2 Canadian 5G Stocks to Buy for 2022

Description

The COVID-19 pandemic may have dampened the adoption of the next generation of telecom tech, most notably 5G wireless. But I still believe there's ample value to be had for patient investors who want to profit from one of the biggest leaps in mobile technology.

With South African (B.1.351) and U.K. (B.1.1.7) COVID-19 "variants of concern" that could threaten to send Canadians back into lockdown mode, the appetite for mobile data could stay muted for longer. So, if you want to play the mass adoption of the 5G wireless standard, you're going to need the patience and stomach to deal with further volatility.

Once the pandemic ends, the Canadian telecoms, like **BCE** (TSX:BCE)(NYSE:BCE) and **Rogers Communications** (TSX:RCI.B)(NYSE:RCI), will be among the first to bounce back as a part of a potential post-pandemic discretionary spending boom. Nest eggs have swollen amid the pandemic, and once COVID-19 is conquered, consumer sentiment will heal, and a lot of pent-up demand for certain goods will finally have a chance to be met.

I'd imagine that many people who've padded their emergency funds are delaying their pricey discretionary purchases of today's hottest 5G devices (think **Apple**'s iPhone 12) until after this horrific pandemic concludes. And while Apple is one of the more obvious ways to play a post-pandemic 5G boom, BCE and Rogers are a far better value now that their shares are in the gutter over a handful of brutal quarters that were weighed down by the COVID-19 impact.

A 5G stock with a 6.3% yield

BCE is a dividend darling that's been in the doghouse of late. The company has endured its fair share of challenges, and things could worsen as the pandemic does. That said, if you believe vaccines will eventually conquer the insidious coronavirus in late-2021 or early-2022, BCE is a must-buy.

The 6.3%-yielding dividend is safe and has been growing by a 5% annualized rate over the last 11 years. The magnitude of dividend growth, I believe, should be supported by a rapid adoption of 5G devices in the post-pandemic world.

BCE's new CEO, Mirko Bibic, who brings in a wealth of experience, will likely l help the behemoth-sized Canadian telecom effectively manage through near- to medium-term headwinds. This makes BCE a terrific contrarian dividend play that does not depend on the timely elimination of COVID-19, like some other riskier COVID-19 recovery plays like **Cineplex**.

While the 5G stock is dirt cheap at 2.2 times sales, analysts remain divided on the name. BCE is a buy, but only if you've got the patience to hold through the end of this crisis, however long that may be.

Deep value for patient investors

Rogers Communications stock can't seem to catch a break. The company recently reported mixed fourth-quarter results that beat the street consensus by a single cent alongside revenues that came in a bit lighter than expected due to weakness in the media and wireless segments. There was no meaningful financial outlook for 2021 due to profound uncertainties caused by the pandemic.

Shares of Rogers were under pressure immediately following the quarter, but for all the wrong reasons. I believe that a lack of guidance sets the bar low for Rogers moving forward and think upside surprises could be in the card if the pandemic is conquered in late-2021.

Like other telecoms, Rogers is poised to benefit from a post-pandemic spending spree that could fuel the appetite for 5G devices. In the meantime, you can expect Rogers to continue investing heavily in its 5G wireless infrastructure, which will likely pay huge dividends down the road.

While the 3.4% yield is on the lower end versus its peers, it's worth noting that the 5G stock's payout is very well covered.

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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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