



5 Reasons Shaw Communications Inc Belongs in Your Portfolio

Description

Shaw Communications Inc ([TSX: SJR.B](#))([NYSE: SJR](#)) has an extensive communications and media asset portfolio and the company generates considerable cash.

Here are five reasons to consider investing in this company.

1. Product and service offerings

Shaw Communications offers broadband cable television, high-speed Internet, home phone, telecommunications services, satellite direct-to-home services, and programming content. Shaw has broad market penetration through its Global Television network, as well as the 19 specialty networks that make up Shaw Media.

In 2013, Global News sustained the number one position in the Vancouver, Calgary and Edmonton markets. Shaw Communications is one of the largest cable television providers in Canada.

In addition, Shaw is teaming up with **Rogers Communications Inc.** to launch Shomi, a streaming site. Shomi will cost \$8.99 monthly, as a service similar to **Netflix**. Shomi will offer 340 TV series and 1,200 movies. It will have 30% Canadian content.

2. Cash flow

Considerable cash generation comforts investors, especially when it enables a company to return cash to shareholders. For the three and nine month periods ended May 31, 2014, Shaw Communications generated significant free cash flow of \$240 million and \$555 million, respectively.

This is in comparison to \$138 million and \$543 million for the same periods in 2013. In late June, the company announced that it increased its fiscal 2014 guidance for free cash flow. Shaw now expects free cash flow to surpass \$650 million.

3. Continued investments in network, systems, and infrastructure

Shaw continues to expand its managed carrier-grade WiFi network, Shaw Go WiFi. This network extends customers' broadband experiences beyond their homes. The service is now available in most regions that Shaw serves. For Q3 2014, Shaw exceeded 40,000 hotspots for Shaw Go WiFi, with more than one million devices registered on the network.

Shaw is also building a new internal data centre in Calgary, Alberta to foster continued technological innovation. The plan is for this data centre to be complete in fiscal 2015. Moreover, the company is expending dollars for the further digitization of its network and additional bandwidth upgrades, as well as development of IP delivery of video.

4. Acquisitions

Last year, Shaw Communications acquired ENMAX Envision Inc. This expands Shaw's business initiatives in Calgary and the surrounding region. ENMAX Envision provides leading telecommunication services to Calgary business customers.

This week, Shaw announced that it closed its acquisition of ViaWest Inc. Shaw is looking to augment its data services and cloud capabilities, and ViaWest is one of the largest privately held data centre, managed services, and cloud providers in North America. It has 27 data centres.

Brad Shaw, Shaw Communications CEO, said, "The ViaWest acquisition provides Shaw a growth platform in the attractive North American data centre sector and is another significant step in expanding our technology offerings for mid-market enterprises in Western Canada."

5. Dividends

Shaw Communications pays dividends monthly and the company has a healthy current dividend yield of 4.00%. Its five-year average dividend yield is 4.10% and its dividend rate is \$1.10. Shaw Communications has had 11 consecutive years of dividend increases.

CATEGORY

1. Investing

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1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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