



## Your Portfolio Needs This Telecom for Long-Term Growth

### Description

One of the things that I love about investing is identifying a market disruptor that not only shakes things up, but it can also push the market to evolve beyond what it currently offers.

When it comes to telecoms, and in particular, the wireless segments of the Big Three, they have stagnated that innovation for more than two decades while consistently driving up prices. In many cases, this has led to the Big Three offering nearly identical services and prices, prompting many consumers and investors to [frequently compare](#) which telecom offers more.

When Wind Mobile came onto the wireless scene just before the Great Recession, Wind offered contract-free pricing and flat-rate fees that were virtually unthinkable by any of the other telecoms. Impressively, Wind also drew in droves of disgruntled customers of the Big Three on the promise of better customer service and lower prices.

Unfortunately, Wind Mobile didn't last, but Canada's fourth telecom, **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) acquired the Wind network back in 2016 and positioned its own wireless offer to inherit many of the practices and momentum that Wind began a decade ago.

### Why Shaw's mobile offering matters

Shaw launched its mobile offering — appropriately named Freedom Mobile — in late 2016 and has since continued to draw in an impressive and growing number of subscribers. In the most recent quarter, Shaw announced 54,000 new postpaid subscribers, coming on the heels of yet another impressive quarter in the prior quarter that realized 93,500 new post-paid subscribers.

While Shaw's gamble to build out a mobile network to rival the big three appears to be off to a good start, it's a long-term project will take years, but is without a doubt the right thing to do.

Over the course of the past decade, we've gone from using our smartphones as purely communications devices to a plethora of use cases that seem to be expanding by the day. Our smartphones have taken the place of over 100 everyday devices we no longer need, such as alarm clocks, media players, calendars, notebooks, and cameras, to name just a few.

More important, however, is that nearly all of those intended uses requires a data connection and bandwidth, all of which a telecom such as Shaw is more than pleased to offer as part of its monthly service agreement.

In other words, the more intended uses we find for our smartphones, the more we are willing to use them, and by extension, pay more for them. Further, with smartphone usage reaching the point of saturation in nearly every developed market, the possibilities for future growth are virtually endless.

Shaw's stake into Freedom mobile no longer seems like a gamble, does it?

The results are already in. As of the last quarter, Shaw has over 1.32 million wireless subscribers, which pegs its penetration into Canada by approximately 4% — a figure that's likely to continue growing with each passing quarter.

### **Why Shaw is a great long-term investment**

While Shaw's mobile play is a great reason to contemplate an investment, there are other points that are worthy of consideration.

First, there's the continued expansion of Freedom Mobile. In the most recent quarter, Shaw announced a series of agreements that will see Freedom mobile devices available for sale in over 600 retail locations within the next year. In terms of potential, recall that Shaw already has a 4% market share without a viable distribution network.

Second, Shaw offers a very handsome dividend that pays out a yield of 4.43%. That dividend not only surpasses some of the Big Three, but is also distributed monthly.

Finally, following an impairment charge in the last quarter stemming from the dismal results of **Corus Entertainment Inc.**, Shaw reported a \$91 million loss for the quarter, which has dragged the stock down recently. This provides an excellent opportunity for long-term investors to [buy in at a discount](#) and benefit from the growth and monthly income that are coming.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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