



Today's Top 5G Buy: Rogers Communications

Description

The race to [5G supremacy](#) is on. Indeed, this next generation of wireless communication is set to improve data speeds and reduce latency. That's great for consumers. However, 5G also happens to be a massive catalyst for unleashing massive profits for investors in companies benefiting from the growth 5G provides.

Indeed, telecoms are one such sector which will benefit greatly from this technological shift. Accordingly, **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) is one of my [top picks](#) for investors seeking 5G exposure today. Here's why.

Size matters

Rogers's takeover deal to acquire **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) for \$20 billion is a big one. Indeed, this deal provides a lot for 5G investors to get excited about.

Currently, investors appear to be broadly bullish on the deal. I'm of the belief this deal is likely to benefit Rogers more than Shaw, as the potential size of the combined company will provide incredible upside to Rogers shareholders. This acquisition will create Canada's second-largest telecommunication company with incredible scale. This will provide Rogers the ability to roll out 5G across the country much faster than its competitors.

As a part of this deal, Rogers is set to invest upwards of \$2 billion in maintaining and expanding 5G networks across Western Canada. It will also create a \$1 billion fund dedicated to connecting indigenous sub-urban communities across this region to next-generation high-speed internet.

With this acquisition, this company will leap past the current 2nd-ranked **Telus** to take on the market leader, **BCE Inc.** Rogers is well-positioned to take advantage of the secular growth 5G provides. Accordingly, I view Rogers as the most attractive growth play in the telecom space today.

Regulatory scrutiny likely

That said, this deal is not without its share of risk.

There is some speculation surrounding whether or not this deal will ultimately go through. After all, it's a massive one, and one that's likely to undergo significant regulatory scrutiny.

However, of late, more momentum is building suggesting the deal could go through. Various analysts appear to be bullish on the total value that would be created coming out of this merger. Specifically, Western Canada urgently requires significant investment in 5G telecommunication infrastructure. A substantial sum will be required to make these key regional investments in 5G technology. The argument can be made that a larger entity could better-support these costs.

Additionally, Canadian regulators have increasingly pushed big deals through of late. Canada's been known to have a relatively "lax" regulatory review process compared to other countries, so there's less risk with two domestic partners tying up than with an international counterpart operating in other global markets.

Accordingly, there's room for optimism. And right now, I'm optimistic this deal could go through.

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2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:SJR.B (Shaw Communications)

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