



Like Passive Income? Buy Canada's Top Telecom Stock in August 2021

Description

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) is a very [well-run Canadian telecommunications company](#) that pays a generous dividend, providing passive income to retirees. However, in fiscal 2020, Rogers saw sharp revenue and adjusted earnings declines associated with COVID-19 of \$1.4 billion and \$500 million, respectively, with the company's wireless and sports and media businesses feeling the most impact.

Stable revenue and profitability

It appears that Rogers's cable business was resilient, with [stable revenue and profitability](#) through the period, and expanding margins through the company's efficiency initiatives. Despite the environment, Rogers grew free cash flow by 4% in 2020 and ended the year with a healthy balance sheet, including \$5.7 billion in available liquidity.

Growing fundamental long-term value

Notwithstanding the short-term impacts on Rogers's businesses, the fundamental long-term value of the company's wireless, cable, and sports and media assets appears to remain intact. With exceptional assets, a strong balance sheet, and efficient operations across all of Rogers's businesses, the company is well-positioned as the economy recovers.

An unprecedented spike in demand

Throughout the pandemic, with millions of Canadians relying on Rogers to work, learn, and connect from home, the company's networks have served as the connective tissue across people's lives. Despite the unprecedented spike in demand with home internet traffic shooting up more than 50%, the company's networks appear to have held up incredibly well.

Decades of investment amounting to \$60 billion

Being ready for a COVID-19 moment appears to have taken decades of investment, amounting to about \$60 billion over the last 35 years in Rogers's networks. These investments have contributed to Canadians enjoying the fastest mobile download speeds in the world. It was determined to be faster than all other G7 countries, according to OpenSignal, an independent global body that provides analytics and insights on wireless connectivity.

Keeping Canadians entertained through creative and digital programming

In addition, the extraordinary efforts of Rogers's team enabled network *and* personal connections with customers. Its sports and media teams appear to have turned basements and backyards into studios to deliver the news to Canadians 24/7. Rogers's sportsnet team also appears to have kept Canadians entertained through creative, digital programming during a required hiatus from live sports.

Strong culture of innovation

Further, its strong culture of innovation was also evident in the company's customer service pivots. Rogers's offerings and delivery transformed in record time. In under five weeks, Rogers moved 90% of the company's to a work from home model, including 7,000 Canada-based contact centre employees. Rogers Centre also transformed into the largest food pantry from which the company distributed eight million meals for Canadian families as part of the company's Step Up to the Plate initiative with Jays Care Foundation.

Scholarships and community grants

In addition, Rogers used the company's media assets to ensure women fleeing domestic violence knew whom to call and provided access to free phones and data plans once those affected had found safety in shelters. Millions of dollars in scholarships and community grants went to help rising talent across the country.

Focused on shareholders

Overall, shareholders are likely to benefit from the investments Rogers has made across the company's businesses, particularly with the company's 5G network.

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nikhilwaterloo

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