



## 2 TSX Telecom Stocks That Are Top Value Picks

### Description

A mega-merger in Canada's telecom sector is coming soon. **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) needs to overcome two more major hurdles to proceed with the takeover of **Shaw Communications**. The [business combination](#) will unseat **TELUS** as the country's second-largest telco.

In all likelihood, Rogers will become a top value pick for investors in the space alongside **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). As of this writing, Rogers is the top-performing [5G stock](#) among the big three telcos with its 20.77% year-to-date return.

### Conditional approval

The Canadian Radio-television and Telecommunications Commission (CRTC) granted Rogers a conditional approval to acquire Shaw last month. CRTC assessed the broadcasting elements of the \$26 billion deal and said the merger would be in the public interest. It adds that it would not impact the competitive landscape.

Rogers said before that Canada is no longer an island in an ocean alone. It argued that besides industry peers BCE and TELUS, the competition globally is also increasingly. Among the salient conditions is for Rogers to contribute \$27.2 million to various media and local news initiatives and funds. The amount is five times greater than the original commitment of the buying entity.

Rogers must also distribute 45 independent English and French-language services, at least, on each of its cable and satellite services. It should ensure that independent programming services would not be disadvantaged during negotiations with Rogers.

Regarding rate increases, Rogers said that any price increases would be in line with Shaw's decades-long pricing scheme. Also, the stiff competition from Telus is the best check against it raising prices, said Rogers. The Competition Bureau and Innovation, Science and Economic Development Canada (ISED) will review the wireless, phone, and internet acquisitions next.

While Rogers awaits the next phase of hearings, the \$36.53 billion telco launched Canada's first commercial 5G standalone (SA) network. According to Jorge Fernandes, Rogers' chief technology officer, the milestone underscores the telco's ongoing leadership in 5G.

Furthermore, Rogers has a \$300 million partnership with Government of Canada, the Province of Ontario, and Eastern Ontario Regional Network (EORN). The partners aim to bridge the digital divide and bring reliable wireless connectivity across Eastern Ontario. For would-be investors, Rogers trades at \$72.21 per share and pays a 2.8% dividend.

## Buy-and-hold

Canada's largest telco is a buy-and-hold stock. Besides the dividend growth streak of 13 consecutive years, BCE's dividend track record dates back to 1881, or 140 years. If you invest today, the share price is \$72.12, while the dividend yield is 5.16%. On April 6, 2022, the telco stock hit a 52-week high of \$72.24.

The compelling reason to invest in BCE is the recurring income streams. Income-investors or retirees can receive [pension-like income](#) if they buy the stock today and hold forever. In the last 46.29 years, the total return is 84,444.30% (15.67% CAGR). The \$65.63 billion industry giant generates billions of dollars in revenue every year, so the dividend payouts should be safe and sustainable.

Blaik Kirby, group president of BCE Consumer and Small and Medium Business, said, "I'm so proud that Bell is once again leading the way in delivering faster internet speeds for our customers."

## High chances of approval

Industry analysts predict that the Competition Bureau and ISED will also approve the telco merger, although there could be more conditions compared to CRTC. The timetable is late this year.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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