



## Should You Own Cineplex or This Streaming Stock in the Summer?

### Description

Canadian leaders have leveraged an improved vaccine rollout to pursue a reopening across much of the country. Ontario, Canada's most populous province, just entered step two of its reopening plan. **Cineplex** ([TSX:CGX](#)) has awaited the signal to reopen while lobbing some criticism at Ontario officials for their inflexibility. Is Cineplex worth owning as movie theatres set to open their doors this summer or should investors instead focus on a top Canadian streaming stock? Let's dive in.

### The case for Cineplex this summer

Cineplex boasts a monopoly on movie theatres across Canada. However, its stock has experienced a steady decline since reaching an all-time high in the spring of 2017. After its first major dip in the latter half of 2017, I'd [discussed](#) some of the major existential problems facing the industry. These issues were exacerbated during the COVID-19 pandemic.

On the other hand, Cineplex and its peers may benefit from a burning desire to experience communal events following months and months of isolation. Box office numbers have enjoyed a promising rebound in the United States, which may be a sign of things to come in Canada.

Shares of Cineplex have climbed 73% in 2021 as of close on July 8. Its business needs to start strong out of the gate in Ontario or risk investors quickly losing faith in the stock.

Cineplex is still facing huge challenges, but traditional cinema could enjoy a renewed appeal as the reopening progresses.

### Why this streaming stock still has huge potential on the TSX

As I'd mentioned above, the challenges for movie theatres were intensified during the pandemic. The rise of streaming platforms has proven to be an existential threat for traditional cinema. **Netflix**, **Disney**, and **Amazon** all saw subscribers surge in the early months of the pandemic, and usage rates soared.

**WildBrain** ([TSX:WILD](#)) is not a heavy-hitter like these American giants, but it is a worthy target for Canadians who want exposure to the streaming space. This Halifax-based company develops, produces, and distributes film and television programs around the world. Its shares have climbed 46% in 2021. The stock has increased 121% year over year.

Back in March, I'd discussed why streaming stocks looked like the [better bet](#) over Cineplex in a rough environment for the movie theatre industry. In Q3 fiscal 2021, WildBrain reported revenue growth of 4% to \$102 million. Meanwhile, WildBrain Spark revenue was up marginally from the prior year. Views have steadily increased for its [streaming platform](#) that is geared to a children's demographic.

The company's foray into the streaming space is still in its relatively early days. It still needs to prove that it can turn WildBrain Spark into a consistent money maker.

## Which is the better buy today?

Cineplex and WildBrain appear to be on opposite sides of the spectrum. The movie theatre monopoly may have its best days behind it, while WildBrain hopes to build on new trends. Cineplex is too dangerous for my liking as investors will want the company to prove its value in the weeks ahead. Meanwhile, WildBrain is worth holding in the explosive streaming space.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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

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### Date

2025/08/27

### Date Created

2021/07/10

### Author

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