1 Oversold Dividend Stock That Could Double in 2021!

Description

Motley Fool investors have been looking at growth stocks a lot lately. However, dividend stocks have also seen an increase in popularity. Not only can you see returns from share growth, but if you find the right dividend stock, you could also see massive returns alone with passive income through dividends.

Today, I'm going to talk about a top choice from analysts to date. Shares have fallen to a quarter of what they once were. However, the future outlook is bright for this dividend stock. So, let's dig in.

How the mighty have fallen

Back in 2014, this dividend stock traded at around $20 per share. But today, that share price has fallen quite flat. As of writing, the company trades at about $5.65 per share. Yet this telecommunication company has a solid future ahead, according to analysts.

That company is **Corus Entertainment** (TSX:CJR.B). If you're a long-term investor of this stock over the last few years, you're likely not a fan. But short-term investors have been rewarded. Since shares fell during the market crash, short-term investors have seen returns of 200%! Yet this dividend stock remains cheap, with a price-to-earnings (P/E) ratio of 6.45. What gives?

Investors have been burned before

As I mentioned, long-term investors know why this dividend stock remains so low. Over the past few years, performance has dwindled. The company focused on its television revenue, making up 93% of its fiscal breakdown in 2020. The rest was from radio. Of that, the company received most of its revenue from advertising followed by subscriptions.

So what makes today different? Growth opportunities — specifically, through streaming options. During the company's earnings report on June 29, revenue came in at $403 million, up 15% year over year. The company had over 600,000 subscribers through multiple streaming services, and this was up from 500,000 in April — a 100,000 jump in three months!

Chief Executive Officer Doug Murphy wants to narrow in on this streaming service revenue. STACKTV audiences, he stated, stream about 10 million episodes *per month*. Further advertising insertion will happen before the end of 2021, increasing revenue further. Plus, the new Global TV app has improved and is being added to even further TV platforms.

Should you consider Corus?

So, here's the bull and bear view of Corus. If you're in it for the dividend stock, you really can't go wrong. Even if you were a long-term holder, which we try to recommend here at Motley Fool. The company offers a 4.2% dividend yield as of writing. However, it hasn't changed all that much since 2018. However, as the company strengthens its balance sheet, you might see a rise in that dividend yield, along with shares.

And shares are rising. As I mentioned, they've risen 200% since the crash and 35% since the beginning of 2021. But analysts believe the company has further to go. This dividend stock is predicted it will achieve an average of 43% potential upside in the next year, with many believing it could very well double!

Now, there is the risk of cord cutting, with many generations not wanting to watch advertisements. But for now, increasing advertising while finding a new revenue stream is a good bet to see shares rise in the short term. Analysts forecast an EBITDA of $541 million for 2022, which would be an increase of 3.8% from 2021.

Bottom line

Corus recently reached oversold territory and is now hovering above it at a relative strength index of 36. But its P/E ratio of 6.45 makes it a steal at today's prices. While it may not be the best long-term stock for Motley Fool investors, it's certainly a great dividend stock to see rise for the next few years at least.

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

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