



The 3 Best 5G Stocks in Canada

Description

The next generation of wireless communications is set to unleash a wave of profits for early entrants and investors. Fifth generation, or [5G stocks in Canada](#) should be on the top of any growth investor's watch list for 2020 and beyond.

Here are the three best 5G stocks in Canada.

Bell 5G

Canada's largest telecommunications firm is, obviously, at the forefront of this revolution. **BCE Inc** ([TSX:BCE](#))([NYSE:BCE](#)) launched the nation's largest 5G network across major cities including Montréal, Greater Toronto, Calgary, Edmonton and Vancouver. This was made possible through a partnership with Swedish tech firm Ericsson.

Now, the company is surging ahead of the competition with a blazing fast roll-out. Bell has accelerated its coverage of small towns and rural locations this year in response to COVID-19. As people stay and work from home, demand for faster data is accelerating faster than Bell can expand, which means there's plenty of runway for growth ahead.

Bell seems to have the first-mover advantage here. After launching in every major city and expanding to rural communities, Bell's market for 5G could be millions of users and households. That could add billions to the company's top line within a few years, before the competition catches up with cheaper plans.

Telus 5G

Telus Corp ([TSX:T](#))([NYSE:TU](#)) is in a similar position. The 5G stock has been relatively flat for much of this year, as usage surged during the lockdown. Now, Telus has established 5G presence in major cities and is prioritizing small communities to get ahead of Bell.

According to the company, Telus 5G is already available in Vancouver, Montreal, Calgary, Edmonton, and the Greater Toronto Area. By the end of 2020, these services could be available in 26 more

markets across Canada. Rural expansion costs more and delivers lower margins, but it gives Telus an advantage of being the only 5G provider in many parts of Canada.

The rollout could add billions in revenue for the stock. Over the next three years, the rollout is expected to be worth \$40 billion. However, Telus' lower valuation makes it more attractive. The 5G stock is trading at a price-to-earnings ratio of 20 and price-to-book of 2.5, compared to BCE's 3. That could mean Telus has higher upside potential for the "5G stocks in Canada" theme.

5G components

Telecom giants aren't the only 5G stocks in Canada. Chip makers like **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) have just as much potential for upside but seem to be overlooked by most investors.

Sierra develops and supplies embedded machine-to-machine (M2M) modules and gateways. These components have been crucial for every previous iteration of wireless technology. Sierra stock surged 970% between 2009 and 2015 as the smartphone and 4G revolution gained steam.

This time around the stock could have similar upside. All major equipment manufacturers and telecommunications firms could rely on Sierra as a key vendor. Meanwhile, the company has also been developing niche modules and chips that could make the internet-of-things (IoT) possible. That expands its universe of potential clients and could mean higher upside for investors.

Bottom line

5G stocks in Canada are the perfect bet for growth investors seeking a long-term play.

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Author

vraisinghani

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