



Why Cineplex (TSX:CGX) Stock Will EXPLODE in 2021!

Description

There are few sectors that have been harder hit by the COVID-19 pandemic than the cinema. The entire entertainment industry has suffered with the pandemic causing production delays, pushbacks for film releases, and many other complications. These issues have compounded to devastate companies like **Cineplex** ([TSX:CGX](#)). Cineplex is the largest movie theatre operator in Canada. Its shares have fallen 70% in 2020 as of close on November 25.

This decline is even more shocking when we consider that Cineplex stock has climbed 77% month over month. Earlier this week, I'd discussed what was [behind this surge](#). Today, I want to discuss how and why Cineplex stock could triple over the next year. It is still facing major challenges, even without the pandemic, but it has a chance to overcome them with good leadership and a little bit of luck.

Will a vaccine propel Cineplex to new heights?

Like other struggling sectors, stocks in the movie theatre space erupted on news of **Pfizer's** vaccine data. **AMC Entertainment Holdings** in the United States also soared in the news, while Cineworld's gain has been more muted on the London exchange. Regardless, the news of this vaccine candidate and others from companies like **Moderna** is unquestionable promising for movie theatres.

Cineplex and its peers have faced a year with few mainstream releases. The new James Bond vehicle *No Time to Die* has been [delayed twice](#) now. However, these delays also mean that there will be a slew of big releases in 2021. Investors should also keep in mind that savings rates of Canadians have climbed by roughly 10% during the pandemic. If vaccines can get this crisis under control by the middle of 2021, Canadians will be flush with cash and eager to spend on entertainment.

No Time to Die and dozens of other productions will hope to ride in for the rescue next year. However, cinemas need to evolve after this pandemic to compete with the rise of home entertainment options like **Netflix**.

What is the future of the cinema in 2021?

Cineplex and its peers could explore new ways of doing business to drum up interest as we look to close the book on a brutal 2020. This month, the company announced "Private Movie Nights" that allowed up to 20 guests per theatre. The option is available at all hours. Cinemas should look to expand on these offerings in the years ahead. Content is not enough with streaming services stealing customer away. The cinema needs to offer a unique and appealing experience that customers cannot receive in their living rooms. Of course, this is easier said than done.

Cineplex: Buy or sell right now?

In recent years, Cineplex stock has struggled but it has always had a hefty monthly distribution to offer to income investors. It was forced to cancel its dividend payout due to pandemic-related pressures in the spring. A lot of things need to go right for cinemas in 2020, but the last month is a promising start for Cineplex. I'm not ready to jump on the bandwagon just yet, but Cineplex is a stock worth watching. If pieces fall together, the stock could quickly surge back near its 52-week highs.

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