



1 TSX Stock to Buy FAST in 2021

Description

Cineplex ([TSX:CGX](#)) operates as an entertainment and media company both here in Canada and around the world through three segments: film entertainment and content, media, and amusement and leisure.

Cineplex stock currently has a market capitalization of \$766 million, but debt is very high for this company. Cineplex has been taking on more and more debt, as the [pandemic](#) continues with few options of bringing in revenue. Total debt is at \$1.9 billion as of writing. Its earnings before interest, taxes, depreciation, and amortization (EBITDA) margin also continues to drop; it's currently at a 44% loss.

So, why invest?

Cineplex stock is a solid recovery play, as the pandemic comes to a close. I'm not saying it isn't [risky](#), but if you're looking for a company likely to get a bailout and then soar afterwards, Cineplex stock is up there for your consideration. Think short-term pain for long-term gains, where long term investments should always be an investor's goal.

Cineplex stock has been under huge pressure, and that's likely to continue, as COVID-19 and its variants continue to ravage the world. That's especially within the theatre and entertainment industry, where lockdowns continue to cause closures.

Yes, it's not ideal. But while Cineplex stock may not have the best balance sheet, it does look strong enough to be able to come through the other side of the pandemic. The company is likely to also get extended credit, as the pandemic nears an end.

Meanwhile, the company has adapted. The beginning was the worst, and now we know what we're dealing with. That means the company can actually reopen and is finding new ways to bring in revenue, such as food delivery. This keeps it at least engaged with the community until the pandemic ends.

And when it ends, here's what you'll have: a company that has a presence in practically every Canadian city, and Canadians dying to go see movies in the theatre again. We could also finally see an investment into streaming services, as the company gets back on its feet. That means years down the line, you could see an enormous return from Cineplex stock.

Foolish takeaway

That's why this is a fast buy. The closer we get to the end of the pandemic, the more this share price will climb. Investors will start to realize that revenue will start coming in again, and debt will start to be paid down. If a bailout happens to put Cineplex stock on its feet, forget it. Shares will skyrocket.

As of now, shares are down 64% from all-time highs before the crash. That makes it undervalued in my book. If you were to invest just \$10,000 in Cineplex today and see shares like that in the near future, that would mean you would have a portfolio worth \$28,333! it could be even more if you continue to hold onto Cineplex stock long term.

CATEGORY

1. Coronavirus
2. Investing

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