3 Reasons BCE Inc. Continues to Post Impressive Results

Description

Canada's Big Three telecommunications companies are among the country's most resilient businesses. And this was reinforced on Thursday, as **BCE Inc.** (TSX:BCE)(NYSE:BCE) reported results for the second quarter of 2015.

The company's quarterly revenue ticked up by 2% year over year, beating analyst estimates. This is especially impressive considering the fact that Canada is probably in a recession.

So, how was BCE able to post such impressive results?

1. It's all about data

It's no secret that Canada, just like any other nation, is seeing a growing thirst for mobile data among its citizens. That's a big plus for wireless providers like BCE, who are able to sell more expensive smartphones along with pricier plans.

This is having a big impact on financial results. In the second quarter BCE's wireless average revenue per user (ARPU) increased by 5.3% year over year to $62.48, driven in part by increased usage of smartphones. But still only 77% of subscribers use smartphones (compared with 75% a year ago), so there's room for even more improvement in ARPU.

2. Stealing market share from Rogers

BCE has been stealing market share from **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) for a few quarters now, driven in part by the latter's poor reputation for customer service. The second quarter was no exception, as BCE added 61,000 wireless subscribers over the three months compared with 24,000 over at Rogers.

Once again, there is plenty of room for further gains. Despite much effort, Rogers's reputation will take a long time to turn around, and until then BCE should continue stealing share. Better yet, Rogers remains the largest wireless provider in Canada, so BCE has plenty of subscribers to target.

3. Solid numbers from other segments

It isn’t just the wireless segment that’s growing nicely. BCE’s Internet and IPTV businesses added nearly 70,000 subscribers last quarter between them. Combined, BCE’s Internet and TV businesses have nearly six million subscribers and are growing at just over 4%.

Part of this growth came from customers switching from satellite television in favour of IPTV. But even when factoring this in, BCE is performing much better than Rogers, whose cable TV segment is actually losing subscribers.

The news could get even better. BCE is rolling out its ultra-fast gigabit Internet service to 1.3 million homes in Ontario and Quebec by August 10th, and another 900,000 by the end of the year. The response should be very positive—after all, who can resist the best download speed in Canada?

For these reasons, BCE remains one of the top dividend stocks in Canada. But if you’re seeking more solid dividend-paying companies for your portfolio, be sure to check out the free report below.

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bensinclair