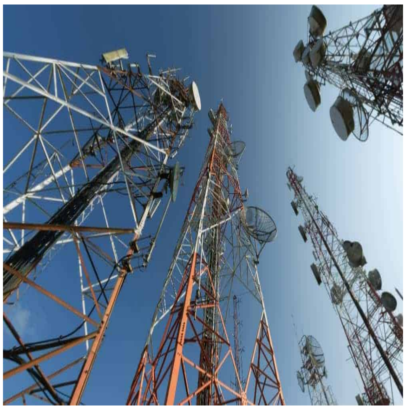

BCE Earnings: Another Solid Quarter From Canada's Largest Telecom Stock

Description

BCE (TSX:BCE)(NYSE:BCE) Canada's largest telecom stock reported earnings for its third quarter of 2021 this morning before the market opened. BCE is one of the biggest and best blue-chip stocks to own for the long haul, so there's no doubt that investors were watching closely.

What happened with BCE's earnings?

As the economy continues to recover, telecom stocks like BCE are once again seeing growth return to their operations. While these stocks were actually some of the most resilient during the pandemic, lower mobility weighed on wireless earnings, so these telecom stocks have been looking to continue to recover and look forward beyond the pandemic.

BCE seems to be on the right path towards recovering fully. The stock reported consolidated EBITDA of $2.5 billion for the third quarter, just slightly above expectations. All three of its segments had strong results that were all essentially in line with expectations.

Another key performance indicator for telecom stocks is the number of new post-paid subscribers its telecom business added this quarter, which came in at 115,000, slightly above the 105,000 that analysts were expecting. And arguably even more important is the ARPU of its wireless segment, which came in at $59.40 — a strong result.

The company also added 66,000 high-speed internet subscribers compared to estimates of 62,000. All in all, this led BCE to report adjusted earnings per share of $0.82, which, like EBITDA, was right in line with estimates.

So what?

In addition to meeting or exceeding analysts' expectations of its key performance indicators, the company also reaffirmed guidance for 2021.

Overall, this is another good quarter from BCE, as it continues to fully recover from the pandemic and expand its operations, as it looks to grow in the future. Companies never want to report numbers below analyst estimates, so the fact that BCE met expectations is a fairly solid result.

Had the company beaten expectations, it could have been a great result. However, the fact that it reported strong earnings once again shows why this massive blue-chip telecom stock is such an excellent company that you can be confident buying and holding for the long term.

Now what?

Now that the pandemic is essentially in the rearview in Canada, and these stocks are hardly seeing any impacts, investors will increasingly be looking to see what BCE's growth potential is.

In addition to building out 5G technology across the country, which is expected to add a tonne of revenue and profitability to BCE's wireless segment, it's also rapidly expanding its fibre-to-the-home infrastructure, which should also lead to more growth.

This is key because, in addition to being a highly resilient telecom stock that increases its dividend payment each year, it also offers considerable low-risk growth potential over the long run.

The stock isn't overly expensive either. As of Wednesday's close, BCE traded at a forward price-to-earnings ratio of 19.7 times. That's reasonable for such a highly resilient company, especially one that currently yields just under 5.5%.

So, if you've been considering adding a position in BCE or just want a stock that can offer stable, low-risk growth over the long run, now looks like an excellent time to initiate a position.

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