Forget Netflix! 2 TSX Stocks to Buy Instead

Description

The COVID-19 pandemic has wreaked havoc across many sectors of the Canadian and global economy. However, home entertainment providers have entered a new golden age. **Netflix**, which had drawn concerns heading into 2020 due to the rise of competitors like **Apple** and **Amazon**, has solidified its dominant position. Shares of Netflix have climbed 62% in 2020 as of close on September 3.

Today, I want to look at two alternatives in the Canadian market. These TSX stocks are much smaller players in the streaming space. Netflix has performed well in 2020, but it has slowed down over the past month. Instead of focusing on the streaming king, investors may want to focus on some streaming TSX stocks that are flying under the radar.

How the rise of Netflix has transformed home entertainment

All the way back in late 2017, I'd discussed the changing entertainment landscape. The CRTC released a report at the time that showed how consumers were steadily migrating to streaming platforms. Movie theatres across North America were forced to shut down in response to the pandemic in the early spring. This industry was already contending with the rise of streaming services.

Disney has struggled mightily with the closure of its cruises, theme parks, and theatres that have been dominated by the company. However, its Disney Plus streaming platform has continued to post impressive subscriber growth. Investors should expect this to continue, even when the pandemic is in the rear-view mirror.

In January, I'd discussed how Canadians could invest in domestic streaming platforms. I want to review those same two TSX stocks right now.

These TSX stocks are moving into the streaming space

WildBrain (TSX:WILD) is a Halifax-based media production and brand licensing company. It recently changed its name from DHX Media. The company executed its name change to capitalize on the strength of its rising streaming channel, which is titled WildBrain. Shares of WildBrain have dropped 24% so far this year.

Netflix it is not, but there is a lot to be excited about for WildBrain. In the third quarter of 2020, the company reported revenue of $98.3 million compared to $110.0 million in the previous year. WildBrain Spark views increased 19% year over year to over 10.3 billion. In the year-to-date period, views grew 42% to 59.1 billion.

The success of WildBrain Spark is encouraging, but this company has a long way to go to get into the good graces of mainstream investors. It possesses a middling balance sheet, and it is fighting to achieve profitability.

Corus Entertainment (TSX:CJR.B) is my preferred TSX stock. This media and content company has been a Canadian staple for decades. It is behind channels like the Global Television Network, YTV, Teletoon, and Treehouse TV. Like WildBrain, it is focused on the children's television space. The company saw a boost in views in the most recent quarter, but it suffered due to a decline in advertising revenue. It recently moved to offer 24/7 news on its digital channels.

Shares of Corus Entertainment have increased 31% month over month. In Q3 fiscal 2020, the company saw consolidated revenues fall 24% from the prior year to $348 million. Unlike Netflix, this TSX stock offers income. It last declared a quarterly dividend of $0.06 per Class B share. This represents a tasty 7.6% yield.

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TICKERS GLOBAL

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2. TSX:WILD (WildBrain Ltd.)

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aocallaghan