



## Freedom Mobile Deal: What Should Long-Term Investors Think?

### Description

**Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) came to an agreement with **Quebecor** ([TSX:QBR.B](#)) to sell wireless carrier Freedom Mobile to the company for \$2.85 billion on June 17. The deal is part of Rogers's move to get to the finish line of securing **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)).

While the move was touted as positive for investors, what should long-term investors think about the sale of Freedom Mobile to Quebecor?

### The Rogers side

Let's take a look at the benefits and potential drawbacks of who gets what in the Freedom Mobile deal. For Rogers stock, this recent move led to upgrades for both Rogers and Shaw. This is because it's expected that the federal Competition Bureau will finally be satisfied from their initial issues from the Shaw and Rogers merger.

The deal to sell Freedom Mobile would allow Rogers to bring in half-a-million clients should it finally receive Shaw. However, the cost was seen as quite high — especially since Rogers will now have to provide backhaul and backbone support for Quebecor.

Even still, analysts increased their price targets for Rogers and Shaw stock. They also moved Rogers stock from a hold to a buy in many cases thanks to this positive step towards a Shaw deal.

### The Quebecor side

Quebecor's biggest win is that it now has the opportunity to become Canada's fourth national wireless operator. This would be behind Rogers, **BCE**, and **TELUS** and help relieve some of the pressure on this very small wireless market. This could allow for significant net asset value growth in the [long term](#) for shareholders and even in the next few years.

That being said, it's also too early to state whether there will be some growing pains or even negative impacts from the addition of a wireless network. It's likely that backhaul and backbone support won't last forever, so it will be interesting to see how Quebecor shifts to the future, to say the least.

Given all this, Quebecor shares saw a price target raised, an upgrade to outperform, and a buy rating from a few analysts. Some estimate a further \$1.1-\$1.2 billion in additional revenue. This comes as the company sees an addition from Freedom Mobile that gives access across the country.

## Future still uncertain

Despite all these upgrades, there are a few things still up in the air for long-term investors. As mentioned, it's unclear if Quebecor will be able to hack the addition of a country-wide wireless network or what it will have to do should the backbone support one day disappear.

As for the Rogers and Shaw deal, the Competition Bureau stated that the Freedom Mobile deal was "not an effective remedy" as Shaw and Freedom are not equal parts. So, there will likely need to be some more movement to finally see an approval.

Still, that approval does seem likely to happen sometime in the near future. Between the two, it seems that Rogers has the most to [gain out of the long term](#). But, of course, only time will tell for all those involved with the Freedom Mobile move.

### CATEGORY

1. Investing

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2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:QBR.B (Quebecor Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:SJR.B (Shaw Communications)

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