



A Growth Stock to Own for the Next Decade

Description

If you're looking for a company that has the potential to become a top player in the field, then I have one strong candidate for you.

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)), a smaller telecom operator in Canada, has done all the right things to challenge the "Big Three" competitors in the wireless market.

Income investors who are seeking a high-yield and a growth stock should consider Shaw adding to their portfolios.

Let's find out why this Calgary-based operator is fit for an income portfolio, and how is it going to challenge **Rogers Communications Inc.**, **BCE Inc.** and **Telus Corporation**; each has about 30% of the national wireless market share.

Push in the wireless market

Shaw has started to arm itself to disrupt the Canadian wireless market in the next 12 months in a big way. Its newly acquired cellular operator, Freedom Mobile, had a big problem before Shaw bought it for \$1.6 billion from **Mid-Bowline Group Corp.**: its network wasn't good enough to provide a quality coverage to Canadian customers. That problem impeded its growth and turned customers away.

But that's going to change soon. Shaw plans to deploy the 700 MHz and 2,500 MHz radio frequency blocks it purchased this spring for \$430 million. It plans to spend an extra \$350 million to deploy the spectrum.

Shaw's goal is to grab the 25% market share, and with this kind of preparation, the task doesn't seem impossible. Once its network is upgraded and coverage issues are resolved, Shaw will be in a much better position to tap into the growing market of wireless subscribers.

Some analysts believe that Shaw's push into the wireless market will make it the fourth-largest player, and it's just a matter of time.

Dividend potential

At its current share price of \$28.75, Shaw offers a 4.12% annual dividend yield. The company currently pays monthly dividend of \$0.09875 per share.

It won't be fair to expect explosive growth in its dividend going forward, as Shaw invests heavily to improve its wireless network. Having said that, I also think that Shaw won't deviate from its history of increasing dividends, which have doubled during the past decade.

Shaw stock is up ~7% in the past year, trading close to the 52-week high. Considering the growth potential of Shaw's business and the stability of its dividend, I think this company offers good value for income investors when compared to more mature operators in this space.

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