



## Is Rogers Communications (TSX:RCI.B) a Solid Buy Right Now?

### Description

Have you invested in **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#))? As one of Canada's largest telecoms, Rogers usually makes an appealing case for [new investors](#). Unfortunately, recent events have caused investors to question that appeal. Let's try to see whether Rogers remains a solid buy right now.

### Rogers: A leader among Canada's telecoms

Rogers runs a solid business. Apart from offering investors the standard bevy of subscription-based services, the company also operates a massive media segment. That segment, which includes dozens of radio and TV stations, provides an additional revenue stream for the company. That's not all, either. Rogers is also heavily invested in professional sports teams. That exposure dovetails nicely between the company's wireless and media business.

The one area of Rogers that prospective investors should hone in on more than anything else is the wireless segment. Wireless connections are becoming more important in our daily lives. They now serve the purpose of hundreds of standalone devices we previously carried around or used daily.

More recently, wireless devices have become the primary means for online commerce purchases as well as entertainment for a growing number of subscribers. Those additional functions come at the cost of more data, which means more revenue for Rogers.

Speaking of revenue, in the most recent quarter, Rogers earned \$302 million, representing an 8% increase over the same period last year. The company also added 99,000 wireless subscribers during the quarter. That factor alone may convince some investors that Rogers is still a solid buy right now.

### Rogers: Betting the farm on growth via acquisition. But is it enough?

As large as Rogers is, the company continues to seek out new opportunities. Sometimes that comes in the form of growth from within the company, and sometimes it's just acquiring another telecom.

Earlier this year, Rogers opted for the latter. The \$16 billion purchase of Canada's fourth-largest telecom, **Shaw Communications** took investors by surprise. Rogers sees that deal as a crucial step to expanding its 5G footprint. The company has also stated that the deal could help connect rural and indigenous communities to 5G. Rogers has already earmarked a substantial amount of funds towards that effort.

Unfortunately, getting that deal approved isn't going to be easy. Canada already has some of the highest wireless bills on the planet. The big telecoms have consistently made the argument that Canada is vast, and providing nationwide coverage justifies those costs.

What the telecoms aren't alluding to is the other reason why bills are high — the lack of competition. The three largest telecoms already account for a whopping 90% of the market. This proposed deal would eliminate the fourth-largest player, which, ironically, only rolled out its wireless segment a few years ago. It would also propel Rogers into the position as the second-largest telecom in Canada.

The deal still has to clear a slew of regulatory approvals before getting the green light to proceed. A final decision is likely not expected until sometime next year.

## Final thoughts: Is Rogers a solid buy right now?

I would be remiss if I didn't say that every single investment comes with [risk](#). That includes Rogers. When Rogers made the decision to reinvest in itself instead of hiking its dividend several ago, it was a bold move. That move paid off, and the company benefited from that shift in multiple ways. The dividend also didn't suffer that much; the current yield of 3.35% is still a decent return and [very competitive](#).

Rogers is now left at a similar crossroads. Should the Shaw deal come through and get approved, Rogers will have both an open door to Shaw's stronghold in the west and the means to absorb Shaw's incredibly popular mobile offering. Unfortunately, the final decision on the deal getting approved is out of Rogers's hands.

In my opinion, Rogers remains a solid buy right now but not one that I would invest too heavily in until after the merger deal is finalized.

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