



## AMC (NYSE:AMC) Stock Is Up an Insane 2,160% in 2021

### Description

At year-end 2020, **AMC Entertainment** ([NYSE:AMC](#)) was a step away from the grave. COVID-19 battered its operations that the only option was to file for bankruptcy. The company's debt pre-COVID level was a staggering US\$5 billion.

Besides renegotiating debts, AMC's primary focus months before the pandemic was to raise funds to shore up the balance sheet. Management was desperately looking for new [sources of liquidity](#) and exploring ways to increase theatre attendance. However, no one expected that June 2021 would be the month of revival.

AMC shares soared 95.22% to US\$62.55 on June 2, 2021. The price slid to \$51.34 on the following trading day, although the year-to-date gain is still an incredible 2,160%. Its share price on December 31, 2020, was only \$2.12. **Cineplex** ([TSX:CGX](#)) suffered the same fate on the **TSX** as AMC. However, Canada's premier theatre operator is [picking up the pieces](#) without the help of Reddit traders.

### Reddit traders to the rescue

AMC faces a cash crunch if it can't raise at least US\$750 million to fund its full-year requirements. The company was allowed to sell 50 million additional shares via an at-the-market stock listing at the end of 2020. Then, Reddit traders helped the stock climb 301% from US\$4.96 to US\$19.90 on January 27, 2021.

Apart from **GameStop**, AMC is also a popular target of short-sellers who bet the stock would fall. Meanwhile, Reddit traders came in to pump the stock and force institutional funders to scramble. The hedge funds had to buy more shares to cover their positions and cut losses. However, such action boosted the price even higher.

### Battle cry

The battle cry of the casual traders is to bring AMC to the moon. A **Twitter** user, Philo488, tweets, "Do

not sell. Let's bankrupt another hedge fund!" On the Reddit thread, user Starduststones advises, "Support local theaters and for sure YOLO!" Swarm trading by the new army of traders is back, similar to the GameStop drama.

AMC raised about US\$587.4 million, gross of fees and commissions, from the at-the-market equity program. The total capital raised in Q2 2021 is now US\$1.256 billion, including the \$658.5 million sourced in the first quarter, according to AMC President and CEO Adam Aron.

## Better investment option

The global pandemic severely affected all aspects of Cineplex's business, from revenue and operational results to cash flows. It experienced a \$15 million to \$20 million net cash burn per month in 2020 due to the closures of nearly all theatres and location-based entertainment (LBE) venues.

Management successfully reduced significant fixed and semi-fixed expenses like theatre payroll and counter lost theatre occupancy. In Q1 2021 (quarter ended March 31, 2021), Cineplex maintained prudence. The company contained costs and worked to solidify its financial and liquidity position.

Cineplex President and CEO Ellis Jacob said the company is ready to capitalize on the pent-up demand for social experiences once the government lift restrictions and things return to normal. Thus far, this year, the stock's gain is better than the broader market (71.41% versus 14.39%). If you were to invest today, the share price is \$15.89.

## Latest meme stock saga

Another David and Goliath battle is raging. While AMC Entertainment is rising exponentially, a dramatic decline could be next. Investors could lose all their money in this meme stock.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:AMC (AMC Entertainment)
2. TSX:CGX (Cineplex Inc.)

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