



Better 5G Buy: Telus or Rogers?

Description

The [5G revolution](#) is about to chart a new growth path for the telecommunications sector! At least, that's what investors are hoping for.

Indeed, big players are gearing up for multi-billion-dollar investments. Both **Telus** ([TSX:T](#))([NYSE:TU](#)) and **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) have ramped up on their spending, as the race to establish 5G supremacy is on.

In this context, let's find out which stock is a [better pick](#) for investors.

Telus announces stock sale totaling \$1.3 billion

Telus has recently announced the company will be selling equity to raise \$1.3 billion. These funds are expected to be used to speed up the expansion of its fibre-optic broadband network in British Columbia, Alberta, and the eastern part of Quebec. Moreover, the company will be using the funds to roll out 5G wireless network across the nation.

It has been said that these investments will provide fibre optic internet connections to around 225,000 additional homes across Canada. Indeed, this investment has the potential to significantly strengthen the company's market position.

This year, the company will make additional investments of approximately \$500 million to \$700 million, in addition to its annual capital spending budget of around \$2.75 billion. This is big money, and both equity and bond issuances are likely to continue moving forward. However, investors seem to be bullish on the growth this capital will provide over the long term. Accordingly, Telus's stock price has remained stable, despite these announced spending changes.

Besides Telus, other big names in this sector like Rogers Communications have also made moves to get ahead in this race to dominate the 5G space.

Rogers-Shaw deal can be a gamechanger

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#)) has accepted a takeover bid worth \$20.4 billion from Rogers, as the latter requires a substantial amount of funds to upgrade its network to 5G. There's no doubt that this deal will completely transform the Canadian telecommunications industry if it gets regulatory approval.

After announcing the acquisition deal, Rogers Communications has revealed various investment plans to accelerate the deployment of 5G wireless technology across Canada. The company has planned to allocate approximately \$2.5 billion to expand operations in Western Canada. Furthermore, it will be spending \$3 billion on infrastructure support.

Indeed, assuming the acquisition deal is approved by the government, this behemoth will have substantial resources to outspend its competition. It can easily fund the rollout of both wired and wireless internet connectivity across Canada. Hence, there is no doubt that Rogers will have a competitive edge in this consolidated space. Furthermore, I believe that this deal will pave the way for much-needed innovation in this country's telecommunications industry.

Bottom line

Size does matter, and, in that respect, Rogers certainly appears to be the best option in the telecommunications sector right now. Indeed, out of the two options, Rogers Communications is my top pick. The company's got the size and scale to continue to grow as the leading national player in 5G.

I'd also suggest that investors should keep an eye on bond yields and stock issuance by these companies, as they will price in a lot of investor expectations in the near term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. NYSE:TU (TELUS)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:SJR.B (Shaw Communications)
6. TSX:T (TELUS)

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