



## Could Shaw Communications Inc. Be on the Verge of Something Big?

### Description

**Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) is a fantastic shareholder-friendly business that opened a lot of doors after its acquisition of Wind Mobile, which has since been renamed Freedom Mobile. Shaw has been aggressively investing to improve Freedom Mobile's infrastructure and is expected to finish its LTE network by the end of this year.

Many pundits have been surprised that Shaw hasn't been more aggressive with marketing initiatives to boost subscriber growth. The management team is focused on long-term, sustainable subscriber growth, so there's no rush for Shaw to ramp up its subscriber growth initiatives through promotions. Shaw wants to make sure its wireless infrastructure is in top-notch shape before going after the Big Three incumbents for their subscriber bases.

Shaw is due to report earnings today, and they're likely to be nothing surprising. The company will no longer have the earnings bump from Shomi and has been investing a huge amount into Freedom — an investment that I believe will not really start to pay off until Q4 2017. If the earnings report results in a sell-off, then this could be a golden opportunity for income investors to scoop up shares before Shaw becomes aggressive with its wireless promotions, which is likely to result in a surge in subscriber growth.

### Why is Shaw taking its time with Freedom Mobile?

From a strategic, long-term perspective, it really doesn't make much sense to get aggressive with marketing initiatives right now. Shaw is playing this the right way, despite what many pundits believe.

The CRTC is expected to make an announcement in May regarding domestic roaming rates, which will allow Shaw and the Big Three incumbents to readjust their rates.

### Waiting for the perfect time

Even after Shaw makes the adjustments, I still think the perfect time for Shaw to ramp up is in Q4 of this year. The LTE network will be completed, and the new smartphones, including **Apple Inc.**'s iPhone 8, which is expected to be a major upgrade, will be available. It's expected that Shaw will have

the wireless infrastructure in place to support popular smartphones like the iPhone 8 as well as the Samsung Galaxy S8.

The beginning of Q4 is also when most wireless contracts expire for the Big Three incumbents. Many consumers will be looking to upgrade their iPhones, and this is the perfect time for Freedom Mobile to get aggressive with its subscriber growth initiatives and promotions.

Shaw is well positioned to steal a chunk of subscribers away from the Big Three, and it will be interesting to see how Shaw will promote itself later this year. Shaw is a long-term thinker and is on the verge of becoming a huge disruptor to the Canadian telecom space.

I would buy the stock now and on any signs of weakness later in the year. Collect the bountiful 4.3% yield while you wait for Freedom Mobile to make a huge splash. Patient investors will be rewarded greatly.

Stay smart. Stay hungry. Stay Foolish.

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