



## How Cineplex Stock Could Skyrocket Into Year's End, Even Amid Rising COVID-19 Cases

### Description

The insidious Delta variant of COVID-19 has caused some considerable [pressure](#) on the reopening plays, such as **Cineplex** ([TSX:CGX](#)) stock, especially those that felt the worst impact during the intermittent lockdowns suffered over the past 20 months. Indeed, the pandemic isn't over yet. Public health experts don't even expect COVID-19 to be eradicated — at least not anytime soon. While I suspect the Delta wave will peak over the coming weeks, which could give reopening plays a bit of a boost, there's still no telling what's next. Could another variant, such as Lambda, cause the next lockdown?

### COVID-19 risks ahead

Is it virulent or infectious enough to classify as a variant of concern? And could it evade the current slate of COVID-19 vaccines and their boosters, which aim to target Delta? These are the questions that we don't yet know.

We will learn more about future variants as they come along and as scientists gather more information. But for now, there's still a haze of [darkness](#) that's clouding the future of this pandemic. As such, I wouldn't overweight a substantial portion of your portfolio in aggressive reopening stocks without a proper balance of plays that are capable of withstanding another round of lockdowns. Specifically, I'd be wary of names that are bleeding cash, with unhealthy balance sheets that could find themselves on life support should we be hit with a particularly bad wave of COVID-19 at some point over the next 18 months.

### Is it too soon to bet big on Cineplex given COVID-19 uncertainties?

While I wouldn't back up the truck on the latest Delta-variant-driven bout of weakness, I would look to nibble as shares are likely to continue higher, as Canada winds down from its Delta wave potentially in

mid- to late September. With an election up ahead, we could see parties double down on their efforts to curb the spread of the insidious coronavirus. Vaccine passports, testing, and all the sort will be a hot topic for debate as Canadians head to the polls, potentially amid a Delta-driven wave.

Undoubtedly, Cineplex has been doing everything under its own power to ensure the safety of its patrons. They've done a great job, given the dire situation. And while the balance sheet isn't as good as I'd like, I still think the worst is behind the ailing movie theatre chain.

## CineClub could smoothen Cineplex stock's recovery

There are catalysts to get excited about. Most notably, CineClub, a subscription service aimed at frequent moviegoers, could help the company fill its seats with bums again at a quicker rate while securing a steadier revenue stream. The subscription, which goes for \$9.99 a month, is a pretty good deal, especially for vaccinated individuals who are sick of staying at home to watch films.

Once COVID-19 ends, the movie theatre business, I believe, will be alive and well, as it enjoys pent-up demand for the silver screen, potentially at the expense of the video streamers. The CineClub monthly fee offers a general admission movie ticket per month alongside a slew of great discounts at the concession and across Cineplex's other attractions, like the Rec Room.

I think CineClub will be a hit. And as more people get vaccinated, I think Cineplex could be on the cusp of an epic rebound that future variants will not be able to stop.

### CATEGORY

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