



Is This Canadian 5G Stock a Better Buy Than Telus (TSX:T)?

Description

5G is the new frontier in wireless technology, offering faster data speeds and lower-latency communications than existing 4G networks. The transformation that's set to take place will be dramatic. And companies that get in on the ground floor stand to reap the benefits. Over the next year, Canadian telecommunication companies will be rolling out their 5G networks, and all of the "Big Three" have plans in the works. However, as you're about to see, some are better prepared for the coming changes than others.

Telus is one telecommunication firm that could face challenges, as it rolls out its 5G network over the coming year. The company is partnered with Huawei, which is under increasing scrutiny from Ottawa, with reports that the military wants the company banned in Canada. The U.S. has already taken legal action against Huawei pertaining to a number of its corporate practices, and similar action could be taken in Canada. In light of this, one telecommunication company may be better positioned to thrive in the 5G era than Telus.

Rogers Communications

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) is a Canadian telecommunications company that's well positioned to thrive in the 5G era. With much of its network infrastructure already activated in large cities, it's well ahead of many of its competitors. Just recently, it was reported that Rogers's first 5G-enabled device would be available in March. Earlier, the company reported that it was rolling out its 5G networks in Toronto, Vancouver, Montreal, and Ottawa. These are all positive signs that the company is moving full speed ahead with its 5G rollout.

One of the big reasons Rogers has been able to move swiftly with 5G is its choice of infrastructure partner. Having partnered with **Ericsson**, the company has [incurred higher infrastructure costs](#) than some of its competitors but has a much lower chance of running into regulatory headaches. This is in stark contrast to Telus, whose ongoing partnership with Huawei could spell trouble down the line.

Earnings results

Even without looking at 5G, Rogers is a solid business with an excellent track record of profitability and earnings growth.

Between 2016 and 2019, the company increased its earnings from \$835 million to \$2 billion. That's a solid long-term result. The company's most recent quarter was disappointing, with diluted EPS down 5%. However, the company still grew its revenue and increased its free cash flow to \$497 million. Also in the quarter, the company added 131,000 wireless subscribers and 27,000 cable subscribers, showing that it's still generating new business and winning new customers.

Foolish takeaway

For years, Rogers Communications has been Canada's [leading telecommunication company](#), thanks to its large customer base and nation-wide service area. Now, with its 5G rollout underway, the company could expand its lead even further. Even without 5G on the horizon, its stock is a solid dividend play with respectable earnings growth. Now, the company could add to its growth by winning subscribers from competitors like Telus that are less well prepared.

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