



## Cineplex Stock May Be a Brilliant Bet Going Into Summer

### Description

**Cineplex** ([TSX:CGX](#)) stock has been under [pressure](#) again, with the name recently dipping just over 20% from its six-month high. With the ongoing third wave of COVID-19, the Canadian movie theatre giant is due for another round of brutal numbers.

On the other side of this horrific spring surge is a summer season that could have the potential to be far brighter than last year's. Every day that goes by, more Canadians are getting vaccinated, bringing us ever so closer to herd immunity. As the insidious coronavirus looks to abate going into the summer season, the nation will have a chance to accelerate its vaccination efforts and gain the upper hand over new variants.

### Be optimistic while others are pessimistic

It's been a dark spring, with COVID-19 restrictions still in place for many provinces. Despite this, people are as optimistic as ever amid the ongoing vaccine rollout. Summer is just around the corner, and normalcy is within grasp. While COVID-19 probably won't be eradicated this year or even next year, I think that fully vaccinated Canadians who've received both doses will feel far more confident about heading back to establishments like movie theatres, arcades, and all the sort once the government removes restrictions.

Such an environment could fuel an epic boom for Cineplex. The company may finally get a chance to recover after nearly a year and a half of depressed revenues at the hands of restrictions. For those willing to put up with the volatility and give Cineplex a free pass for its meagre first-quarter results, I think there's a lot to gain, as we make major strides to the light at the end of the tunnel.

### Cineplex: The road ahead looks bright

The company is fresh off an 85% year-over-year plunge in quarterly earnings. Net losses were also clocked in at just shy of \$90 million. It was a brutal quarter, but should it have been a surprise? Probably not.

Fellow Fool contributor Chris MacDonald seems to think Cineplex is still [a top reopening play](#) after its latest post-earnings pullback, and I think he's right on the money. MacDonald highlights that high-risk establishments like theatres are poised to revamp their air-intake systems to make consumers feel safer and more comfortable:

"Movie theatre operators have been reiterating that their operations are much safer when compared to retail stores and restaurants. They believe that since the theatres are spacious, social distancing won't be a problem," MacDonald wrote. "Furthermore, businesses are looking to alter their air-intake system to substantially increase airflow. Such upgrades could go a long way to providing a road map for regulators to open up movie theatres."

I think such initiatives will be vital to Cineplex's recovery. Even people who've been vaccinated with both doses and the latest booster will still get anxious if they hear someone coughing down the aisle.

## Foolish takeaway on Cineplex stock

With a growing backlog of theatrical releases, pent-up demand for social activities, and restrictions likely to be lifted, I think Cineplex stock is a must-own for venturesome Canadian investors who are no strangers to extreme volatility.

An autumn resurgence could stop Cineplex's recovery in its tracks. That's the biggest risk investors need to come to terms with. Regardless, I'm still a fan of the risk/reward scenario going into the summer and would look to scoop up shares after its post-earnings flop.

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