TFSA Value: This Dividend Stock Is a Strong Buy on the Dip!

Description

The TSX Index may be flirting with new all-time highs, but that doesn't mean there isn't value to be had with individual stocks. Plenty of dividend darlings have dipped to their 52-week lows in recent months, and, in some cases, the move to the downside has been exaggerated.

Consider **Rogers Communications** (TSX:RCI.B)(NYSE:RCI): a telecom heavyweight that's been treading water this year. With shares now off 14% from their all-time highs thanks in part to the release of sub-par earnings results, the stock may be a compelling bargain for income-oriented investors who wouldn't mind a bit of near-term volatility.

Despite suffering an 18% peak-to-trough plunge, Rogers stock still has a minuscule dividend yield (currently at 3.2%) compared to its peers in the space, which sport yields that are closer to the 5% mark.

While Rogers's yield is dwarfed by its bigger brothers in the Big Three, I think it makes sense to own the name given the lower price of admission and the potential for larger dividend hikes moving forward.

Why is Rogers continuing to pull back from its peers?

Just a few weeks ago, Rogers stock pulled back 8% in a single trading session, causing the broader basket of telecoms to take a +4% tumble on the day. In a surprising move, Rogers reduced its revenue and core profit forecast after missing third-quarter earnings ($1.19 vs. $1.31 consensus).

In a prior piece, I'd noted that the increased demand for unlimited mobile data plans, which weighed on Rogers's Q3 results, marked "the first big hit to the chin of a Big Three telecom dealt by the wireless business of **Shaw Communications**" and that the disruptive Shaw was "forcing its bigger brothers" like Rogers to "play in its arena, with unlimited data, no overages, and much lower fees."

It also doesn't help that Rogers stock has delivered more on the capital gains front than its Big Three peers over the last five years, which have essentially flatlined.

Rogers was a top performer who had high expectations relative to its peers going into 2019. And thus far, the company has failed to live up to those expectations and has been knocked off the podium thanks to competitive pressures that could continue to wreak havoc on the firm's top and bottom line over the intermediate term.

Foolish takeaway

Now that the bar has been lowered at Rogers, I see it as a more attractive bet than its bigger brothers in the Big Three, which aren't immune to Shaw's disruptive onslaught.

Sure, the 3.2% yield isn't as compelling as its peers, but I am a fan of Rogers's valuation with shares trading at 14.2 times next year's expected earnings and 2.1 times sales.

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