



## What's Next for Quebecor?

### Description

On Thursday Montréal-based **Quebecor Inc** ([TSX:QBR.B](#)) reported results for the fourth quarter of 2013, beating expectations. Adjusted earnings came in at 55 cents per share, up 30% year-over-year, and beating analyst estimates of 52 cents. The results cap off a very eventful year for the company.

Back in May, wholly owned subsidiary Vidéotron signed a deal with **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) to build and share an LTE network in the province of Quebec and the Ottawa region. Then in November, Quebecor won the French language broadcast rights to NHL games for the next 12 years.

### It's amazing what \$233 million can buy

But perhaps the biggest news came just last month, when the company snapped up spectrum in Quebec, Ontario, Alberta and British Columbia in Canada's 700Mhz wireless auction. The \$233 million price tag was certainly a bargain, especially considering [what Rogers had to pay for its spectrum](#) in the auction.

But taking advantage of the spectrum will not be easy. Going national will require steep capital investments to build out a network, and Quebecor does not have the same brand awareness that it has inside its own province. In Quebec, the company is able to sell wireless services as part of a larger bundle, something that would not be possible in the rest of Canada.

Luckily Quebecor has time on its side. The company has reportedly bid \$200 million for wireless upstart Mobilicity, and will likely wait until that plays out before making any bold decisions. The bid is well below rival **Telus Corp's** ([TSX:T](#))([NYSE:TU](#)) bid of \$350 million, but the Canadian government would be much more supportive of a Quebecor takeover.

### Political aspirations

If Quebecor's situation wasn't complicated enough already, last week controlling shareholder Karl Péladeau announced he will be running as a candidate for the Parti Quebecois in the provincial election next month. Mr. Péladeau has not said what he would do with his shares, but may eventually

have to put them in a blind trust.

### **Foolish bottom line**

Last year was certainly a very eventful year for Quebecor, one in which the headlines seem to have overshadowed the company's financial results. But it is also a very exciting time. One big advantage that Quebecor has is Ottawa's desire to see a fourth national carrier, and after the last spectrum auction, Quebecor is the best candidate. So the company should have the regulators on its side for the foreseeable future.

And in Canada's wireless industry, that may be the biggest advantage one could ask for.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:TU (TELUS)
3. TSX:QBR.B (Quebecor Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:T (TELUS)

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