3 Leisure Stocks to Target in January

Description

Broad weakness in the financial and energy sectors dragged down the TSX in 2018. There is hope for a bounce back in 2019, but economic headwinds should keep investors honest as we kick off the year. Those that are looking for alternatives should consider stocks in the leisure sector. Let's explore three stocks today that fit the bill.

Andrew Peller (TSX:ADW.A)

Andrew Peller stock fell 2.19% on January 2. It was a poor way to kick off the year for a stock that suffered a sharp retreat in 2018. This was in the face of positive results that saw the company report solid organic growth in the second quarter of fiscal 2019.

Investors who'd bought after the stock fell into oversold territory in December have reason to be optimistic for the long term. Andrew Peller's trailing 12-month P/E last stood at 20.4, which beats the industry average. Shares boast an RSI of 54, which is far away from oversold territory, but the stock looks discounted considering the proximity to 52-week lows.

The company is set to release its fiscal 2019 third-quarter results in February. Its recent dip looks more like a bear trap than a return to steady declines. This is still a viable option for investors seeking growth to start the year.

Great Canadian Gaming (TSX:GC)

Great Canadian Gaming stock rose 1.4% on January 2. In 2019, Great Canadian Gaming will enter its first full year reporting revenues from the recently acquired GTA Bundle. The company has also laid out a massive renovation plan that should give a boost to its blockbuster acquisition.

For the first nine months of 2018, Great Canadian Gaming posted revenues of $879 million, which was up 90% from the same period in 2017. Adjusted EBITDA was also up 104% to $354.1 million. Investors can expect a solid end to the year with the fourth quarter representing the second full quarter that will include the bundle.

The acquisition will power huge revenues at Great Canadian Gaming for the next two decades, making it an attractive target for growth investors.

Cineplex (TSX:CGX)

Cineplex looked like it had turned a corner as we entered the final two months of 2018. The stock had recouped nearly all its 2018 losses on the back of rising attendance and a big rebound at the box office. Unfortunately, Cineplex stock took a major hit, which pushed it to 52-week lows.

In the third quarter, the company saw Media revenue drop 16% year over year to $33.5 million. Cineplex said that this was primarily due to the decline in cinema advertising, which it attributed to the cyclical nature of the business and the timing of campaigns. Box office revenue, however, increased 5.3% to $173.3 million in the quarter.

Cineplex does offer a monthly dividend of $0.145 per share, which represents an attractive 6.6% yield. The stock is facing challenges in 2019, including the rise of even more streaming services from home entertainment competitors. Cineplex is the riskiest pick of the three we have covered today but it offers nice income and a good chance at a rebound ahead of its Q4 report.

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