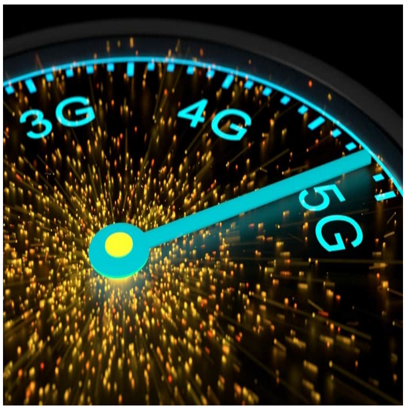


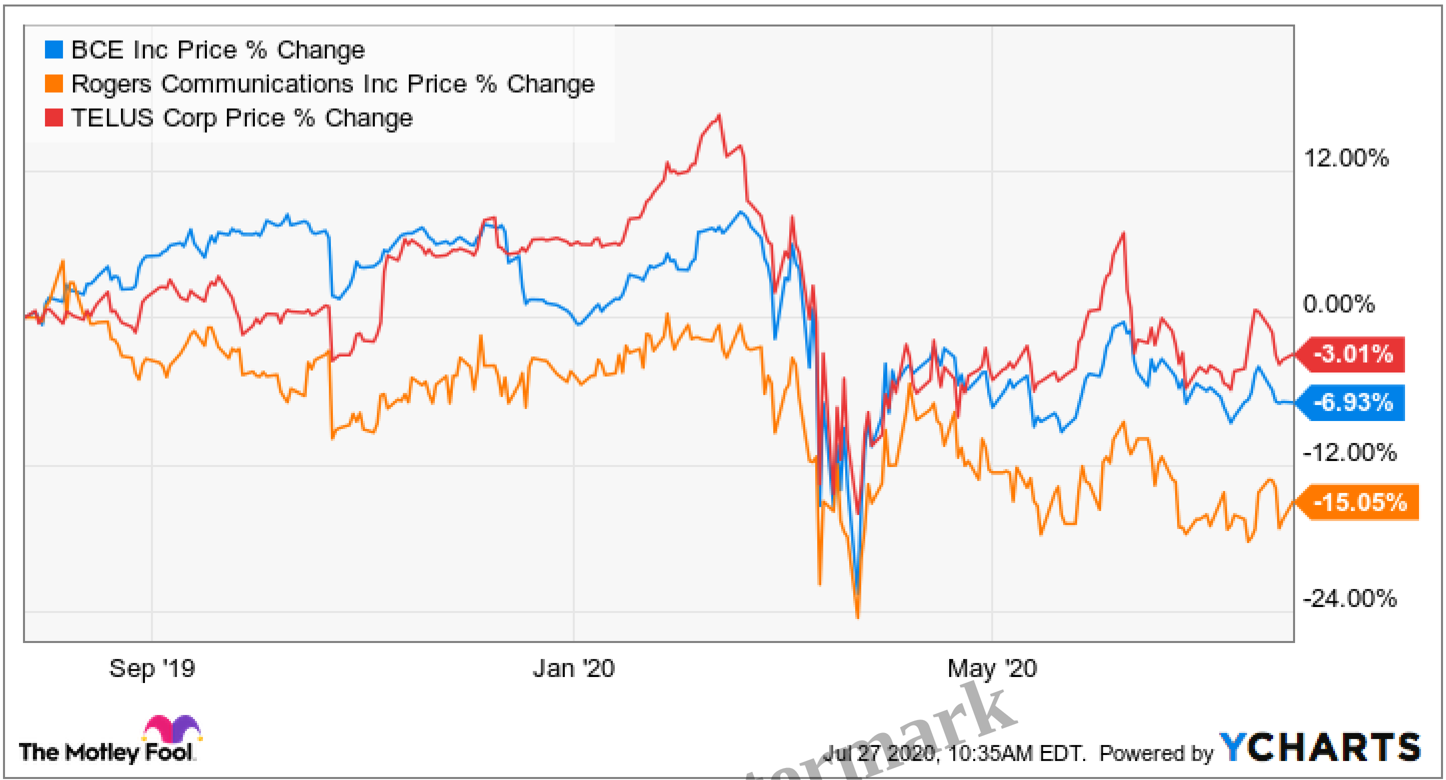
COVID-19: 5G Earnings Review

Description

The COVID-19 pandemic has had a huge impact on the global economy. Luckily, the Canadian government began issuing payments through the Canada Revenue Agency as part of a program called the Canada Emergency Response Benefit. With those benefits ending soon, investors will be closely monitoring earnings and guidance from major stocks on the **Toronto Stock Exchange**.

The 5G rollout seemed to be a great way to add growth to a retirement fund prior to this crisis. Now, the major wireless communications stocks in Canada are still working to regain stock market value. More than ever, today is a great time to consider buying top 5G stocks

With second-quarter earnings approaching, now is a good time to review how well these firms responded to the first-quarter financial shocks. You should know these three quotes from **BCE** (TSX:BCE)(NYSE:BCE), **Rogers Communications** (TSX:RCI.B)(NYSE:RCI), and **TELUS** (TSX:T)(NYSE:TU) before August.



BCE comments on COVID-19

Mirko Bibic, president and CEO of BCE and Bell Canada, had this to say about the impact of the COVID-19 pandemic on BCE's financials:

> "…We do not anticipate any changes to planned 2020 capital expenditures or to dividend payments for the foreseeable future. While the crisis significantly impacted retail activity, media advertising revenue and many other parts of our business in Q1, our solid results underscore Bell's ongoing leadership in network and service innovation, and consistently strong execution by the Bell team."

While it is unfortunate that BCE experienced lower revenue in some key businesses, the company adapted well to global changes. The firm's management demonstrated agility in cutting operating costs by 2.6% during the first quarter.

BCE boosted its service revenue during the first quarter. Service revenue increased by 0.3% to $5,058 million on higher year-over-year wireless service. Meanwhile, fewer wireless transactions and retail store closures caused a decrease in product revenue by 9.7% to $622 million.

Rogers boosts digital service options

Joe Natale, CEO of Rogers Communications, is confident that the firm's balance sheet can weatherthe health crisis:

> "We began to see the impact of COVID-19 in the final few weeks of Q1 and have quickly adapted our operations to continue delivering critical services to meet the evolving needs of our customers. Our strong balance sheet positions us well to manage through this crisis."

Rogers managed to increase the digital adoption of self-service options to 84% during the first quarter of the year. It will be interesting to see how this trend continues in the second quarter. Further, increased digital adoption should help the company improve its operating margins.

The COVID-19 pandemic caused a 5% decrease in first-quarter revenue due to a 17% decrease in wireless equipment revenue and subscriber activity. The firm has also been working with customers on flexible payment plans to keep them connected during the health crisis.

Of course, Rogers Communications also experienced some trouble in its advertising and sports revenue. The mid-March suspension of major sports leagues led to a 12% decrease in media revenue.

TELUS leverages home health monitoring

TELUS issued the following statement in the firm's first-quarter 2020 earnings press release regarding COVID-19 impacts:

> "Our quarterly revenue and EBITDA growth rates were partly offset by the impacts of the COVID-19 pandemic, mainly due to the travel restrictions and border closures mandated by various governments as well as proactive steps we elected to take to keep our customers and employees safe during this health crisis."

TELUS also did not fully escape financial effects from the pandemic. Nevertheless, the company saw a burst of interest in its home health monitoring services.

Further, the company increased its free cash flow by $392 million year over year to $545 million. TELUS attributes this improvement to lower income tax payments, reduced device subsidy leasing costs, and fewer restructuring costs.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
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TICKERS GLOBAL

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2. NYSE:RCI (Rogers Communications Inc.)

3. NYSE:TU (TELUS)
4. TSX:BCE (BCE Inc.)
5. TSX:RCI.B (Rogers Communications Inc.)
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Date
2025/08/23
Date Created
2020/07/27
Author
debraray