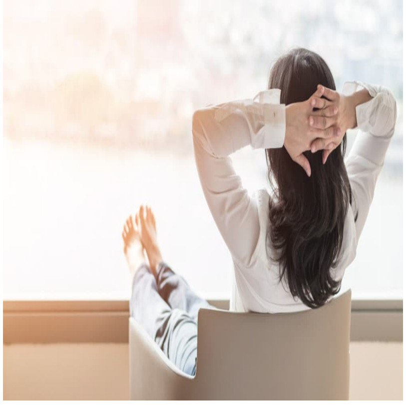

2 Entertainment Stocks to Buy and Sell

Description

The COVID-19 lockdowns have dealt major damage to key industries across the globe. There has been considerable focus on how it has negatively impacted restaurants, bars, and nightclubs due to mass closure. However, entertainment stocks have been forced to swallow a bitter pill.

Entertainment stocks have reacted negatively to the turmoil in the industry. **Disney**, a media giant that seemed nigh-invincible heading into 2020, is facing massive revenue losses with the closure of its parks and the shutdown of theatres across North America.

While there's been some positive news about the potential stabilization of the outbreak in some parts of the United States and Canada, there is no concrete timeline for the end of the lockdowns.

Today I want to look at two entertainment stocks. One of these stocks is extremely vulnerable due to this shutdown, while the other has the potential to seize this opportunity and grow its business.

Declining entertainment stock: Cineplex

The theatre industry has been in a precarious position for years. **Cineplex** (TSX:CGX), which boasts a monopoly on theatres in Canada, has seen its stock drop 60% month-over-month as of close on April 8. Should investors bet on a rebound in 2020?

Because we have no timeline for the end of the current lockdowns, it is impossible to project when theatres will start to bring in consistent revenue again.

On April 1, the company announced that its closure would continue indefinitely and would follow recommendations from Canadian public health officials. When the shutdown does begin to wind down, consumer fears may still dampen demand for large gatherings.

Cineplex's dividend may well be in jeopardy as many top income players have suspended their payouts. I'm not willing to count the theatre industry dead just yet, but there are too many risks for meto buy the dip at Cineplex right now.

Streamer on the rise: WildBrain

The rise of streaming services has been a contributor to the decline of traditional movie going. Streaming services have seen a massive bump in viewership over the weeks the lockdowns have been in effect, forcing providers like **Netflix** to reduce video quality for some Canadian consumers to reduce demands on internet bandwidth.

Canada doesn't have a representative in the streaming wars involving such giants as Disney, Netflix, and **Amazon**. However, it does have **WildBrain** (TSX:WILD). WildBrain, formerly DHX Media, is an entertainment stock worth watching to start this decade. Shares of WildBrain have plunged 29% over the past month.

In Q2 2020, WildBrain saw revenue rise 4% year over year to $122.1 million. Adjusted EBITDA grew to $25.6 million over $22 million in Q2 FY2019, the company saw its net loss shrink to $2.3 million over $17.9 million in the previous year.

Best of all, WildBrain Spark views climbed 36% to over 9.9 billion in the second quarter. Views have surged 51% to 22 billion in the first half of fiscal 2020.

WildBrain still has a long way to go as it leans on its streaming growth. Still, for those who want exposure to a Canadian streamer the stock is dirt cheap right now.

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