



Shaw Communications Inc. Is Becoming a Pure-Play Connectivity Company

Description

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)) is one of the largest media and communications companies in the country.

Shaw is the company behind a couple of well-known TV stations, such as Global, Food Network Canada, HGTV, and more than a dozen other stations.

The Calgary-based company still offers cable television, Internet, and landline phone services to subscribers in B.C., Alberta and Saskatchewan, and it offers wireless services to subscribers in Alberta, B.C. and Ontario.

Late last year Shaw purchased Toronto-based Wind Mobile for \$1.6 billion. This was an important acquisition for the company because it effectively sets the stage for Shaw to offer a complete bundle of services in line with **Rogers Communications Inc.**, **Telus Corporation**, and **BCE Inc.**

What does this acquisition mean moving forward for Shaw, its competitors, and its investors?

What it means for Shaw

Wind is the fourth-largest carrier nationwide with 940,000 subscribers across Alberta, British Columbia and Ontario. Wind has developed a knack for being the alternative option for Canada's Big Three; it has alternative non-contract offerings, which fits nicely with Shaw's strategy.

Prior to being acquired, Wind secured \$425 million to upgrade the network to LTE from current 3G speeds. Shaw noted that by the end of 2017 that upgrade will be complete.

Shaw is more than likely going to use a fair amount of the media sale to both upgrade Wind's limited network further and expand coverage to other parts of the country and become a full nationwide competitor.

What it means for Shaw's competitors

In the short term, Canada's Big Three media companies don't need to worry about Shaw luring customers away, at least in the wireless segment. While the offerings of all these companies offer similar lineups and services, what differs is the geographic footprint of each.

Once that Wind network is built up, however, things may start to change.

One of the wildly successful aspects of Wind's legacy is shaking up the wireless norm. The company was first among wireless providers in Canada to eliminate contracts and offer lower price points.

Shaw has acknowledged the popularity of Wind's models and thus far has no plans to change them. Assuming that a national LTE network is built out, there's no reason why consumers wouldn't want to switch over.

What it means for Shaw's investors

Shaw's acquisition of Wind mobile late last year was the beginning of the company's decision to become a more focused communications/connectivity company.

This is a long-term acquisition that shows both vision and drive. Investors should be particularly pleased with the results over the long term, but they may have to weather a storm or two while Shaw builds up the infrastructure around the Wind acquisition and expands into other areas of the country.

Investors without a position in Shaw may consider allocating a small part of their portfolios to the stock; you might be pleasantly surprised in the long term.

CATEGORY

1. Investing

TICKERS GLOBAL

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

Category

1. Investing

Date

2025/08/02

Date Created

2016/02/01

Author

dafxentiou

default watermark