Sionna Investment Managers

Company Spotlight
Rogers Communications

Rogers is one of the Big three telecommunications players in Canada. The company provides wireless mobile and wireline internet services across the country. Rogers also owns an expansive portfolio of sports teams based in Toronto, one of North America's highly ranked sports markets with a national audience. These teams include prominent and valuable franchises such as the Toronto Maple Leafs, Raptors and Blue Jays.

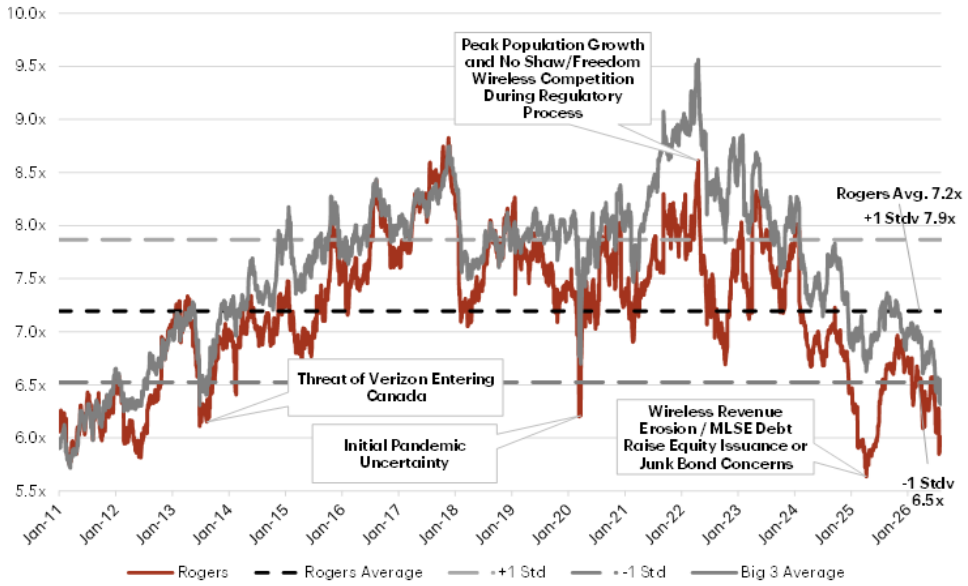
After Rogers' acquisition of Shaw Communications in 2023, Canada's population growth slowed, which impacted not just Rogers but the entire telecommunications industry. At the same time, competition between players intensified. Amid this challenging backdrop, Rogers continued to operate the core business well and consolidated stakes in the sports assets it did not already own. This is setting the company up well to monetize a portion of the sports portfolio and use the proceeds to reduce leverage, which is something that investors have been looking forward to.

In the meantime, we believe the market has been undervaluing the stock and underestimating management's ability to crystallize value and strengthen its balance sheet.

Let's start with its sports assets. Transactions in the sports market have been relatively frequent and steady in recent years, consistently transacting at attractive premiums to the most quoted public sources of sports team valuations – Forbes and Sportico. These transactions have taken place amid higher interest rates too. There was a fear that higher interest rates may deter buyers, but this has not been the case. Management has consistently communicated that a minority stake sale will be underway now that 100% of the sports assets are consolidated under Rogers' ownership. This monetization event will net proceeds that will be put towards strengthening the company's balance sheet.

There are also other avenues for management to reduce debt. In the first quarter of 2026, management surprised the market with a much lower capital expenditure outlook that will increase cash flow commensurately. In addition, management is securitizing its Rogers Bank assets (currently awaiting final approval from OSFI), which is related to its credit card portfolio. This will free up working capital. Lastly, BCE's recent sale of 49.9% of its cell towers to La Caisse at an attractive valuation, mirroring Telus's similar transaction last year, shows that network infrastructure assets are coveted. Rogers still owns 100% of its towers, which outnumber both Telus and BCE. Should management decide to sell a stake of its towers' portfolio, this would surface yet more value and provide flexibility for its balance sheet. All in all, management has several tools to achieve its deleveraging goals.

As the market awaits an announcement that divests a portion of Rogers' sports assets, the stock is trading around 15-year lows. Today's valuation is comparable to other times the stock was under stress, including when Verizon was rumoured to enter Canada (which was false) and during the pandemic.



Source: TD Cowen. 2026

As we wait for the sports assets monetization news, investors are being paid a dividend that yields over 4%. The industry backdrop is also improving. Population growth has slowed but it is stabilizing. Competition is decreasing as the industry appears to be finding an equilibrium. We continue to believe that odds are in favour of Rogers management executing its plan and the stock will converge to its intrinsic value over time.

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