



Is Shaw Communications Inc. the T-Mobile US Inc. of Canada?

Description

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)) has been on a terrific run over the past year as the stock has gained over 15%. Telecoms are usually a boring, slow-growth way to get a stable dividend, but that doesn't have to be the case. Unlike most telecom companies, Shaw's Freedom Mobile is ready to become a huge disruptor in the Canadian telecom scene which has primarily been dominated by the Big Three.

Freedom Mobile set to take on the Big Three

The Big Three telecoms have been controlling prices, and the Canadian wireless consumer is getting the short end of the stick. Canadians pay some of the highest wireless fees in the world, and consumers are getting fed up with it. Freedom Mobile is set to be the fourth major wireless carrier, and it plans to keep prices lower.

This is definitely going to have the Big Three incumbents scrambling as they come up with more perks to keep their customers from jumping ship. These perks are going to cost money, and, unfortunately, I think pricing pressure is going to become a major headwind for the Big Three incumbents as Freedom Mobile improves its infrastructure over the next few years.

Freedom's network isn't quite there yet...

Freedom Mobile is not at the same level as the Big Three yet. There's still a lot of work to be done to catch up to its peers in terms of network performance, and it's going to take some time. Many analysts have been scratching their heads as to why Shaw hasn't gone all-in with its marketing initiatives. Such initiatives would give Freedom Mobile a much-needed subscriber boost, but I don't think investing too much cash in marketing would give Shaw the best bang for its buck right now.

Freedom Mobile is almost finished with its LTE network upgrades, and it's reported that this network will support the next generation of phones including **Apple Inc.'s** much anticipated iPhone 8 and Samsung's Galaxy S8.

Huge subscriber growth on the horizon?

When will Shaw ramp up with its marketing initiatives for Freedom Mobile? I think it will on the release of the new iPhone 8, which, coincidentally, is around the same time as the completion of the latest LTE network roll-out.

Many Canadian iPhone users will have their two-year contracts expiring with Freedom Mobile's competitors. If Canadian consumers are given the chance to grab the latest hardware at a lower price with a more attractive contract, then I believe Canadian consumers will jump at the opportunity. Canadians are fed up with paying high wireless bills, and I expect Shaw will steal subscribers away from the Big Three incumbents this fall.

Growth and income together as one

Shaw isn't your typical telecom play. It's a growth opportunity that's going to disrupt the Canadian telecom industry.

Consider how successful **T-Mobile US Inc.** ([NASDAQ:TMUS](#)) was when it took on the big American telecoms. I believe the same story is happening in Canada with Shaw Communications. Foolish investors should strongly consider adding to their position today.

Stay smart. Stay hungry. Stay Foolish.

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Author

joefrenette

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