# Cineplex Inc. Is the Entertainment Company for Your Portfolio

## Description

Entertainment as it relates to watching movies has evolved greatly in the past years to the point that a trip to the movie theatre is not as common as it once was. Consumers have a dazzling array of choices that are literally at their fingertips— they can stream movies on smartphones or tablets and watch the latest movies from the comfort of a living room through online streaming services.



**Cineplex Inc.** (TSX:CGX) is one company that, at first glance, would be depicted as the likely victim to the new options available to consumers, but this could not be further from the truth.

Cineplex is doing just fine. It is reinventing itself to cater to the new entertainment options. Here's a look at what the company is doing, and why this is the entertainment company for your portfolio.

**Cineplex is diversifying into new revenue streams**

The company has moved far beyond just offering a screen and popcorn stand. Cineplex locations are more likely labeled as entertainment complexes rather than theatres, as many locations have an assortment of restaurants, game rooms, and entertainment options.

Outside the theatre, the company has an online streaming service of its own through the Cineplex Store, and a loyalty credit card through an agreement with the **Bank of Nova Scotia.**

Cineplex recently announced the acquisition of WorldGaming—an online gaming platform for tournaments, ladders, and leagues. The acquisition will allow online gaming tournaments, which are growing in popularity, to be held in theatre locations across the country. Hosting these tournaments in theatres is not only ideal, but likely to be a source of significant revenues for the company.

**Cineplex is a solid option that will only grow**

During the most recent quarter, the company posted record-breaking increases across a number of segments. Box office revenues were up by nearly $5 million to $186.2 million, and food service revenues were up by over $10 million to $108.4 million. Media revenues were up by 13% to $4 million over the same quarter last year.

These figures are in line with one of the stated goals of the company, which is that up to 50% of EBITDA comes from sources other than theatres.

The company pays out a very handsome monthly dividend that was raised earlier this year to $1.56 per share annually. The expectation is that this dividend will be increased further over the next few years.

Cineplex currently trades just shy of $47, closing on the 52-week high of $51.01. Year-to-date, the stock is outperforming the market, up nearly 5%. Extending this out to a full year, Cineplex is up by over 14%, and even longer term, the five-year price is up by 107%.

In my opinion, Cineplex remains a great option not only for those investors looking for dividend income, but for those seeking long-term growth. The company has shown the capacity to reinvent itself to remain relevant and grow considerably.

**CATEGORY**

1. Dividend Stocks
2. Investing



**TICKERS GLOBAL**

1. TSX:CGX (Cineplex Inc.)

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