



5 Things to Know About BCE Stock in February 2023

Description

People who fear a recession can keep their investment strategies simple. Limit your holdings to established, blue-chip companies providing high-quality, essential business. A [large-cap stock](#) that fits the bill is **BCE** ([TSX:BCE](#)). Regardless of the economic environment, Canada's most dominant telecommunications firm will not disappoint.

The list of reasons to invest in the top [5G stock](#) is long. However, if you know five things about the telco giant, you won't think twice about taking a position this month. Besides capital protection, the quarterly dividends should come in like clockwork or without delay.

1. Industry leader

Industry leader BCE (\$55.62 billion market cap) leverages the power of Bell Canada's world-class wireless and fibre networks to deliver a wide range of service innovations to consumers, businesses, and government customers. Bell Media, the country's leading content creation company, operates TV, radio, out-of-home advertising, and digital media assets.

Management commits to bringing the best digital connections and next-generation services to Canadians in a fast-changing communications marketplace. BCE's other salient features include a strong capital structure and brand value (ranking 10th in Canada 100 2022 Brand Value Ranking).

2. Solid revenue and earnings growth

BCE is a cash cow, given solid top and bottom lines and growth year in and year out. Its average revenue and net income in the last three years are \$23.5 billion and \$2.78 billion, respectively. The highlight in the fourth quarter (Q4) of 2022 was broadband customer growth with total net activations climbing 46.6% to 330,743 versus Q4 2021.

Mirko Bibic, president and chief executive officer (CEO) of BCE and Bell Canada, said the company had achieved a very competitive position since launching its strategic investments three years ago.

BCE will continue to expand its fibre footprint while investing in and expanding its 5G and 5G+ networks.

3. Dividend grower

Published data reveals that BCE started paying dividends in 1881. However, besides the incredible dividend track record of 141 years, the 5G stock is also a Dividend Aristocrat for raising its dividends for 13 consecutive years. The payouts aren't under threat, given the free cash flow (FCF) available for dividend payments.

In 2022, FCF rose nearly 3% year over year to \$3.06 billion. Also, in Q4 2022, the board approved a 5.2% increase in common share dividend for 2023. BCE trades at \$60.99 per share (+2.52% year to date) and pays a hefty 6.34% dividend.

4. Strong fundamentals

The investment thesis for BCE will remain the same in the years or decades to come. Glen LeBlanc, the Group's chief financial officer, said BCE capped off 2022 with another quarter of consistent and disciplined execution, notwithstanding the unprecedented cost pressures from inflation.

LeBlanc added, "BCE's fundamentals and competitive position are as strong as ever, as evidenced by our 2022 operating results and consistent financial guidance targets for 2023." For 2023, management projects revenue to grow by 1-5%, while FCF should increase between 2% and 10%.

5. Defensive asset

BCE is a defensive asset, if not recession resistant. The healthy cash flows, profitable subscriber growth, and declining capital expenditures leave plenty of room for dividend increases. BCE offers capital protection and can help you cope with high inflation.

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