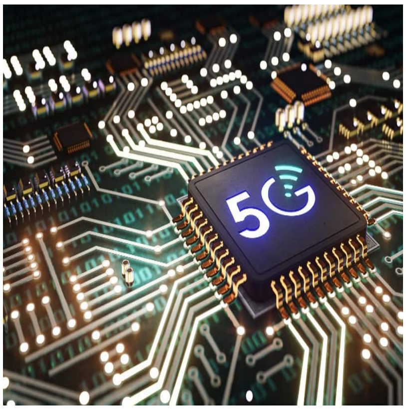

This Top 5G Play Still Looks Attractive Today

Description

The 5G space is flaming hot right now, and leading 5G players are fighting neck and neck to take market share.

In this environment, **BCE** (TSX:BCE)(NYSE:BCE) is garnering a lot of attention these days. The company's leverage to the 5G growth catalyst is notable. Additionally, this telecom player has been one of the most stable growers on the TSX over the long term.

Thus, it's no surprise investors are jumping on BCE stock of late. Here's why I think there may be more upside with this stock on the horizon.

Excellent earnings buoying this 5G play

In the telecom space, fundamentals are really what matters. The stereotypical telecom investor is someone looking for consistent, reliable long-term returns. Investors can expect roughly half of the returns telecoms provide to come in the form of dividends. For Canadian retirees, taking a 6% yield with a dividend tax credit sounds nice.

However, investors will want to ensure BCE's cash flow growth will be sufficient to support this dividend now and over the long term. Some dividend appreciation would also be nice.

In this light, BCE appears to be a relatively safe high-yield pick today. The company recently beat estimated earnings, reporting $0.78 per share versus consensus estimates of $0.73. The company's revenue grew to $5.7 billion, also beating estimates. What's not to like?

Well, revenue is growing at a relatively slow clip, up marginally year over year. Regulations tied to pricing appear to be officially in play for Canadian telecoms. Years of price increases may be capped if regulators step in further as they've said they would to protect the Canadian consumer.

That said, the company's cash flows remain extremely stable. Given the valued-added growth potential 5G will provide, telecoms are an even safer place to be today than prior to the pandemic.

Underlying 5G catalysts provide wind to BCE's sails

Slower growth is certainly something every investor will want to factor into their models with telecoms like BCE. However, over the medium to long term, perhaps BCE can eke out a few more percentage points of growth each year.

The rise in 5G-enabled devices has meant telecoms have been forced to upgrade their systems. Doing so is costly. However, the long-term benefits of doing so simply make sense.

Market share is everything for Canada's telecoms. Providing the most robust 5G network is what each competitor is after. And in this regard, Bell and BCE is a top player in Canada.

If BCE can chip away at the market share of its peers, investors could see improved top- and bottom-line performance over the medium term — that is, with or without price increases.

Bottom line

BCE's rock-solid dividend yield near 6% and its cash flow stability make this a long-term investor's dream stock. Indeed, those seeking reliable long-term returns can't go wrong owning this name.

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