



## Investor Alert: BCE Makes a Big Move to Privatize Bell Aliant

### Description

In the hyper-competitive telecom market **BCE** ([TSX: BCE](#))([NYSE: BCE](#)) has fired the latest salvo by tendering an offer to acquire a 100% interest in **Bell Aliant** (TSX: BA). The \$3.95 billion deal will take BCE from its current 44% stake in Bell Aliant to full control and lead to the privatization of the company.

Now what does this mean for both companies and the investors of BCE and Bell Aliant?

For BCE one of the instant results of the deal will be the 1 million wired customers currently served by Bell Aliant in Eastern Canada. This will bring BCE's subscription base to over 6 million homes nationwide. This will also open up additional free cash flow for BCE, with the deal expected to add an additional \$200 million to the books, an increase of 7.7%.

There is already word coming out that this acquisition will help BCE realize some of its bundling strategies — especially in Bell Aliant's home territory of Eastern Canada. These added wired/fibre services will give BCE a sizeable infrastructure upgrade, in terms of its broadband internet offerings.

### Infrastructure upgrades coming to Atlantic Canada

Right after the deal was announced BCE revealed a series of upcoming infrastructure upgrades to Atlantic Canada, perhaps as a consolation to Atlantic Canada, which is now losing one of its top publicly traded companies. The coming upgrades include \$2.1 billion in broadband upgrades over the next five years. Two new call centres in New Brunswick and 100 communities will receive LTE wireless services for the first time by 2015. Bell Aliant will continue to operate out of its Halifax headquarters once the deal is completed.

### What about Bell Aliant shareholders?

Under the terms of the deal, Bell Aliant shareholders have a couple of options to choose from including: \$31 in cash, 0.6371 of a BCE share per Bell Aliant Share, or \$7.75 in cash with 0.4778 of a BCE share. Bell Aliant shareholders should be aware though that the October quarterly dividend will not be paid out, as the value of the dividend has been worked into the above package.

## Pumping up the BCE dividend

Siim Vanaselja, Executive Vice-President and CEO of BCE and Bell Canada, said in an interview that the deal “supports BCE’s dividend growth aspirations going forward.” While no immediate figures were released BCE has a proven track record of growing its dividend. It has managed to grow the dividend by 69% since Q4 2008, which is now priced at \$2.47 per year with a yield of 4.98%.

The deal now goes to shareholders and the Federal Competition Bureau for both ratification and authorization. If all moves smoothly the deal is expected to close this November.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

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