



The 1 IPO That Has a Sporting Chance in 2018

Description

Maple Leaf Sports & Entertainment (MLSE) announced December 13 that it was buying the Grey Cup champion Toronto Argonauts to go along with its other sports teams, which include the Toronto Maple Leafs, Toronto FC (MLS Cup winners), the NBA Raptors, and the American Hockey League Toronto Marlies.

It's a deal I thought would have happened once the Argonauts moved its games to BMO Field in 2016. MLSE now has a trio of teams in the same area of Toronto — the Marlies play at nearby Ricoh Coliseum, which MLSE operates for the City of Toronto — to sell tickets and cross promote.

No details were provided on what cash traded hands, but given that the Argos haven't had the highest attendance since moving to BMO Field, it probably wasn't much.

The big item up for discussion

Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#)) recently announced that it is considering selling the Toronto Blue Jays, which it acquired in 2000 for \$160 million, to focus on its core business.

Opinions vary as to whether this is a good or bad idea. Some believe that televising the games without owning the team devalues those broadcasting rights, while others, including Rogers CFO Tony Staffieri, think the two aren't mutually exclusive.

"To be clear, there isn't anything imminent that we're about to announce, but we're certainly looking at the alternatives," Staffieri said at a New York conference. "Again, I would like to get the content without necessarily having the capital tied up on our balance sheet."

The Rogers family, who control the company, will think long and hard before selling the team — a move that was made by founder Ted Rogers, in part, to provide a direct conduit to sports programming for Sportsnet, its sports cable network.

Despite the fact it's now an established sports broadcaster does not guarantee content beyond what it already owns, the most notable being its 12-year, \$5.2 billion NHL deal.

The solution is obvious

Apparently, the Ontario Teachers' Pension Plan (OTPP) has some interest in the Blue Jays after doing spectacularly well over the 18 years it owned a majority of MLSE.

"We clearly have the capability of analyzing sports franchises like Maple Leafs Sports and Entertainment," said OTPP CEO Ron Mock on BNN. "For us, that was an excellent investment while we had it."

OTPP might be good at analyzing these types of investments, but given the terrible performance of most of its teams, while it was in charge, MLSE would be wise to avoid getting in bed with the Teachers for the second time.

A better route would be for Rogers to roll the Blue Jays and the Rogers Centre into MLSE — *Forbes* values the team at US\$1.3 billion — with BCE and Kilmer paying Rogers US\$487.5 million and US\$325 million, respectively, to maintain the current ownership structure with Rogers and BCE owning 37.5% each with the remaining 25% held by Kilmer, Larry Tannenbaum's holding company.

Put all of those assets together and sell up to 40% of MLSE to the public. I can guarantee the IPO would be the biggest and most attention-getting public offering in years. Certainly, it would be the first major North American city where a single entity owns every one of the professional sports franchises in the town.

It's a better option than figuring out whether to buy [Rogers](#) or [BCE](#) stock.

Who wouldn't want to be a part of it?

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