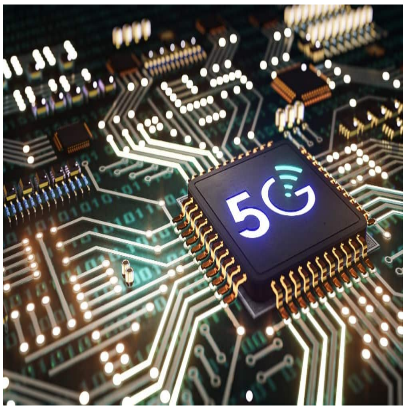

3 Top 5G Stocks to Buy to Capitalize on Rising Data Usage

Description

Investors seeking growth catalysts today are increasingly moving toward the technological innovation of the future. In this regard, the 5G revolution is one of those key catalysts that's coming into focus for more investors today.

Indeed, the pandemic has accelerated this focus for most investors. Work-from-home regimes and rising data usage suggest exponential growth in data usage isn't likely to slow any time soon. Accordingly, telecom players are increasingly being looked to as a way to gain leverage to this trend.

Let's take a look at the top three Canadian telecom players right now. Specifically, let's look at why these companies are well-positioned to be long-term holdings for investors today.

BCE

The big dog in the Canadian telecommunications space is **BCE** (TSX:BCE)(NYSE:BCE). Indeed, this company's telecom and media assets are unparalleled in this space. It's a company that's been among the most stable growth stocks on the **TSX** over the long term. Additionally, BCE's diversified business model is one that separates it from its peers.

That's not to say the company doesn't have a high degree of leverage to the potential 5G boom. BCE has perhaps the vastest and integrated wireless network in Canada, and the company's been investing heavily in rolling out its 5G platform in recent years.

If the company's cash flows can indeed see a boost over the medium- to long-term, investors stand to benefit. The company's recent earnings show just how impressive the company's growth can be, even in a downturn. BCE beat on its bottom line substantially and continues to pump out stable cash flows at a growing clip over time.

BCE's 5.8% dividend yield is among the best in this space. For Canadian income investors looking to take advantage of the dividend tax credit, even more so.

Rogers Communications

Another behemoth in the Canadian telecom space is **Rogers Communications** (TSX:RCI.B)(NYSE:RCI). May investors are already aware of the company's $26 billion deal to acquire **Shaw Communications**. However, when investors consider the leverage this deal will provide in terms of 5G coverage, the deal begins to look a lot juicer to investors.

Indeed, I'm of the belief that this tie-up could result in Rogers being able to grab more market share in an already tight market. With subscriber growth likely to remain muted over the long term, these players will be duking it out over price and quality of services. Rogers has the potential to grow its presence in Western Canada and enhance its product offering as a result of this deal. Additionally, some significant synergies are expected to take place when this merger completes.

Now, it's important to consider that there will be regulatory hurdles both companies will need to jump over to get this deal done. Additionally, a tremendous amount of capital spending will be required by Rogers to catch up to its peers. The company estimates it will be ramping up its spending to approximately $3 billion per year, with a large chunk in Western Canada, as a result of this deal.

However, for long-term investors convinced there's a lot of growth to be had in Western Canada, this deal looks like a good one right now.

Telus Communications

Another key player in the Canadian telecom space is **Telus Communications (**TSX:T)(NYSE:TU). Like Shaw, Telus's focus is in Western Canada. However, unlike its peers, the company is less sensitive to 5G revenue growth compared to other growth businesses.

Investors may be aware that Telus recently spun off its **Telus International (**TSX:TIXT) business. This IT outsourcing company's IPO provided the company with a boost in capital to deploy on new infrastructure spending, such as boosting the company's 5G presence. Additionally, it's expected the company will spin off other assets over time, such as the company's Telus Health division.

I've been bullish on Telus over the long-term as a diversified play. However, I also view the company's eagerness to spin off its non-core holdings as a solid strategic move in this environment. Telus's peers are increasingly taking on debt to fund its infrastructure spending. However, Telus has been able to tap equity markets for this growth financing. Given where valuations are today, I see this move as creating excellent value for shareholders.

Accordingly, all three companies are great picks in their own right. Each has its own idiosyncratic risks and rewards. However, each one provides excellent leverage to long-term growth catalysts like 5G. Long-term investors ought to like that.

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3. NYSE:TIXT (Telus International)
4. NYSE:TU (TELUS)
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Date
2025/08/16
Date Created
2021/05/31

Author
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