



## Is Underdog Cogeco Cable Inc. Poised for Further Growth?

### Description

When you think of telcos in Canada, **Cogeco Cable Inc.** ([TSX:CCA](#)) probably isn't the first one that comes to mind. But the Montreal-based cable company has been quietly building its asset base beyond Quebec and Ontario, most recently expanding its U.S.-based Atlantic Broadband unit, which this week purchased MetroCast Communications in Connecticut for \$200 million.

Atlantic Broadband is the 13th largest cable company in the United States, operating primarily in Florida, Maryland, Delaware, South Carolina, and Pennsylvania. Cogeco purchased Atlantic in 2012 for \$1.36 billion.

MetroCast has more than 50,000 TV, cable, and phone customers and is expected to post 2015 revenue of about \$45 million and adjusted EBITDA of about \$21 million.

Desjardins Securities analyst Maher Yaghi said the multiple paid is very much in line with recent multiples paid for small cable assets in the U.S. "The acquired assets share the same billing, telephone and set-top box suppliers with Atlantic Broadband; hence, the integration should be easier than usual owing to these similar aspects." Analysts also noted Cogeco's American business has been outperforming Canada in terms of revenue growth.

In its latest quarterly earnings report, Cogeco Cable reported profits of \$58.9 million, down slightly from \$60.4 million last year, on revenue of \$509.5 million, up from \$486 million in the same period in 2014. The company has 2.4 million TV, Internet, and phone customers in North America, including 1.9 million in Canada and about 500,000 in the United States.

High-speed Internet customers grew in the quarter ended Feb. 28, 2015, offset by losses in the television and phone sectors. "High-speed Internet net additions continued to stem from the enhancement of the product offering, the positive impact of bundle offers and the growth in the business sector," the company said in its Q2 earnings report.

Cogeco is also favoured by the responsible investment sector; it has a spot on the Jantzi 60 list of sustainable stocks, and is ninth place in *Corporate Knights*' magazine's recent list of "The Future 40 Responsible Corporate Leaders in Canada."

Cogeco noted it was selected to the *Corporate Knights*' list on the basis of its performance in relation to 12 indicators measuring social and environmental performance and corporate governance.

Although Cogeco doesn't have the scale of rivals **BCE Inc.** and **Rogers Communications Inc.**, its share price is actually higher. Cogeco shares climbed more than 2% following news of the Metrocast acquisition. The stock has gained nearly 10% in the past year and pays a dividend of \$0.35 for a yield of just over 2%. For investors looking for an under-the-radar telco with loads of potential in the U.S. and Canadian markets, Cogeco could be the answer.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)

## Category

1. Investing
2. Tech Stocks

## Date

2025/08/18

## Date Created

2015/06/09

## Author

dwatt

default watermark

default watermark