



Investors: 3 Ways You Can Profit From the Rio Olympics

Description

Every two years, it seems as though time stands still as the world shifts its attention to the Olympic games.

The Olympics have everything. There's the thrill of victory and the agony of defeat. There's always great human interest stories. For some athletes, just the exuberance of competing in the games is the highlight of their lives. For others, the only definition of success will be coming home with gold; nothing else matters.

Investors who love the Olympics don't just have to sit around watching the games from the comfort of their favourite chair. They can also invest in the games. A pure-play Olympics stock doesn't exist—and, frankly, shouldn't exist—but there are several Canadian names that can give someone indirect exposure to the games.

Here are three investments that benefit from the Rio games.

Broadcasting

Canada's sports channels will be showing very little but events from Rio for the next couple of weeks.

Sports channels pay millions for the privilege, knowing the eyes of a nation will be glued to the television. This is a prime advertising opportunity; brands like **Coca-Cola** and **McDonald's** each drop millions to Canadian advertisers alone.

Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) are splitting the broadcast this Olympics, continuing a trend that first started with the Vancouver games in 2010. Fans get more choices of live coverage this way, which increases overall ratings.

Of course, both Rogers and BCE's media divisions only make up a fraction of their overall businesses. Most of the revenue for these companies are from wireless and television subscription services. Both of these services do get a small bump from the Olympics—what sports fan is going to cancel cable during the biggest sporting event of the year?—but ultimately, the Olympics are mostly just a sideshow

for these companies.

Retailing

Two of Canada's biggest retailers are poised to benefit from Rio.

The first is **Hudson's Bay Co** (TSX:HBC), which carries the official clothing line for Team Canada. This usually results in a nice bump to the top line, although HBC has diversified itself over the years, so its Canadian operations aren't as important. Remember, the company owns Saks in the United States and Galeria Kaufhof in Germany.

The other is even more indirect. Sport Chek, which is owned by **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)), is Canada's leading retailer of sporting equipment and clothing. If somebody is inspired to try a new sport after watching the best athletes in the world do it at Rio, chances are they'll buy the equipment needed to do so at Sport Chek. The only problem is Sport Chek's sales are less than 20% of Canadian Tire Corporation's total sales, although that is offset by the brand's strong sales growth.

Equipment

Many investors much prefer to buy the manufacturers of sporting equipment than the retailers. They feel retail will always be a race to the bottom.

Although **Dorel Inc.** ([TSX:DII.B](#)) isn't a pure-play sports manufacturer, the company still gets about 40% of its revenue from its sports division, which manufactures bicycles. Some of its brands include Moose, Schwinn, and Cannondale.

With the sports division suffering a bit in 2015, Dorel could use a nice boost from folks getting back into riding bikes after watching the games on TV.

The nice thing about all of these stocks is they have very sustainable businesses outside the Olympics. The games in Rio could provide a temporary boost to their bottom lines, but ultimately there are other more important reasons to own each. Owning good companies is a smart idea no matter what's on TV.

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2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
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