

'Hidden assets' to give bce total return of 20%?

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BCE Inc.'s (BCE/TSX, BCE/NYSE) transformation into a more pure telecom play may have been ignored by the markets, but at least one analyst sees some hidden value that could surface in the stock price.

Veritas Investment Research analyst Neeraj Monga thinks investors are failing to see roughly \$8 per share of additional investment value for the company.

"We believe that in the second half of 2007, market sentiment towards BCE should change for the better," Mr. Monga said in a research report.

He expects the stock will generate a total return of approximately 20% this year, and has an "outperform" rating and \$34 price target on BCE shares. This represents upside of roughly 9%, and is partly due to what Mr. Monga calls "BCE's hidden assets."

These are the company's 14% stake in Clearwire Inc. and its Sympatico MSN Internet portal. He says Wi Max technology is at its infancy and BCE has an exclusive opportunity to provide Vo IP telephone service to Clearwire's U.S. customers.

"BCE's investment [\$100-million] has already tripled in value after Intel and Motorola decided to back Clearwire with a US\$900-million investment in 2006," Mr. Monga said.

As for BCE's Internet portal, Mr. Monga points to the company's \$100-million 2007 revenue estimate for Sympatico/MSN as an example of another growth option that may not be fully appreciated yet.

Given that Internet assets are currently in vogue, as demonstrated by what Mr. Monga calls "the frenzied acquisition of Myspace. com by Fox and that of You Tube by Google," he thinks BCE could have a winner at hand.

"With trusts out of the way, and oil prices imploding, BCE offers a conservative play on the market," Mr. Monga said.

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