AMC vs. Cineplex: Which Movie Theatre Stock Is the Better Buy Today?

Description

The movie theatre industry has been through a lot during the pandemic; that much is clear. But with blockbuster hits coming back, consumers have started returning to the theatre over the last few months. And two major winners of this rebound could be **AMC Entertainment Holdings** (NYSE:AMC) and **Cineplex** (TSX:CGX).

But among these two entertainment giants, which is the better buy? Today, I'm going to dig in to each of these movie theatre stocks to find out for Motley Fool investors.

Case #1: AMC stock

AMC stock entered a meme stock frenzy during the beginning of 2021. Retail traders flooded the stock, allowing it to soar to 52-week highs. But at that point, I certainly would not have recommended the stock, and neither would analysts. Yet even today, the company remains pretty much in the same boat.

Analysts remain skeptical about AMC stock, despite some major announcements lately. The company stated it would start accepting cryptocurrency such as **Bitcoin** by the end of the year, hopping on that bandwagon. But value wise, there is far too much volatility surrounding the stock.

AMC stock currently trades at $42.50 as of writing, yet the consensus estimate remains far lower at $5.44! That a potential downside of 87%, with analysts recommending investors sell the stock. Unfortunately, AMC stock remains far too volatile, even with the pandemic improving conditions.

Case #2: Cineplex stock

So, that's the case for AMC stock, but what about Cineplex stock? Does it remain just as volatile as AMC? The answer is a frustrating "yes and no." This is likely why the consensus from analysts remains that Motley Fool investors should simply hold the stock — for now, at least.

Shares of Cineplex stock didn't go insane, as they did with AMC, creating a less-volatile situation. But it's not completely devoid of volatility. Cineplex still has a long road ahead to make back the insane amount of debt it took on during the pandemic. Even with government aid. Yet there has been major improvement now that Canadians return to the theatre on a more regular basis. Films like Marvel's *Shang-Chi* and *Free Guy* sent Canadians to the film in droves. In fact, overall attendance climbed 430% year over year to 8.3 million from 1.6 million attendees the year before.

So, while Cineplex stock reported a loss, it was far less than the year before at $33.6 million. This amounts to a diluted loss per share of $0.53 compared to $1.91 the year before. It's still far away from pre-pandemic levels, but optimism is there. In fact, concession revenue reached an all-time high, up 16% year over year!

With a new James Bond film in the works and a holiday rush expected, it looks like Cineplex stock just might have a few more surprises for Motley Fool investors over AMC — especially with analysts giving it a potential *upside* of 30% for the next year as of writing!

Bottom line

Cineplex stock is by far the safer choice for Motley Fool investors today compared to AMC stock. AMC remains incredibly volatile in the meme stock world. Furthermore, it doesn't have the backing for such a high share price. Cineplex stock, meanwhile, has shown increased signs of improvement. While you may not see a doubling in share price, you may at least see marked improvement. Given the volatile nature of the entertainment industry, that's certainly far better than where the company was a year ago.

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