



## BCE Stock: Does its 5.9% Dividend Yield Make it a Buy?

### Description

There aren't too many Canadian stocks and companies that almost every investor has heard of, but **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), the massive \$57 billion telecommunications stock, is one of the most popular investments that dividend investors can buy.

BCE's operations span Canada, with the company offering cable services and mobile phone service, and, of course, owning a massive media business.

This large, well-diversified, and mostly defensive business is what makes BCE such an excellent long-term investment for Canadians. In addition, because its operations are so robust and because BCE is a massive company, it offers an attractive dividend it consistently increases each year.

After the stock has gotten caught up in the broader market selloff, and its dividend now yields roughly 5.9%, you may be wondering whether BCE is one of the best investments to buy now.

## BCE stock is one of the best to buy and hold for the long haul

BCE stock is a great investment to buy to hold long term. It's also one of the few [Canadian stocks](#) that you can buy today, ahead of a potential recession next year, and still have a tonne of confidence in the investment.

First off, its operations are extremely defensive. Don't get me wrong; the stock could certainly still see some impact from a recession. However, because communication services and access to the internet are so essential these days, much of BCE's revenue will almost certainly remain robust.

Furthermore, BCE stock owns tonnes of long-life assets. This is crucial because these require less maintenance and allow the company to constantly earn tonnes of cash flow. Therefore, when the economy faces headwinds, not only should its revenue be robust, but the rest of its business should be able to help it weather the storm.

For example, during the pandemic, while some companies saw massive impacts on their revenue, the

worst impact BCE saw was a 9% decrease in sales. In addition, the company continued to pay and increase its dividend. It also continued to spend tonnes of capital to invest in growth since it continues to earn exceptional cash flow.

## How cheap is BCE stock after its recent selloff?

Over the last 52 weeks, BCE stock has gotten as high as \$74 a share. And with the stock now trading at just \$62.50 after its recent selloff, it's only slightly above its 52-week low of \$60.41. Nevertheless, if we want to see how cheap BCE stock is, we need to look at its valuation metrics and compare them to how the stock has traded in the past.

And with BCE trading at around \$62.50 today, the stock has a forward [enterprise value](#)-to-EBITDA ratio of roughly 8.8 times. That's roughly fair value for BCE, as it's only slightly above its five-year average of 8.4 times.

## Should you buy the telecom stock today?

It wouldn't be surprising to see BCE stock face more downside pressure, especially if interest rates continue to rise rapidly. With that being said, though, if you're looking to increase your passive income and buy a high-quality and reliable stock that you can have the confidence to own for years, BCE stock is worth considering.

While the stock isn't immune to more downside if market conditions get worse, it's also much less volatile than the rest of the market. Furthermore, there's no guarantee that the market conditions will worsen, and the fact that BCE stock offers an impressive 5.9% dividend yield is an opportunity that won't last forever.

Therefore, if you're wondering whether BCE stock is worth a buy today, it certainly could be, as long as you can commit to owning the stock for the long haul.

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