This Company Is About to Massively Disrupt the Entire Telecom Sector

Description

When it comes to telecom investments, there's no shortage of options in the Canadian market, yet despite those options, the incumbent three are so alike in many respects that they are often referred to by a single name: "RoBelUs" — a concatenation of their names.

An emerging fourth player, **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR), is often neglected to be mentioned in that same crowd, and, as result, is often bypassed as an investment option.

That's a mistake that could see investors lose out on a great opportunity, as Shaw is on the verge of disrupting the telecom landscape in a very good way.

Let's look at Shaw and what that opportunity is.

The missing pieces of the Shaw puzzle

Shaw offers cable, internet, and phone services like the other major telecoms, and unlike its peers, which have a national coverage, Shaw is more concentrated in the west of the country. The company has made inroads into Ontario in a limited manner, but it is still largely absent in the east of the country.

That lack of coverage hasn't stopped Shaw from measuring up to its peers. The company recently posted very strong quarterly results which not only highlighted that the company's growth strategy is working, but also pose a threat to the incumbent three in the very near future in multiple segments.

Shaw's recent results were, in a word, impressive.

Revenue from continuing operations for the most recent quarter topped $1.24 billion, representing a respectable 2.6% increase over the same quarter last year. From an earnings perspective, Shaw reported $0.96 per share in the most recent quarter, shattering the $0.31 per share reported in the same quarter last year.

Across Shaw's core subscription services, the company realized a net gain of 25,000 subscribers, a significant improvement over the 170,000 subscribers lost last year. Much of that growth can be attributed to both the wireless and cable segments.

The cable segment realized a gain of just 218 subscribers over the past year, but this figure is a significant improvement over the 93,000 subscribers lost in the prior year.

The most interesting piece, and the one that holds the most potential, lies in Shaw's emerging wireless segment.

Wireless is the missing piece of the puzzle

Up until recently, Shaw has lacked a wireless segment to rival the service provided by the Big Three telecoms. When Shaw purchased Wind Mobile nearly two years ago, it raised the eyebrows of other telecoms and investors everywhere.

This past summer, Shaw offloaded its data centre business and then purchased a sizable chunk of wireless spectrum in deals that boosted Shaw's wireless profile.

Wireless subscriptions come with lucrative revenue prospects, as data-hungry devices are providing an increasing amount of revenue for telecoms. Shaw's investment into wireless is not only justified but required, as consumers are increasingly moving away from the traditional phone and cable connections.

That investment is working.

In the most recent quarter, Shaw added 41,000 wireless subscribers, more than doubling the 20,000 added in the prior quarter.

Should you invest in Shaw?

Shaw has a compelling wireless solution that is constantly growing and being marketed as a real alternative to the RoBelUs trio. This itself makes Shaw an intriguing option for long-term investment, as the growing mobile offering, appropriately named "Freedom Mobile," is already attracting defectors from other telecoms.

While it may take Shaw several years to build Freedom Mobile up to be a truly national competitor, investors looking to capitalize on their investment will no doubt appreciate the appetizing monthly dividend that offers a 4.11% yield.

In my opinion, Shaw remains one of the best long-term growth investments on the market.

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dafxentiou