Bored at Home? This 1 Movie Stock Can Entertain You

**Description**

This long period of quarantine is an excellent opportunity for you to assess all those stocks you might have otherwise overlooked. For instance, take a look at the stock of **Cineplex** (TSX:CGX), a Toronto-based entertainment company that has been operating across the country with its 165 theatres.

Let's have a quick rundown of how this movie stock has been doing lately and where it might head post-COVID-19.

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## An acquisition that may not happen

In the second half of 2019, U.K.-based entertainment group **Cineworld** announced its intention to acquire Cineplex when it came out as the highest bidder and valued Cineplex's stock at $34/share. Both movie theatre operators were in the final stages of making the acquisition official when COVID-19 broke out.

While pandemic has brought every industry to a screeching halt, cinema operations are the ones affected the most. The need for social distancing shut down numerous businesses, theatres became one of the first casualties of such measures.

Even before the ongoing lockdowns, Cineworld was not performing ideally. Many experts believe that Cineworld overvalued Cineplex. Now, it looks almost impossible for the U.K. cinema operator to acquire Cineplex at the agreed price when the latter's stock has slumped and is trading around $11 at writing.

If Cineworld gets out of this acquisition, there will be wasted money and time, and it will need to explain its shareholders this botched-up deal. On the other hand, Cineplex shareholders who were waiting for the stock performance turnaround post-acquisition now have to wait and watch how the company performs on its own.

## The future of Cineplex — a bearish look

There is no denying the fact that the ongoing crisis will impact cinemas everywhere. Even if the social distancing restrictions loosen in the next couple of months, Cineplex cinemas will need more time to pick up to full steam.

Also, the upcoming recession will force many people to prioritize their spending, and cinema-going might not be anywhere near the top of the list.

The prevalence of streaming services churning nonstop quality content and garnering viewers' approval is another issue that will continue to haunt cinema operators.

## The future of Cineplex — a bullish look

The popularity of TV was also considered as the end of cinema. But we all know that it didn't happen. The streaming industry has undoubtedly carved out a place of its own. The experience and event of watching a summer blockbuster on a large silver screen with your loved ones will remain unmatched.

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Just last year, even with all the streaming giants around, we had the highest-grossing movie of all time with the latest Avengers movie. Clearly, there's still a high demand for going to the cinema.

When the ongoing debacle ends, the cinema business can get back on its feet. Cineplex was doing quite well before the lockdown happened. In 2019, it sold 66 million tickets across all its theatres and raked in $1.6 billion in revenue.

## A stock worth a try

For an investor who's not in a rush and can afford to take a little risk, it could be interesting to invest in Cineplex right now. With the stock already trading at $11, it could be the bargain buy of the recent market crash.

**CATEGORY**

1. Dividend Stocks

**TICKERS GLOBAL**

1. TSX:CGX (Cineplex Inc.)

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