



## Cineplex (TSX:CGX): Will This Stock Skyrocket After Lockdowns Are Lifted?

### Description

**AMC Entertainment** ([NYSE:AMC](#)) is a stock that is relentlessly pushing for better valuations despite all the challenges that befell the underlying business due to the pandemic. Up by almost 2,600% for the year at writing, the [meme stock](#) has undoubtedly skyrocketed.

With a legion of Reddit and **Twitter** users banding together and pouring money into the stock market, retail investors have empowered the beleaguered stock to defy Wall Street players' expectations, who were betting on [stock shorting](#) to turn a profit. AMC investors have caused Wall Street to experience devastating losses. Based on findings in a Reuters article, shorts lost \$512 million in a single trading day last month.

It is no secret that this has been an astounding run for the movie theatre stock. The only question is: Will such a move be possible for another theatre stock?

Most movie theatre companies are in the same situation as AMC. These businesses are suffering from substantially lower revenues due to the pandemic but are likely to recover after lockdowns are lifted.

Canadian investors might be taking a close look at **Cineplex** ([TSX:CGX](#)) amid all the news about AMC Entertainment. In this post, I will discuss Cineplex to help you understand whether it has the [potential to skyrocket](#) after lockdowns are lifted entirely in Canada.

### Cineplex similarities to AMC

Cineplex is also a movie theatre company. The business saw an abrupt collapse in its revenue, much like AMC Entertainment, when lockdown restrictions were implemented due to the pandemic. The company has been expected to see its revenues surge massively as lockdown restrictions end.

The company's revenues declined from \$700 million to \$132 million in 2020, reflecting a drastic 81% drop. Cineplex stock's revenue decline was more severe than the losses for AMC Entertainment. The company experienced a 77.7% revenue decline in 2020. Despite the similarities, Cineplex has not managed to see its share prices grow like AMC stock, which is most likely due to the differences that I

will highlight next.

## Cineplex differences to AMC

Cineplex may share some similarities with its U.S.-based counterpart. However, the company is not yet a meme stock with a horde of retail investors artificially rallying its share prices. Canada also had greater and more strict lockdown policies than its neighbor to the south.

Unlike AMC Entertainment Holdings, Cineplex stock did not receive a massive inflow of cash through equity sales, making it more challenging for the Canadian company to remain solvent.

The company has a similar business, but it has not received the same attention as AMC on social media — the primary reason for the U.S.-based company's massive rise.

## Foolish takeaway

If you consider industry tailwinds after lockdown restrictions end, Cineplex appears well-positioned to soar after the pandemic. However, it might not enjoy the same inexplicable growth as AMC Entertainment stock unless it becomes a target of retail investors putting the short squeeze on Wall Street.

Cineplex *does* seem to be a good enough candidate for a short squeeze given that 25% of its trading volume is short based on shortdata.ca. If the shorts are forced to cover their bets, Cineplex stock could see a massive boost like AMC Entertainment.

That said, shorts still have plenty of time to cover. You can't expect a squeeze happening with the theatre stock anytime soon.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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