



## Should Investors Write Off BCE Inc. Stock's Recovery in 2018?

### Description

**BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) failed to impress the market, despite reporting healthy growth during the first quarter. Investors didn't show any excitement for Canada's largest telecom player, whose stock has shed more than 10% of its value this year.

Does that mean that there is no hope for recovery in BCE's share price in 2018? Let's take a deeper look to see how the company performed in the latest quarter amid tight competition on all fronts.

### Wireless growth

For the quarter which ended on March 31, BCE added about 102,000 subscribers to its post-paid wireless, internet, and IPTV broadband services — 39% more than it did in the same period last year.

That impressive growth was led by 68,000 net additions to its post-paid wireless subscriber base — BCE's best first-quarter performance since 2011.

The company also signed up more new broadband customers than this time last year, as it increases marketing for its improved fibre-to-the-home service, which it is still rolling out in Toronto and the Greater Toronto Area.

Helped by these strong additions, BCE raised its profit guidance for 2018. Now it expects adjusted earnings per share to remain between \$3.45 and \$3.55 per share. That compared with its expectations in February for \$3.42 to \$3.52 per share.

For the current quarter, BCE reported \$661 million net profit attributable to shareholders, or \$0.73 per share. That compared with a profit of \$642 million, or \$0.73 a share, a year ago, when the company had fewer shares outstanding. Operating revenue rose \$5.59 billion from \$5.34 billion.

On an adjusted basis, BCE says it earned \$0.80 per share for the quarter, the same as a year ago, but \$0.02 below the average analyst estimate of \$0.82 per share, according to **Thomson Reuters**.

## Future outlook

After seeing BCE's first-quarter financial performance and its future outlook, I don't see any red flags, despite the heating competition in the market to grab the highest number of wireless subscribers. There is no doubt that it will become tougher for Canada's largest players to keep subscribers locked in when **Shaw Communications Inc.**, the smallest of the big four companies, is offering lucrative packages and fast improving the quality of its network.

That said, BCE has positioned itself very strategically to counter the threat following its heavy investment in infrastructure and after a series of acquisitions, including the purchase of Manitoba Telecom Services Inc. last year.

## The bottom line

Trading at \$53.33 and with an annual dividend yield of 5.53%, [BCE stock](#) looks very attractive to me. With its forward price-to-earnings multiple of 14.61 and more than 5% expected growth in its dividend, BCE is a stable buy-and-hold stock with powerful cash-generation capabilities. I don't see a reason to remain bearish on this top name in Canada.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Date

2025/08/18

## Date Created

2018/05/06

## Author

hanwar

default watermark