



Weak Results Have Corus Shareholders Singing the Blues

Description

Corus Entertainment ([TSX:CJR.B](#)) is one of the worst performers in today's Canadian market, a rare position for this television/radio juggernaut. Weaker than expected quarterly results are the reason for today's sell-off.

Corus owns a collection of television (78% of revenues) and radio assets and it was the television side that caused today's miss. Fiscal 2013 is now half complete and television related revenues and profits are down 9% and 7% compared to the same period a year ago. A decline in specialty advertising (softness in kids and lower CMT (Country Music Television) ratings) and a difficult year-over-year comp due to last year's Christmas time launch of Beyblade are a big part of the problem.

Acquisitions to the rescue?

In an attempt to bolster its television business, Corus entered into several transactions during the quarter. A deal with **Bell** (TSX:BCE,NYSE:BCE) has Corus acquiring the 50% stake in TELETUON that it didn't already own as well as 2 Ottawa area radio stations.

In addition, Corus acquired French specialty channels Historia and Series+ from Bell and Shaw Media who were the co-owners. Corus also purchased a 49% interest in specialty TV service ABC Spark from Shaw Media and sold Shaw its 20% interest in Food Network Canada. **Shaw Communications** (TSX:SJR.B,NYSE:SJR) controls Corus so these deals between them amount to little more than a shuffling of the deck for the parent.

Corus expects the \$494 million it spent on these transactions to help not only stabilize, but provide growth for its television division.

The Foolish Bottom Line

Corus shareholders can at least take comfort in the fact that the company's free cash flow is on pace to easily eclipse its 2013 guidance of at least \$140 million. This figure sits at \$84 million at the half way pole. The company's ability to crank out free cash, along with a well-managed balance sheet provide a degree of flexibility that is crucial for any participant in the media world. Given these characteristics,

it's unlikely that disappointing results, like today's, will become a habit for this company.

With a money-in-the-bank yield of 4.2% Corus is one of Canada's great dividend stocks. In today's low-rate environment, to outperform, your portfolio should be filled with stocks just like this. We have identified 13 U.S. companies that promise to have you rolling in dividend cheques before you know it! [Click here now](#) and we'll send you our special report "**13 High Yielding Stocks to Buy Today**" – FREE! You are just [one click](#) away from dividend nirvana!

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Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)

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Date

2025/08/29

Date Created

2013/04/11

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