



Buy Shaw Communications Inc. on Weakness

Description

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)) is a terrific dividend stock that is also well positioned to become one of the best dividend-growth kings over the next few years. Freedom Mobile is set to be a huge disruptor in the Canadian telecom scene, and there's a real chance that it will take away a huge chunk of subscribers from the Big Three incumbents.

Shaw has been aggressively investing to improve its wireless infrastructure, as the LTE network should finish rolling out later this year. In its current state, Freedom Mobile is a lower-quality provider than its peers in the Big Three, but over the next few years, I suspect this quality gap will shrink, and many investors will flock over to Shaw because of the huge value that they can provide the average consumer.

Freedom Mobile is a lower-cost wireless carrier that hopes to become the perfect balance between affordability and network reliability. One of Freedom Mobile's taglines is, "making wireless more affordable," and the management team has no intentions to raise prices by large amounts, even if it is spending tons of cash to improve the current network.

Shaw hopes to ramp up its marketing campaign over the next few years, and I think it will be a force to be reckoned with in the Canadian telecom scene. The Big Three Canadian telecom giants are going to face pressure once Freedom Mobile picks up momentum.

I believe Freedom Mobile will be successful as the fourth major player in the Canadian telecom scene, but don't expect it to steal the Big Three's wireless subscribers overnight. Shaw still has a lot of work to do with Freedom Mobile, and it could take two years or more before its competitors really start to feel the pressure. Canadians are paying some of the highest wireless rates out there, so Freedom Mobile is a breath of fresh air for Canadians looking to get the most bang for their buck.

There are many more catalysts that could drive Shaw higher, like wireless bundling opportunities and BlueSky TV, an innovative IPTV product. I think Shaw is one of the best dividend and growth plays on the TSX today, and it's trading at discount to its intrinsic value.

The stock currently trades at a 2.3 price-to-book multiple, which is lower than its five-year historical

average multiple of 2.6. Buy the stock and hold it for the long run while you collect the juicy 4.35% dividend yield, which will grow for years to come.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing

Date

2025/09/08

Date Created

2017/03/24

Author

joefrenette

default watermark

default watermark