



Dividend Growth Investors: BCE (TSX:BCE) Stock is Second to None

Description

Dividend growth investing is popular with income investors who want growing cash flow streams yearly. The [strategy's](#) primary consideration is the consistent and increasing payout, not the stock price. Stock prices fluctuate but established companies can keep investors whole on dividend growth, notwithstanding the ups and downs of the market.

BCE ([TSX:BCE](#))([NYSE:BCE](#)), Canada's most dominant player in the telecommunications industry, is second to none if you're chasing after the best in the lot. The \$53.74 billion company started paying dividends in 1881, or one year after Alexander Graham Bell invented the telephone, and has never missed a payment since.

Besides the lengthy 140-year dividend track record, the telco stock has increased its dividends for 13 years. BCE currently trades at \$58.93 per share and pays a generous 6.24% dividend. With the quarterly dividend frequency, a \$20,000 position will generate \$312 in passive income every three months. The amount should grow if the dividend growth streak sustains (which is more than likely!)

Advancing with the times and dominating

BCE has undergone a series of transformations, leadership changes, and innovations since building a Canadian telephone company in 1880. Today, three core business segments are revenue generators. On a year-to-date basis, Bell Wireline contributes 50% to total revenues, followed by Bell Wireless (38%), and Bell Media (12%).

The telecommunications and media company also dominates the country's telecom oligopoly. Expect BCE to address the increasing dependence of Canadians on continuous connectivity while assuming a leadership position in the roll out of [fifth generation](#) (5G) wireless technology.

Biggest-ever network acceleration plan

Mirko Bibic, President and CEO of BCE and Bell Canada, said, "Since 1880, the Bell team has

ensured Canadians have the critical network infrastructure necessary to build a prosperous society and a sustainable economy, and we're accelerating our commitment as we all look forward to our country's future beyond COVID-19."

Because of the federal government's support for facilities-based competition and greater regulatory stability, BCE has increased its capital investment to ensure that Canadian communities, large and small, can connect domestically and internationally. Bell will pump in \$1.7 billion in 2021 and 2022 as part of its ongoing network acceleration plan.

Management projects total investments from 2020 to year-end 2022 to reach \$14 billion. For this year alone, the planned capital expenditures are approximately \$5 billion. According to Bibic, the massive investments will go towards fibre-to-the-home, 5G wireless core networks, and ongoing expansion into rural and remote communities. These investments should likewise boost capacity and ensure resiliency.

Standout results

In Q2 2022, net earnings declined 10.9% to \$654 million versus Q2 2021. Nevertheless, Bibic said it was another quarter of consistent operational execution. He said the strong consolidated financials were underpinned by standout results across the organization.

BCE's revenue in wireless service, residential Internet, and media grew 7.8%, 8%, and 8.7% year-over-year, respectively. Notably, free cash flow (FCF) increased 7.1% to \$1.33 billion compared to the same quarter last year. For 2022, management forecasts revenue growth of 1% to 5% and FCF to grow between 2% and 10%.

Dividend growth guidance

BCE's annual common dividend per share guidance for 2022 is \$3.68, a 5.14% increase from 2021. Current investors will surely drool over the next round of increases by this top [dividend](#) growth stock.

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