



## What Telecom Is Best for Your Portfolio?

### Description

Canada's big telecoms are among the best long-term options to add to your TFSA. But which of those big telecoms should you buy at this juncture? Let's take a look at both **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) to determine what telecom is best for your portfolio.

### The case for BCE

BCE is the largest and oldest telecom in Canada. The company has been paying out dividends without fail for well over a century, and today it boasts a juicy 5.94% yield. Worth noting is that BCE provides investors with a generous annual uptick to that dividend.

That dividend currently works out to an appetizing 5.94%, making it one of the better-paying yields on the market, and the highest across Canada's big telecoms.

BCE carries a P/E of 19.11 and, like much of the market, has dipped in 2022. That being said, at the time of writing, the stock is only down about 6% year to date.

Prospective investors should keep in mind that telecoms make great defensive stock options. They are less prone to market volatility and boast a stable business model and reliable revenue stream.

Speaking of revenue, in the most recent quarter, BCE reported revenue of \$5,850 million. This represents a 2.5% increase over the same period last year. On a per-share basis, BCE earned \$0.96 in the most recent quarter, which bettered the \$0.71 per share last year by a whopping 35%.

BCE's wireless segment saw net postpaid subscriber activations increase by 34,230 in the quarter. This represents a 4% increase over the same period last year.

### The case for Rogers

Like BCE, Rogers boasts a similarly sized media segment with the same offerings. The company is also similarly priced to BCE, albeit with a slightly advantageous P/E of 18.79.

Rogers's core subscription service offerings are also offered coast to coast. Rogers wireless segment represents the bulk of the revenue, and, by extension, an opportunity for investors.

By way of example, in the most recent quarter, Rogers reported revenue of \$3,619 million, of which \$2,140 million stemmed from the wireless segment.

Across that segment, Rogers reported a 3% increase in ARPU, which was mainly attributed to higher roaming revenue and a larger postpaid subscriber base. Speaking of subscribers, Rogers added a net 66,000 postpaid subscribers in the most recent quarter. By way of comparison, in the same period last year, Rogers added just 22,000.

Overall, the company earned \$392 million, or \$0.77 per diluted share during the quarter. This represents a 9% (10% per share) improvement over the same period last year.

Strong results are always a good thing, but it's important to note how a company puts those earnings to good use. This is one area where Rogers differs from BCE.

Rather than providing a generous annual bump to its quarterly dividend, Rogers is doing something different. Rogers is using those funds to invest in growth and pay down debt. This allows Rogers to make large investments where opportunities arise. Key examples of this include the ongoing acquisition of **Shaw Communications** and bolstering its new [5G network](#).

Once that deal comes to fruition, Rogers will see an influx of new (acquired) subscribers across its wireline and wireless segments.

Finally, let's talk dividends. Rogers quarterly dividend does work out to a respectable yield of 3.39%. Additionally, it's worth noting that Rogers does provide upticks to that dividend — just not scheduled annual upticks as BCE does.

## This telecom is best for your portfolio right now

Both BCE and Rogers are great investments, and any well-diversified portfolio would benefit from either of these segment titans. If I were to choose which telecom is best, that option would be Rogers.

Rogers prioritizing its debt and investing in growth over the past few years is important. This is even more true now that the market is rife with volatility, inflationary pressures, and a possible recession looming.

In short, buy Rogers, hold Rogers, and watch it grow over time.

### CATEGORY

1. Investing
2. Stocks for Beginners

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

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