Is BCE Inc. Still a Good Investment?

Description

BCE Inc. (TSX:BCE)(NYSE:BCE) has a long-established reputation as being one of the best dividend investments in the market. While the reasons for picking BCE are numerous, there's always a need by investors to take a second look at the market and see if there's another option that could provide a better return.

In the case of BCE, there's an argument to be made that the company is not as good an investment as it once was, but there's still plenty to love about Canada's largest telecom.

Here are a few reasons you may want to consider investing in BCE.

The ultimate defensive moat

When it comes to having a defensive moat around your business, BCE is in a class of its own. BCE's core business offers TV, wireline, wireless and internet connectivity to subscribers from one coast of the country to the other. BCE is supported by massive infrastructure that has been built up over decades.

From a competition standpoint, it would take nearly a decade and an investment of billions of dollars to even come close to offering the coverage that BCE provides to its subscribers.

Former wireless provider Wind Mobile invested billions over the course of a couple of years to expand its network, and was only able to cover just a few metro areas in the country. Wind has since been purchased by **Shaw Communications Inc.,** and an ambitious plan is underway (at the cost of billions and still several years out) to upgrade the former Wind network to become a national competitor to BCE.

The other BCE businesses

BCE’s moat in the Canadian market extends far beyond the core subscription business. The company is involved in nearly every aspect of our lives with a large portfolio that spans radio and TV stations,real estate, and even professional sports teams.

One area that is quickly emerging as a competitive advantage over BCE’s other telecom rivals is in the realm of online streaming services. While **Netflix Inc.** may count over one in six Canadians as clients, BCE’s Crave service is quickly emerging as a viable competitor.

Crave has gained in popularity recently as Shomi — the rival service offered by two of BCE’s main competitors — decided to shutter that service last fall. With no other national alternative to Netflix, and with the prospect of bundling Crave as part of an existing subscription, consumers have been flocking to the service, which has surpassed over one million active users.

When factoring in a number of programming exclusivities that have been granted to Crave, the prospect of Crave continuing to grow and even taking a chunk out of Netflix in Canada, or, better yet, the idea that the market could support both services becomes all more probable.

BCE’s dividend is still one of the best

Perhaps one of the most compelling reasons to look at investing in BCE is the dividend itself. BCE is one of just a handful of stocks that have been paying dividends for over 100 years, and that record doesn’t seem to be ending anytime soon.

Remember that huge infrastructure I mentioned earlier? Having all that infrastructure set up already means that BCE doesn’t need to spend as much as competitors on expanding it, which translates into higher, yet still sustainable, payout ratios for investors.

BCE’s current quarterly dividend stands at $0.68 per share, which, at the current price, amounts to a very healthy 4.66% yield.

That great dividend and high payout doesn’t mean that BCE can’t be a growth stock too. The stock has steadily risen over the years, averaging over 6% per year over the past five years, and, over the past decade, the stock has more than doubled without even factoring in dividend reinvestments.

In my opinion, BCE remains a great long-term dividend stock, truly fitting the phrase “buy and forget.”

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Author
dafxentiou