



This Canadian Telecom Stock Is a Top Value Pick Right Now

Description

Wall Street does give preferential treatment to companies with outsized earnings and revenue-growth potential in comparison to those with solid historical track records. That said, there are various TSX stocks that may be in the “value” bucket that are worth a look right now. One such telecom stock I’ve got my eye on right now is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

Let’s dive into the bull case as to why this telecom stock could be a great pickup right now.

Dividend hike as wireless unit powers Q4 growth

BCE’s multi-billion-dollar capital spending program has certainly spurred expectations of long-term growth via 5G ecosystem expansion. However, this capital spending program hasn’t gotten in the way of the company’s [dividend growth](#).

BCE has recently stated that its board gave approval for another 5.1% hike to its annual dividend. This brings the company’s dividend to \$3.68 per share, or a [yield of 5.5%](#). For long-term investors looking at BCE’s track record, these dividend hikes provide a solid rationale to hold this stock long term.

This dividend rate hike announcement followed BCE’s very strong quarterly earnings results. These results sent BCE stock to a recent all-time high.

The company brought in \$6.2 billion in total revenue, an increase of 2% year over year. While a slow grower, BCE’s margins remain strong, and the company announced the net addition of around 110,000 new post-paid subscribers this past quarter. Additionally, a slight uptrend in roaming activity was also seen as bullish by investors.

Thus, in this time of uncertainty, BCE stock has been a beacon of stability. For those looking at dividend-paying stocks, BCE provides one of the best long-term investment theses on the TSX right now.

Lower volatility telecom stock to hold long term

BCE's revenue and earnings growth of approximately 2% is actually on par with the company's long-term trajectory. BCE is a company that has improved its bottom line in the 2% CAGR range each and every year for the past decade. Most of these earnings have been passed on to shareholders in the form of dividends. Those looking for growth likely won't find it with this stock; rather, I view BCE as more of a bond-like proxy that happens to be an equity.

That said, I think it's worth noting that BCE's earnings trend in very low correlation to economic cycles. Whether the economy is doing well or not, this company brings in earnings. For investors seeking stability, this is a very good thing. As far as defensive stocks go, BCE is right near the top of my list for stocks to consider right now.

Indeed, as the 5G rollout gains steam, investors have some growth upside with BCE stock. This isn't purely a defensive dividend stock. That said, the value this company unlocks for income-oriented investors is certainly a key attribute that should be considered, particularly for those nearing or in retirement.

Bottom line

Again, it's worth highlighting that BCE is a telecom stock that's about as far away from a "get-rich-quick" stock on the market right now. However, those concerned about economic instability may want to consider BCE. This is a stock that makes for an excellent core holding for conservative long-term investors.

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