



Could Cineplex Stock (TSX:CGX) Double This Summer?

Description

As provinces reopen their doors just in time for summer, **Cineplex** ([TSX:CGX](#)) is poised to have a heavyweight lifted from its shoulders.

The horrific third wave of COVID-19 cases is [winding down](#), and with more discretionary income in their pockets, many Canadians are ready to return to the normal routine. Whether we're talking about hanging out in the shopping mall with friends or watching a film in theatres for the first time in around a year-and-a half, it's clear that many shut-in Canadian consumers have cabin fever, with the itch for a sense of normalcy.

COVID-19 isn't over yet

Undoubtedly, it's been a long [pandemic](#), but it's not over yet. The insidious and more infectious "Delta" variant from India could spark a fourth wave if Canada's economic reopening doesn't go smoothly. Still, Canada's vaccination efforts are about to pay off in a big way, at least for the summer.

And with the odds of a fourth major COVID-19 wave likely already baked into Cineplex stock at this juncture, I do think investors should punch their ticket into the name before the company pulls the curtain on quarterly results that could reveal a faster-than-expected top-line recovery.

Right now, Cineplex has the protocols in place to make its patrons feel as safe as possible. That means socially distanced seating, up-to-standard air ventilation, masks in common areas where social distancing isn't possible, regular sanitization, and all the sort. In a mostly empty movie theatre, one can catch the latest flicks in the company of friends without having to worry about the person coughing in the seat next to you.

Cineplex stock: The big screen isn't going anywhere

For millennials, who value experiences above all else, I think they'll be ready to make up for lost time after nearly two years of streaming from home. If the pandemic taught us anything, it's that streaming

isn't going to be the final nail in the coffin for the cinemas like Cineplex.

Although streaming is getting better, with more high-quality content, it's still not directly comparable to the silver screen. Sure, video streaming and movie theatres are viewed as substitute services to some sell-side analysts. But both can peacefully co-exist and rake in their share of economic profits.

On the other side of this pandemic, I believe the pent-up demand for going out and seeing a movie will be met in a big way. Investors should not discount the possibility or magnitude of such a boom, as the theatres gradually increase their capacity in accordance with provincial restrictions.

Bottom line

At \$16 and change, I view Cineplex as a deep-value investment suitable for venturesome investors who are bullish on Canada's recovery from this horrific crisis. There will be many bumps in the road en route to the post-pandemic world, but I do think this horror movie of a stock will end happily once this horrific pandemic inevitably ends.

I think Cineplex stock has bottomed and things are looking quite bright for Canada's top movie theatre company heading into what could be a very prosperous summer.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Stocks for Beginners

Date

2025/07/28

Date Created

2021/06/14

Author

joefrenette

default watermark