



The 3 Best Things That Happened to Rogers Communications Inc. in 2015

Description

Overall, 2015 was a pretty good year for investors in **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)), especially those holding its Canadian shares, which outperformed the broader Canadian market.

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The company can trace its relative success to three key catalysts that drove its quarterly results in 2015. Here's a look back at the best three things that happened to Rogers this year.

The NHL scores big

While Rogers's national NHL licensing agreement kicked off in the fourth quarter of 2014, investors really got to see it start to pay dividends this year. The NHL deal added \$106 million in revenue to the company's coffers during the first quarter, which led to a 26% year-over-year rise in segment revenue.

The results were even better in the second quarter when the playoffs games were played because these games commanded premium ad rates. Those games scored a 23% increase in revenue for the company's media segment, which, when combined with lower expenses, boosted segment adjusted operating profit by 67% year over year.

Wireless connects with customers

Rogers's wireless unit was also strong this year, delivering year-over-year revenue increases in each quarter. This is partially due to strong subscriptions growth, with the company adding a net 109,000 postpaid subscribers throughout the first nine months of the year, bringing the total subscriber base to 8.24 million.

That said, higher equipment costs due to the company's plan to proactively upgrade targeted subscribers did weigh on operating profit this year. However, those higher costs should pay big dividends down the road via higher revenue per customer, which is already up \$4.41 year over year for postpaid customers.

The Blue Jays were a big hit

For the first time in more than two decades, the Toronto Blue Jays made the playoffs. This provided a big boost for Rogers in the second half of the year due to higher ticket and merchandise sales at the Rogers Centre, as well as higher subscriptions and advertising revenue at the company's Sportsnet properties.

Analysts estimate that the Jays playoff run added about \$60 million in revenue for Rogers this year thanks in part to record ratings at Sportsnet. Even better, the value of the franchise has vaulted into an elite class with the club now estimated to be worth \$1.5 billion, or 50% higher than its estimated value just two years ago.

The Blue Jays are now estimated to be worth 10 times Rogers's initial investment in the club 15 years ago.

Investor takeaway

Overall, Rogers delivered a pretty good year thanks to the NHL, the wireless unit, and the Blue Jays. Even better, all three drivers are set to continue to deliver for the company in 2016 with the NHL back for its second year, the Blue Jays looking for a repeat of their success, and the wireless investments Rogers made last year poised to pay off in 2016. Suffice it to say, these are pretty exciting times for Rogers investors.

CATEGORY

1. Dividend Stocks
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