



Why Shaw Communications (TSX:SJR.B) Is the Must-Buy Telecom

Description

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#)) is often considered as a distant outsider when comparing Canada's big telecoms. Part of the reason for that is due to investors being dismissive of the true long-term potential that Shaw has.

Not your typical telecom

What makes Shaw such a unique investment opportunity? The main reason is Shaw's mobile network, or, more specifically, the *lack* of a nationwide wireless offering.

Wireless connections are the new gold. We're using wireless connections for every possible reason, ranging from streaming content to communicating with others. Even functions that were long assumed as being disconnected from online services, such as alarm clocks, note-taking apps, and cameras are now connected to the web and eating up data.

In other words, wireless connections have become a necessity of our modern world.

Shaw knows this, and that was the impetus behind the company jettisoning its media segment a few years ago and acquiring the assets of former carrier Wind. Freedom Mobile was the end product of that investment, and while the carrier is not yet available nationwide, it is drawing the attention of consumers everywhere.

Just how good of an investment opportunity is this?

Normally, saying that a new incumbent going up against and threatening the Big Three would be a non-starter. But Freedom Mobile is different.

Canadians pay more for wireless data service than most other developed economies in the world. Much of this is attributed to the vast size of the country, and this is where Shaw's sweet spot exists.

In short, Shaw can offer more generous data allowances at a lower cost than the Big Three and still turn a handsome profit. This then draws in more customers, which feeds the company's ongoing efforts at building a nationwide effort.

The efforts must be working well, as in the most recent quarter Shaw realized 62,000 net additions to its wireless network while also reporting a record-low churn rate.

In terms of results, Shaw reported revenue of \$1,324 million in the most recent quarter, reflecting a 2.7% increase over the same quarter last year. Shaw earned \$229 million, or \$0.44 per share, in the quarter — a stark improvement over the \$99 million loss, or \$0.20-per-share loss, reported in the same period last year.

Also noteworthy is the fact that Shaw acquired 600 MHz spectrum in the quarter, which is not only laying the foundation for Shaw's 5G service but also expanding LTE service in key markets in B.C., Alberta, and Ontario.

Buy now and hold forever

The relatively [stable and recurring revenue stream](#) that telecoms offer makes them [suitable long-term investments](#) for nearly any portfolio. In the case of Shaw, the stock is already up 9% year to date, and keep in mind the long-term prospects of Freedom Mobile continuing to build.

Adding to that appeal comes a handsome dividend, which amounts to an appetizing 4.43% yield that is paid monthly.

In other words, Shaw is an excellent long-term addition to nearly any portfolio for income- and growth-seeking investors alike. Buy it and hold it.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/31

Date Created

2019/07/08

Author

dafxentiou

default watermark

default watermark