



Hot Picks in February: 2 Companies for Kids With High-Value Potential

Description

Two Canadian firms with strong focus on kids and family entertainment could be great buys for [value investors](#) this month. **Corus Entertainment** ([TSX:CJR.B](#)) made a rare production investment, while **Spin Master's** ([TSX:TOY](#)) preliminary 2021 results showed glowing numbers.

Both stocks were winning investments last year with Corus' total return of 16.1% and Spin Master's overall gain of 65.3%. Given their positive business outlooks and [high-value potential](#), market analysts maintain bullish sentiments.

Growth ambitions

Corus Entertainment bought a majority stake in Aircraft Pictures Limited, a producer of animated and live-action scripted TV shows and movies for kids, families, and young adults. This investment is a follow-up to an impressive start to 2022. The media giant recently reported a 10% revenue growth in Q1 fiscal 2022 versus the Q1 fiscal 2021.

While net income fell slightly by 1%, free cash flow increased 28% to \$79.98 million. Doug Murphy, President and CEO of Corus, said, "We have delivered a strong start to the year with impressive double-digit revenue growth and notable free cash flow."

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

Management is confident in the future [growth opportunities](#) in digital video and Corus' content business. Likewise, the increase in the number of paying subscribers in STACKTV, Nick+, and other streaming platforms to 725,000 was a new milestone.

Meanwhile, the majority stake in an Academy Award and Emmy Award nominated production company augurs well for the company. Corus can pursue its growth ambitions in producing quality kids and family-focused entertainment for the global marketplace.

Colin Bohm, its Content and Corporate EVP, said, "Bringing Aircraft Pictures' demonstrated creative capabilities and entrepreneurial talents into the Corus orbit will help to accelerate our strategy of expanding our global content business."

The entertainment stock is a great value buy at \$5.16 per share, with its dividend offer of 4.65%. Market analysts see the price soaring 98.6% to \$8.24, on average, in the next 12 months.

Power of three creative centres

Spin Master will present its Q4 and full-year 2021 results on February 28, 2022, although management shared the preliminary results early this week. Its Global President and CEO, Max Rangel, said, "We delivered very strong revenue growth for the fourth quarter and full year 2021." He adds it showcased the power of Spin Master's three creative centre, toys, entertainment, and digital games.

Notably, toys' revenue grew 22.3% versus 2020. Rangel credits the global success of its new and innovative brands plus the enthusiastic fandom in the licensed toy properties for the growth. Year-over-year revenue growth in entertainment (73%) and digital games (127%) were mighty impressive.

Investors can expect the diverse portfolio of this \$4.24 billion global children's entertainment company to continue creating exceptional play experiences. Spin Master Ventures (SMV), a \$100 million fund, is in place for investments in start-ups and entrepreneurs in the children's entertainment space. The stock trades at \$48.55 per share and could potentially rise by 37.2% in 2022.

Must-buys

Corus Entertainment and Spin Master are must-buys for value investors because both trade below their intrinsic values.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:TOY (Spin Master)

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