



2 Reasons Cineplex (TSX:CGX) Can Rebound Before 2021

Description

Leaders for the film and theatre industry entered September with clenched teeth. The COVID-19 pandemic had forced **Cineplex** ([TSX:CGX](#)) and top theatre companies in the United States to shutter their doors from March into the late summer. This halt in activity was unprecedented in the modern era. Moreover, movie theatres were already wrestling with the rise of home entertainment options like streaming that have been steadily drawing consumers away from the big screen.

When this month started, I'd suggested that investors should [cut their losses at Cineplex](#) and look elsewhere. Today, I want to take the contrarian position. There may be hope for Cineplex and movie theatres, but it will require many things to break right in the weeks and months ahead.

Cineplex: The only show in town

Mass gatherings across North America are still mostly banned. The ability to attend concerts, sporting events, stage plays, and operas have all been halted or severely limited. Even bar hopping and clubbing have been restricted, forcing more people to the treacherous world of online dating. I never thought I would miss overpriced drinks, blaring top 40 hits, and occasionally being threatened, but here we are.

In this strange world, the theatre has become one of the only options for those hungry for an eventful evening out. Cineplex opened all its doors across North America in late August. However, the film slate is still sparse. Christopher Nolan's *Tenet* was the most notable release since cinemas started to fully open. The film performed above expectations in Europe but has struggled in North America. Warner Bros. has closely guarded box office data, often delaying the release of results. This has frustrated other top studios who are hungry for any indicators in this environment.

Warner Bros. may seek to protect this potentially valuable information in order to apply a more effective strategy with future releases.

The trust test for movie theatres will come this fall. More top movies, like *Black Widow*, *Wonder Woman 1984*, and *No Time to Die* are set for October and November releases. Colder weather has the

potential to bring out more moviegoers, especially with bars and restaurants under strict limitations.

The future of theatres: Degraded, but not destroyed

Shares of Cineplex have dropped 74% in 2020 as of close on September 11. There were lingering questions surrounding the movie theatre industry even before the COVID-19 pandemic. Now, many are asking whether the cinema can last. Rather than a cinema apocalypse, we may see theatres draw down on locations. This could echo strategic store closings we have seen from top retailers, as more consumers have been driven to e-commerce.

As I'd discussed this weekend, Cineplex [still has a shot](#) at a recovery. Shares have increased 3% over the past month. However, this will not satisfy investors who may have already soured on Cineplex after it halted its monthly dividend payout.

The world finds itself in uncharted territory as we move into late 2020. With luck, the weeks and months ahead will prove that there is still a future for Cineplex and the cinema.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing

Date

2025/08/30

Date Created

2020/09/14

Author

aocallaghan

default watermark