, shareholders should be happy that it's focused on its core business with the 5G network. Right now, the company doesn't think it's the best time for growth — not when its main business needs support. It could therefore steal away even more Rogers customers based on its offerings. And it's difficult to get them back, since there is very little competition in the telecom business in Canada.

Then there's the dividend. Rogers stock dividend has grown at a compound annual growth rate of 4.56% in the last decade. BCE stock has grown at 6.43%. So, on both sides, it has a higher yield supported by higher growth. If you want a solid stock with a strong dividend, I would go with BCE stock on this one.

CATEGORY

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2. NYSE:RCI (Rogers Communications Inc.)
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alegatewolfe