



Long-Term Investors: My Top Stock for November Was up 14% During the Month and it's Not Slowing Down

Description

Finding turnaround stocks is one of the most rewarding ways to beat the market. It's not easy to have confidence in a stock that the market doesn't, especially if it's one that just went through a period of trouble and lost significant value for shareholders.

Nonetheless, you have to put fear and bias aside and only look at what's happening with the company to find these stocks ahead of the market and set yourself up to earn big returns.

Depending on how much the stock is sold off and how undervalued it is, the stocks can earn you a hefty return, with many having the potential to earn you 100% or more on your investment, like the stock we're going to analyze today.

The turnaround stock to consider today, which has already started its rebound and now has some positive momentum in shares is **Corus Entertainment** ([TSX:CJR.B](#)).

I recommended Corus as my [top stock for November](#), and in the last month the stock is up more than 14%. If you are worried you may have missed your opportunity though, don't be, the stock is still heavily undervalued and has a ton of room to continue growing.

Corus has been trying to turn itself around for a few years now and finally looks like it has gotten over the hump and is on its way up.

It continues to search for and acquire content to build its portfolio of shows and control as much content as possible to improve its offerings to its customers as well as make many strategic deals with world-class partners such as **Disney**.

In addition to acquiring more content and partnering with companies to increase its T.V. offerings, Corus has also been investing in content creation in an effort to boost its portfolio of shows even further.

More than 90% of its revenue come from its television business segment and nearly 95% of profits.

Furthermore, Corus derives 65% of its revenue from advertising and 30% from subscribers, so its content is key to drive new viewers and therefore higher sales.

The future of TV advertising is in specific audience targeting, and Corus is well positioned for that with a number of top kid's channels and channels that are marketed toward women.

The work it's done to grow its portfolio of shows and consequently bring more advertising dollars from clients has been working exceptionally well, with fiscal 2019's fourth-quarter T.V. advertising up 4% and fiscal 2019's full-year T.V. advertising up 7%.

The improvement to its core business is already noticeable, and the company reported a strong segment profit to free cash flow conversion. For fiscal 2019, free cash flow came in at \$310 million.

Looking at its 2019 free cash flow and its market cap today, Corus is trading at just four times free cash flow, which makes it highly undervalued.

Another issue that Corus has had to deal with is significantly strengthening its balance sheet and getting its debt in order, which is one of the main reasons the stock was sold off and this turnaround phase was triggered in the first place.

So far, its work to strengthen the financials has gone according to plan, and it now has net-debt-to-segment profit of just 2.82 times.

Corus has been firing on all cylinders, improving both its operation and its financials, to re-position itself as a strong and growing company. With its stock price still so cheap and a dividend that yields more than 4%, the stock is still a strong buy, but be careful; if you wait too long, you may end up missing this opportunity completely.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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Date

2025/08/28

Date Created

2019/12/02

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