This Wireless Newcomer Is Beating its Peers

Description

When considering some of the best investments to make, Canada's telecoms are frequently mentioned at the top of any great investment list. There's a good reason for that decision too – telecoms have sizable moats and offer some of the best-paying dividends on the market.

Beyond those obvious reasons, there's also the growing dependency that comes with being constantly connected to the internet. We are shifting into a society based on instant satisfaction that's primarily met through a fast wireless connection and a smartphone.

That wireless connection is one such reason that investors should turn to Canada's fourth telecom, **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR)

Until recently, Shaw has lacked a full-fledged mobile offering. The company acquired the assets of Wind Mobile over a year ago, and has since invested heavily into turning the regional carrier into a national one, upgrading and expanding service.

Shaw's mobile product known as Freedom Mobile launched last year with limited coverage, but still managed to garner over 130,000 subscribers over the course of the past year.

The reason for that growth is both intriguing for investors and worrisome for the other three telecoms.

Shaw is a real alternative

Industry pundits often note that mobile data usage across carriers nearly doubles with each passing year. Data-hungry consumers demand more, and carriers in turn release new smartphones that can do more.

The result is a steadily growing wireless bill for consumers, who are becoming increasingly frustrated with paying increased rates.

Wind Mobile was marketed and viewed as a true alternative to the major telecoms, with consumer-friendly tactics that were incredibly disruptive to the wireless norm set by the major telecoms. Some of those tactics included offering phones off contract and comparable service at a greatly reduced cost over the competition.

When Shaw acquired Wind, Shaw executives said that they would retain the aggressive pricing and customer-first strategies that were wildly popular under Wind.

Wait — Shaw is down over 14% this year!

Yes, Shaw is trading down over 14% year-to-date, like many other companies that experienced a sudden correction in February. That doesn't make Shaw a bad investment option, however. If anything, what it *does* do is help highlight the potential growth that's just waiting to occur once the stock finally takes off.

There's also the added benefit of seeing Shaw's quarterly dividend rise to a very appetizing 4.86% yield, which should be more than enough to convince potential investors still sitting on the sidelines.

Keep in mind that building out a nationwide wireless network and keeping it current with advancing technologies such as 5G is no simple or inexpensive feat. Canada is a massive country that will take time to blanket in coverage, which is what the Big Three carriers are counting on as they ride the wave out until Shaw's Freedom Mobile breaks out completely.

Shaw represents a unique and intriguing opportunity for long-term investors that buy now and forget about the stock (and its inevitable swings) until Freedom Mobile becomes a full-fledged competitor to the Big Three.

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Date
2025/08/26
Date Created
2018/03/28

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