Forget Netflix: Invest in Streaming Stocks on the TSX!

Description

The entertainment sector has been devastated by the COVID-19 pandemic. Production on televisions shows and films have been delayed for months on end due to the crisis. Moreover, the pandemic has accelerated trends that were present before 2020 — namely, the rise of home entertainment options like streaming in place of the traditional cinema. **Netflix** is still the king in the streaming arena. Its stock has climbed 51% in 2020 as of close on November 11. **Cineplex**, however, has seen its shares tumble 78% so far this year.

Today, I want to look at Canadian alternatives to Netflix. While there are no companies on the domestic front that can come close to offering the trove of content that Netflix or its top U.S. competitors provide, there are some interesting targets on the TSX.

This Canadian media content company has bet the farm on streaming

WildBrain (TSX:WILD) is a Halifax-based company that develops, produces, and distributes film and television programs worldwide. Its shares have climbed 8.9% in 2020 as of close on November 11. The stock has surged 42% over a three-month span.

The company, which was formerly called DHX Media, released its first quarter fiscal 2021 results on November 10. Revenue came in at $95.5 million compared to $112.3 million in the prior year. WildBrain Spark, its multi-channel streaming network, saw its revenue drop to $8.9 million over $22 million in Q1 2020. However, its audience watched 64.2 billion minutes of videos in Q1 2021 — up 14% year over year. Moreover, the average view time was up 27%.

Perhaps the most exciting piece of news was WildBrain's expanded partnership with **Apple** TV+ for the largest production commitment in the company's history. It is set to deliver a new slate of *Peanuts* originals and specials. This deal provides this streaming stock with a promising multi-year production pipeline.

Corus: A legacy media giant transitioning to a new era

Like Cineplex, **Corus Entertainment** (TSX:CJR.B) found itself on the wrong side of entertainment trends in the latter half of the 2010s. Previously, it held a secure position due to its national Global Television Network as well as its dominant position in Canadian children's television. It owns brands like YTV, Teletoon, and Treehouse TV. Shares of Corus have dropped 19% in 2020. However, the stock has surged 63% in the past three months.

To declare Corus a streaming stock may be a stretch, but it is making a concerted effort to bolster its digital footprint. This includes offering its Global TV programming through an online option. The battle for children's content is rapidly moving to the digital arena. Corus will need to make inroads on this front in order to keep up with its competitors going forward.

On the plus side, the COVID-19 pandemic has led to surging ratings for cable news. Global has seen improved ratings, but the decline in advertising spending means that this uptick has not translated into a positive on the financial side. It expects advertising trends to improve in the quarters ahead. Moreover, this streaming sophomore last paid out a quarterly dividend of $0.06 per share. That represents a strong 5.8% yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:WILD (WildBrain Ltd.)

Category

1. Investing

Date
2025/07/02
Date Created
2020/11/14
Author
aocallaghan