2 Top Entertainment Stocks to Watch in January 2023

Description

Industry icons **Stingray Group** (TSX:RAY.A) and **Corus Entertainment** (TSX:CJR.B) are worth watching in January 2023, notwithstanding the massive headwinds ahead. Both dividend-paying entertainment stocks are exciting buys, too, for their bargain prices, mouth-watering dividends, and growth drivers.

Accelerating digital transformation

Stingray has earned its spot on the global stage with its curated direct-to-consumer and B2B services, plus an extensive retail audio advertising network. The $339 million music, media, and technology company serve customers in North America, Europe, the Middle East, and the Asia-Pacific Region.

In the first half of fiscal 2023 (six months ended September 30, 2022), revenue jumped 15.4% year over year to $155.77 million. However, net income declined 21.8% to $12.72 million compared to the same period in fiscal 2022. Notably, despite a seasonally low second quarter (Q2), revenue in Q2 fiscal 2023 rose 9.8% to $77.6 million versus Q2 fiscal 2022.

Eric Boyko, Stingray's president, chief executive officer (CEO), and co-founder, said, "During recent months, we have narrowed our market focus on proven high-growth vehicles, such as retail media, FAST channels, in-car entertainment, and B2B subscription video on demand (SVOD), to accelerate our digital transformation."

According to Boyko, the game plan is to focus on core growth opportunities as the company pivots from the traditional segment to digital opportunities. Stingray recently launched free ad-supported TV channels with two major OTT (over-the-top) providers: **Amazon** Freevee (U.S.) and Samsung TV Plus (Europe).

Free streaming services will give audiences access to music and lifestyle content at no extra cost. Since ads fully support Stingray's content, it won't require additional subscriptions. David Purdy, Stingray's Chief Revenue Officer, said, "We are thrilled to launch our free, ad-supported TV channels with new and existing partners to drive organic revenues and connect with an even bigger audience."

This entertainment stock trades at $4.87 per share and pays a generous 6.52% dividend. Market analysts recommend a buy rating with a 12-month average price target of $7 (+43.7%).

Huge growth market

Corus Entertainment is a media and content powerhouse in Canada, although the stock underperformed in 2022. Despite the nearly 51% loss, investors enjoy an 11.11% dividend yield. Based on market analysts' price forecasts, the current share price of $2.16 could climb between 44% (average) and 108% (high) in one year.

This $431.7 million company has two core business segments: Television and Radio. The former operates 33 specialty channels and 15 conventional stations, while the latter boasts 39 radio stations. Regarding revenue contribution, TV accounts for 93% versus 7% for Radio, and about 60% of total revenue comes from advertising.

In fiscal 2022, the net loss reached $245 million compared to the $172.55 million net income in fiscal 2021. The year's highlight was the record $518 million in TV subscriber revenue. Besides the powerful streaming portfolio and resilient recurring subscriber revenue, management sees a huge growth market in video advertising.

No hindrance to growth

The challenging macroeconomic conditions in 2023 will not deter Stingray and Corus Entertainment from capitalizing on available growth opportunities. Expect both companies to pursue revenue growth initiatives, as they expand and attract more audiences worldwide. The entertainment stocks should likewise deliver much better results to investors by year-end.

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