



## Is Shaw Communications Inc. Headed Towards New 52-Week Highs?

### Description

**Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)), one of the largest telecommunications and media companies in Canada, announced third-quarter earnings results before the market opened on June 25, and its stock has responded by rising over 1%. Let's break down the quarterly results to determine if we should buy in to this rally, or if we should wait for it to subside.

### The results that sent its shares higher

Here's a summary of Shaw's third-quarter earnings results compared with what analysts had anticipated and its results in the same period a year ago.

Metric	Q3 2015 Actual	Q3 2015 Expected	Q3 2014 Actual
Earnings Per Share	\$0.42	\$0.49	\$0.47
Revenue	\$1.42 billion	\$1.42 billion	\$1.34 billion

Source: *Financial Times*

Shaw's earnings per share decreased 10.6% and its revenue increased 5.7% compared with the third quarter of fiscal 2014. The company's double-digit decline in earnings per share can be attributed to its net income decreasing 8.3% to \$209 million and its weight average number of shares outstanding increasing 2.8% to 471 million.

Its strong revenue growth can be attributed to revenues increasing in all three of its major business segments, including 0.5% growth to \$950 million in its Consumer segment, 0.7% growth to \$303 million in its Media segment, and 7.4% growth to \$131 million in its Business Network Services segment.

Here's a quick breakdown of six other notable statistics and updates from the report:

1. Operating income before restructuring costs and amortization increased 7% year over year to \$643 million
2. Operating margin expanded 50 basis points year over year to 45.3%

3. Funds flow from operations increased 27.2% year over year to \$500 million
4. Free cash flow increased 6.7% year over year to \$256 million
5. Total consumer subscribers decreased 2.4% year-to-date to 5,454,186
6. Total business network subscribers decreased 1.9% year-to-date to 6,024,692

### Should you buy in to the rally?

It was a good quarter overall for Shaw, so I think the pop in its stock is warranted. I also think this could be the start of a sustained rally towards its 52-week high, which it still sits more than 12% below.

First, Shaw's stock trades at just 16 times fiscal 2015's estimated earnings per share of \$1.74 and only 15.2 times fiscal 2016's estimated earnings per share of \$1.84, both of which are inexpensive compared with the industry average price-to-earnings multiple of 17.6.

Second, Shaw pays a monthly dividend of \$0.09875, or \$1.185 per share annually, giving its stock a 4.2% yield at today's levels. The company has also increased its annual dividend payment for 12 consecutive years, making it one of the top dividend-growth plays in the market today, and its increased amount of free cash flow could allow this streak to continue for the next several years.

With all of the information provided above in mind, I think Shaw Communications represents one of the best long-term investment opportunities in the market today. Foolish investors should strongly consider making it a core holding.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

### TICKERS GLOBAL

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

### Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

### Date

2025/09/11

### Date Created

2015/06/25

### Author

jsolitro

default watermark