

Host: Jim Cramer
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Mad Money Company Spotlight on RRSat Global Communications with host Jim Cramer

Jim Cramer

Tonight I want to talk to you about a stock that's totally impervious to Alan Greenspan, to Ben Bernanke, to the Federal Reserve, a company that's a total enigma. It's an Israeli company that provides satellite uplinks for tons of Arab satellite TV stations, an Israeli company that provides uplinks for Al Jazeera and for Middle East TV! Al Jazeera, last I looked, doesn't exactly have a pro-Israeli attitude, but globalized late-stage capitalism is bringing it together with an Israeli business. Now, I'm not going to recommend this stock for the Nobel Peace Prize. I want to recommend this stock because I think it could make you money. But first, a caution: the stock is RRSat Global Communications, symbol: RRST. This is a very small company. It's got a mere \$300m market cap. I don't discuss, typically, businesses this small except on speculation Fridays. Why? Because I hate it when people jump into after-hours trading and buy them indiscriminately. This is also more thinly traded than the stocks I'm usually comfortable recommending, so you've got to exercise some serious caution here. Look, I guess what I'm saying is, don't buy it yet, okay?! Here's the rule: wait until next week to buy RRST. You write it down. When next Monday's show comes rolling around, you think, 'Cramer told me to buy RRST today.' If you buy it now, I'm promising you, you'll be sadly disappointed, because you'll pay much more than you should, but I can't use that as a reason not to bring up great ideas. I can't, and I've been thinking about that, and self-censoring, and – no! It's a great idea, okay?! If you insist on doing it, you're just going to lose money. But, there's a way to get around that, and it won't work tonight, believe me, but it might work five days from now: use a limit order, or you will overpay. In other words, tell the broker what price you want to pay. Don't try to pay it more than \$0.50 of where it went out today, okay? Now, there's, plus, a real urgency here. I'm spending a lot of time on this caveat for Yours Truly. When you pay up for a stock, it destroys the performance of mine. It destroys the performance of the pick, and then it hurts the performance of my own record which, like in the station house, can and will be used against me by someone out there. You can count on it. If you don't stop yourself for overpaying for your sake, please, I'm begging you, don't pay up for RRST for my sake! Now, let's talk about the company, now that I've made it very clear that paying up will wreck the investment. RRST is a global content distributor with a worldwide network of satellite teleports - what you use to uplink content to a satellite – and some fiber, too. They do the distribution, mostly by satellite, for 295 TV channels worldwide and 80 radio stations. The idea here is that if you make content, if you run Al Jazeera, say, you don't also want to run a satellite network and deal with uplinks or, in this case, because they do it for these guys, for the downlinks. You just want to make anti-Israeli news programs and then contract out to an Israeli business to make sure that your content gets to your viewers! You'll surely remember that a week from now. Wherever you are, whoever you are, RRST provides worldwide uplinks. Now, ok, you're thinking, "Uplink. What's Cramer talking? Now he's using TV gibberish. Before he just used his Wall Street gibberish." Worldwide uplinks: remember The Running Man, where they're getting the real program up because they're trying to discredit my friend/buddy/pal 'Dickie' Dawson and destroy the government? Take a look; take a look.

Except from the Running Man

All you do is send your checks to the Patriots Fund, care of this station...three...two...one....

Those contributions are tax deductible.

And who loves you, and who do you love? Yes!

Jim Cramer

Why still do I love that movie? Ben Richards is a personal hero, not to mention the governor of California. When they made that movie in 1987, that qualified as Sci-Fi! They were trying to show us their vision of 2017. Well here it is, only 2007, and the technology which was made-up Sci-Fi is what RRST does, except they're uplinking content from Fashion TV and Russia Today. This business works because most content providers, most television stations, especially if they're not in the West, don't have the money to do this, or the expertise, or the scale to distribute their own content. They go to RRST with its global network and let them take care of the distribution. Even Al Jazeera goes to this company. I find that unbelievable. Either the people who run Al Jazeera are hypocrites or they're totally unprincipled capitalists who broadcast an anti-Western message because it makes them more money! That I can understand. Why go to RRST and not someone else? Because the company has the unique ability to transmit content to every major populous globally in a single satellite hop, which makes it much less expensive to transmit content. You have to pay a lot more to hop from satellite to satellite in order to get your content where it needs to go. Get this: you can't get this kind of edge from any single location in the US or Western Europe, so RRST, thanks to its location, becomes the lowest-cost operator. You can't compete against them. They'll also translate your programming, which makes them really convenient for international distribution because [if] you want to send a Russian program to Singapore, you need RRST. RRST has been under the radar screen since it came public last November. It's had a run, but it's still fairly undercovered and unnoticed. It's got four analysts on it, not much in the way of major sponsorship. I say this company could be a billion-dollar company someday. It's expensive, but it's got the greatest growth: 40% growth. Given that the satellite television market is growing at an incredible pace and RRST only controls 2% of this market, I think it takes share because of its lower costs. It's a great place to be. Not to mention, of course, that RRST is totally immune to whatever Ben Bernanke does tomorrow, or this guy. Hey, you never want to see this on the first day, 30% off. Trust me, you didn't see it on this. Okay. That doesn't mean the stock won't trade based on the Fed's decision tomorrow, but over the long-term, the US economy doesn't matter much to the Israeli global communications market or this one. Don't forget the new acronym: CEEMEA – Central/Eastern Europe, Middle East and Africa. That was, of course, me thinking that I should make a joke about CEEEMA [sic], but I decided not to because I'm such a joker to begin with. RRST is in the Middle East, and it does a lot of business with Middle Eastern satellite TV stations. They're flush, even the ones, of course, who hate Israel. And, of course, Eastern European stations. The bottom line: this stock is small; it's speculative, and you can't own it for at least a week. It's also a great play on the growth of satellite TV, on international brotherhood, and one heck of a great Stephen King story and terrific movie, the Running Man. Dennis, in Alabama, sweet home, Dennis!

Dennis

Booyah, Jim.

Jim Cramer

Booyah.

Dennis

Jim, is there any mad money to be made from the coming conversion of analogue television to digital television? The FCC has set a target date of 17 February 2009 as the last date for transmitting analogue television signals. Are there any companies poised to take advantage of this situation? Am I too late or too early?

Jim Cramer

It's too early. I had always felt that whenever you hear the change in signals, you should be thinking about how people want to get new TVs that adjust to this. I've got to tell you, I don't want to say that anyone should buy that particular group, or buy Best Buy ahead of the quarter, which is this week, because there's just too much between now and then, and that market is too volatile, but that's a great point we should revisit as we get closer. Can I go to Dave in Virginia, please? Dave.

Dave

Booyah, Jim. Love your show!

Jim Cramer

Thank you, my friend; thank you.

Dave

Thank you. Listen, Jim, I have a question for you. For the past year I've had a couple of really negative customer experiences with Charter Communications. These experiences have made me very unlikely to go with Charter for phone or internet service. My question to you is, how should I let negative customer experiences like this affect my inclination to buy a stock?

Jim Cramer

You know what? I'm going to surprise you with this one. Normally I would say - when you're at college, you learn that there's anecdotal, which is of course unreliable, because it doesn't have a lot of sampling to it, and then there's empirical, which is bigger. I like to buy stocks of companies I like. I think when you have had bad customer service experience, you ain't going to want to buy more of that stock if it goes down. I want you to steer clear of Charter. I need you to be in stocks of companies you like and are not fearful of when they go down. My satellite spec play: RRSAT. If you buy this tonight, here's what I'm going to do. I am going to hit you with this and knock you over with it, and you'll never forget it! Mad Money will be right back.

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