



2 Canadian 5G Stocks You Have to Own in 2020!

Description

The 5G wireless transition is expected to transform Canadian's wireless, data, and digital experience forever. Yet it is difficult finding Canadian stocks that will benefit from this revolutionary trend. In the U.S., there are many obvious 5G stock plays, like **Apple**, **Crown Castle**, and **Marvell Technologies**.

Yet for Canadians, 5G stocks with a market capitalization over \$200 million may not be quite so obvious. Today, I am going to discuss two 5G stocks that operate in Canada, are listed on the **TSX**, and should enjoy some significant tailwinds as the 5G revolution unfolds.

This Canadian stock is optimizing 5G networks across the world

The first Canadian 5G stock to put on your radar is **Enghouse Systems** ([TSX:ENGH](#)). Right now, around 43% of Enghouse's revenues come from its asset management segment. It has a number of technology solutions for planning, designing, and supporting the telecommunications industry in the 5G transition.

5G is complex and requires a more intricate network of fibre, servers, antennas, and wireless routers. Consequently, Enghouse provides a suite of network planning, management, and visual intelligence products that help manage complex 5G networks. Likewise, it has made a number of acquisitions that give it strength in mobile device management and Internet of Things solutions. Enghouse has a strong array of network products that should see ample demand during the 5G transition.

While Enghouse already had a strong history of accretive growth (adjusted EBITDA per share CAGR of 10.1% since 2015), the pandemic has only accelerated that growth. In particular, Enghouse experienced very strong COVID-related demand for its interactive management services. It has over \$220 million of net cash, so it has a strong capacity for expansion and acquisitions. Combine trends such as working from home, digitized society, and 5G, and this is one Canadian 5G stock set for success.

This stock has first-mover advantage

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is another strong 5G stock in Canada. BCE was actually the first Canadian telecom stock to introduce the 5G network across Canada's five largest cities. BCE has aggressively invested \$4 billion into its fibre, next-gen network infrastructure across Canada. As a result, it can quickly integrate 5G service through its overall network.

In fact, BCE's customers have access to two times more cell towers than competitors. Its broad tower infrastructure will make implementing 5G service more convenient and more cost effective. Likewise, BCE partnered with **Ericsson** Radio Systems for its LTE network, [so utilizing Ericsson for implementing its 5G network](#) should be relatively seamless. This has not been the case for competitors like **Telus**, which previously partnered with Huawei.

In its recent second quarter, BCE surpassed 10 million total wireless subscribers. That is 10 million subscribers that will all eventually be looking for faster, more reliable data through 5G. All of them will require new 5G phones. Subsequently, that should create a boom of new phone sales for many years.

The pandemic crisis has stunted BCE's financial results in 2020. Yet it maintains a strong financial position. It has \$5.4 billion of liquidity and a reasonable net debt leverage ratio of 2.86 times. Its generous 5.9% dividend is safe, and it continues to see healthy free cash flow generation. This is a Canadian 5G stock you can tuck away and forget about. Simply enjoy the 5G revolution as you [collect steady dividends](#) and stable, long-term growth.

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2. TSX:BCE (BCE Inc.)
3. TSX:ENGH (Enghouse Systems Ltd.)

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