



## Cineplex Inc. Is a Growth and Income Powerhouse for Your Portfolio

### Description

When it comes to selecting the right investment, diversifying is always key. Finding the right balance of companies that can offer both growth and income across an array of industries is often easier said than done, however.

**Cineplex Inc.** ([TSX:CGX](#)) can offer both growth and income to investors. What you may be surprised to learn, however, is how diversified the company actually is beyond the traditional movie and popcorn stereotype.

Here's a look at why Cineplex should be a core part of your portfolio.

### Cineplex provides income

Cineplex has long been established as one of the best dividend-paying investments around. The company pays out a monthly dividend of \$0.135 per share, which—given the current stock price of \$50.80—results in a very impressive 3.19% yield for Cineplex.

The benefits of investing in an income-producing stock like Cineplex can compound very quickly, which is why so many investors see Cineplex as a buy-and-hold-forever stock. Even better is the fact that Cineplex has established a pattern of increasing the dividend, and—to the joy of shareholders—this practice seems set to continue as the company has posted impressive earnings and shows aggressive growth.

### Cineplex has evolved the movie business

The stereotypical movie-theatre business model of the past doesn't really fit into the needs of today. Consumers have a myriad of ways to get the latest movies and content, including online purchases through cable providers, various online streaming services, and watching content from SmartTVs, gaming consoles, and even smartphones.

With so many ways to consume content, the movie business needed to evolve, and Cineplex went beyond that.

The company introduced a new VIP section to theatres, whereby movie-goers can sit in recliners and order food and alcohol off a chef-inspired menu. This not only improves the experience for customers, but it also adds significantly more revenue to the company as customers stay longer and order more concessions.

Staying longer is a key point in one of Cineplex's other initiatives: the Rec Room. The Rec Room is a large multi-purpose room that can be configured for a variety of events, ranging from birthday parties and get-togethers to corporate-hosted events. Customers stay longer and order more, and the intended audience for the Rec Room stretches far beyond the typical movie-goer.

Intended audience brings up another point of sheer genius by the company. Cineplex purchased an 80% stake in World Gaming, which holds events and competitions that cater to the gaming community, which is a multi-billion dollar industry that is still very much in its infancy in Canada. Typical gaming parties of the past used to be held in private homes gathered around a TV, but now these events can be hosted in theatres, translating into more concession sales for the company.

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