Should You Buy BCE Stock After Earnings?

Description

BCE (TSX:BCE)(NYSE:BCE) is one of the largest telecommunications companies in Canada. Its shares have climbed 5.6% in 2021. The stock is up 3.1% from the prior year. BCE unveiled its first quarter 2021 results on April 29. Should you buy the stock after earnings? Let's jump in.

Why you can rely on telecom in this environment

Quality telecom services have been crucial during the pandemic. Millions of Canadians have been forced to work from home due to COVID-19. This means that workers are increasingly reliant on speedy and dependable Internet.

Essential services were able to remain fully operational during the pandemic. This means investors have been able to target stocks in utilities, energy, grocery retail, and other sectors. Telecom belongs in that company. That does not mean it was immune from pandemic-related challenges. Adjusted net earnings fell 12% year over year to $2.73 billion and adjusted EBITDA dropped 4% to $9.60 billion.

How does BCE look after its earnings?

In the first quarter of 2021, BCE saw revenue increase 1.2% from the prior year to $5.70 billion. Meanwhile, adjusted net earnings fell 1.4% to $704 million or 1.3% to $0.78 on a per share basis. On the other hand, cash flows from operating activities surged 37% to $1.99 billion and free cash flow climbed 53% to $940 million.

Broadband additions at BCE rose 51% from the prior year to 108,468 total combined wireless mobile phone and mobile connected device, retail Internet, and IPTV net additions. It delivered 21,208 retail Internet net additions, achieving 12% Internet revenue growth.

Back in March, I'd discussed why BCE was worth targeting as Canada's 5G boom got underway. The company's broadband network acceleration program progressed with over $1 billion in capital invested in the first quarter. It is on track to achieve up to 6.9 million total fibre and WHI connections by the end of 2021.

BCE also had positive news to report with its Crave app. Canadians do not have access to HBO Max, the new streaming service launched by **AT&T**. Crave stands as the northern alternative. Total crave subscribers increased 12% year-over-year to 2.9 million. It received a boost from streaming hits like *Zach Snyder's Justice League*. Moreover, Super Bowl LV achieved the third-largest Canadian audience ever on CTV, TSN, and RDS.

Should you buy this top telecom stock today?

Shares of BCE possess a favourable price-to-earnings ratio of 21. This puts it above its top peers in the telecom space. On the income front, there are few telecoms that can compete with this company.

In Q1 2021, BCE declared a quarterly dividend of $0.875 per share. That represents a tasty 6% yield. The top telecom has delivered 12 consecutive years of dividend growth. This puts it in elite company when it comes to dividend-growth on the TSX.

A slew of new phone buys and acceleration of its broadband network powered BCE in the first quarter. Moreover, the telecom offers solid value and a very strong dividend.

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