

SHAW COMMUNICATIONS INC  
Form 6-K  
January 12, 2012

# 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 2012

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) 750-450

(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

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

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 12, 2012

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

Shaw Communications Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

NOVEMBER 30, 2011

January 12, 2012

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 2011 Annual MD&A included in the Company's August 31, 2011 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 unless otherwise stated. The amounts in this MD&A and the Company's interim financial statements for the period ended November 30, 2010 have been restated to reflect the adoption of IFRS, with effect from September 1, 2010. Periods prior to September 1, 2010 have not been restated and are prepared in accordance with Canadian GAAP. Refer to note 13 of the November 30, 2011 interim financial statements for a summary of the differences between the financial statements previously prepared under Canadian GAAP and to those under IFRS.

The unaudited IFRS related disclosures and values in this MD&A have been prepared using the standards and interpretations currently issued and expected to be effective at the end of the Company's first annual IFRS reporting period, which will be August 31, 2012. Certain accounting policies expected to be adopted under IFRS may not be adopted and the application of policies to certain transactions or circumstances may be modified and as a result, the November 30, 2011 and August 31, 2011 underlying values prepared on a basis consistent with IFRS are subject to change.

## CONSOLIDATED RESULTS OF OPERATIONS

FIRST QUARTER ENDING NOVEMBER 30, 2011

## Selected Financial Highlights

	September 30, 2011	September 30, Three months ended November 30, 2010	September 30, Change %
(\$millions Cdn except per share amounts)			
<b>Operations:</b>			
Revenue	1,279	1,079	19
Operating income before amortization <sup>(1)</sup>	566	479	18
Operating margin <sup>(1)</sup>	44.2%	44.4%	
Funds flow from continuing operations <sup>(2)</sup>	356	265	34
Net income from continuing operations	202	17	>100
<b>Per share data:</b>			
Earnings per share – basic and diluted			
From continuing operations	0.43	0.03	
Weighted average participating shares outstanding during period (millions)	438	434	

<sup>(1)</sup> See definition under Key Performance Drivers in MD&A.

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

Shaw Communications Inc.

**Subscriber Highlights**

	September 30, Total November 30, 2011	September 30, Growth Three months ended 2011	September 30, November 30, 2010
<b>Subscriber statistics:</b>			
Basic cable customers	2,267,007	(22,768)	(7,542)
Digital customers	1,878,954	59,566	62,216
Internet customers (including pending installs)	1,887,916	10,685	18,752
Digital phone lines (including pending installs)	1,256,010	22,969	49,842
DTH customers	909,414	531	(1,539)

**Additional Highlights**

Revenue of \$1.28 billion for the three month period improved 19% over the comparable period last year.

Free cash flow<sup>1</sup> for the quarter was \$119 million compared to \$154 million for the same period last year.

**Consolidated Overview**

Consolidated revenue of \$1.28 billion for the quarter improved 19% over the same period last year. The improvement was primarily due to the inclusion of Shaw Media for the full quarter, as well as customer growth and price changes in the Cable and Satellite divisions. Consolidated operating income before amortization for the three month period of \$566 million was up 18% over the same period last year. The current period included a full quarter of Shaw Media and improved revenue related growth in the Cable and Satellite divisions, partially offset by higher programming expenses and employee related costs.

Net income was \$202 million for the three months ended November 30, 2011 compared to \$16 million for the same period last year. Non-operating items affected net income in both periods. The prior period included a charge of \$139 million for the discounted value of the CRTC benefit obligation, net of incremental revenues, related to the Media acquisition, as well as business acquisition, integration and restructuring expenses of \$58 million. Outlined below are further details on these and other operating and non-operating components of net income for each period.

<sup>1</sup> See definitions and discussion under Key Performance Drivers in MD&A.

Edgar Filing: SHAW COMMUNICATIONS INC - Form 6-K

Shaw Communications Inc.

(\$millions Cdn)	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	November 30,	Three months ended	Non-operating	November 30,	Three months ended	Non-operating
	2011	Operating net		2010	Operating net	
		of interest			of interest	
<b>Operating income</b>	<b>372</b>			<b>299</b>		
Amortization of financing costs						
long-term debt	(1)			(1)		
Interest expense - debt	(82)			(69)		
<b>Operating income after interest</b>	<b>289</b>	<b>289</b>		<b>229</b>	<b>229</b>	
CRTC benefit obligation				(139)		(139)
Business acquisition, integration and restructuring expenses				(58)		(58)
Loss on derivative instruments				(1)		(1)
Accretion of long-term liabilities and provisions	(4)		(4)	(2)		(2)
Foreign exchange gain on unhedged long-term debt				3		3
Other gains (losses)	(6)		(6)	2		2
<b>Income (loss) before income taxes</b>	<b>279</b>	<b>289</b>	<b>(10)</b>	<b>34</b>	<b>229</b>	<b>(195)</b>
Current income tax expense (recovery)	<b>84</b>	<b>84</b>		<b>55</b>	<b>60</b>	<b>(5)</b>
Deferred income tax expense (recovery)	(7)	(5)	(2)	(24)	5	(29)
<b>Income (loss) before following</b>	<b>202</b>	<b>210</b>	<b>(8)</b>	<b>3</b>	<b>164</b>	<b>(161)</b>
Equity income from associates				14		14
<b>Net income (loss) from continuing operations</b>	<b>202</b>	<b>210</b>	<b>(8)</b>	<b>17</b>	<b>164</b>	<b>(147)</b>

The changes in net income from continuing operations are outlined in the table below.

(\$millions Cdn)	September 30,	September 30,
	November 30, 2011	November 30, 2010
	<b>November 30, 2011 net income from continuing operations compared to:</b> <b>Three months ended</b>	
	<b>August 31, 2011</b>	<b>November 30, 2010</b>
Increased operating income before amortization	85	87
Increased amortization	(8)	(14)
Decreased (increased) interest expense	6	(13)
Change in net other costs and revenue <sup>(1)</sup>	(30)	171
Increased income taxes	(18)	(46)

- (1) Net other costs and revenue includes the CRTC benefit obligation, business acquisition, integration and restructuring expenses, gain on redemption of debt, loss on derivative instruments, accretion of long-term liabilities and provisions, foreign exchange gain on unhedged long-term debt, other gains (losses) and equity income from associates as detailed in the unaudited interim Consolidated Statements of Income.

Basic earnings per share were \$0.43 for the quarter compared to \$0.03 in the same period last year. The increase was primarily due to improved operating income before amortization of \$87 million and lower net other costs and revenue of \$171 million, the total of which were partially reduced by increased income taxes, amortization, and interest of \$46 million, \$14 million and \$13 million, respectively. The change in net other costs and revenue was primarily due to amounts included in the prior year related to the CRTC benefit obligation and various acquisition, integration and restructuring costs. Operating income before amortization was up in the current period mainly due to the inclusion of Shaw Media for the full quarter as well as growth in the Cable division.



Shaw Communications Inc.

Net income in the current quarter was up \$35 million compared to the fourth quarter of fiscal 2011 mainly due to higher operating income before amortization of \$85 million partially reduced by increased net other costs and revenue of \$30 million and increased income taxes of \$18 million. The improved operating income before amortization was mainly due to higher amounts from Media due to seasonality of the business. The change in net other costs and revenue was primarily due to a gain realized in the prior quarter on the redemption of the US\$ senior notes.

Free cash flow for the quarter of \$119 million compared to \$154 million in the same period last year. The decrease was mainly due to higher capital investment of \$50 million in the current period related to strategic initiatives, as well as increased interest and cash taxes, partially offset by improved operating income before amortization. Operating income was up mainly due to the full quarter inclusion of Media as well as growth in the Cable division.

### **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 measurement 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 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 measurement as it measures 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 stock-based compensation expense,

Shaw Communications Inc.

less cash amounts associated with funding the new and assumed CRTC benefit obligation 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.

Commencing in 2012 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. Also commencing in 2012, Shaw has reported the changes in receivable related balances with respect to customer equipment financing transactions as a cash item, and adjusted for cash funding of pension amounts net of pension expense. Free cash flow has also been reduced for dividends paid on the Company's Cumulative Redeemable Rate Reset Preferred Shares.

Shaw Communications Inc.

Free cash flow is calculated as follows:

(\$millions Cdn)	September 30,	September 30,	September 30,
	2011	2010 <sup>(2)</sup>	Change %
<b>Revenue</b>			
Cable	792	758	4
Satellite	209	206	1
Media	299	125	>100
	<b>1,300</b>	1,089	19
Intersegment eliminations	(21)	(10)	>100
	<b>1,279</b>	1,079	19
<b>Operating income before amortization <sup>(1)</sup></b>			
Cable	377	353	7
Satellite	69	69	
Media	120	57	>100
	<b>566</b>	479	18
<b>Capital expenditures and equipment costs (net):</b>			
Cable	223	178	25
Satellite			