



Why You'd Be Smart to Buy BCE (TSX:BCE) in 2020

Description

With 2020 fast approaching, investors may be looking for the [best stocks to buy to ensure continued financial success](#). The coming year is riddled with uncertainties, question marks, and risks, but **BCE** (TSX:BCE)(NYSE:BCE) has none of these issues. The company remains a pillar of strength in the Canadian telecom industry, one that [continues to invest in the future as well as pay its shareholders today](#) in the form of dividends and stock price appreciation.

Please keep reading to find out why you'd be smart to buy BCE in 2020.

A solid long-term holding

Defensive and predictable BCE has been a top holding for predictable wealth creation for decades. BCE stock has risen almost 500% since the late 1990s in a rise that was as steady as it was spectacular. The company has grown to become Canada's largest telecom services company with a 100% stake in Bell Media, Canada's largest integrated media company.

BCE provides services such as long distance, satellite, wireless, and internet services across Canada and has grown from a company with revenue of \$10 billion in 1996 to revenue of \$23 billion today. In the old days, BCE embarked on a strategy to transform itself from a phone company into a leading internet player, with a focus on connectivity, content, and commerce, and we have seen the result.

Today, there remains much work to be done to stay ahead in this rapidly evolving industry. BCE is building out its FTTH (fibre to the home) network, using optical fibre instead of existing copper infrastructure. This is the next-generation broadband fibre connection, which provides the world's fastest internet technology, advanced television and media services, and unparalleled business connectivity. It is evidence of BCE's commitment to remaining ahead of the game and acting quickly and effectively to provide the latest and best technology to its customers.

So, the build-out of BCE's fibre optic network continues, and going forward, this will mean that BCE stock and BCE shareholders will continue to benefit. The company is well funded, with a powerful balance sheet and strong cash flows easily supporting capital-expenditure plans. In the latest quarter,

the third quarter of 2019, BCE generated almost \$1.2 billion in free cash flow (+17%), which follows 2018 free cash flow of more than \$3.6 billion.

A growing dividend for growing income

Dividends are a cornerstone of an attractive investment for many Canadians investing for their retirement. Dividends are a return of cash to shareholders today, minimizing risk and providing income. When it's reliable and growing, it adds up to security and wealth for shareholders.

In the last 10 years, BCE has increased its dividend by 117% to the current \$3.17 per share. The latest increase was a 5% increase in the first quarter of 2019, and the current dividend yield for BCE stock is a generous 4.94%.

Foolish bottom line

BCE has been and continues to be a quality core holding for long-term wealth creation and income. This company is protected by high barriers to entry, is insensitive to economic cycles, and has tremendous balance sheet strength, all things that drive long-term success. Investors would be smart to buy BCE stock in 2020, as the company continues along a trajectory of slow and steady value creation for its business and its shareholders.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

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

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Author

karenjennifer

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