



## 4 Reasons to Own Cineplex Inc.

### Description

**Cineplex Inc.** ([TSX:CGX](#)) is Canada's largest movie and entertainment company with over 1,650 screens across 162 locations welcoming over 77 million customers every year. The company is known as being one of the best income stocks in the market as well as a stock with huge growth potential.

Here are just a few reasons to consider adding Cineplex to your portfolio if you haven't already.

#### 1. Cineplex outperforms during earnings season

Cineplex continues to perform admirably come results time. In the most recent quarter, Cineplex shattered expectations and delivered \$376 million in net revenue, representing an increase of 14.5%. Adjusted EBITDA for the quarter was also up by 13.8% to \$67.3 million.

Much of the positive results can be attributed to growth in a number of segments that are unrelated to the core movie business.

#### 2. Cineplex is diversified

Cineplex has far more to offer than the standard movie and popcorn business. The company has diversified well over the past few years by investing in a number of side businesses that have really started to contribute to the bottom line.

One such example is the company's digital media segment, which, among other things, is the name behind the emerging presence of large menu screens appearing in fast food outlets across the country. Year over year, this segment continues to perform admirably, providing double-digit growth for Cineplex. In the most recent quarter, the segment saw sales jump over 16% to \$29.1 million.

#### 3. Cineplex pays a great dividend

There are relatively few better options on the market that provide dividend income than Cineplex. Cineplex pays a monthly dividend in the amount of \$0.135 per share, or \$1.62 per year. At the current stock price, Cineplex provides a respectable 3.2% yield to shareholders.

Cineplex has steadily raised the dividend over the past few years and seems likely to continue this trend given the positive results and growth prospects of the company.

#### **4. Cineplex is reinventing the movie business**

At first glance, the popcorn and movie business model seems dated in a world full of smart devices and unlimited streaming options at our disposal.

Cineplex has evolved that traditional model by introducing unique ways to attract larger audiences and bolster revenues. One such example is the company's new VIP experience, which allows customers to enjoy a movie in larger, recliner-style premium seats and chef-inspired menus. The VIP experience also serves to keep customers in the theatre for longer periods of time, allowing customers to order more concessions.

Cineplex's venture into the emerging industry of eSports through the acquisition of World Gaming last year is another example of the company's continuing innovation. The eSports industry is still in its infancy, but it can attract huge crowds and significant revenues for Cineplex.

In my opinion, Cineplex remains a great investment for those seeking a long-term investment that can provide both growth and income.

#### **CATEGORY**

1. Dividend Stocks
2. Investing

#### **TICKERS GLOBAL**

1. TSX:CGX (Cineplex Inc.)

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