3 TSX Entertainment Stocks to Watch in August

Description

The broad and varied entertainment sector is wrestling with major challenges due to the COVID-19 pandemic. Today, I want to look at three entertainment stocks on the **TSX** that are worth your attention in August. Which stocks should you buy, sell, or sit on today? Let's jump in.

This entertainment stock has made a big bet on streaming

WildBrain (TSX:WILD) recently changed its name from DHX Media. It is now primarily focused on cultivating its streaming asset; WildBrain. Apart from that, the company develops, produces, distributes, broadcasts, and licenses television and film programs worldwide. Canadians who are on the hunt for entertainment stocks that have jumped on the streaming train should consider WildBrain.

The company released its third quarter fiscal 2020 results on May 13. Revenue came in at $98.3 million compared to $110.0 million in the prior year. Adjusted EBITDA fell to $17.9 million over $20.1 million in Q3 FY2019. WildBrain Spark streaming views grew 19% to over 10.3 billion. In the year-to-date period, views increased 42% to 59.1 billion.

Investors on the hunt for entertainment stocks on the TSX can't forget about WildBrain. However, this is a stock with a middling balance sheet and weak fundamentals.

Can theatres stage a comeback in the second half of 2020?

Earlier this month, I'd discussed whether the reopening of theatres could propel **Cineplex** (TSX:CGX) in the second half of 2020. Its shares have plunged 75% in 2020 as of early afternoon trading on August 20. Cineplex recently announced the reopening of theatres in Ontario, albeit at a limited capacity.

Cineplex has been the ultimate example of struggling entertainment stocks on the TSX this year. The company released its second quarter 2020 results on August 14. It was hit hard by closures that had set in since March due to the COVID-19 pandemic. However, the company was able to reduce operating costs and work with its landlords to abate and defer rents. The next few months are going to be huge in determining the future for this entertainment stock.

This stock used to be a solid option for income investors, but it was forced to suspend its dividend in this crisis. Cineplex is facing an uphill battle over the next 12-18 months. This is an entertainment stock I'm still avoiding in late August.

One more entertainment stock to consider today

Corus Entertainment is a media and content company that operates specialty and conventional television networks. Shares of Corus have dropped 37% in 2020 so far.

In Q3 FY2020, the company reported that consolidated revenues dropped 24% from the prior year. However, the COVID-19 crisis has pushed up viewership at its news-oriented networks. Corus was hopeful that the return of advertisers would push up revenues and earnings to match their stellar viewership in the quarters to come.

On August 19, the board of directors declared a quarterly dividend of $0.06 per Class B shares. This represents a strong 7.5% yield. The entertainment stock also boasts a favourable price-to-book value of 0.7.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:WILD (WildBrain Ltd.)

PARTNER-FEEDS

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