



Forget Cineplex: 2 TSX Stocks That Are the Future of Entertainment

Description

The atmosphere for movie theatres was already grim coming into 2021. Cinemas had largely been unable to operate in North America during the COVID-19 pandemic. This crisis will likely lead to long-term consequences for the entertainment sector. Today, I want to discuss why I'm [staying away](#) from the traditional cinema and focusing on more promising TSX stocks in entertainment.

The bad news keeps rolling in for Cineplex and traditional movie theatres

Cineplex ([TSX:CGX](#)) boasts a monopoly on movie theatres in Canada. Its shares have dropped 18% month over month as of early afternoon trading on March 31. The stock has been mostly flat year over year.

There were hopes that the economy would enjoy a widespread reopening by the spring and summer of 2021. Unfortunately, a disappointing vaccine rollout in Canada has put a damper on these expectations. Cineplex was set to reopen in cities like London and Guelph. The industry was already frustrated that movie theatres were designated to phase three of a reopening. Now, rising cases are sparking discussions of yet another province-wide lockdown in Ontario.

Sadly, traditional cinemas are in for more pain in the weeks and months ahead. That is why I have my eyes on other TSX stocks to kick off the spring.

Why I'm targeting this streaming-focused TSX stock instead

In the beginning of 2020, I'd discussed how Canadians could [invest in streaming](#) on the TSX. At the time, **WildBrain** ([TSX:WILD](#)) stock was one of my favourite targets. The company develops, produces, and distributes film and television programs around the world. It is focused on children's programming, and its streaming channel has seen impressive growth in recent quarters.

Shares of this TSX stock have climbed 50% in 2021 at the time of this writing. The stock is up over 200% year over year. Adjusted EBITDA was reported at \$81.8 million for the full year in 2020 — up from \$79.6 million in 2019. Moreover, free cash flow surged to \$27.4 million compared to \$10.4 million.

WildBrain is still a small player in a fast-growing industry. However, its shift to focus on streaming was a great step forward and the success of WildBrain Spark is worth getting excited about.

Another exciting newcomer in the entertainment space

Boat Rocker Media graduated to the **S&P/TSX Composite Index** on March 1, 2021. This company creates, produces, and distributes television and film content in North America and around the world. The new TSX stock has been relatively flat since its debut on Canada's top index.

Live-action production delays weighed on Boat Rocker in 2020. Its net loss widened to \$44 million compared to \$19.5 million in 2019. However, these revenues are expected to shift over to 2021. Boat Rocker is poised to rebound in the quarters to come. Like WildBrain, Boat Rocker is also a rising power in children's entertainment content.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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