1 of the Cheapest Canadian Value Stocks Just Reported Another Quarter of Stellar Earnings

Description

There aren't too many Canadian value stocks offering massive discounts to buy today. And for those that do, they often come with a tonne of risk. One stock, though, that is trading extremely cheap, despite showing a tonne of consistency lately, is **Corus Entertainment** (TSX:CJR.B).

Corus is a television and radio media company that's been in a turnaround for quite some time. The company earns most of its money through advertisements on its TV channels or subscriptions to its specialty channels and streaming services. However, it also has a growing content creation business that not only vertically integrates the company but also offers a tonne of growth potential for the Canadian value stock.

Corus reported its fourth-quarter earnings for its fiscal 2021 year this morning, and once again, not only did the numbers beat consensus estimates across the board, but the stock again reminded investors just how cheap it is.

Corus' financial results

Some analysts had been worried that the fourth quarter could have been tougher for Corus this year, as it was expected to receive only a small portion of the Canadian Emergency Wage Subsidy (CEWS) that it did in the same quarter last year.

However, despite only $1 million of CEWS subsidies, compared to $17 million last year, the Canadian value stock still reported earnings before interest, taxes, depreciation and amortization (EBITDA) of $103 million versus the consensus estimate of $98 million.

That's not all though: Corus' revenue of $361 million and adjusted earnings per share of $0.10 for the quarter also both beat consensus estimates.

These are promising results and show that Corus is well on its way to recovery. In addition to the solid financial performance, operational updates have been positive as well.

Its digital platform revenue's share of total revenue continues to rise as both subscriber growth and digital advertising revenue continue to grow. Corus now has over 675,000 subscribers as of October 2021. Furthermore, Corus announced the sale of content to multiple media companies, including popular streaming platforms like Disney+.

And because the Canadian value stock is earning so much free cash flow, it continues to pay down debt. As of 2021, Corus' debt to EBITDA now sits at just 2.8 times. That not only reduces the risk of the investment but also brings Corus' debt/ EBITDA ratio much closer to its target of 2.0 to 2.5 times.

This improvement of its debt/EBITDA ratio is promising because when the company does get the ratio into its target range, it could potentially increase the dividend or buy back stock, as it won't need to spend so much of its free cash flow on debt repayments.

Is Corus the top Canadian value stock to buy today?

It's hard to find Canadian value stocks that get much cheaper than Corus, especially for companies that have almost completely recovered from the pandemic.

At its current price of $5.82, where it closed on Thursday, Corus now trades at just 6.8 times its 2021 earnings. Furthermore, it trades at less than 5.0 times its free cash flow, which is exceptionally cheap.

Plus, it even pays an attractive dividend that currently yields 4.1% that you can collect while you wait for Corus to rally back to its fair value. So if you're looking for a top Canadian value stock to buy, Corus is easily one of the most undervalued in Canada.

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