



Forget Telus (TSX:T): This 5G Stock Is Ready to Roar

Description

Telus ([TSX:T](#))([NYSE:TU](#)) is a popular stock among Canadian dividend investors. With a 4.9% yield and a 9.6% annualized dividend-growth rate, it's chockfull of income potential. If you buy Telus stock today, you'll probably fare reasonably well with your investment. Canadian telcos have legendarily high barriers to entry, which makes the big players fairly stable and safe.

But among these big players, Telus may not be the best bet. Bested on 5G deployment by one of its larger competitors, it's behind on what's seen as the "next big thing" in cellular data. To be sure, Telus is still a great dividend stock. But one company could fare better in the years ahead.

So, what is this other company, and why is it so ahead of the curve?

Rogers Communications

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) is Canada's second-largest telco. It offers, cell, internet, and TV service nationwide. Its coverage overall is second to **BCE's**. But when it comes to 5G, Rogers occupies the top spot. Thanks to its infrastructure partnership with **Ericsson**, Rogers was able to roll out 5G faster than its competitors.

While Telus and other telcos got caught up in the **Huawei** fiasco, Rogers steamed right ahead. It faced no major snags in its 5G rollout, because Ericsson was never the subject of any political controversies. This put Rogers way ahead of other Telcos that went with Huawei. As a result, its [5G network is the largest in Canada](#).

It's just the opposite with Telus. The company has long had Huawei infrastructure in several of its networks. It tried lobbying the government to allow Huawei 5G infrastructure in Canada, but pressure from the opposite side proved stronger. Eventually, it threw in the towel and [went with Ericsson](#) — like Rogers did from the beginning.

Why 5G matters

Rogers's 5G lead gives it a big edge in cell data transfer speeds. 5G's high speed means that it can provide faster internet, music, and video over cell data. According to Ericsson, you'll be able to download a high-quality feature length movie in seconds over 5G. That's a quantum leap over the previous generation of wireless technology.

Depending on how long Rogers's "head start" persists for, it could help the company get more cellular customers. People are going to want to have the latest, fastest cell service available. If Rogers stays well ahead of the curve, then it could gain subscribers from other telcos like Telus. That would have a favourable impact on the company's earnings.

On the topic of earnings: Rogers did better than Telus in the most recent quarter. Whereas Rogers's earnings were down 14% year over year, Telus's earnings were down a massive 27%. Also, Rogers saw positive growth in free cash flow, whereas Telus's free cash flow declined. So, in addition to beating Telus on 5G, Rogers also scored a win on Q3 earnings. I know which 5G stock I would go with, if I had to choose.

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