



## 1 Canadian Entertainment Stock to Buy This Summer

### Description

An iconic media and content company in Canada lost big time in Q3 fiscal 2020. Management attributed the staggering net loss of \$752.2 million to a writedown in broadcasting licences and goodwill impairment. There was also a significant drop in advertising revenues due to the pandemic.

The COVID year was tough for **Corus Entertainment** ([TSX:CJR.B](#)). Its investors saw the stock tank nearly 62% to as low as \$1.86 on March 23, 2020. Somehow, it recovered to end the year with only a 13.58% loss. As of July 23, 2021, the share price is \$5.72 — or 142.37% higher than a year ago.

Corus Entertainment's year-to-date gain is 36.19%. If you are going to invest this summer, this entertainment stock should be first on your [shopping list](#). Market analysts recommend a strong buy rating and forecast an upside potential of between 41.26% and 74.83%. Your overall return could be higher, because Corus is a [dividend stock](#). The current yield is 4.2%.

The rebound of the \$1.19 billion company is underway in 2021. In Q3 fiscal 2021 (quarter ended May 31, 2021), a rosy picture has emerged. Corus Entertainment reported a 15% year-over-year increase in revenue and \$40.67 million in net income. For the first nine months of fiscal 2021, net income was \$152.63 million versus a \$655.64 net loss in the same period in fiscal 2020.

### Q3 fiscal 2021 highlights

Its president and CEO, Doug Murphy, said, "Our third quarter marks a significant milestone for Corus, highlighted by strong operating execution with significant revenue and segment profit growth across all of our businesses." He noted the impressive double-digit growth (+23%) in Television and Radio advertising revenue.

The TV and radio revenues increased by 15% and 31%, respectively. Murphy added that it was another quarter of robust paid streaming subscriber gains. Furthermore, it was the fourth consecutive quarter of double-digit growth in Corus's content revenue.

Other business highlights during the quarter were the successful completion of refinancing and strong

free cash flow (\$216.8 million year to date), which strengthened the balance sheet. Corus had increased financial flexibility at quarter's end and \$84.1 million of cash and cash equivalents. The committed, undrawn revolving credit facility is \$300 million.

## New milestones and partnerships

On June 29, 2021, the number of paying subscribers to Corus's STACKTV, Nick+, and other streaming platforms reached over 600,000, a new milestone. The partnership with ThinkTV brought in seven additional industry-wide common advertising segments.

Management has new common audience segments for optimized revenue offering. Corus Studios launched various lifestyle shows (23), including 10 new factual reality series. Among the returning 13 hits are *Island of Bryan* and *Rust Valley Restorers*.

Corus Entertainment faces stiff competition in streaming giant **Netflix** and **Disney+**, although it could hold a candle against them. The company will bank on its core competency, content creation, and rely on its streaming platform. Its international content sales should also grow, as management leverages domestic content spending.

## Top value stock

The entertainment company emerged from the pandemic stronger than ever. Likewise, the stock is no longer a whipping boy but the TSX's top [value stock](#) in 2021. According to Corus's CEO, Doug Murphy, the company's commitment to increase financial flexibility over the long term hasn't changed.

However, like last year during the height of the pandemic, prudence takes precedence in 2021. Corus will conserve cash out of an abundance of caution, said Murphy.

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