# Shaw Communications Inc. Can Provide Both Growth and Dividends

## Description

Investors often struggle to find companies that will serve the ultimate goal of providing both growth and return on investment. Often a compromise of sorts is made; investors either choose a growth stock or a dividend-paying stock.



Fortunately, there are a number of stocks that can be considered both growth and dividend stocks. **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) is one such company that may warrant a position in your portfolio. Here's a look at why.

**Shaw is building up to become a growth machine**

Shaw is a telecommunications company that is experiencing growth in nearly every way possible. Over the past few months, Shaw has made headlines for both new services being offered as well as new acquisitions.

On the offering side, Shaw launched a mobile TV platform based off of the X1 platform from Comcast Corp. This new offering opens a new channel to stream video to customers. It will also likely further revenue streams and keep the company current as millennials look for such a service from their provider.

The company also launched a service last fall aimed at small- to medium-sized businesses through the SmartWifi and SmartSecurity Service offering. This is Shaw going on the aggressive for the business customer, which will no doubt garner some defectors from Shaw's competitors.

Shaw also acquired WIND Mobile last fall; it's the company's foray into offering a full nation-wide wireless network. While it may be a year or more before Shaw completely integrates and upgrades the network, the company has stated that it plans to keep WIND's attractive pricing model, which has many consumers ready to jump over from one of the big three players.

Some of these new services and acquisitions can also be seen as a defensive movement by the company to reduce churn. In the most recent quarter the company lost 18,029 video customers and 12,927 satellite customers from the company's digital segment. The digital phone segment also saw a reduction of 22,227 lines.

**The bottom line**

There is little doubt that Shaw is in the midst of a massive reinvestment and expansion. But the growth that Shaw has been undergoing costs a lot of money, which may give the appearance that the company is not doing as well as it could or should be.

There is an upside to this, however. The company still has ample free cash flow reserves of $131 million, and many see this as a temporary blip as the company transitions. At the current price of just under $25, Shaw is one of the better-priced options on the market, particularly when looking at competitors. The company pays out a quarterly dividend of $0.10 per share, giving the stock a very handsome dividend yield of 4.76%. Year-to-date, Shaw is up over 4%.

In my opinion, Shaw remains a great investment opportunity for those seeking dividend income and growth, who will not be rattled by the short-term fluctuations that do not tell the long-term story.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

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



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