# Forget Cineplex Stock: Insider Buys $2 Million Shares of This Top Stock

## Description

**Cineplex** (TSX:CGX) recently reported its second-quarter earnings, and investors were thrilled! The entertainment company looked like it may actually recover, on the surface. Cineplex stock saw revenue skyrocket from 2020 levels, up 195% year over year. Good news, right?



Not so fast.

Cineplex stock unfortunately has a long way to go. The company continues to burn cash of $24 million a month, down from $27 million per month. Meanwhile, its incentives to get back to the movies aren't exactly thrilling. While its new "CineClub" is an improvement, there's a major flaw. Yes, you can pay $9.99 per month to receive an admission ticket and 20% off concession among other benefits. But most streaming platforms that fund the new films allow Motley Fool investors to pay that price and watch *at home*. So why risk it?

Cineplex stock continues to lose money and compared to 2019 levels the company is sunk. In the second quarter of 2019, revenue came in at *$439.2 million*. That's an 85% loss compared to normal levels!

Sure. Cineplex stock is up 58% in the last year. It should eventually recover when the pandemic is over. But to what? I'm not sure it can ever claim the pre-pandemic levels. That means we're far away from the all-time highs of around $55 per share.

Instead, it's time to look at what people are *actually* buying.

## Insider activity

While insider trading doesn't mean Motley Fool investors should necessarily buy a stock, it does mean maybe you should dig deeper. Especially if that stock has a major purchase behind it. When an insider trades or sells, it usually means there is something good or bad happening with the company. But while sales can be a personal decision, it's all business when it comes to buying.

And that's what happened last week when Executive Chair and Chief Executive Officer Brian McManus purchased $2 million in shares of **Uni-Select** (TSX:UNS). The 112,000 shares cost about $18 apiece, which is where shares trade as of writing.

So let's look at why Uni-Select may be a better option than Cineplex stock.

## Growth and more growth

In the past year, shares of Uni-Select are up 140% as of writing. Year to date, it's up 120%. Yet it still remains a bargain, with a price-to-book value (P/B) ratio of 1.3! Even after last week's purchase.

Recent growth in the last week has also come from the company's strong earnings. Uni-Select saw sales rise 37.6% year over year, reflecting a recovery in sales for the company. So rather than bolster its growth like Cineplex stock, Uni-Select is honest about finally being in recovery mode.

I know what you're thinking. *OK, you pointed out Cineplex stock and its 2019 earnings, so how does Uni-Select compare?* That's the good news. Sales came in during the second quarter of 2019 at $456.2 million compared to this year's $416.4 million. That's down just *8.7%* compared to pre-pandemic levels! Cineplex stock is almost 10 times that!



## Foolish takeaway

Uni-Select remains focused on growth opportunities, and new CEO McManus looks like he's going all-in on future growth. This car company looks like it will see some serious wins in 2021, so it's something Motley Fool investors should watch carefully. I'd definitely choose this over Cineplex stock, which looks like it could be suffering for some time.

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