Is BCE (TSX:BCE) Stock a Buy Right Now?

Description

Content streaming has emerged in the last 18-24 months as a source of upside potential. And this year has seen digital stocks soaring as a result of social distancing amid a global health crisis. Indeed, tech stocks in general have benefited from social distancing. But are digital content platforms still generating growth? Or is there a better, more rounded way to play this space?

Mixing growth potential with passive income

Momentum is an elusive element, even in areas that are seeing steep upside. **Netflix** slowed down at a time when it should have been speeding up. A lot of this is down to the highly competitive nature of the digital entertainment space. Last year saw the so-called streaming wars kicking into overdrive. The new **Disney** platform really put Netflix on the back foot.

The TSX doesn't have too many stocks that can go toe to toe with Netflix. However, the one stock that the TSX *does* boast in this space is a better all-rounder than its U.S. counterpart. **BCE** (TSX:BCE)(NYSE:BCE) is a rare stock. This one household name offers wide-moat market dominance combined with the stability of an infrastructure play. Along with digital media growth potential, BCE also pays a tasty 6% dividend yield.

That media exposure comes via BCE's Bell Media segment, specifically its Crave platform. And it's precisely that exposure to digital media that marks BCE out as a stock to buy and hold. Netflix has been seeing its hegemony getting carved up by the likes of **Amazon** and Disney. There are always more subscribers to be won over. So, BCE is nicely positioned to grow in 2021 as consumer churn heats up.

A key TSX stock for media access

This is a name with an impressive pedigree, after all. BCE's media assets span the full gamut of television, radio, and digital. Its licences include HBO, Showtime, and Starz. This places BCE on the world-stage in terms of digital content, and covers such perennial hits as *Game of Thrones* and *Seinfeld*

. In short, if you're in Canada and you watch stuff, you already know BCE. In fact, investing in BCE would actually allow you to recoup some of those subscription fees.

Selling at three times its book value, BCE is somewhat on the pricey end of the scale. However, unlike some of its digital content peers, the Bell Media owner has a super low 36-month beta of just 0.27. Netflix, by comparison, has seen three-year volatility just below market weight. That's not much of a boon, considering how volatile markets have been during that period. In summary, BCE is the lower-risk play here, helping long-haul investors to rest a little easier.

The industrial thesis for BCE is positive, with 14% earnings growth expected. And speaking of estimates, total returns by mid-decade could see BCE shareholders rewarded with 33% growth. These are, of course, conservative projections. A recovering second half of 2021 could see BCE's bottom line bolstered by an influx of reinvigorated revenues. And in the meantime, investors will own a predictable, high-quality income stock.

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