SHAW COMMUNICATIONS INC
Form 6-K
January 14, 2014

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of January, 2014

Shaw Communications Inc.

(Translation of registrant s name into English)

Suite 900, 630 3rd Avenue S.W., Calgary, Alberta T2P 4L4 (403) 750-4500

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ¨ Form 40-F x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant, Shaw Communications Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 14, 2014

Shaw Communications Inc.

By: /s/ Steve Wilson
Steve Wilson
Sr. V.P., Chief Financial Officer
Shaw Communications Inc.

NEWS RELEASE

Shaw announces first quarter financial and operating results

First quarter consolidated revenues improved 3% and operating income before amortization of $608 million was comparable to last year.

Net income was $245 million for the quarter or $0.51 per share.

Calgary, Alberta (January 14, 2014) Shaw Communications Inc. announced consolidated financial and operating results for the first quarter ended November 30, 2013. Consolidated revenue for the current three month period of $1.36 billion was up 3% over the comparable period last year. Total operating income before amortization[1] for the quarter of $608 million improved 1% over $601 million last year.

Free cash flow[1] for the three month period of $157 million compared to $244 million for the same period last year. The current quarterly period included higher capital investment and cash taxes compared to the prior quarter.

Net income of $245 million or $0.51 per share for the quarter ended November 30, 2013 compared to $235 million or $0.50 per share for the same period last year. Improved operating income and lower interest expense were partially reduced by higher income taxes.

Chief Executive Officer Brad Shaw said, I m pleased to report solid first quarter results. Our performance was driven by growth in our commercial business, discipline around customer acquisition, and strength in our Internet business. We are continuing to make investments in the customer experience, brand, and residential and commercial infrastructure. These further increase the value of our offerings and simplify the ways our customers engage with us.

Revenue in the Cable division of $844 million for the current three month period improved 4% over the comparable period. Operating income before amortization for the quarter of $405 million increased 2% over the same quarter last year.

Satellite revenue of $218 million for the three month period compared to $214 million in the same period last year. Operating income before amortization for the current quarter was $66 million compared to $74 million last year.

Revenue and operating income before amortization in the Media division for the quarter of $325 million and $137 million, respectively, improved 2% and 5% over the same period last year.

During the quarter the 7.5% $350 million senior notes due November 2013 were repaid using cash on hand.

[1] See definitions and discussion under Key Performance Drivers in MD&A.

This morning the Board of Directors is meeting and will be considering a dividend increase. A separate press release will be issued.

We are effectively executing on our priorities of delivering an exceptional customer experience, enhancing our video and voice products, and growing our commercial business. We recently completed our digital upgrade project, adding capacity to our network, and continue to expand our Shaw Go WiFi, bringing our Internet product beyond the home, now with over 30,000 access points in western Canada. We will continue to execute on our customer centric focus and leverage our powerful network to grow our business.

Shaw Communications Inc. is a diversified communications and media company, providing consumers with broadband cable television, High-Speed Internet, Home Phone, telecommunications services (through Shaw Business), satellite direct-to-home services (through Shaw Direct) and engaging programming content (through Shaw Media). Shaw serves 3.2 million customers, through a reliable and extensive fibre network. Shaw Media operates one of the largest conventional television networks in Canada, Global Television, and 19 specialty networks including HGTV Canada, Food Network Canada, HISTORY® and Showcase. Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 Index (Symbol: TSX SJR.B, NYSE SJR).

The accompanying Management s Discussion and Analysis forms part of this news release and the Caution Concerning Forward Looking Statements applies to all forward-looking statements made in this news release.

For more information, please contact:

Shaw Investor Relations

Investor.relations@sjrb.ca

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MANAGEMENT S DISCUSSION AND ANALYSIS

NOVEMBER 30, 2013

January 13, 2014

Certain statements in this report may constitute forward-looking statements. Included herein is a Caution Concerning Forward-Looking Statements section which should be read in conjunction with this report.

The following Management s Discussion and Analysis (MD&A) should also be read in conjunction with the unaudited interim Consolidated Financial Statements and Notes thereto of the current quarter and the 2013 Annual MD&A included in the Company s August 31, 2013 Annual Report including the Consolidated Financial Statements and the Notes thereto.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS) for interim financial statements and is expressed in Canadian dollars.

CONSOLIDATED RESULTS OF OPERATIONS

FIRST QUARTER ENDING NOVEMBER 30, 2013

Selected Financial Highlights

	Three months ended November 30,		
($ millions Cdn except per share amounts)	**2013**	2012	Change %
Operations:			
Revenue	**1,362**	1,319	3.3
Operating income before amortization [1]	**608**	601	1.2
Operating margin [1]	**44.6%**	45.6%	(1.0)
Funds flow from operations [2]	**382**	127	>100.0
Net income	**245**	235	4.3
Per share data:			
Earnings per share			
Basic	**0.51**	0.50	
Diluted	**0.51**	0.49	
Weighted average participating shares outstanding during period (millions)	**454**	444	

(1) See definitions and discussion under Key Performance Drivers in MD&A.

(2) Funds flow from operations is before changes in non-cash working capital balances related to operations as presented in the unaudited interim Consolidated Statements of Cash Flows.

Subscriber Highlights

	Total	Three months ended November 30,	
	November 30, 2013	**2013**	2012
Subscriber statistics:			
Video customers	**2,010,628**	**(29,619)**	(23,877)
Internet customers	**1,893,252**	**2,746**	5,637
Digital phone lines	**1,361,311**	**1,351**	16,750
DTH customers	**894,242**	**(9,323)**	(4,021)

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Consolidated Overview

Consolidated revenue of $1.36 billion for the three month period improved 3.3% over the comparable period last year. Consolidated operating income before amortization for the three month period of $608 million improved 1.2% over $601 million last year. After adjusting for the net impact of fiscal 2013 acquisition and disposition activity, operating income before amortization was up 2.0%.

The revenue growth in the Cable division, primarily driven by rate increases and lower promotional activity, was partially reduced by various expense increases including employee related amounts and higher programming. Media s revenue and operating income before amortization were up primarily due to the favorable impact of a retroactive adjustment in the share of royalties for distant signal retransmission. Revenue growth in the satellite division, primarily due to rate increases, was more than offset by higher expenses including operating costs related to the new Anik G1 satellite, employee related amounts, and programming expenses.

During the quarter Shaw continued to expand its TV Everywhere content strategy with the launch of Global Go in early September, providing 24/7 streaming of Global content plus full in-season stacking for key properties. Most recently, in time for the holiday season, Shaw launched the Shaw Go Treehouse and Shaw Go YTV apps, giving Shaw subscribers on-the-go access to their favorite Treehouse and YTV programs.

Last year, Shaw entered into a number of transactions with Corus Entertainment Inc. (Corus), a related party subject to common voting control. In a series of agreements to optimize its portfolio of specialty channels, Shaw agreed to sell to Corus its 49% interest in ABC Spark and 50% interest in its two French-language channels, Historia and Series+. In addition, Corus agreed to sell to Shaw its 20% interest in Food Network Canada. The ABC Spark and Food Network Canada transactions closed April 30, 2013 and Historia and Series+ recently closed on January 1, 2014.

Net income was $245 million for the three months ended November 30, 2013 compared to $235 million for the same period last year. Outlined on the following page are details on operating and non-operating components of net income for each period.

($millions Cdn)	Three months ended **November 30, 2013**	**Operating**	**Non-operating**	Three months ended **November 30, 2012**	**Operating**	**Non-operating**
Operating income	**414**	**414**		393	393	
Amortization of financing costs long-term debt	**(1)**	**(1)**		(1)	(1)	
Interest expense	**(73)**	**(73)**		(82)	(82)	
Accretion of long-term liabilities and provisions	**(2)**		**(2)**	(3)		(3)
Other gains (losses)	**2**		**2**	(4)		(4)
Income (loss) before income taxes	**340**	**340**		303	310	(7)
	107	**103**	**4**	38	80	(42)

Current income tax expense (recovery)						
Deferred income tax expense (recovery)	**(12)**	**(12)**		30	1	29
Net income	**245**	**249**	**(4)**	235	229	6

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The changes in net income are outlined in the table below.

	November 30, 2013 net income compared to:	
	Three months ended	
($millions Cdn)	August 31, 2013	November 30, 2012
Increased operating income before amortization [1]	112	7
Decreased amortization	29	14
Decreased interest expense	2	9
Change in net other costs and revenue [2]	21	7
Increased income taxes	(36)	(27)
	128	10

(1) See definitions and discussion under Key Performance Drivers in MD&A.

(2) Net other costs and revenue includes accretion of long-term liabilities and provisions and other gains (losses) as detailed in the unaudited interim Consolidated Statements of Income.

Basic earnings per share were $0.51 for the three month period compared to $0.50 in the same period last year. In the current quarter, higher operating income before amortization of $7 million, lower amortization and interest expense of $14 million and $9 million, respectively, and improved net other costs and revenue of $7 million were partially offset by higher income taxes of $27 million. The increased income taxes were mainly due to a recovery in the prior period related to the resolution of certain tax matters

Net income in the current quarter increased $128 million compared to the fourth quarter of fiscal 2013 driven by increased operating income before amortization of $112 million, primarily due to seasonality in the Media business, along with lower amortization of $29 million and reduced net other costs and revenue of $21 million. These increases were partially offset by higher income taxes of $36 million. The net other costs and revenue in the fourth quarter of fiscal 2013 included a write-down of $14 million related to assets held for sale and the higher income taxes were mainly due to the increases in the various components of net income as detailed above.

Free cash flow for the quarter of $157 million declined from $244 million in the same period last year. The current quarter decline was primarily due to increased capital investment and higher cash taxes.

Key Performance Drivers

The Company s continuous disclosure documents may provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company s continuous disclosure documents may also provide discussion and analysis of additional GAAP measures. Additional GAAP measures include line items, headings, and sub-totals included in the financial statements.

The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others, utilize these measures in assessing the Company s operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. The non-IFRS financial measures and additional GAAP measures have not been presented as an alternative to net income or any other measure of performance required by IFRS.

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The following contains a listing of non-IFRS financial measures and additional GAAP measures used by the Company and provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

Operating income before amortization and operating margin

Operating income before amortization is calculated as revenue less operating, general and administrative expenses. It is intended to indicate the Company s ability to service and/or incur debt, and therefore it is calculated before amortization (a non-cash expense) and interest. Operating income before amortization is also one of the measures used by the investing community to value the business. Operating margin is calculated by dividing operating income before amortization by revenue.

	Three months ended November 30,	
($ millions Cdn)	**2013**	2012
Operating income	**414**	393
Add back (deduct) amortization:		
Deferred equipment revenue	**(16)**	(30)
Deferred equipment costs	**32**	63
Property, plant and equipment, intangibles and other	**178**	175
Operating income before amortization	**608**	601

Free cash flow

The Company utilizes this measure to assess the Company s ability to repay debt and return cash to shareholders.

Free cash flow is calculated as operating income before amortization, less interest, cash taxes paid or payable, capital expenditures (on an accrual basis and net of proceeds on capital dispositions and adjusted to exclude amounts funded through the accelerated capital fund) and equipment costs (net), adjusted to exclude share-based compensation expense, less cash amounts associated with funding the new and assumed CRTC benefit obligations related to the acquisition of Shaw Media as well as excluding non-controlling interest amounts that are consolidated in the operating income before amortization, capital expenditure and cash tax amounts. Free cash flow also includes changes in receivable related balances with respect to customer equipment financing transactions as a cash item, and is adjusted for recurring cash funding of pension amounts net of pension expense. Dividends paid on the Company s Cumulative Redeemable Rate Reset Preferred Shares are also deducted.

Free cash flow has not been reported on a segmented basis. Certain components of free cash flow including operating income before amortization, capital expenditures (on an accrual basis net of proceeds on capital dispositions) and equipment costs (net), CRTC benefit obligation funding, and non-controlling interest amounts continue to be reported on a segmented basis. Other items, including interest and cash taxes, are not generally directly attributable to a segment, and are reported on a consolidated basis.

For free cash flow purposes the Company considered the initial $300 million supplemental executive retirement plan funding in the prior year to be a financing transaction and has not included the amount funded or the related cash tax recovery in the free cash flow calculation.

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Accelerated capital fund

During the prior year, the Company established a notional fund, the accelerated capital fund, of up to $500 million with proceeds received, and to be received, from several strategic transactions. The accelerated capital initiatives will be funded through this fund and not cash generated from operations. Key investments include the completion of the Calgary data centre, further digitization of the network and additional bandwidth upgrades, development of IP delivery of video, expansion of the WiFi network, and additional innovative product offerings related to Shaw Go and other applications to provide an enhanced customer experience. It is expected up to $500 million will be invested in fiscal 2013, 2014 and 2015. Approximately $110 million was invested in fiscal 2013 and $250 million and $140 million, respectively, are expected to be invested in fiscal 2014 and 2015.

Free cash flow is calculated as follows:

	Three months ended November 30,		
($millions Cdn)	**2013**	2012	Change %
Revenue			
Cable	**844**	809	4.3
Satellite	**218**	214	1.9
Media	**325**	319	1.9
	1,387	1,342	3.4
Intersegment eliminations	**(25)**	(23)	8.7
	1,362	1,319	3.3
Operating income before amortization [1]			
Cable	**405**	396	2.3
Satellite	**66**	74	(10.8)
Media	**137**	131	4.6
	608	601	1.2
Capital expenditures and equipment costs (net): [2]			
Cable	**265**	140	89.3
Accelerated capital fund investment [1]	**(63)**		>100.0
Adjusted Cable	**202**	140	44.3
Satellite	**36**	25	44.0
Media	**2**	4	(50.0)
	240	169	42.0
Free cash flow before the following	**368**	432	(14.8)

Less:			
Interest	**(73)**	(82)	(11.0)
Cash taxes	**(103)**	(80)	28.7
Other adjustments:			
Non-cash share-based compensation	**1**	1	
CRTC benefit obligation funding	**(12)**	(9)	33.3
Non-controlling interests	**(10)**	(12)	(16.7)
Pension adjustment	**(14)**	2	>100.0
Customer equipment financing	**3**	(5)	>100.0
Preferred share dividends	**(3)**	(3)	
Free cash flow [1]	**157**	244	(35.7)
Operating margin [1]			
Cable	**48.0%**	48.9%	(0.9)
Satellite	**30.3%**	34.6%	(4.3)
Media	**42.2%**	41.1%	1.1

(1) See definitions and discussion under Key Performance Drivers in MD&A.

(2) Per Note 3 to the unaudited interim Consolidated Financial Statements.

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Details on the accelerated capital fund and investment to date are as follows:

Estimated year of spend *($millions Cdn)*	**2013**	**2014**	**2015**	**Total**
Fund Opening Balance	**110**	**250**	**140**	**500**
Accelerated capital investment	**110**	**63**		**173**
Fund Closing Balance, November 30, 2013		**187**	**140**	**327**

CABLE

Financial Highlights

	Three months ended November 30,		
($millions Cdn)	**2013**	2012	Change %
Revenue	**844**	809	4.3
Operating income before amortization [(1)]	**405**	396	2.3
Capital expenditures and equipment costs (net):			
New housing development	**24**	28	(14.3)
Success based	**69**	35	97.1
Upgrades and enhancement	**102**	60	70.0
Replacement	**14**	9	55.6
Buildings and other	**56**	8	>100.0
Total as per Note 3 t			