Canadians: 2 Ways to Invest in Streaming on the TSX

Description

The media landscape underwent some significant changes over the course of the 2010s. Investors who scooped up **Netflix** at the beginning of the decade have a lot to smile about. The rise of streaming has also put the traditional cinema business in a bind. **Cineplex** stock was hit with major volatility in the back half of the decade. Its shareholders received a bump after Cineplex signed a definitive agreement to be acquired by the United Kingdom-based Cineworld Group.

That leaves a handful of media companies listed on the TSX for Canadians to choose from. The streaming wars will pit tech giants like Netflix, **Amazon**, **Apple**, and **Facebook** against one another. This competition, which will inevitably lead to price wars, may swing the door open for smaller providers.

Today, I want to look at two Canadian stocks that will have to play their cards smart to make this happen in the 2020s.

Corus Entertainment

Legacy media providers who are in the middle tier have often taken the worst hits in this evolving environment. **Corus Entertainment** (TSX:CJR.B) is a Toronto-based mass media and broadcasting company. It owns brands like the Global Television Network and is particularly influential in the children's television space, owning YTV, Teletoon, Treehouse TV, and others.

In 2019, Corus announced a move into the digital streaming market, as Corus Global TV would not be available on all Roku devices across Canada.

Shares of Corus have dropped 2.6% year over year as of close on January 23. The sting has been lessened somewhat, as Corus offers a quarterly dividend of $0.06 per share, representing a 4.4% yield. Corus released its first-quarter fiscal 2020 results on January 10.

Consolidated revenues rose marginally from the prior year, but segment profit fell to $184 million compared to $191 million in Q1 FY 2019. Free cash flow increased to $53 million over $42 million, and adjusted earnings per share climbed to $0.38 compared to $0.33 in the prior year. Corus is facing challenges in its sector, and it has been degraded as a dividend payer, but it boasts nice value right now with a low price-to-earnings ratio of 6.5 and a price-to-book value of 0.6.

WildBrain

WildBrain (TSX:WILD), which was formerly known as DHX Media, is a Halifax-based media production, distribution, and broadcasting company. It owns globally recognized brands like *Caillou*, *Peanuts*, *Inspector Gadget*, and others. The company's name change was appropriate as it has pivoted to a focus on cultivating its WildBrain streaming service.

In 2016, then-DHX Media announced the formation of a multi-channel network under the WildBrain name. Later in 2018, the company announced that it would prioritize investments into digital content and elected to forgo a sale. The WildBrain Spark network is oriented towards digital children's content on services like YouTube.

Investors can expect to see its second-quarter fiscal 2020 results in early February. In Q1 FY 2020, it reported revenue growth of 8%, and adjusted EBITDA rose to $19.6 million over $17.3 million in the prior year. WildBrain Spark views increased 66% year over year to over 12 billion in the quarter. Revenue at WildBrain Spark surged 37% to $22.1 million.

WildBrain is an expensive bet right now, with its namesake still only making up a fraction of its total revenue. Of the two stocks I've covered today, Corus is my favoured pick right now.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/07/03
Date Created
2020/01/26
Author
aocallaghan