Forget Cineplex! 2 TSX Stocks to Buy Instead

Description

There aren't many people who will be able to look back on 2020 with any kind of fondness. Our day-to-day lives have been paralyzed by government edicts designed to contain the COVID-19 pandemic. Businesses of all stripes have been brutalized by heavy restrictions, particularly those in the service sector. One industry, the movie theatre business, is nearing a dangerous precipice in countries all over the world.

Giants like **AMC Entertainment**, Cineworld, and Canada's own **Cineplex** may run out of cash by the end of 2020. Today, I want to look at two **TSX** stocks that are far better options that Canada's top cinema operator.

Shares of Cineplex have plunged 84% in 2020 as of close on October 26. The TSX stock is down 75% year over year. In truth, the cinema was already facing an existential threat due to the rise of streaming services and other home entertainment alternatives. Similar to other technology-based trends, the COVID-19 pandemic has only accelerated this transition.

Why this TSX stock is more promising than Cineplex

In the beginning of 2020, before the dark times, I'd discussed two ways Canadians could invest in streaming. The first TSX stock I want to look at today is **WildBrain** (TSX:WILD), which used to be called DHX Media. This company develops, produces, and distributes films and television programs worldwide.

Shares of WildBrain have climbed 3.1% so far this year. This TSX stock has increased 9.4% month over month. It renamed itself WildBrain, after the new and wildly successful online children's content segment. Though it is in its early development, excitement over this division has powered the stock's recent growth.

WildBrain released its fourth quarter and full-year results for fiscal 2020 on September 22. WildBrain Spark views grew 24% year-over-year to 11.6 billion in the fourth quarter. For the full year, views increased 35% to 43.9 billion. Adjusted EBITDA in FY2020 rose to $81.8 million compared to $79.6

million. Things are looking bright for this TSX stock in transition. Investors can expect to see its Q1 FY2021 results on November 10.

One more legacy media company that is betting on the future

Corus Entertainment (TSX:CJR.B) is a media and content company that operates specialty and conventional television networks. It boasts a massive domestic presence as the owner of the Global Television Network. Corus also has a big footprint in children's content with networks like YTV, Teletoon, and Treehouse TV. Shares of Corus have dropped 28% in 2020.

Like Cineplex, this TSX stock has also struggled in recent years. Just like the cinema, legacy television is also under pressure due to shifting consumer trends. Fortunately, Corus has opted to jump into the streaming realm. News consumption has also surged during the COVID-19 pandemic, which Corus has noted. The company released its fourth quarter and full-year results for fiscal 2020 on October 22.

Consolidated revenues fell 16% in Q4 2020 and 10% in FY2020 compared to the previous year. While news has enjoyed a boon during the pandemic, it has also put a halt to the production of content in television and film. Because of this, Corus has found it difficult to meet regulatory requirements on Canadian Programming Expenditure (CPE). Corus and others are hoping for relief from the CRTC due to these extraordinary circumstances. Unfortunately, advertising revenues continued to be weighed down in this environment.

This TSX stock last had a favourite P/B value of 0.8. Moreover, it offers a quarterly dividend of $0.06 per share. That represents a 6.5%. In this way, it has also outperformed Cineplex. The movie theatre operator was forced to suspend its hefty dividend payout in the early spring.

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2. TSX:WILD (WildBrain Ltd.)

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