Is Rogers Stock a Buy in January 2023?

Description

With 2022 now in the rearview and many stocks across Canada trading lower than where they began the year, investors are hoping for a much better 2023. However, with so much uncertainty on the horizon, many are bracing for another treacherous year in the markets. That's why you may want to consider **Rogers Communications** (TSX:RCI.B) in January 2023.

Rogers was one of the few Canadian stocks that managed to earn investors a positive return last year.

The company's massive size, dominance in its industry, and primarily defensive operations make it an ideal stock to own in this environment.

But with the market on edge and a potential recession looming, is Rogers a buy now after its 20% rally over the last few months, or has it become overvalued?

Why has Rogers stock been performing so well lately?

There are a few reasons why Rogers managed to outperform the **TSX** in 2022, earning a positive return and rallying by over 20% to end the year.

First, as I mentioned above is the fact that it's a large blue-chip stock with high-quality operations. Recession or not, Rogers will almost certainly be around for decades to come.

Another reason is that compared to its two main competitors, **Telus** and **BCE**, Rogers has been trading at a much more appealing discount.

Right now, BCE has a forward price-to-earnings (P/E) ratio of 17.8 times, while Telus' forward P/E ratio is 19.6 times. Rogers' P/E ratio, though, is just 15.2 times, and that's even after its recent rally.

Even looking at the stock's enterprise value (EV) to its earnings before interest, taxes, depreciation and amortization (EBITDA) ratio, Rogers offers a discount compared to its competitors.

The stock is certainly trading undervalued. Yet, if it can't weather the storm when a recession hits, it won't be worth buying today.

Can Rogers survive a recession?

If you're worried about a recession and how it may impact your portfolio, think defensively. It's essential to find high-quality stocks that can continue to operate and earn a profit even if economic growth slows down.

Recessions don't last forever. Therefore, the best stocks to buy are ones that you can own with confidence no matter what the economic environment. Rogers is that kind of stock.

In addition to the fact that communication services are quite essential in today's society, Rogers has proven before just how resilient it can be. For example, when the pandemic hit and the economy nearly completely shut down, Rogers only saw a 16.5% impact on its revenue and only for a single quarter.

In the next two quarters, its revenue was down less than 3% year over year before it quickly recovered. Furthermore, the unprecedented pandemic and shutdown of the economy was almost certainly a bigger economic slowdown than we are likely to face this year.

Plus, even during the pandemic, when its revenue and business operations were impacted, Rogers continued to earn a profit and positive free cash flow each quarter. Furthermore, it also managed to keep its dividend intact.

So if you're looking to buy high-quality stocks for your portfolio and wondering whether Rogers is worth buying in January 2023, it's proven to be highly resilient, pays an attractive dividend, and is still cheaper than its two main competitors.

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