Can 1 Key Canadian Entertainment Stock Rival its American Peers?

Description

There are some things that the TSX index arguably does better than other stock markets, such as big bankers with attractive valuations, utilities with tasty dividends, cheap miners with plenty of upside, and, of course, now the green rush that is the legal marijuana boom.

However, is it possible that one Canadian stock could beat two U.S. stocks — one trading on the NYSE and the other on the NASDAQ — at their own game? Let's take a peek at the data behind one of the best media stocks on the TSX index, and see whether it has what it takes to undercut two of America's biggest and boldest entertainment tickers.

Corus Entertainment (TSX:CJR.B)

This gem of the TSX index media sector is up 7.3% in the last five days with a dividend yield of 3.98% and 55.6% expected annual growth in earnings over the next couple of years. If you happen to be an investor who goes by insider confidence, you may be interested to know that more Corus Entertainment shares have also been bought than sold by insiders over the past three months.

Though negative one-year and five-year average past earnings make for a stock that couldn't match the same stats for the Canadian media industry, which itself enjoyed a 13.2% increase in earnings over the last 12-month period, Corus Entertainment is attractively valued, with a P/B of 0.8 times book that beats the TSX index.

Walt Disney (NYSE:DIS)

Up 1.16% in the last five days at the time of writing, Disney's stats are not quite as impressive as one might expect. Its one-year past earnings growth of 0.6% and five-year average of 10.6% failed to graze the U.S. entertainment averages for either periods.

It's got a healthy balance sheet, though, carrying a debt level of 37.2% of net worth, and the valuation could be worse: a P/E of 15.2 times earnings is good, and while its P/B of 3.3 times book could be lower, it’s nowhere near as bloated as other high-profile stocks on the NYSE. A dividend yield of 1.58% is the best reason to buy, though a 6.4% expected annual growth in earnings isn’t significantly high.

Netflix (NASDAQ:NFLX)

This stock continues its gravity-defying feat of sustained growth, with a one-year past earnings increase of 116.7% and five-year average of 46% set to continue with a 30.1% expected annual rise over the next one to three years. Up 3.38% in the last five days, Netflix continues to be a popular capital gains play.

However, with a high debt level of 197.8% of net worth and some clear overvaluation indicated by a P/E ratio of 126.6 times earnings and P/B of 29.4 times book, investors might be wary of holding onto their shares for too long.

The bottom line

Disney’s value is surprisingly good considering its ubiquity, market share, and dominant blueprint for growth. Without dividends on offer, Netflix is a capital gains play, meanwhile, and still has plenty of upside as it continues to nail the growing home entertainment model. Expect to see Disney’s share price improve after it launches its Disney+ service in the same space.

In the meantime, Corus Entertainment serves up a homegrown alternative for investors in the TSX index, though at better value, while paying a higher dividend yield, and with greater projected growth in earnings ahead of it in the next one to three years.

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2. NYSE:DIS (The Walt Disney Company)
3. TSX:CJR.B (Corus Entertainment Inc.)

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