



Is Now the Time to Invest in Quebecor Inc?

Description

For the most part, Canada's telecommunications industry has matured, as just about everyone and their dog has a cellphone, internet access and a television. Telecoms such have for the most part seen limited subscription growth and inconsistent revenue growth, leaving investors with little options for quick share price gains.

Except for **Quebecor Inc.** ([TSX: QBR.B](#)). If it is able to become the fourth national wireless carrier it could see a drastic shift in its stock price. The appeal here is that for the first time since the emergence of **Telus Corp.**, investors will have the ability to invest in a company with plenty of room for growth. But it could be some time before Quebecor commits to these whispers of taking its wireless division national, so let's take a quick look at its latest quarterly report and see how investors can benefit in the short term

Q3 results

Revenues remained mostly flat at \$1.02 billion in the quarter dropping by 0.2% over Q3 2013, while adjusted operating income remained equally flat at \$380.2 million, falling by \$1.3 million or 0.3% over last year.

Net income attributable to shareholders totaled \$45.1 million (\$0.37 per basic share) a welcome improvement over the net loss attributable to shareholders of \$188.8 million (\$1.53 per basic share) Quebecor posted in Q3 2013.

To get into the more interesting numbers, Quebecor's telecommunications division managed to post revenues of \$23.5 million, an increase of 3.3%. Its wireless division — the same one that is rumored to expand outside of Quebec — saw an increase of revenues of \$17.7 million. This represents an increase of 30.5%. Its average revenue per user (ARPU) rose to \$44.23 from \$41.55.

What is interesting here is that these ARPU rates are \$8.00 to \$15.00 cheaper than its national competitors', giving it added marketing material to lure potential non-Quebecois customers. Locally Quebecor has been upgrading its own LTE network and boasts that it can reach 90% of Quebec communities with speeds up to 150 mbps.

The “Wind” of change

It has been long rumored that Quebecor is interested in forming some sort of partnership with Wind Mobile, even before its ownership issues were resolved. It has been revealed that Quebecor has been in recent communication with Wind Mobile in terms of a consolidation in the industry.

President and Chief Executive Pierre Dion was quoted on Thursday saying, “They are fully aware of our interest in participating in the consolidation of the industry and as I’ve said, we’ll do that only if we think that the regulatory and investment conditions are right for us”.

With that quote extra consideration should be made on the part about “regulatory condition”. He is speaking here about the roaming rates charged between telecoms. This is perhaps the last hurdle keeping Quebecor at bay, but change may be coming as the CRTC is expected to rule on the issue before the end of the year. If the two companies were to partner it would create an entity with over 1.3 million subscribers.

In the meantime investors will have to invest in some patience until everything comes into place.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:QBR.B (Quebecor Inc.)

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Author

cameronconway

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