



What's New With the Deal to Buy Shaw Communications (TSX:SJR.B)?

Description

What is happening with the deal to buy **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#))? It seems like an eternity has passed since **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) struck a deal to acquire Shaw. Let's recap that deal and, more importantly, what this means for your portfolio.

A quick reminder on that deal

Rogers announced the intent to acquire Shaw, the fourth-largest telecom in Canada back in May 2021. Rogers originally framed the whopping \$20 billion acquisition as a positive for the entire market. Specifically, Rogers mentioned adding new jobs, expanding service to the west, and accelerating the 5G rollout.

Unfortunately, that also means less competition. That's the exact opposite of what the Canadian telecom market needs. Historically, would-be disrupters to the Big Three telecoms get gobbled up by their larger peers.

The deal to buy Shaw Communications may now be on the same path. Shaw shareholders have already given their blessing to the deal, and the CRTC followed suit back in March.

In a breath of fresh air, the competition bureau has taken a different stand. Shaw's burgeoning wireless business, which is a real alternative to the Big Three telecoms, is at the centre of those concerns. Canada already has the highest telecom rates for subscribers on the planet, and the belief is that this deal will only add to those concerns as competition decreases.

Also, the fact that Rogers's network went down for a prolonged period recently doesn't help the prospects for a deal. In short, the company desperately needs some make-weight efforts to address concerns around its network.

To alleviate those fears, several options are on the table for Rogers. The bureau is seeking Shaw's newer mobile unit, Shaw Mobile, to be divested. Rogers is already looking to offload Freedom Mobile, Shaw's main mobile business unit, to Quebec-based **Quebecor** (TSX:QBR).

It remains to be seen if that will appease the bureau. Either way, the deal also still needs approval from Canada's ministry of innovation, science, and economic development.

Where does this leave investors?

The deal has been in limbo for over a year. Shaw shareholders will receive a windfall of \$40.50 per share if the deal completes. Keep in mind that it represents a considerable uptick over the pre-deal price. As of the time of writing, Shaw's share price trades at a discounted rate of just over \$34.50. If you believe the deal will be complete, this represents a viable opportunity.

Additionally, let's not forget that investors can also benefit from Shaw's juicy monthly dividend until (or if) that deal ultimately goes through. The current yield on offer works out to a respectable 3.41%.

To put it another way, a \$35,000 investment in Shaw right now will generate a monthly income of nearly \$100. That on its own makes Shaw an intriguing option to consider.

The deal to buy Shaw Communications doesn't really matter

Irrespective of the outcome of the Rogers-Shaw deal, Shaw remains a unique opportunity to consider. Shareholders will be compensated handsomely, assuming the deal completes. If the deal falls through, shareholders will still have that juicy dividend wrapped in a defensive package to [counter volatility](#).

In my opinion, Shaw remains a solid choice for any well-diversified portfolio for both seasoned and new investors.

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Date

2025/09/29

Date Created

2022/07/25

Author

dafxentiou

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