Why BCE Inc. Is Still a Great Forever Stock

Description

BCE Inc. (TSX:BCE)(NYSE:BCE) reiterated to investors this past month why it is the ultimate forever stock for any portfolio. If you haven't already invested in the media behemoth, here are just a few reasons you might want to reconsider your position.

We live in a BCE world

The next time you are on your way into work, look around you and count the number of BCE assets or ads you see or hear. BCE is everywhere, blanketing our lives. BCE has a massive portfolio of assets, ranging from radio and TV stations to professional sports teams and real estate holdings. Let's not forget the core internet, TV, and phone subscriber services that BCE offers to customers across the country.

BCE's moat may be impressive, but the real jewel in the crown is the company's vast infrastructure that has been built over the years and the core services it offers across the country using that infrastructure.

BCE's core offering of internet, TV, and phone services comprise the bulk of the revenue for the company and, in terms of service coverage, eclipse most competitors by a fair margin. In fact, given both the coverage and offerings BCE has in place, it would take a new would-be competitor billions of dollars and years of construction to amass a network on scale to even come close to rivaling BCE.

Over 100 years and counting of shareholder value

One of my favourite reasons for recommending BCE is the dividend. Finding a company that has consistently paid out a handsome dividend which has grown throughout the years is rare. Finding one that has paid out dividends for well over 100 years is relatively unheard of.

To factor in just how great that dividend is, the current quarterly dividend amounts to $0.68 per share, which, at the current price of just under $60, results in a very attractive yield of 4.57%.

Because BCE's infrastructure is so well established, it can afford to provide a significantly higherpayout level to shareholders.

Quarterly results that continue to impress

BCE recently announced third-quarter results, which revealed yet another positive quarter for the company. BCE reported net earnings of $800 million, or $0.87 per share, coming in at just over 1% when compared with the same quarter last year. Operating revenue saw an increase of 1.2%, ahead of analyst expectations to $5.4 billion.

BCE's internet segment saw growth of 39,400 new subscribers, matching expectations. Turning to the TV segment, BCE was only able to muster 36,300 new subscribers to the company's new Fibe TV service, which was met with a loss of 41,000 satellite subscribers in the quarter. Much of the loss can be attributed to intense competition in the key Toronto-area market.

The media division posted a revenue increase of 3.5% for the quarter, coming in at $716 million. This was largely helped by BCE's CraveTV service hitting over a million subscribers.

The wireless segment added over 107,000 net subscribers, beating analyst expectations by over 23,000 subscribers, and managed to improve the churn rate to just 1.26%. Competition between wireless competitors continues to heat up, fueled by higher network speeds and the near insatiable appetite for data consumption by users. Data usage on BCE's LTE network registered a 35% increase in comparison with the same period last year.

Both of those factors have helped BCE push the average revenue per user higher, which grew by 3.7% in the most recent quarter.

BCE remains, in my opinion, a great option for those investors looking for both long-term growth and dividend income.

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1. Editor's Choice

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