Why Investors Should Have Faith in Guy Laurence and Buy Rogers Communications Inc.

Description

It hasn't even been one year since Guy Laurence took over as CEO of **Rogers Communications Inc.** (TSX: RCI.B)(NYSE: RCI). But he seems to be settling in quite nicely. On Thursday, he called rival **BCE Inc.** (TSX: BCE)(NYSE: BCE) a "crybaby" for complaining to regulators about Rogers's GamePlus mobile app. He went on, saying that BCE is "complaining and trying to stifle innovation in hockey."

Unfortunately for Mr. Laurence, his foes have plenty of material to take swipes back at him. Rogers has posted weak numbers since he took over on December 2, and the wireless division has lost market share. Over this time, the company's shares have fallen by more than 10%. Meanwhile Rogers' two large rivals have gained nearly 4% on average.

So with that in mind, are the company's shares now a bargain? Below we take a look at the company.

Undeniably weak numbers

Mr. Laurence's comments came while reporting Q3 numbers, which were not pretty. Overall sales grew only 1% while net income fell 28%, compared to the third quarter of 2013. Its $0.78 in adjusted earnings per share missed estimates by $0.10. The other two quarters have not been much better, with profit in Q1 and Q2 falling 20% and 24%, respectively.

Short term vs. long term

It seems unfair to blame Mr. Laurence, who has been CEO for so little time, for the weak numbers. And before December of last year, he wasn't even a Rogers employee at all. Furthermore, he's taken some important steps to position Rogers for the long term.

Perhaps most importantly, he placed a priority on improving customer service, which even involved changing the corporate structure. Also under his watch, Rogers outbid BCE for NHL broadcasting rights in Canada, as well as much of the spectrum in Canada's most recent wireless auction. The latter two moves cost the company a combined $8.5 billion.

Maybe the company overpaid for these assets, but they should still pay big dividends over the long term. Especially if BCE's complaints to the regulator are unsuccessful.

So is now the time to buy Rogers?

If you're looking for solid, reliable dividend payers, then Canada's big three telecommunications providers are a great place to look. They all operate in very stable industries, with little competition, high barriers to entry, and subscription-based revenue. Rogers is, of course, no exception.

Better yet, Rogers trades at roughly 16 times earnings, a discount to its peers. By comparison, BCE trades at over 18 times earnings. Rogers also offers an attractive dividend, yielding 4.3%. And this is a dividend that has risen very consistently in recent years — for example, the dividend has risen by nearly 60% over the past five years.

It's true that recent results have hardly been inspirational at Rogers. But that is precisely the time when you should buy a company's shares.

If you're looking for more solid dividend stocks, you'll want to read the free report below.

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