



## Comparing Telecom Giants: Which Is the Better Value, Telus Corporation or Shaw Communications Inc.?

### Description

Both **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) regularly battle it out for subscribers and, to consumers, can appear to be interchangeable, but the stocks may not be.

Telus's stock has appreciated over 8% in the past 12 months and is trading at 20 times earnings and 3.2 times book value. In comparison, Shaw has seen its stock soar over 20% during the same period and is trading now at 13 times earnings and only 2.5 times book.

Over the past five years, Shaw has traded around 14-17 times earnings and at EPS of 2.2, which would put it in a range of \$31-38 dollars. Whether it reaches the top end of that scale again will depend in large part on the performance of its new mobile segment, Freedom Mobile.

Telus, however, has traded at around 16-19 times earnings. That would suggest the stock is expensive at \$45 and, with an EPS of 2.15, a price of \$34-40 might be more appropriate. But I would not expect Telus to drop to that level anytime soon as the stock has been largely in the \$42-45 range for the past 12 months.

Expected future earnings and sales are just as important, if not more so than current ones. Telus has had very consistent sales over the past five years, increasing at an average 4% per year. Earnings, unfortunately, have not followed suit and have even seen declines during that time.

Shaw is a bit more challenging to compare since the company has made significant changes recently. It sold Shaw Media to **Corus Entertainment** and acquired WIND Mobile (now Freedom Mobile). Previously, the company was showing consistent revenue and profit increases year over year. Whether or not that will continue will depend in large part to how these changes affect its operations. Of key importance is how much money Shaw will have to put into Freedom Mobile before it becomes a big player in the industry.

Both companies struggle with losing consumers to online-only services, but neither one has made any



default watermark