



## DON'T MISS: This Under-\$4 TSX Stock Has Risen 24% in 5 Days After Solid Earnings

### Description

**Corus Entertainment** ([TSX:CJR.B](#)) reported its Q4 of the fiscal year 2020 earnings on Thursday last week. The event fueled a massive price rally in its stock, as it rose by 7.6% for the day. The rally extended the coming days, and the stock has seen over 24% in the last five days. Before we take a closer look at some reasons for investors' optimism in detail, let's quickly look at some key points from Corus Entertainment's Q4 earnings report.

### Corus Entertainment's Q4 earnings beat

In Q4, Corus Entertainment posted earnings per share of \$0.16, up 77.8% from \$0.09 in the previous quarter. It was also 23.1% better than the EPS of \$0.13 in the same quarter of the last year. Corus Entertainment's Q4 EPS figure was better than Bay Street analysts' EPS estimate of \$0.06 for Q4 of 2020.

Previously in the quarter ended in May 2020, the company's earnings per share declined — at a comparatively higher pace — by 71% on a year-over-year (YoY) basis.



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## Lower revenue and operating expenses

In the fourth quarter, Corus Entertainment reported revenue of \$318.4 million — down 8.8% sequentially. It was also 15.7% lower than the revenue of \$377.5 in the same period of the last fiscal year. Its revenue was worse than Bay Street analysts' consensus revenue expectation of \$319.3 million for Q4. Previously in the quarter ended in May 2020, the company's total sales fell — at a comparatively higher pace — by 23.9% on a YoY basis.

On the positive side, Corus also reported a decline in its operating expenses. Its operating expenses of \$272 million fell by 1.8% sequentially. It was also 19.2% lower than the operating expenses of \$336.7 in the fourth quarter of the previous year.

## Significant rise in profitability

In the fourth quarter of 2020, Corus Entertainment posted an adjusted EBITDA of \$94.5 million — better than analysts' consensus EBITDA estimate of \$90.82 million for Q4 of 2020. Its adjusted net profit also jumped up by 74.7% sequentially to \$33.18 million during the quarter. It was the 10th consecutive quarter when the company's net profit grew sequentially.

In Q4 2020, Corus Entertainment posted an adjusted net profit margin of 10.42% — up by 4.98 percentage points from 5.44% in the third quarter. It was the seventh quarter in a row when its net profit margin went up on a YoY basis — reflecting strength in its fundamentals, despite the [ongoing pandemic](#).

## Improving advertising demand

In the fourth quarter, Corus Entertainment saw an improvement in its TV advertising demand on a sequential basis. The management expects this improvement to continue in the coming quarters. During its latest earnings conference call, the company's CFO [highlighted](#) that the plan to “increase revenue from advanced advertising as a percent of TV advertising revenue as well as advertising revenue from new platforms.”

## Foolish takeaway

After facing a massive over 50% losses in the first quarter, Corus Entertainment stock is of a sharp recovery. Given its rising profitability, declining operating expenses, and solid outlook, you may want to include this under-\$4 stock in your stock portfolio.

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