



## Market Crash: This Should Be the 1st Stock You Buy

### Description

The market crash we are currently in has come quickly and with little warning. In just one month, stock indices across North America have dropped roughly 30%. This has created numerous opportunities across all industries for investors looking for stocks to buy.

Deciding which stocks to buy can be difficult for two reasons. First off, we don't yet know how long this will last and what industries will be most affected. Second, since so many stocks are trading at attractive valuations, deciding which one to buy is a difficult task.

Investors should try to gain as much exposure as they can during this [market crash](#). However, if you were to buy only one stock, there's no question that stock should be **Corus Entertainment** ([TSX:CJR.B](#)).

## Corus is one of the best stocks to buy today

Corus is a media company that owns TV and radio assets. The company gets the majority of its revenue through its TV assets. Its TV segment is divided into its conventional channels as well as specialty channels that earn subscriber revenue.

Corus's specialty channels are great for the company because they are niche channels, so they allow advertisers to target specific audiences.

Having both types of channels helps to diversify its revenue, so it isn't just relying on advertising dollars consistently. In addition, Corus has also been adapting to today's media industry, making content creation a major priority in its business operations.

Besides having a well-structured business, the company's operations are also robust. Corus has shown before that it's capable of weathering short-term headwinds and has clearly learned from its mistakes in the past regarding unsustainable debt.

Today, it's in a much better financial position and even reiterated that on Monday after rumours were

swirling that it may breach some of its debt covenants.

## Media industry outlook

In recessions, ad revenues decline, but not all that much. Additionally, the current environment is unprecedented, and a lot of people are stuck at home watching TV.

This means advertising revenue could remain strong, since it's definitely a better situation for advertisers than it was in 2009, when ad dollars declined by 9% for just one year.

Besides recessions, there has been fear from investors in recent years around the potential decline in TV advertising, as other forms of media have gained popularity.

And while that did materialize, and Corus came under pressure temporarily, a lot of those dollars have actually come back to the TV industry. That's a clear sign that advertisers believe TV has the best power to target specific audience groups.

## Why it's one of the cheapest stocks to buy

Trading just over \$2 as of Tuesday's close, Corus stock is extremely cheap. At its current valuation, the stock is trading at less than three times its free cash flow.

The stock has a one-year target price from analysts of \$8.40. That is more than 320% potential upside in Corus shares. Not only does this make an investment extremely attractive, it also gives investors a huge margin of safety.

The company is the perfect long-term stock. Even before there was trouble in the economy, Corus was using its free cash flow to invest in the future, pay down debt and return cash to shareholders — the three main things investors want to see.

At current prices, Corus's dividend yields more than 11.2%. And that massive dividend had a payout ratio of just 30% in 2019, so it's highly stable.

## Bottom line

Corus reports earnings on April 1, so we will get a better look into its financial position and strategy going forward. The results won't be coronavirus related yet, but they will still give an important indication of the position of the company.

For now, the stock is extremely cheap and has a massive margin of safety. I'd recommend anyone looking for a top stock to buy in this market crash to consider Corus first.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

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

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