



Rogers Communications Inc.: Will This Stock Be a Home Run in 2016?

Description

Shares of **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) are pretty much flat for the year, but the stock is catching a bit of a tailwind right now, and investors are wondering if the winning streak could continue into the new year.

Let's take a look at the current situation to see if Rogers deserves to be in your portfolio.

Media strength

Rogers is primarily known for its cell phone and cable businesses, and those units have struggled in recent times, but the company is also a media giant, and that side of the business is really getting exciting.

Rogers owns the Toronto Blue Jays, and unless you have been living in a cave for the past few months, you know that Blue Jay fever has gripped the country. The team is enjoying its best season in more than two decades, and just secured a spot in the post-season.

Management and fans are now setting their sights on a World Series title.

The success of the Jays has been a cash machine on all fronts. Rogers not only owns the team, but it also owns the stadium and the media outlets that broadcast the games.

Supporters are piling into the Rogers Centre in record numbers, buying lots of expensive jerseys and caps, and scoffing back copious amounts of high-priced food and drinks. These are high-margin revenue items, and investors should see some solid numbers come out in the Q3 earnings statement.

More importantly, the spillover effect should carry into next year, especially if the team has a strong start to the 2016 season.

What about hockey?

Baseball is wrapping up, but the hockey season is just getting started.

Last year was the first of a 12-year, \$5.2 billion agreement that gives Rogers the Canadian rights to broadcast the NHL.

Things got off to a rough start in the inaugural season as viewership came in way below expectations, and some fans had a tough time adjusting to the new *Hockey Night in Canada* show, led by rookie host George Stroumboulopoulos.

The playoffs finished on a strong note, and fans are likely to see some changes in the upcoming season.

Rogers is also part owner of the Maple Leafs. The team had a disastrous 2014-15 campaign, but all indications suggest a better season is on the way. If the Leafs actually have a decent year and the 2016 playoff round sees at least four Canadian teams in the hunt for the Stanley Cup, investors could be reaching for the champagne by next summer.

On the phone and cable side, Rogers is working through a turnaround plan, and that appears to be heading in the right direction. Overall free cash flow in Q2 2015 rose 9% compared with the same period last year.

Should you buy Rogers?

If the Q3 numbers come in above expectations, the shares could see a nice pop and the stock could very well continue to rise right into next year. Rogers currently trades at 15.3 times forward earnings, which is pretty much in line with its peers.

If you are a sports fan looking for a solid dividend stock that should perform well over the long term, Rogers offers a reliable 4.2% yield and a shot at some nice capital appreciation.

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