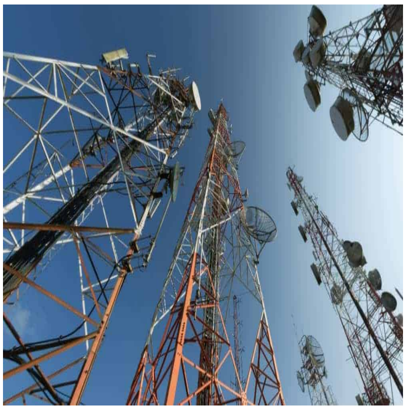

Today's Top Buy: BCE Stock

### Description

**BCE** (TSX:BCE)(NYSE:BCE) is a dividend darling that's showing no signs of slowing its long-term growth plan ahead of what could be a post-pandemic 5G boom. The firm is not about to pull the brakes on its dividend growth either. BCE's generous management team recently hiked its dividend by 5% alongside some fresh financial guidance for 2021.



Add the **Rogers-Shaw** acquisitions into the equation, and the long-term profitability prospects of the Big Three haven't looked this good in quite a while. Such a Rogers-Shaw deal, I believe, brings the pricing power back to the Big Three Canadian behemoths. Canadians lose on the deal, but telecoms, especially Canada's top dog, BCE, are major long-term winners.

## Things finally looking up for the Canadian telecoms

Indeed, things are finally looking up for BCE stock and its telecom peers after one of the worst disruptions in recent memory. Despite the slate of promising developments and the recovery trajectory that lies ahead, BCE stock continues to tread water.

The stock has been under pressure for most of 2020 and has failed to recover, as many other reopening plays have already, most notably the big Canadian banks. Ultimately, I believe any continued weakness in BCE stock is nothing more than a long-term buying opportunity for Canadian investors seeking to lock in a safe and sound 6%-yielding dividend alongside a good shot at decent capital gains over the year ahead.

## BCE stock: Full speed ahead with the 5G boom

BCE continues to be under modest pressures as the pandemic continues taking its toll. In the fourth quarter, the Bell media business continued to sag, with EBITDA down nearly 8% year over year (YoY). Bell wireline and mobility were both down modestly by 2.7% and 3%, respectively, YoY.

Although things are tight, BCE remains focused on doubling down on the 5G opportunity at hand. The company is now poised to bolster capex by $1-1.2 billion to double its 5G coverage and gain a commanding lead in the telecom scene as next-gen telecom tech continues to be rolled out. For 2021, the capex boost should boost Fibre to the Premises (FTTP) locations from between 400,000-450,000 to 600,000-650,000 and 5G POPs (points-of-presence) from around 40% to 60%.

Such massive spending will strain the balance sheet over the near term, but it'll literally pay major dividends down the road. Given the telecoms will likely be among the first to recover in the post-COVID environment, I'd say that BCE is right on the money to get aggressive with its spending plan, as the next generation of telecom tech becomes the norm for the average Canadian.

## BCE stock: A shareholder-friendly management team second only to Enbridge

Despite the strain of hefty expenditures, I suspect the dividend investors have nothing to worry about regarding dividend growth. The incredibly shareholder-friendly managers running the show are more than capable of pulling an **Enbridge** by continuing to reward its shareholders with generous dividend hikes, even through the worst of times.

In two years from now, I suspect free cash flows will be back to normal, and BCE will be poised to hike its dividend by a low single-digit rate. In the meantime, the 6% yield should serve as more than enough of an incentive to hang in through the last stages of this pandemic.



**CATEGORY**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

**POST TAG**

1. Editor's Choice

**TICKERS GLOBAL**

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

**PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

**Tags**

1. Editor's Choice

**Date**
2025/08/20
**Date Created**
2021/03/30
**Author**
joefrenette