2 Canadian Media Stocks to Own as the Streaming Wars Ramp Up

Description

Netflix (NASDAQ:NFLX) stock had plunged 18.3% over the past month as of close on October 24. Netflix recently posted a fantastic third quarter in which its domestic and international subscribers blew away analyst expectations. Shares have been pummeled over the course of the global stock market sell-off that has dealt huge damage to the U.S. tech sector.

More dangerous for the company is the intensifying competition for streaming services. Next year will see **Walt Disney** launch its streaming service, which will host exclusive and original content. Disney owns rights to the hugely popular Marvel and Stars Wars franchises, not to mention a vast library of popular older content. It also has a huge footprint in children's television.

Disney is not the only threat. Tech giants like **Apple**, **Amazon**, and **Facebook** have entered the fray and launched their own streaming services. These companies are investing billions in producing original content. **AT&T**, which now owns HBO through its acquisition of Time Warner, will also launch a revamped streaming service in 2019. Last year saw Netflix dethrone HBO in Emmy nominations for the first time in history.

Today we are going to look at two Canadian companies that could thrive due to the rising competition in 2019 and beyond.

Corus Entertainment (TSX:CJR.B)

Corus Entertainment stock had jumped 22.4% over the past month as of close on October 24. Shares were still down 56% in 2018 as of this close. The company released its fiscal 2018 fourth-quarter and full-year results on October 19. Consolidated segment profit rose 6% year over year to $114.5 million, and the company reported free cash flow of $96 million for the quarter.

Corus has shifted its strategy to offer customers online streaming services like Netflix, Amazon Prime video, and Hulu. The company also plans to ramp up advertising technology and will invest more in acquiring content for its television segment. Corus still faces big challenges as it embraces streaming services, but this shift is better late than never. The stock comes cheap and still offers a tasty dividend.

DHX Media (TSX:DHX)(NASDAQ:DHXM)

DHX Media stock had surged 61.7% month over month as of close on October 24. In early October, I'd discussed why a new strategy at DHX made it an enticing speculative buy. On September 24, DHX concluded its strategic review and announced that it would suspend its quarterly dividend. This freed up $10 million in cash which the company pledged to invest in its WildBrain business.

WildBrain is a children's entertainment content creator that has made strides in growing its footprint on streaming sites like YouTube and Amazon Video Direct. This new strategy makes DHX Media a speculative buy for those seeking growth, but unfortunately income investors will no longer have a quarterly dividend payment to look forward to.

WildBrain revenue rose to $57.3 million in fiscal 2018 compared to $34 million in 2017. DHX Media has made it clear that it plans to jump on current trends and has put faith in its most promising segment. Streaming platforms will only see their influence grow in the next decade, and DHX Media has put itself in a better position to succeed in the long term with this strategic shift.

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