



This Top Canadian Stock Just Exploded After Earnings

Description

Over the past year, as the market has been recovering and continuing to rally higher, it's understandably becoming harder to find top Canadian stocks to buy.

One stock, though, that has been cheap for a while now and continues to impress with its strong performances as of late is **Corus Entertainment** ([TSX:CJR.B](#)).

Corus is a media company that earns almost all of its revenue from its T.V. assets. The company was in turnaround mode, even before the pandemic hit, with a significant debt load that had investors wary of the stock.

So, when the pandemic hit, many investors bailed, making Corus one of the cheapest Canadian stocks on the market. And although it's had an impressive recovery over the last year, up 128%, the company continues to show that it's [trading undervalued](#).

Corus's recent earnings report

On Tuesday, the Canadian stock reported [earnings for the third quarter](#) of its fiscal 2021 year, and the stock immediately skyrocketed by more than 6%.

One of the first things that caught the attention of investors is the significant amount of revenue Corus did, considerably outpacing estimates.

T.V. advertising revenue grew by 22% year over year. Meanwhile, the company once again gained streaming subscribers. Even content revenues were up considerably, gaining more than 20% in the quarter and 15% year to date.

What's most attractive about this revenue growth is that it came from all segments of the business. So, Corus looks to be firing on all cylinders.

In the past, I've talked about what a cash cow Corus is and the ability it has to earn free cash flow and

make a profit. And in the third quarter, it once again showed just how strong a business it has.

The Canadian stock managed to earn over \$50 million in free cash flow on just \$403 million of consolidated revenue. Furthermore, Corus managed to report earnings per share (EPS) of \$0.21.

It's not just the monetary amount that makes Corus's earnings strong. Reading through the report, it looks as though the company is positioned well to continue growing.

It's continued to pay down debt, and the company is in a much better financial position. And when you consider Corus's insanely cheap valuation, it's clear that Corus is one of the top Canadian stocks to consider for a [long-term investment](#) today.

Corus's valuation shows it's one of the cheapest Canadian stocks to buy now

That \$0.21 of EPS brings Corus's total through the first three quarters of the year to \$0.77. Meanwhile, its stock is trading for just \$6.31.

Assuming Corus can just match what it did in the fourth quarter of 2020 (which is conservative, considering its outpaced 2020 in each of the first three quarters of 2021), it would end up with \$0.86 of EPS for fiscal 2021.

So, with the stock trading at just \$6.30, Corus is extremely cheap. The price-to-earnings ratio is only 7.3 times. This makes Corus one of the cheapest stocks on the market.

In the past, it made sense the Canadian stock traded at a discount, as investors were concerned about its debt load. Over the past year, though, Corus has shown it's got it under control.

So, with the stock trading this cheap and paying a dividend that yields 3.8%, it's one of the top Canadian stocks for investors to consider today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:CJR.B (Corus Entertainment Inc.)

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