



## Is an Investment in BCE Inc. Warranted?

### Description

Investors looking for stocks to invest in are often told to diversify their investment choices and to look at both growth and dividend prospects of a company and match them to the needs of their portfolios.

**BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) has long been considered one of the best options to add to a portfolio in this regard. While the company may not be an aggressive growth pick, it does have a solid dividend and is more involved in our daily lives than most would think.

### BCE in your everyday world

BCE owns TV stations, radio stations, sports teams, property, and let's not forget one of the largest wireless, Internet, and TV subscriber services in the country. You would be hard pressed to go through a day and not be inundated by at least one component of the BCE machine.

Because the company spans into so many areas, it has multiple revenue streams. By far the largest and most lucrative, however, remains the core wireless, phone, and TV services that BCE offers across the country.

BCE has a massive infrastructure built already to provide these services from coast to coast. A competitor that wants to emerge at the same level would be tasked with building a multi-billion dollar network, and that would take years.

This moat allows BCE to upgrade infrastructure when needed and pass on a significant portion of revenue to shareholders in the form of dividends.

### BCE continues to rise

BCE has long been regarded as one of the best dividend options on the market, and for good reason. The company has been paying dividends for more than a century and has consistently upped the dividend to the joy of shareholders.

The current dividend payout is targeted in the 65-75% range and is currently set to \$0.68 per quarter,

giving the stock a yield of 4.54%.

The stock is currently trading at just over \$60, having hit a new 52-week high earlier this week. Year-to-date, the stock is up by an impressive 12%, and long-term investors will note that the stock has appreciated by nearly 60% in the past five years. When you factor in this approximate 12% growth per year with a 4.54% yield, you can see why so many investors see BCE as an invaluable part of every portfolio.

But there is even more to love about BCE.

### **Growth prospects**

BCE recently announced the intent to acquire **Manitoba Telecom Services Inc.** (TSX:MBT) in a deal that is reported to be near \$3.9 billion. To get the deal done, BCE may be forced to sell off one-third of MTS's subscribers to competitors and boost infrastructure spending in Manitoba, but this deal could be lucrative for investors.

BCE has a small footprint in Manitoba. Any boost to subscribers and coverage, even after concessions to competitors, will still result in BCE having more subscribers and more services. Many of those subscribers are with one or more of Canada's Big Three telecom companies, so more competition can only lead to good for those customers.

From BCE's perspective, there are both tax savings and synergies that can come into play, which will provide a boost to free cash flow, and, by extension, a boost to that great dividend.

The deal is still subject to regulatory approvals, but BCE remains a strong investment option for all investors irrespective of the outcome of the deal.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

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

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