1 TSX Media Icon Is a Better Choice Than Netflix (NASDAQ:NFLX)

Description

Investors looking for a great recovery stock in 2022 have one in **Corus Entertainment** (TSX:CJR.B). The share price of Canada's media icon sunk to as low as $1.84 on March 18, 2020, and eventually reported a net loss of $625.36 million in fiscal 2020.

Management said the successful implementation of its strategic plan and powerful tailwinds from the economic recovery helped turn things around. In fiscal 2021 (year ended August 31, 2021), total revenue (TV and radio) increased 2% versus fiscal 2020. Notably, net income reached $172.55 million, while the stock's total return in 2021 was 16.38%.

As of January 26, 2022, Corus trades at $4.84 per share (+1.68% year to date) and pays an attractive dividend (4.86%). Market analysts recommend a buy rating and forecast a return potential between 70.25% and 106.61% in one year. Its president and CEO, Doug Murphy, said recently he is confident about the company's ability to compete with streaming platforms like **Netflix**.

Contrasting subscriber growth

Netflix is down 40.29% year to date perhaps due to poor subscriber growth in the last quarter of 2021. Management anticipates the downward trend to continue, saying its competitors are undercutting the video streaming giant. Netflix projects 2.5 million subscribers in Q1 2022, which is 37.19% lower than Q1 2021.

Meanwhile, Corus Entertainment reported 10% and 38% increases, respectively, in consolidated revenue and segment profit margin in Q1 fiscal 2022 (quarter ended November 30, 2021) versus Q1 fiscal 2021. Its net income rose 1% year over year to $76.1 million. Mr. Murphy said, "We have delivered a strong start to the year with impressive double-digit revenue growth and notable free cash flow."

Murphy added that because of Corus's Global TV's winning fall schedule and robust advertising demand, television revenue during the quarter surpassed pre-pandemic levels. He said management's re-aggregation of its channels business on streaming platforms offers long-term resiliency and growth potential.

As of January 10, 2022, paying subscribers to STACKTV, Nick+, and other streaming platforms stand are over 725,000. The increase from October 21, 2021, is a staggering 675,000 paying subscribers. Apart from the impressive subscriber gains in streaming services, Corus continues to expand its digital video and advertising offerings.

Business is doing great

Corus Entertainment's content business likewise had new content development partnerships and secured international sales. Nelvana, a wholly owned subsidiary, announced early this month its first development partnership with TIME Studios. Nelvana will team up with the Emmy Award winner to produce the new original animated preschool series *Leela's Island*.

Another highlight in Q1 fiscal 2022 was the 28.21% increase in free cash flow compared to Q1 fiscal 2021. At this point, the $1 billion media and content company appear undervalued vis-à-vis its massive growth potential.

Doug Murphy said business is doing great, as evidenced by the pick-up in revenues. The 21% increase in TV advertising in the first quarter of fiscal 2022 is very encouraging. He sees very buoyant advertising demand and ad dollars shifting back to TV. Murphy said TV advertising has a standard currency with no trust issues compared to social media.

Better choice

Thus, between Corus Entertainment and Netflix, the Canadian stock is a better choice in 2022. Based on analysts' forecasts and generous dividend, the overall return to prospective investors should be enormous.

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Date
2025/08/26
Date Created
2022/01/29
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