



Does Rogers Communications Inc. Belong in Your Portfolio?

Description

Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#)), one of the largest communications and media companies in Canada, released fourth-quarter earnings on January 29 and its stock has responded by rising about 1% since. Let's take a closer look at the quarterly results to determine if this could be the start of a sustained rally higher and whether or not we should consider initiating long-term positions today.

Breaking down the fourth-quarter report

Here's a summary of Rogers' fourth-quarter earnings compared to what analysts had projected and its results in the same period a year ago.

Metric	Reported	Expected	Year-Ago
Earnings Per Share	\$0.69	\$0.65	\$0.69
Revenue	\$3.37 billion	\$3.35 billion	\$3.24 billion

Source: *Financial Times*

Rogers' earnings per share remained unchanged and its revenue increased 3.8% compared to the fourth-quarter of fiscal 2013. The lack of growth in earnings per share can be attributed to adjusted net income decreasing 0.6% to \$355 million for the quarter, while its strong revenue growth can be attributed to the activation of 836,000 wireless smartphones during the quarter, of which 28% were activated by new subscribers.

Here's a quick breakdown of six other important statistics and updates from the report compared to the year-ago period:

1. Revenue from its Wireless segment increased 2.5% to \$1.90 billion
2. Revenue from its Media segment increased 20.1% to \$544 million
3. Adjusted operating profit increased 5.7% to \$1.23 billion
4. Adjusted operating margin expanded 60 basis points to 36.6%

5. Cash provided by operating activities decreased 3.8% to \$1.03 billion
6. Free cash flow increased 152.3% to \$275 million

Lastly, Rogers announced a 4.9% increase to its annual dividend to \$1.92 per share, and the first quarterly installment of \$0.48 per share will be paid out on April 1 to shareholders of record at the close of business on March 13.

Should you buy shares of Rogers Communications today?

Rogers Communications is one of Canada's largest communications and media companies, and increased demand for its services led it to a solid fourth-quarter performance, and its stock has responded by rising about 1%.

Even after the slight post-earnings pop in Rogers' stock, I think it represents an intriguing long-term investment opportunity, because it trades at favorable forward valuations, including just 14.4 times fiscal 2015's estimated earnings per share of \$3.12 and just 13.7 times fiscal 2016's estimated earnings per share of \$3.26. Additionally, the company now pays an annual dividend of \$1.92 per share, which gives its stock a bountiful 4.3% yield and makes it both a value and high dividend play today.

With all of the information provided above in mind, I think Rogers Communications represents the best long-term investment opportunity in the communications industry today, so Foolish investors should take a closer look and strongly consider initiating positions.

CATEGORY

1. Dividend Stocks
2. Investing

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