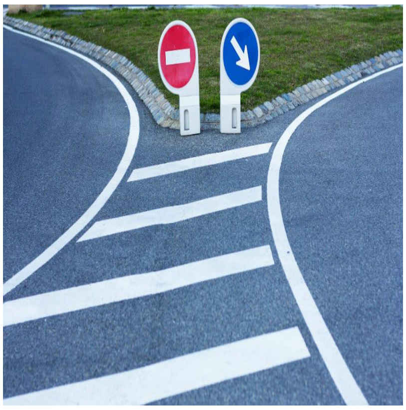

Forget Air Canada (TSX:AC): 2 Stocks to Buy at a Steal

Description

The government and **Air Canada** finally reached an agreement after months of closed-door negotiations. On April 12, 2021, the airline company announced the federal relief package worth $5.9 billion. It was a win for all parties, said Unifor President Jerry Dias. However, it wasn't necessarily a boon for investors.

The news didn't boost the airline stock, whose price is even lower by 13.8% today since the announcement. Despite the dip, it might not be an excellent time to pick up Air Canada shares. If you want a steal or real growth potentials, the companies owned by the family of JR Shaw are the screaming buys.

Business recovery

Corus Entertainment (TSX:CJR.B) has mightily recovered from the pandemic's impact. The mass media stock is up 42.58% year to date. Besides the potential 65.6% capital gain from $6.04 to $10 in the next 12 months, CJR.B pays a 3.93% dividend. Air Canada needs passenger travel demand to return before it can generate revenues.

Doug Murphy, Corus's president and CEO, cites three reasons for the strong operational momentum in Q2 fiscal 2021 (quarter ended February 29, 2021). TV advertising revenue is recovering, while paid streaming subscribers showed robust gains. Also, the company's content licensing business posted double-digit growth.

The over half-a-million paid subscriptions to Corus's streaming platforms were an achievement and a significant milestone. Management's focus is the year-over-year growth in consolidated revenue. The ongoing advancement of its strategic plan and expansion of financial flexibility should be the growth drivers. Notably, free cash increased by 37.8% to $89.7 million versus Q2 fiscal 2020.

Telco merger

Like Air Canada, **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) is in the headlines. **Rogers Communications** will soon merge with this $17.48 billion telecommunications company pending regulatory approvals. The business combination should give rise to Canada's second-largest cellular and cable operator.

Consumer watchdogs oppose the planned merger, because the deal might undermine competition. The soon-to-be partners, however, promise to invest billions in the 5G network. Investors welcomed the developments. When the news broke out on March 15, 2021, the stock price popped 41.6% to $33.75. The reverse happened with the Air Canada loan package.

Shaw's current share price is $34.94 (+42.58%). Like Corus, the telco stock is a dividend payer. If you invest today, the dividend yield is 3.39%. Analysts are bullish and forecast a potential 15.9% stock price increase to $40.50.

Air Canada is bleeding cash while Shaw is not. In the first six months of fiscal 2021 (month ended February 29, 2021), the telco's revenue and net income grew 0.4% and 15.5% versus the same period in fiscal 2020. The company's free cash flow increased 26.5% year over year to $473 million.

According to management, merging with Rogers offers more positives for the telco industry in general. It will enable the scale, assets, and capabilities to accelerate due to the unprecedented investment. The goal is to close the connectivity gap faster in rural, remote, and Indigenous communities. Meanwhile, consumers and businesses will have new technology and more choices.

More to offer

Air Canada isn't the choice if you're looking for superior gains. The future remains bleak, notwithstanding the relief package from the federal government. Whereas for Corus Entertainment and Shaw Communications, the respective businesses have brighter outlooks. Furthermore, both are dividend stocks. You'll have recurring income streams.

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2. Investing

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