



1 TSX Value Stock to Watch This Week

Description

Investing in **TSX** value stocks is one of the best long-term strategies. However, because of this, many value stocks never end up getting that cheap, as savvy investors buy them before they can ever get super undervalued.

Those stocks that *do* look super undervalued are often those with the most risk, making them likely value traps.

This makes it very difficult to find high-potential value stocks. Investors need to find a stock that the market thinks has more risk than is actually present. If you can do this consistently, you may still get burned sometimes, but the majority of your investments will provide massive returns.

One of the best value stocks on the TSX today looks to be **Corus Entertainment Inc** ([TSX:CJR.B](#))

Corus' past performance

Over the past few years, [Corus](#) has overcome several headwinds. High debt loads and a maturing industry caused a major sell-off just a few years ago.

The company's debt was getting out of hand, and with advertisers leaving T.V. for new platforms to reach audiences (such as social media), investors were very concerned with the future outlook of Corus' business.

This resulted in Corus slashing the dividend considerably, launching the company's long turnaround.

Since then, Corus has paid down a significant amount of debt. Its business segments are much stronger and more opportune, including its rapidly growing content creation segment.

In addition to Corus executing its turnaround well and having a great long-term business model, advertisers have also started returning to T.V.

T.V is still one of the best ways for advertisers to target specific audience groups. Plus, with Corus' portfolio of specialty channels, the company takes it a step further, offering investors numerous demographics for advertising.

COVID-19 impact on the TSX

The impact of coronavirus on Corus' business is the main thing for investors to look for when the company reports earnings this week.

In its second quarter of fiscal 2020, Corus saw a 2.1% decrease in revenue compared to the same quarter a year earlier. Despite that, it managed to record a 61% increase in earnings per share.

However, the quarter was ending as [coronavirus](#) was just beginning, so the results this week should be a better reflection of the impact Corus has witnessed.

The TSX stock remains cheap today because investors are worried the drop-off in revenue could be extreme. Traditionally recessions have a significant impact on advertising dollars. However, this pandemic is considerably different.

Some companies have stopped advertising altogether, while others have increased their ad campaigns. And all this has been going on while more people have been stuck at home. This is what's led to rapidly increasing viewership.

One thing for investors that does look positive going into these earnings is that management didn't trim the dividend earlier this month when it issued it.

This is important because management deferred this decision during the last earnings, wanting to see how bad the impact the virus had. So the move to keep the dividend intact should be seen as a positive. As whatever impact there has been, management clearly believes that it's manageable.

Corus is one of the top value stocks

When looking at Corus' price from a trailing earnings perspective, the TSX stock is exceptionally cheap, trading at just 4.1 times earnings. However, with investors worried about earnings taking a meaningful hit, this could be irrelevant.

What isn't irrelevant is its price to book ratio, which highlights just how cheap the stock is. Over the last five years, Corus has had an average price to book of 0.85 times. Today its price to book is just 0.45 times.

The stock is trading extremely cheap, plus the dividend yield is monstrous. As of midday Tuesday, Corus' stock was yielding more than 6.5%.

Bottom line

Corus is one of the top value stocks on the TSX. When it reports earnings this week, investors will be

watching. And if the impact from coronavirus is less than what's been expected, look for the stock to skyrocket.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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