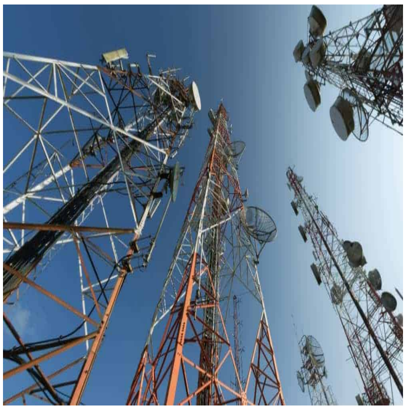

3 Incredible Reasons to Invest in This Telecom Right Now

Description

Telecoms are widely considered to be some of the best defensive investments on the market, thanks in part to their steady stream of revenue and mature networks that make it both cost-prohibitive and time-consuming to introduce a new market disruptor.

But what if there was a way to penetrate that market, with a fresh new telecom that offered aggressive pricing and benefits posed to disrupt that market?

If that sounds like an appealing opportunity, let's take a moment to talk about **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) and three reasons why you should consider adding the company to your portfolio today.

Shaw's wireless footprint continues to grow

Shaw's much-hyped roll-out of Freedom Mobile continues to draw in more customers and intrigue across the market. To date, the company has secured 5% of the overall market in a short amount of time, and the wildly popular pricing and availability of that service in a growing number of retailers across the country is set to continue growing over the next few quarters.

Skeptics of Shaw's wireless roll-out often point to the telecom's much smaller network size, particularly when compared to the coverage offered by the Big Three. The hypothesis behind that argument is that Shaw will never be able to attract the subscriber numbers needed to build a national network, and even if did manage to finance that growth, it would take years, if not a decade or more, to materialize.

Let's debunk this myth by mentioning the sheer brilliance behind Shaw's mobile offering.

While it's a well-known fact that Shaw's network is smaller than its peers, Shaw is excelling in the markets where it is operating, thanks to aggressive pricing and generous data packages. Canada already has some of the highest data prices in the western world, so Shaw placing some downward pressure on price is good for both Shaw and customers.

Strong results are going to become the norm

Shaw's incredible rise to fame as the wireless network disruptor has not only rattled the Big Three but has also ushered in a period of lucrative opportunity for investors as subscribers continue to abandon the Big Three for Shaw.

Last month, Shaw provided an update on the first fiscal quarter of 2019, and the numbers were impressive. Consolidated revenue across the company saw an 8.8% uptick over the same quarter last year, spearheaded by stellar growth from Shaw's mobile segment. Speaking of that mobile segment, Freedom Mobile realized over 86,000 new postpaid subscribers in the quarter and even managed to improve its churn rate to just 1.28%. Consolidated revenue from the wireless segment saw an incredible 60% improvement over the same period last year, rising to $273 million.

Looking beyond the wireless segment, Shaw's other segments also posted positive gains. Despite an expected drop in some more mature areas of the business such as video, satellite, and phone subscriber revenue, Shaw's wireline revenue managed a small but notable bump in revenue to $1,083 million.

Overall, the company reported net income of $187 million, surpassing the $111 million reported in the same quarter last year. Free cash flow for the quarter also came in much improved over the same period last year, coming in $100 million higher at $164 million.

A mouth-watering dividend

One of the primary reasons that many investors turn to telecoms is for their reliable dividends, and this especially rings true for Shaw. The company offers an appetizing monthly payout with a yield of 4.41%.

Investors contemplating an investment in Shaw should note that while impressive, Shaw hasn't provided a dividend hike to shareholders in several years. Instead, the company is reinvesting into growing its wireless segment. It's a fair trade-off considering the long-term potential of the company.

In my opinion, Shaw represents an excellent long-term opportunity for investors looking for both income and growth prospects from a traditionally defensive investment.

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