SHAW COMMUNICATIONS INC
Form 6-K
January 09, 2013

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 2013

Commission File Number: 001-14684

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-

The information contained in this report on Form 6-K and any exhibits hereto shall be deemed filed with the Securities and Exchange Commission (SEC) solely for purpose of being and hereby are incorporated by reference into and as part of the Registration Statement on Form F-10 (File No. 333-170416) filed by the registrant under the Securities Act of 1933, as amended.

SIGNATURE

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

Shaw Communications Inc.

Date: January 9, 2013

By: /s/ Steve Wilson
Name: Steve Wilson
Title: Sr. V.P., Chief Financial Officer

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MANAGEMENT S DISCUSSION AND ANALYSIS

NOVEMBER 30, 2012

January 8, 2013

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, the 2012 Annual MD&A included in the Company s August 31, 2012 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, 2012

Selected Financial Highlights

	Three months ended November 30,		
	2012	2011	Change %
($ millions Cdn except per share amounts)			
Operations:			
Revenue	**1,319**	1,279	3.1
Operating income before amortization [1]	**601**	566	6.2
Operating margin [1]	**45.6%**	44.2%	1.4
Funds flow from operations [2]	**127**	356	(64.3)
Net income	**235**	202	16.3
Per share data:			
Earnings per share			
Basic	**0.50**	0.43	
Diluted	**0.49**	0.43	
Weighted average participating shares outstanding during period (millions)	**444**	438	

(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.

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Subscriber Highlights[1]

	Total	Growth	
		Three months ended November 30,	
	November 30, 2012	**2012**	2011
Subscriber statistics:			
Video customers	**2,166,536**	**(23,912)**	(22,768)
Internet customers	**1,902,385**	**5,956**	9,043
Digital phone lines	**1,362,617**	**17,345**	18,597
DTH customers	**906,002**	**(4,021)**	531

[1] Subscriber numbers for the comparative period have been restated to remove pending installs and have also been adjusted to reflect the results of a pre-migration subscriber audit recently undertaken prior to the planned migration of customers to Shaw s new billing system. The audit adjustments relate primarily to periods prior to 2009 and reflect a reduction of approximately 28,600 and 1,800 Video and Internet customers, respectively, and an increase of 900 Digital phone lines. Also, given the growth in Digital cable penetration, the Company has now combined the reporting of Basic cable and Digital cable as a Video customer.

Consolidated Overview

Consolidated revenue of $1.32 billion for the current quarter increased 3.1% over the same period last year. Consolidated operating income before amortization for the three month period of $601 million was up 6.2%. The revenue growth in the Cable and Satellite divisions, primarily driven by rate increases, was partially reduced by various expense increases including employee related amounts and higher programming. Media was up due to improved advertising and subscriber revenues partially reduced by increased programming costs.

Net income was $235 million for the three months ended November 30, 2012 compared to $202 million for the same period last year. Non-operating items affected net income in both periods. Outlined below are further details on these and other operating and non-operating components of net income for each period.

($millions Cdn)	Three months ended **November 30, 2012**	**Operating**	**Non-operating**	Three months ended **November 30, 2011**	**Operating**	**Non-operating**
Operating income	**393**	**393**		372	372	
Amortization of financing costs long-term debt	**(1)**	**(1)**		(1)	(1)	
Interest expense	**(82)**	**(82)**		(82)	(82)	
Accretion of long-term liabilities and provisions	**(3)**		**(3)**	(4)		(4)
Other losses	**(4)**		**(4)**	(6)		(6)
Income (loss) before income taxes	**303**	**310**	**(7)**	279	289	(10)
Current income tax expense (recovery)	**38**	**80**	**(42)**	84	84	
Deferred income tax expense (recovery)	**30**	**1**	**29**	(7)	(5)	(2)
Net income (loss)	**235**	**229**	**6**	202	210	(8)

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

	November 30, 2012 net income compared to: Three months ended August 31, 2012	November 30, 2011
($millions Cdn)		
Increased operating income before amortization	100	35
Decreased (increased) amortization	2	(14)
Decreased interest expense	1	
Change in net other costs and revenue [1]	(5)	3
Decreased income taxes	4	9
	102	33

[1] Net other costs and revenue includes accretion of long-term liabilities and provisions, equity income (loss) from associates and other losses as detailed in the unaudited interim Consolidated Statements of Income.

Basic earnings per share were $0.50 for the current quarter compared to $0.43 in the same period last year. In the current quarter, improved operating income before amortization of $35 million and lower income taxes of $9 million combined, were partially offset by increased amortization of $14 million. The lower taxes in the current period benefitted from a recovery related to the resolution of certain tax matters.

Net income in the current quarter increased $102 million compared to the fourth quarter of fiscal 2012 driven by higher operating income before amortization of $100 million primarily due to seasonality in the Media business.

Free cash flow for the quarter of $244 million compared to $119 million in the same period last year. The improvement in the current quarter was primarily due to reduced capital investment of $85 million and improved operating income before amortization of $35 million.

During the quarter the Company introduced a new brand platform, inviting customers to experience an animated world inside its advanced network. The platform also includes a new logo and corporate identity.

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.

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.

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Operating income before amortization and operating margin

Operating income before amortization is calculated as revenue less operating, general and administrative expenses and is presented as a sub-total line item in the Company s unaudited interim Consolidated Statements of Income. 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.

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 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 considers the discretionary pension funding 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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Free cash flow is calculated as follows:

	Three months ended November 30,		
	2012	2011	Change %
($millions Cdn)			
Revenue			
Cable	**809**	792	2.1
Satellite	**214**	209	2.4
Media	**319**	299	6.7
	1,342	1,300	3.2
Intersegment eliminations	**(23)**	(21)	9.5
	1,319	1,279	3.1
Operating income before amortization [1]			
Cable	**396**	377	5.0
Satellite	**74**	69	7.2
Media	**131**	120	9.2
	601	566	6.2
Capital expenditures and equipment costs (net):			
Cable	**140**	223	(37.2)
Satellite	**25**	25	
Media	**4**	6	(33.3)
Total as per Note 3 to the unaudited interim Consolidated Financial Statements	**169**	254	(33.5)
Free cash flow before the following	**432**	312	38.5
Less:			
Interest	**(82)**	(82)	
Cash taxes	**(80)**	(84)	(4.8)
Other adjustments:			
Non-cash share-based compensation	**1**	2	(50.0)
CRTC benefit obligation funding	**(9)**	(10)	(10.0)
Non-controlling interests	**(12)**	(11)	9.1
Pension adjustment	**2**	4	(50.0)
Customer equipment financing	**(5)**	(8)	(37.5)
Preferred share dividends	**(3)**	(4)	(25.0)
Free cash flow [1]	**244**	119	>100.0
Operating margin [1]			
Cable	**48.9%**	47.6%	1.3
Satellite	**34.6%**	33.0%	1.6
Media	**41.1%**	40.1%	1.0