# Why Shaw Communications Inc. Is Unlike Any Other Telecom

## Description

Telecom companies in Canada are, for the most part, as similar as they can get without actually being the same company. These companies offer the same services to subscribers, operate under similar business segments, and, incredibly, some even own an equal share of the same sports teams.

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**Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) is the exception. It offers investors a slightly different investment option over the company's larger peers.

Here's a look at Shaw and why investors should consider investing in the company.

**Meet Shaw Communications, a different type of telecom**

Shaw, like other large telecoms, offers subscribers phone, internet, and TV subscription services. This, however, is where the company's comparison to the other telecoms ends.

Shaw doesn't have the same reach as other national competitors, but it does have a sizeable share of the market in western Canada. The company also doesn't offer a wireless service to subscribers on a national scale–at least not yet.

The company has performed admirably over the past few years; the stock price is up by over 20% in the past few years and up nearly 10% year-to-date.

**Shaw is the ultimate forever stock**

One of my favourite aspects about Shaw is the dividend. The company pays out a monthly dividend of $0.09875 per share, which gives the stock a very impressive 4.55% yield given the current stock price of just over $26. This is more than what any of the other telecoms offer.

Shaw has hiked the dividend payout steadily over the past few years, and given the company's strong results, there is little reason to doubt that dividend increases will end anytime soon.

Speaking of results, in the most recent quarter Shaw tripled profits thanks in part to the selling of the media division to **Corus Entertainment Inc.** for $2.65 billion. Shaw posted revenues of $1.28 billion–an increase over the $1.14 billion reported in the same quarter last year.

Earnings-wise, the company reported $704 million, or $1.44 per diluted share for the quarter, representing a significant increase over the $209 million, or $0.42 per share, reported in the same quarter last year.

Shaw used some of those proceeds from the sale of the media division to purchase wireless carrier Wind mobile this past spring in a deal worth $1.6 billion. These two deals were fairly significant for Shaw for two reasons.

First, by selling off the media division, Shaw moves closer to becoming a pure-play telecom. Other telecom companies have struggled at times to maintain a profitable media division, which diverts focus from the core subscriber business.

Second, the acquisition of Wind goes far beyond Shaw simply purchasing a wireless carrier to rebrand it as a Shaw offering. Wind was wildly popular with consumers, breaking from the norms established by the other carriers and offering services at lower price points. For consumers wanting a change, Wind was a true alternative to other carriers.

Wind's only disadvantage is where Shaw can help–coverage. Wind never actually grew into a true national carrier with coverage coast to coast, but it aspired to. Shaw has already committed to keeping the Wind business model and prices intact as well as investing in the necessary infrastructure to build out Wind's network further.

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In my opinion, Shaw represents a great opportunity for investors over the long term. The company's impressive results and dividend yield should keep investors pleased, while Shaw's expansion of Wind's network shows an aggressive growth path to what could be a lucrative revenue generator for the company.

*Editor's note: A previous version of this article stated a monthly dividend of $0.9875. This has been corrected to $0.09875.*

**CATEGORY**

1. Dividend Stocks
2. Investing

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1. NYSE:SJR (Shaw Communications Inc.)
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**Date**
2025/09/09
**Date Created**

2016/08/20
**Author**
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