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# 4 Reasons to Invest in BCE Inc.

## Description

**BCE Inc.** (TSX:BCE)(NYSE:BCE) has long been considered an all-time favourite for investors seeking a long-term investment that can provide a reliable source of income. More recently, that status has come into question with some investors, especially considering the recent hike in interest rates.



Here are four reasons prospective investors should consider when contemplating an investment in BCE.

### We live in a BCE world

One of the most incredible things about BCE is the reach the company has across multiple segments of the economy. Apart from the core internet, TV, phone, and wireless subscription services the company offers, BCE also owns a myriad of media holdings, including radio and TV stations, as well as several professional sports teams.

BCE's coverage into our daily lives is so complete that many of us fail to even realize how many times we interact with the company daily. Chances are that, at some point, today you will send or receive a text message, make a call, listen to a radio station, or watch something on a BCE-owned property.

### BCE's impenetrable moat

BCE's core subscription services are, without a doubt, the crown jewels of the company. BCE's services are offered coast to coast in what is Canada's largest network. The vast infrastructure of this network has been built up over the years, remaining one of the key competitive advantages of BCE.

That infrastructure provides BCE with a nearly impenetrable moat against potential new competitors. For a new entrant to even consider entering the market to counter BCE's infrastructure and coverage would require billions in investment and likely a decade or more in construction.

### BCE is a dividend all-star

Perhaps one of the most compelling reasons to consider an investment in BCE is the impressive dividend the company offers. BCE has been rewarding shareholders with a dividend for well over a century and continues of offer a handsome dividend to this day.

One concern that critics of BCE often point to is the current environment of rising interest rates. BCE has over US$24 billion in debt, which is steadily becoming more expensive as interest rates increase, and this can drive free cash down, scaring some investors into selling in lieu of other safer avenues of investment.

BCE’s current quarterly dividend amounts to $0.72 per share, which translates into a very impressive 4.90% yield. Over the course of the past five years, BCE has hiked the dividend annually, with the most recent hike coming this past spring.

**BCE has growth prospects**

BCE recently provided a mixed quarterly update. BCE realized a surge of 6.7% in revenue, and a whopping 17.1% increase in free cash flow, which finished the quarter at $1.09 billion. Adjusted net earnings for the quarter came in slightly lower than the same quarter last year at $792 million.

The wireless division continues to be the main growth driver for the company, and for good reason. Data-hungry consumers are engaging with and using mobile devices at every possible opportunity, and it shows in BCE’s results. The company added over 88,000 new postpaid additions to the wireless unit in the most recent quarter, easily surpassing the 70,000 that analysts were forecasting.



The recently completed acquisition of Manitoba Telecom Services Inc. helped fuel that surge in revenue and should continue to help fuel growth for the company for the next few years.

While further interest rate increases will inevitably have an impact on dividend-paying stocks like BCE, the company remains, in my opinion, a great long-term investment option.

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