



Shaw Communications Inc. Made Some Big Changes in 2016

Description

There's no question that **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) made big changes this year to better position itself for future growth. Shaw sold its media business to **Corus Entertainment Inc.** in a deal worth \$2.65 billion and bought WIND Mobile for \$1.6 billion.

With Shaw's exit from the media business and entrance into the wireless business, we will see huge growth in free cash flow over the next few years as the company invests for future growth.

Aggressive investment into Freedom Mobile

WIND Mobile is no more. Shaw renamed the wireless company to Freedom Mobile a few months after acquiring it. There's no question that WIND Mobile was a cheap, low-quality provider that may have had a poor reputation regarding the reliability of its networks.

The carrier has catered to Canadians with lower income by offering sub-par network performance. The rebrand was a necessary move for Shaw because they want to reinvent the company as an affordable carrier with a good, reliable network backing it.

Shaw has been aggressively investing to position itself to be a major competitor to compete with the Big Three Canadian telecoms. Many Canadian wireless consumers, as well as the CRTC, have been pushing for more competition in the wireless space, and Shaw's Freedom Mobile is determined to be the fourth option that everyone's been hoping for.

Canadian wireless rates are among the highest in the world, and Shaw wants to find the balance between affordability and network performance. This was a huge year for building Shaw's wireless network, and while there's still a lot more work needed to compete with the Big Three directly, the management team made it clear that they will not be hiking prices down the road in order to stay competitive.

The investments made by Shaw in Freedom Mobile this year will set the company up for success next year. Shaw has a proven management team with a wealth of experience in the wireless industry, and Freedom Mobile is very well positioned to be the biggest growth name in the Canadian telecom space.

Freedom Mobile started rolling out its LTE network in Vancouver and Toronto, and this will be the beginning of a huge rollout across major cities across Canada. Going forward, we can expect more infrastructure upgrades. Customers from the Big Three will slowly start switching over, as Freedom Mobile's more attractive price and improving network performance will entice them to make the move.

Busy year for Shaw as it sets itself up for long-term growth

I believe Shaw's sale of its media business and acquisition of the wireless business is a massive move that will make Shaw a huge outperformer for years to come. Shaw stock experienced a flat year thanks to massive expenditures into its new wireless network, but there's no question the stock will soar once the company starts stealing wireless market share away from the Big Three incumbents.

It was a tough year for Shaw investors, but if you're patient, then collect the fat 4.5% dividend yield as the company slowly chips away at its competitors' subscriber bases.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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