Is Rogers Communications Inc. (TSX:RCI.B) a Buy After Q2 Results?

Description

I've long held the view that Canada's telecoms are some of the most impressive investments on the market, with massive long-term potential owing to the explosive growth that we've seen in wireless adoption.

Smartphone usage has gone viral in recent years, as the devices have moved on from being strictly communications devices to offering an increasing number of other uses, ranging from personal organizers and cameras to alarm clocks and notebooks.

Telecoms such as **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) can see that potential, particularly as annual device upgrades that boast new features and improved functionality result in even more adoption and greater bandwidth usage, which the telecoms are all too happy to provide.

This growing trend has even spurred one leading telecom to spin off its media arm and build out its own mobile network to get a slice of the impending pie.

In the case of Rogers, the company already has a leading mobile offering, so the focus for the company is to arguably reduce churn, grow numbers, and drive up the ARPU (average revenue per user).

Fortunately, Rogers did just that, as witnessed in the company's quarterly announcement this week.

Rogers Q2 update

In the most recent quarter, analysts were expecting Rogers to add somewhere in the area of 90,000 new subscribers. Long-time followers of the stock will recall that a hiccup with Rogers' systems caused the company to realize far fewer subscribers during the holiday season last year.

In a complete contrast, Rogers announced 122,000 new customers for the quarter, posting the highest growth in the second quarter in nearly a decade. This latest announcement comes following an equally impressive first quarter and knowing that nearly two-thirds of Rogers' volume comes in the second half of the year, investors could be in for a treat if growth stays the same or improves throughout the year.

Turning to churn, Rogers also managed to see some improvement in the quarter, bringing churn down to 1.01%, reflecting the lowest level churn has hit for the company in nine years.

Sales for the quarter hit $3.76 billion across the company, reflecting a 4% increase over the same quarter last year. Profit saw a 2% uptick in the quarter, coming in at $538 million, or $1.04 per share. In the same quarter last year Rogers reported earnings of $1.03 per share.

While growth from the wireless segment was the primary driver for the quarter, Rogers' internet segment also saw significant growth of 23,000 new customers, reflecting the best performance for the second quarter since 2005.

Rogers' cable segment lost 9,000 customers, which was better than the 25,000 customers lost in the same quarter last year as customers continue to cut the cord and opt for online or streaming solutions.

Rogers' new IP-based TV platform is slated to stop further loses from the segment when it goes live later this year.

Should you buy Rogers?

Rogers offers investors the full package. The company has an impressive quarterly dividend that pays out a respectable 3% yield, has an improving financials and customer base with each passing quarter, and has lucrative long-term growth potential through its wireless segment that is set to continue providing growth to the company for the foreseeable future.

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dafxentiou