



2 Reasons to Hold Rogers Communications

Description

Most analysts, consumers, and financial experts will agree that **Rogers Communications** ([TSX: RCI.B](#)) ([NYSE: RCI](#)) is currently a big mess. Customers love to hate this company and it is safe to say that Rogers is the most unpopular kid on the block when compared to its peers, **BCE** ([TSX: BCE](#)) ([NYSE: BCE](#)) and **Telus** ([TSX: T](#)) ([NYSE: TU](#)).

Rogers' stock is down 7% since its weak first-quarter earnings and has lost 14% since the start of the year. The company is having a bad year compared to BCE, which trades at about 12% higher over the year and Telus, which has seen over a 19% increase.

Rogers recently hired a new CEO, Guy Laurence, to try and clean up the mess and as the company gets set to report its quarterly earnings on July 24, 2014 here are a few reasons why now is the time to hold on to this stock.

Valuable assets

Rogers has several great assets that are not reflected in its share price. One of the company's biggest assets is its sports teams. It has terrific sports assets like the Maple Leafs, the Raptors, the Blue Jays and the Rogers Centre. Not to mention the billion-dollar groundbreaking NHL deal that was recently signed. Steve Ballmer is willing to bid US\$2 billion on the LA Clippers and while the Raptors don't call Los Angeles home, they are still very valuable.

Another asset is its plethora of cell towers. Cell towers are a huge business in the U.S. with each one going for about \$500,000. Rogers owns 600 cell towers. Of course, not all of them are worth \$500,000 but it would be a wonderful business for Rogers to have cell tower REITS or a publicly traded cell tower business in Canada.

Fourth-player risk exaggerated

Analysts at Canaccord Genuity believe that the reaction to new-entrant Videotron's potential to challenge Rogers' wireless business is overblown. Although the current wireless regulatory/competitive overhang may last for some time, the trend has been that new entrants in the wireless game have

generally failed.

Canaccord does not take Videotron's threat seriously given its weak balance sheet, lack of competitive advantages outside of Quebec and limited success with wireless in Quebec. Also, there is no guarantee that Videotron will get the regulatory relief or partners required to launch national wireless.

Although Rogers will probably see another subpar quarter, the worst is likely to be over for the company. Rogers offers a compelling opportunity for value investors. And while waiting for Rogers to gain momentum with its operations, investors should hang in there and collect a dividend yield of about 4.3%.

CATEGORY

1. Investing

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2. NYSE:RCI (Rogers Communications Inc.)
3. NYSE:TU (TELUS)
4. TSX:BCE (BCE Inc.)
5. TSX:RCI.B (Rogers Communications Inc.)
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Date

2025/07/22

Date Created

2014/07/23

Author

sandram

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