



Why Corus Entertainment Inc. Is up Over 1% Today

Description

Corus Entertainment Inc. ([TSX:CJR.B](#)), one of the world's leading media and content companies, announced its third-quarter earnings results before the market opened this morning, and its stock has responded by rising over 1%.

Let's break down the results to determine if we should consider buying into this rally or if we should wait for it to subside before considering an investment.

The Q3 Breakdown

Here's a quick breakdown of eight of the most notable statistics from Corus's third-quarter ended on May 31, 2017, compared with the year-ago period:

Metric	Q3 2017	Q3 2016	Change
Adjusted net income attributable to shareholders	\$70.14 million	\$52.95 million	32.5%
Adjusted basic earnings per share	\$0.35	\$0.34	2.9%
Revenues: television segment	\$422.32 million	\$321.18 million	31.5%
Revenues: radio segment	\$39.3 million	\$39.65 million	(0.9%)
Total revenues	\$461.63 million	\$360.82 million	27.9%
Total adjusted segment profit	\$175.81 million	\$130.19 million	35%
Cash provided by operating activities	\$84.67 million	\$63.77 million	32.8%
Free cash flow	\$82.53 million	\$67.95 million	21.5%

How was the quarter, and what should you do now?

I think it was a fantastic quarter overall for Corus, and it showed that its acquisition of Shaw Media Inc., which closed in April 2016, is still having a positive impact on its business. The company also stated that had it owned Shaw Media for the entire third quarter of 2016, its revenues would have been up about 3% year over year in the third quarter of 2017, which is another positive sign for its business.

With all of this being said, I think the market has responded correctly by sending Corus's stock higher, and I think it still represents a great long-term investment opportunity today for two reasons other than its strong earnings.

First, its stock is undervalued. Its stock currently trades at just 12.3 times fiscal 2017's estimated earnings per share of \$1.10 and a mere 11.4 times fiscal 2018's estimated earnings per share of \$1.18, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 14.7.

Second, it has a great dividend. Corus pays a monthly dividend of \$0.095 per share, representing \$1.14 per share annually, which gives its stock a juicy 8.4% yield today. This yield is also very safe when you consider that it generated \$212.46 million of free cash flow and paid out dividends of just \$105.73 million in the first nine months of 2017.

With all of the information provided above in mind, I think Corus represents a fantastic long-term investment opportunity. Foolish investors should take a closer look and strongly consider beginning to scale in to long-term positions today.

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