



Forget Cineplex and Buy These TSX Stocks Instead

Description

The entertainment industry has been thrown into flux during the COVID-19 pandemic. Everything, from Broadway acts, touring bands and pop stars, to television and Hollywood productions, has taken a hit during this crisis. However, few have been hit harder than the cinema industry.

Cineplex ([TSX:CGX](#)), the top cinema operator in Canada, has been throttled during the pandemic. The company has barely been able to operate over the past year. Today, I want to discuss why I'm still [passing](#) on Cineplex and targeting two different **TSX** stocks instead.

Can Cineplex rebound in 2021?

Cineplex has battled a historical crisis over the past year. However, that does not mean it is time to stick a fork in this company. It has been crafty enough to evade severe financial troubles. Moreover, Canadians will not be able to see instant releases from studios like Warner Bros. on HBO Max.

Canada's telecoms have managed to stave off this streaming service, as Canadians have their own version in the form of Crave. Crave will not release the Warner Bros. film slate, providing some hope for Cineplex in the months ahead.

Cinemas have gradually started to reopen across Canada in recent weeks. As usual, Ontario has lagged the other provinces. While Cineplex has started its phased reopening, it may not be able to restart operations in major metropolitan areas like Toronto until the middle of spring at the earliest. If Ontario dips in and out of lockdown, as some leaders have hinted at, this could be another lost year for Cineplex. I have my eyes on other TSX stocks.

Why I'm more excited about this streaming TSX stock

WildBrain ([TSX:WILD](#)) is a Halifax-based company that develops, produces, and distributes film and television programs worldwide. It is focused on children's television productions. Some of its top entertainment properties include the Cookie Jar Group, FilmFair, and Peanuts Worldwide. This

company has jumped head-first into the streaming space with its WildBrain Spark studio. Shares of this TSX stock have climbed 59% in 2021 as of early afternoon trading on March 5.

The company released its second quarter fiscal 2021 results on February 9. Revenue rose 17% from the prior year to \$142 million. It delivered net income of \$11.3 million – up from a net loss of \$2.3 million in the prior year. WildBrain Spark's revenue climbed 74% year over year to \$15.5 million. The streaming channel increased its audience engagement to 59.7 billion minutes of videos watched – up 15% from Q2 FY2020.

Cineplex has consistently lost ground to streaming services in recent years. WildBrain is a small player compared to giants like **Netflix**, but it is making exciting inroads.

Another entertainment stock I'd buy over Cineplex

In the spring of 2018, the United States Supreme Court [struck down a ban](#) on sports betting. This opened the door for the incredibly lucrative industry in the world's largest betting market. Canada is set to follow suit. Bill C-218, the *Safe and Regulated Sports Betting Act*, is now being referred to the last phase of hearings with the Justice Committee following huge support from the House of Commons.

Score Media (TSX:SCR)(NASDAQ:SCR) is in a great position to benefit from this development. Shares of this TSX stock have climbed 74% in 2021 so far. This company owns theScore app, which is battling huge rivals like **Draftkings** and FanDuel in the betting space. Score is hoping to leverage its loyal users to gain a foothold as Canada looks to move forward with legal sports betting.

Shares of Score have dropped 21% week-over-week as the markets battle volatility. Legal sports betting is just around the corner. Score is a TSX stock that looks poised to pay off. I'm targeting this stock over Cineplex today. Investors should look to add on the dips as turbulence picks up.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:WILD (WildBrain Ltd.)

PARTNER-FEEDS

1. Business Insider
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