



Canadian Telecom Stocks for Dividend Investors: BCE vs. TELUS

Description

Telecom stocks remain a strong investment for Canadians seeking out passive income. Whereas many other countries have a multitude of telecommunications options, here in Canada, we mainly have the Big Three. And of those three, two stand out among dividend stocks on the **TSX** today.

Canada's telecom stocks

There are two companies that have all but dominated the telecom stocks right now, especially when it comes to 5G. Those are **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **TELUS** ([TSX:T](#))([NYSE:TU](#)). By [market capitalization](#) alone, BCE stock is far and away the top of the bunch and \$62 billion. Behind it comes TELUS stock and about \$44 billion.

Both are market leaders among telecom stocks. The pair have continued a 5G rollout, and the wireline industry is currently booming. There was even an uptick thanks to the increase in Canadians working from home on both counts. But if you're looking for dividend stocks, which is the better stock for you?

BCE stock and its dividend history

BCE stock holds the market share among telecom stocks as of the moment. While it's been expanding its [5G network](#) and wireline business, it also has its hand in media as well. During its latest earnings report, analysts remained impressed with the company's "consistency." Profit jumped 36% year over year, with revenue climbing over pre-COVID-19 levels.

In fact, BCE stock reiterated its 2022 guidance for the year, and analysts believe it could indeed surpass it. Among telecom stocks, it continues to be the one to beat, offering attractive growth while also remaining profitable. In fact, its fibre-to-the-home expansion and 5G has analysts believing it could have the greatest medium-term gains of telecom stocks.

Those gains would support the company's strong dividend history. BCE stock has paid out regular dividends for the last 39 years. It also just boosted its dividend by 5.14% back in April. Over the last

decade, investors have enjoyed a compound annual growth rate (CAGR) of 5.41%. It's been doing this regularly, so you can certainly lock in a significant 5.34% yield on the TSX today for this dividend stock.

TELUS stock dividend history

Where BCE stock has been growing steady while remaining profitable, growth seems to be the big game for TELUS stock. The dividend stock has been making announcement after announcement in recent months. It's investing \$17 billion in Alberta for network infrastructure and recently was approved on the for a share-repurchase program.

So, when it comes to growth, analysts believe those seeking growth should go with Telus stock. That being said, analysts also believe this is already reflected in the company's share price. The company is certainly forward thinking, with solid capital returns for investors. But the valuation looks to be already there.

As for its performance as a dividend stock, Telus stock has been paying out a dividend for the last 24 years. It not only raised its dividend by 3.54% back in January but aims to do so again in July by another 3.42%. Over the last decade, investors have enjoyed a CAGR of 7.86%. You can currently lock in a yield of 4.26% on the TSX today.

Should dividend investors buy Suncor or Enbridge?

Telus stock is certainly strong, and it looks to be a solid company to purchase for growth. But if you're a dividend seeker, I believe that BCE stock has found the right balance between growth and profitability.

Furthermore, whereas Telus stock has these boosts coming, some analysts worry it won't be able to have the cash to support future growth in dividends. Meanwhile, BCE stock remains a solid dividend performer with a large share of the market.

So, if you're in it for the dividends, I would recommend BCE stock on the TSX today. Plus, you can pick it for a valuable 3.14 times book value as of writing.

CATEGORY

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2. NYSE:TU (TELUS)
3. TSX:BCE (BCE Inc.)
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