



BCE's Earnings Make This 5G Play Ultra-Attractive Today

Description

With hype around the 5G rollout seeming to have lost some traction, certain 5G plays are starting to look attractive right now.

Consider **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). This company isn't just one of the [largest telecom players](#) in Canada. It's also a company that has seen its stock price trade sideways over the past five years. There have been peaks and valleys. But investors are now able to pick up shares at essentially the same price as five years ago (a bit cheaper, actually), with a 5G catalyst as the cherry on top.

Now, that seems like a good deal to me.

For those seeking to diversify their portfolio, BCE is a company that has everything investors are looking for. Indeed, the telecom player provides cash flow stability, reliability and growth. With a remarkable high yield near 6%, it is the highest among its counterparts.

However, let us have a look at other factors involved in this play.

How much is BCE raking in?

From a financials perspective, BCE is doing quite well.

Investors need to keep in mind that telecom growth numbers aren't like other industries. This is a relatively slow-growth industry paying out higher-than-average dividends. However, this is also an extremely defensive and safe place to be. Accordingly, retirees often gravitate to this sector for good reason.

BCE's recent Q1 earnings report didn't disappoint on this regard. BCE beat analyst expectations of \$5.6 billion on its top line, hauling in \$5.7 billion, which represented a revenue rise of more than 1%.

Why should investors be excited about such a low growth number?

Well, BCE's earnings came after Canada's telecom regulator mandated the resell of access to networks of large wireless carriers to smaller companies. Accordingly, some negative sentiment in terms of growth was likely already baked in.

BCE brought in nearly 33,000 new post-paid subscribers under its belt. However, the average billing user stood at \$70.34, approximately a 3.4% fall. This year's adjusted earnings of \$0.78 per share surpassed expectations of \$0.73, but it is 1.3% lower year over year.

BCE CEO Mirko Bibic said in a statement that the company has shown quarterly improvement. It also has a positive adjusted EBITDA growth and revenue for the first time since COVID-19 pandemonium. BCE also offered \$20 billion to acquire **Shaw Communications** back in February, but has since backed down to **Rogers Communications'** bid.

Bottom line

The road to a full 5G rollout is exciting for all investors. Indeed, BCE stands to benefit from this rollout over the long-term. The company expects to expand its 5G network service region by 50% by this year-end. However, Bell needs to deliver fast speeds, low latency and will also need to acquire leverage points to expand their network footprint.

BCE is already introducing new services to help take advantage of the blazing speeds. The company is also offering the first 5G hotspot along with its innovative TSN and RDS 5G View Apps, which are bringing new horizons to sports viewing.

Long-term investors who are patient and are looking for yield can't go wrong with BCE at these levels. It's a company that provides bond-like income of nearly 6%, with a very stable business model that will certainly continue.

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chrismacdonald

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