



BCE Inc. (TSX:BCE): Is This Top Dividend Stock Still a Buy?

Description

It's quite a confusing time for long-term investors whose aim is to build wealth through buying [dividend-paying stocks](#). Markets are in a great bullish phase, heavily rewarding those who bought growth-oriented stocks and punishing the proponents of value investing.

Despite this challenging environment, however, there are still plenty of opportunities in the market that could pay off in the long run. And one of my top picks is Canada's largest telecom operator, **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)).

After many ups and downs during the past year, BCE stock is showing resilience and has just hit a record high, trading at \$64.66 at writing after posting another strong earnings report.

What makes BCE a perfect candidate for your long-term income portfolio is the company's dominant position in Canada's highly regulated telecom market, where three big players make most of the revenues.

BCE offers diversified services, including wireless, home internet, and media operations, allowing the company to add subscribers on a sustained basis and remain ahead of the competition.

For the fourth quarter, BCE's wireless business added 123,582 subscribers, bringing the total to just under 10 million. Of the net additions during the quarter ended December 31, 121,599 were postpaid, beating analyst estimates.

In addition to the wireless subscriber growth, BCE added 35,639 retail high-speed internet subscribers and 22,039 subscribers to its IPTV landline television services.

5G growth plans

Going forward, that growth in subscribers is likely to pick up further speed as the telecom utility prepares to launch its fifth generation (5G) of services.

BCE said today it has signed its first 5G wireless network supplier agreement with **Nokia** of Finland and it's ready to deliver initial fifth-generation service in urban centres across Canada this year, as 5G

smartphones come to market.

What's helping BCE is the company's successful growth strategy of the past five years that positioned it to produce better returns for shareholders.

Among the few measures that are boosting growth are its investment worth billions of dollars on its fibre-optic network to support faster internet speeds and prepare the utility to offer 5G.

All that growth, however, will only matter to investors if a [stock delivers them higher returns](#) on their invested capital. BCE has long maintained a policy of increasing its dividend by 5% annually.

In line with this policy, BCE also raised its quarterly dividend by 5% to \$0.8325 per share today, up from 79.25 cents per share. The increased payment came as BCE reported a profit attributable to common shareholders of \$672 million or \$0.74 per share for its fourth quarter, up from a profit of \$606 million or \$0.68 cents per share a year ago.

Bottom line

With this growth momentum, BCE is also a good defensive stock, in case you feel there is going to be a market downturn going forward after such a massive run.

Telecom utilities aren't too volatile when markets are undergoing an uncertain period, as people wouldn't ever consider cutting utilities in a recession. That stickiness provides stability to their cash flows, making them perfect defensive stocks.

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