



## Cineplex Stock Could Be a Massive Winner Once the Pandemic Ends

### Description

**Cineplex** ([TSX:CGX](#)) stock has been on [a wild ride](#) over these past few years, to say the least. The stock has been a roller coaster, and more of the same can be expected heading into year's end as investors place their bets to play the coming [economic reopening](#).

In the COVID-19 era, Cineplex is a sitting duck. With the vaccine rollout underway, though, there are reasons to believe that the worst could already be in the rear-view mirror, even if we are due for a third wave of cases caused by mutated variants of the insidious coronavirus.

### Straight-to-stream unlikely to trump movie theatres in a post-COVID environment

Despite the continued rise of video on demand, many Canadians are likely itching for the sense of normality that comes with being in the company of friends at the local movie theatre. While streamers like **Disney** are giving people options on how they want to enjoy the latest flick, I ultimately believe that bums will return to seats once it's safe for Cineplex to fill them. Not only are people longing for social interaction with Cineplex's offerings, but they'll have tonnes of savings to spend once jobs are in arms and it's safe to reopen everything — hopefully for good this time.

Moreover, I'd imagine that people are getting a bit sick and tired of streaming. There's something about the movie theatre that keeps beckoning us back. And when once COVID-19 is conquered, Cineplex stock may finally be ready to make up for lost time, as people finally have a chance to catch the latest Bond flick, among numerous other delayed blockbusters that have been pushed back many times over.

### A brighter road ahead

For Cineplex investors, it's just a matter of *when* things will start picking up traction again. I think Cineplex could return to free-cash-flow positivity in the third quarter. After enough people get shots in the arm, Cineplex stock could get a shot in the arm of its own, as restrictions like social distancing

guidelines, masks, and all the sort ease.

Moreover, the summer of 2021 could see a discretionary spending boom, the likes of which we may not have seen in a century. Savings rates have swelled, and once it's safe to head back outside, Cineplex will be one of the biggest winners, as it looks to meet the pent-up demand of movie-goers that will be more than willing to go out for dinner and a movie once it's completely safe to do so.

In the meantime, Cineplex will be slogging its way through another quarter or so. Fortunately, the firm looks to have more than enough liquidity to make it through another rough patch, making Cineplex stock one of the more compelling Canadian reopening plays out there for venturesome investors who would have otherwise placed a big bet on other speculative investments like Bitcoin.

## To buy or not to buy?

If you're optimistic about the elimination of COVID-19 in the second half, Cineplex is a great buy here after its latest pullback. If you're a weak-handed investor who's just looking for a quick gain, you'd probably be better off speculating on something with more momentum behind it.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

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