



Cogeco Communications: This Dirt-Cheap Dividend Stock Is a Must-Buy in January

Description

Cogeco Communications ([TSX:CCA](#)) is a Montreal-based communications corporation that operates in Canada and the United States. Today, I want to discuss why this dividend stock looks like a [fantastic buy](#) in the first week of January 2023. Let's jump in.

How did Cogeco Communications perform in 2022?

Shares of Cogeco Communications opened at \$100.01 per share on January 4, 2022. The stock closed at 75.70 to close out the previous year on December 29. That represented a decline of 24% for the full year. Fortunately, the stock has put together an impressive run to close out 2022 and start the new year. Its shares have climbed 9.2% week over week as of close on January 4, 2023.

Canadian investors can dig deeper into Cogeco's recent performance with the interactive chart below.

Here's why I'm excited about the company's recent earnings

This company is set to unveil its first-quarter (Q1) fiscal 2023 earnings before markets open on Friday, January 13. Investors got to see its Q4 and full-year fiscal 2022 results on October 27, 2022. Cogeco capped off a solid year, as it battled significant challenges in the telecommunications sector.

Total revenue increased 14% from the previous year to \$746 million in the fourth quarter of fiscal 2022. Revenue in its American telecom segment jumped 32% while Canadian telecom segment posted revenue growth of 1.1%. Moreover, Media Activities revenue declined 4.1%, as the radio advertising market suffered due to supply chain disruptions.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. In Q4 2022, Cogeco delivered adjusted EBITDA of \$348 million — up 18% compared to Q4 fiscal 2021. Moreover, it posted profit growth of 7.7% to \$111 million and diluted [earnings per share \(EPS\)](#) growth of 11% to \$2.31. Cash flows from operating activities also jumped 15% to \$326 million.

In the full year of fiscal 2022, Cogeco delivered total revenue growth of 14% to \$2.99 billion. Moreover, adjusted EBITDA climbed 14% to \$1.40 billion. However, free cash flow plunged 12% to \$433 million. Its total assets grew 25% to \$9.46 billion.

Overall, Cogeco Communications put together a strong fourth quarter and full year in 2022, despite the myriad challenges that existed for the company.

Cogeco Communications is a dividend stock you can depend on for the long term

This company last declared a quarterly dividend of \$0.731 per share in the fourth quarter of 2022. That represented a 17% hike from the previous year. Cogeco Communications has now increased its dividend for 18 consecutive years. That makes Cogeco a Dividend Aristocrat, having delivered a dividend increase for at least five straight years.

Why I'm buying this stock today

Cogeco management stated that the current economic environment would continue to put pressure on revenue and earnings in the near term in its most recent quarterly report. The company said that it will continue to maintain operating expenses tightly while remaining vigilant in the event of any major economic shifts.

Shares of this dividend stock currently possess a very favourable [price-to-earnings ratio of 8.7](#). Meanwhile, Cogeco boasts a 3.9% dividend yield. I'm still looking to snatch up an undervalued Cogeco to kick off the new year.

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