Corus Entertainment (TSX:CJR.B) Records a Strong Q3: Is it Enough to Bring Investors Back?

Description

Corus Entertainment Inc. (TSX:CJR.B) released its third-quarter results on Wednesday. The media company saw sales rise 3.9% year over year while investors will be happy to see that it was able to post a profit of $74 million, a big improvement from the $929 million loss that Corus incurred a year ago. However, let's take a closer look at the results to see whether this makes Corus a buy today.

Several areas where the company performed well

In addition to being profitable and growing its sales, Corus also saw another strong quarter of positive free cash flow, which was up 2.7% from a year ago. It's good to see as it ensures that the company can fund its own growth and helps it continue to pay dividends as well.

Another number that investors are sure to keep a close eye on are the company's television segment. In the past, there were concerns that advertisers were going to online mediums to advertise and ditching cable. However, Corus has shown that hasn't been the case as sales for the company's television segment were up 4.6% from last year and segmented profits were up a more modest 3.6%. Advertising sales for television grew by 10% and were the reason for the company's improved top line.

Company is ahead of schedule and optimistic about the future

In the earnings release, President and CEO Doug Murphy said that the company was ahead of schedule and pointed to the company's recent program launch with **Amazon** as one of the things that the company is excited about going forward.

He stated that "Significant innovations such as the debut of STACKTV on Amazon Prime Video Channels and expansion of Corus' social and digital content offerings, combined with our robust new slate of owned content and a strong programming line-up demonstrate our commitment to optimize our core business and build for the future. Importantly, these strong Q3 results have enabled us to achieve our leverage target one quarter ahead of our goal, once again improving our financial flexibility."

The company made good progress in improving its financial position; going forward, there's a lot of potential for sales to climb even higher thanks to the company's new streaming package. By piggybacking off a big base of Amazon Prime customers and catering to cord cutters, there are many growth opportunities, and investors won't have to wait long to see what kind of results this drives with the service already available.

Bottom line

Overall, there wasn't anything terribly bad from the company's earnings report that should worry investors. Corus had a solid earnings report — one that it needed badly to help prove to investors that it has improved its operations and that its future still looks bright. Coming off a quarter where the company netted just a small profit, this is a big improvement.

Heading into earnings, the stock was still trading below book value, although it could have been a lot higher were it not for **Shaw** announcing it would be selling its shares in Corus.

Nonetheless, Corus looks like a stronger company today and the future might look even better.

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