# Is Rogers Communications Inc. a Safe Investment?

## Description

In telecom, **BCE Inc** and **Telus Corporation** shareholders are popping the champagne cork. **Rogers Communications Inc** (TSX: RCI.B)(NYSE: RCI) investors, meanwhile, feel like they weren't even invited to the party.



As its competitors' shares soar, Rogers stock has staggered. Hit by slowing wireless growth and intense competition, the company has been losing market share to rivals. Over the past year, shares of the telecom giant have slipped 5%.

To be sure, Rogers's recent performance has been dreadful. Last quarter, the company's cable division lost 30,000 subscribers. Media revenues were flat. Altogether, third-quarter profits declined 28% year-over-year.

So is it time to bail on Rogers? Hardly. If anything, now might even be the time to add to a position. That's because buying wonderful businesses in the middle of a setback can be a profitable strategy.

I try to focus on the long haul as a dividend investor. And although Rogers clearly has some problems, the company has faced adversity before. Yet through innovations, it has always managed to emerge in a stronger position. I don't expect this time to be any different.

While we wait for the turnaround to play out, shareholders are being well compensated. Since declaring its first dividend in 2003, management has hiked the payout through good times and bad. And between 2010 and 2013, Rogers returned $5.9 billion to investors through a combination of dividends and share repurchases.

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*Source: Rogers Investor Relations*

This enormous amount of cash speaks to management's commitment to rewarding investors. Today, the stock yields a tidy 4.0%, one of the highest payouts around. Analysts expect another double-digit percentage hike again next year.

Of course, no company can continue to boost its dividend without rising profits. Sure, Rogers's recent earnings have hit a soft patch. But once again, it's worth looking at the long term.

For 2015, the street is expecting Rogers to earn about $3.06 per share. That's up only marginally from $2.95 per share in 2014. However, growth should start to pick up again as you look further out.

Late last year, Chief Executive Guy Laurence took the helm at the company. He plans to slash costs, trim the firm's bloated executive ranks, and improve its notoriously bad customer service. The change in leadership could be exactly what Rogers needs to reignite growth.

Looking further out, the company's bid for exclusive National Hockey League broadcast rights could also provide a big boost to earnings. Rogers could also become a key player in the emerging Internet of Things. In the future, we're going to see more examples of machines wirelessly talking to machines and Rogers is going to be in the middle of those digital conversations.

While the past few years haven't been much fun for shareholders, it would be foolish to count Rogers out. Investors like dividends. They like income. They like safety. And that's exactly what this company provides.



**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:RCI.B (Rogers Communications Inc.)

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**Date**
2025/07/27
**Date Created**
2014/12/10
**Author**
rbaillieul