



TFSA Passive Income: 1 Top High-Yield TSX Dividend Stock to Buy Now

Description

The 2022 [market correction](#) is giving TFSA investors a chance to buy top high-yield dividend stocks at [undervalued](#) prices to generate reliable and growing tax-free passive income.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications company with a current [market capitalization](#) of \$58 billion. The share price is down from \$74 earlier this year to around \$63.50 at the time of writing. The 14% drop looks overdone and gives investors a chance to buy BCE stock at a cheap price and secure a solid 5.8% dividend yield.

Earnings

BCE reported strong second quarter (Q2) 2022 results that show the business continues to rebound off the pandemic downturn. Adjusted net earnings increased by 5.3% from \$751 million in Q2 2021 to \$791 million in the second quarter of this year. Free cash flow rose 7.1% to \$1.33 billion.

BCE is making the investments needed to protect its competitive position and drive future revenue growth. The 2022 capital program of \$5 billion will connect another 900,000 customer buildings with fibre optic lines. BCE is also expanding its 5G mobile network after spending \$2 billion in 2021 on 3,500 MHz spectrum.

These initiatives will give BCE the opportunity to boost its average revenue per subscriber through plan upgrades and the ability to offer new services. Wireline opportunities in streaming and security are just two examples.

Internet and wireless subscriptions surged in Q2 2022 compared to the same period last year. BCE saw net retail internet activation increase 27.9% to 22,620. This drove 8% growth in residential internet revenue. Nearly 111,000 net new wireless subscribers signed up, helped by a record low post-paid mobile churn rate of 0.75%.

Media revenue rose 8.7% on strong advertising spending across the TV, radio, and online platforms. Digital revenue continued to grow, up 55%, supported by strong subscription growth for the Crave streaming service.

Opportunity

BCE's Q3 2022 results could surprise to the upside. Roaming fees might come in stronger than expected due to increased holiday and business travel. BCE's CEO also sees the potential for an increase in customers switching to its services after a major outage in July at a competitor.

BCE confirmed its guidance for revenue, profit, and free cash flow growth for the year. Adjusted earnings-per-share (EPS) growth should be 2-7% in 2022. Free cash flow is expected to rise by 2-10%.

BCE pays a quarterly dividend of \$0.92 per share. Investors received a 5% dividend increase in 2022, and a similar hike should be on the way in 2023.

Is BCE stock good to buy now for passive income?

BCE looks cheap at the current share price. The business continues to perform well, despite the economic headwinds, and the second half of 2022 could deliver results that beat expectations. The company enjoys a wide competitive moat, and the revenue stream should hold up well, even if the Canadian economy goes through a recession in 2023 or 2024.

Investors can get an above-average yield right now and simply sit back and wait for the steady stream of annual dividend increases to boost the return on the initial investment.

If you have some cash to put to work in a TFSA focused on passive income, this stock deserves to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/21

Date Created

2022/08/13

Author

aswalker

default watermark

default watermark