5 Things to Know About Rogers Communications Stock

Description

Rogers Communications (TSX:RCI.B) stock is a TSX heavyweight. Its market cap ($27 billion) is not that high, but it is one of the biggest Canadian telcos going by subscriber count. According to *Canada Telecommunications,* Rogers's 10.8 million subscribers make it the most popular of its peer group. That's interesting because some of Rogers' competitors are valued more richly in the stock market. RCI.B could be an undervalued stock, but before you rush out to buy it, read on, because there are five things you need to know about Rogers Communications before you invest in it.

Rogers is controversial

One possible reason why Rogers stock is cheap is because it's controversial. Over the last few years, the company has been involved in a number of controversies, including the following:

- A family feud over control of the company
- A nation-wide outage over the summer
- Using Huawei for mobile equipment as recently as 2020

None of these controversies in themselves make Rogers a bad buy. Collectively, they might be something to think about.

It has the biggest 5G network in Canada

Rogers has the biggest 5G network in Canada going by the percentage of Canadians covered. Rogers says that it can provide 5G service to 27 million Canadians, which is 71% of the population. **BCE**, the second-biggest telco, is aiming for 70% by the end of this year.

It's vital to payment processing in Canada

One of the interesting things that came out of the 2022, Rogers service outage was just how vital

Rogers was to Canadian payment processing. When Rogers went down, the entire Interac system went down. Interac said afterward that it was planning on diversifying its suppliers, but still it goes to show just how important Rogers is/was to Canada's economy.

It's not just a telco

If you use Rogers for internet, TV, or phone service, you probably think of it as just a telco. But, in fact, Rogers is so much more than that. In addition to providing vital communications service, it also provides the content that's transmitted on the service: media! Rogers Sports and Media reaches 96% of Canadians through its various platforms, which include SportsNet, CityTV, Frequency Podcast Network, and more. These media properties help Rogers reach an audience through its infrastructure, adding an extra layer of revenue.

It has a 3.75% dividend yield

Last but not least, Rogers Communications stock has a 3.75% dividend yield. "Dividend yield" means a stock's dividend divided by its price. When you invest $100,000 at a 3.75% yield, you get $3,750 back each year if the yield doesn't change.

Now, with stocks, yields often do change. And in Rogers's case, the "changes" have mainly been good ones: over the last 10 years, the dividend payout has risen by about 3% per year. If you buy a dividend stock and it raises its dividend every year, you will gradually see your yield on cost (that is, the dividend yield calculated with the price you paid instead of the current price) rise.

Sometimes, progressively rising dividends can result in extraordinarily high yields in the future. For example, Warren Buffett is currently getting a 54% yield on the **Coca Cola** shares he bought in the 1980s. I'm not saying that Rogers is the next Coca-Cola, but it is a dividend stock with some growth potential. That could lead to interesting places.

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