



Should You Buy or Sell Cineplex Today?

Description

Canada was a step behind its global allies with its vaccine rollout in late 2020 and early 2021. This lack of progress frustrated citizens and business leaders alike. Fortunately, Canada managed to catch up majorly by the middle of the spring. **Cineplex** ([TSX:CGX](#)), Canada's largest movie theatre operator, has reason to celebrate the recent vaccine milestones. On July 16, it was permitted to resume indoor operations in Ontario. Today, I want to discuss whether investors should buy or sell the top cinema stock today. Let's dive in.

How does Cineplex look ahead of its next batch of earnings?

Earlier this month, I'd [discussed](#) whether Cineplex was worth owning in the summer. Investors can expect to see the company's second-quarter 2021 results by the middle of August. In Q1 2021, the company continued to suffer from a virtually dead operational environment.

Its net loss from continuing operations came in at \$89.7 million. This was an improvement from a \$174 million loss in the prior year. Meanwhile, it posted an adjusted EBITDA loss of \$30.1 million. Cineplex CEO Ellis Jacob, who was critical of Ontario's unfriendly reopening plan, said that he hopes the company's dramatic cash burn is now in the rearview mirror.

Canada's reopening is great news for the cinema

Investors will only see a few weeks of results, as the company returns to regular operations. There are some promising movie releases that have the potential to give Cineplex and its peers a boost in the weeks and months ahead. *The Suicide Squad* debuts in early August. Meanwhile, cinemas can also rely on releases like *Don't Breathe 2*, *Paw Patrol: The Movie*, *Candyman*, and *The Beatles: Get Back*. It will need to build momentum after a slow weekend that was led by M. Night Shyamalan's *Old* and lukewarm results from *Space Jam: A New Legacy*.

Unfortunately, the Delta variant has many citizens concerned in the middle of the summer. The pandemic has already ravaged service industries like the traditional cinema and restaurants [reliant on indoor dining](#)

. Health officials are stating that those who are fully vaccinated are well protected from different variants. However, the spread of Delta will be a huge test going forward.

Cineplex: Should you buy or sell today?

Shares of Cineplex have climbed 58% in 2021 as of close on July 26. However, the stock has dropped 5.7% month over month. The stock has gained momentum on hopes for a rebound this year, but now Cineplex is a position to justify the hype. As I'd stated in an article above, investors may want to consider selling the fact in this scenario.

The rise of the Delta variant will keep policymakers cautious going forward. This could put a cap on Cineplex's operations in the months ahead. There are still stiff restrictions on customer traffic. Cineplex is hungry to be fully operational, especially as it faces heated competition from home entertainment services. I'm reluctant to make a big bet on the top cinema stock today.

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