



Better 5G Stock: TELUS (TSX:T) or Rogers (TSX:RCI.B)?

Description

Telecom stocks are long-duration assets, and the 5G network could give them more shine to attract investors. The battle within the oligopoly is intense, with three major players vying for market dominance. **BCE** has a slight advantage because of its sheer size. However, **TELUS** ([TSX:T](#))([NYSE:TU](#)) and **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) have what it takes to steal the thunder from the industry titan. Either one could become the [top 5G stock](#) in Canada.

A national force in the works

The telco space should boom with the fifth version of wireless networking technology. Rogers started the movement and was the first to go live with 5G in January 2020. Montreal, Ottawa, Toronto, and Vancouver were the first cities to taste the newest technology.

Jorge Fernandes, Rogers's CTO, said then, "We're focused on bringing 5G connectivity to even more Canadian residents and businesses to help drive economic prosperity in our communities." As far back as 2018, the \$32.65 billion communications and media company chose Ericsson to be its 5G vendor for the whole network infrastructure and Radio Access Network.

Rogers made a big move in March 2021 when it offered to acquire **Shaw Communications**, the country's fourth-largest telco. The news sent shock waves, because the merger could unseat TELUS as the second largest in the sector. The business combination is ideal since it will enable Rogers to accelerate the 5G rollout in Western Canada, the domain of Shaw.

However, the takeover isn't a done deal yet. The parties will pass through a wringer to obtain regulatory approvals. If Rogers is successful, a [national force](#) will be born. Besides the US\$16 billion proposal, Rogers is ready to put in a large chunk of money for the rollout of 5G mobile service. The telco sector would spend around US\$20.7 billion total by 2025.

The announcement did help the stock a little, as the current price of \$64.45 is 5.52% higher than in mid-March 2021. Rogers's year-to-date (YTD) gain is 10.54%, and market analysts see a potential upside of 12.71% in the next 12 months. For income investors, this telco stock pays a 3.1% dividend.

Humongous capital plan

TELUS isn't saying much about the Rogers-Shaw deal, but its former CFO, Robert McFarlane, has positive comments. He believes the merger will put Canada on a faster track to expanding its high-speed telecom networks.

The \$37.65 billion company has earmarked \$54 billion to spend on infrastructure and operations across Canada through 2024. TELUS will also utilize its current spectrum holdings to achieve 70% coverage of the entire population by year-end 2021.

Darren Entwistle, president and CEO of TELUS, said the significant investments in world-leading networks to expand its 5G footprint rapidly and PureFibre infrastructure would mean connecting more Canadians to people, resources, and critical information during the global pandemic.

Furthermore, TELUS expects to create 250,000 jobs from the 5G deployment. The company also estimates 150 billion in contribution to the economy over the next 20 years. The telco stock trades at \$27.79 per share (+12.8% YTD) and offers a higher 4.58% dividend.

Great sector to invest

The telco sector is a great place to be if you want [income and growth](#). Likewise, the 5G growth prospects are fantastic. Choosing between TELUS and Rogers Communications isn't easy. The outcome of the Rogers-Shaw deal might be the deciding factor.

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