



Is Rogers Stock a Buy Following its Acquisition Approval?

Description

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) is Canada's biggest wireless service provider. This company's base of over 10 million subscribers equates to a third of the entire Canadian market. **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) is a Canada-based cable organization that is one of the largest providers of landline telephone, internet, and television services in Manitoba, northern Ontario, British Columbia, Alberta, and Saskatchewan.

Last year, news broke out that these two companies were coming together in a billion-dollar transaction. Lately, this acquisition deal is again in the news, making several investors speculate about grabbing Rogers stock.

Let's take a closer look.

Rogers-Shaw deal gets conditional nod

A few days back, Rogers Communications's takeover of Shaw Communications cleared one of three important hurdles. The CRTC (Canadian Radio-television and Telecommunications Commission) declared in a release that it gave approval to this \$20 billion deal, subject to some modifications and conditions.

The CRTC applied several requirements to this deal. Among them, Rogers Communications needs to pay benefits worth \$27.2 million into the broadcasting system — approximately five times the original proposal. Additionally, the regulator instructed Rogers Communications to offer annual reports on its pledges to strengthen local news coverage.

Also, considering this transaction's nature, the CRTC has installed safeguards that aim to address potential risks to the broadcasting system for both programming services and consumers.

Takeover deal: Positives to look at

Shaw Communications's acquisition will combine the biggest cable television providers in Canada. Rogers Communications rules the nation's eastern region, while Shaw dominates the western part of the country.

Announced in March 2021, this takeover deal will make Rogers Communications Canada's second-largest cable and cellular operator owing to this acquisition.

Rogers will also likely gain from the solid presence of Shaw Communications in sparsely populated areas of Western Canada. This will also assist this company in increasing its efforts for the 5G rollout throughout the nation.

Bottom line

While this deal does come with some significant concessions that will need to be made, it's hard to deny that Rogers won't benefit from this increased scale. Continued consolidation in this oligopoly, which is Canada's telecom sector is likely to continue to concentrate profits for investors.

I've often thought of Rogers stock as one of the best ways to gain exposure to this sector. This company is as large as it is diversified. Accordingly, investors seeking cash flow growth and stability ought to like what they see. To boot, Rogers stock provides a rather juicy [dividend](#) yield of [2.9%](#).

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