



## 3 Reasons Cineplex Inc. Will Grow in 2017

### Description

**Cineplex Inc.** ([TSX:CGX](#)) is a company that continues to impress me. In a time where the decades-old movie and popcorn model should have died off long ago, Cineplex continues to be a great investment and a source of significant growth and revenue for investors.

Here are a few reasons why it might be time to consider Cineplex if you haven't already done so.

### 2017 will have more blockbusters than 2015 and 2016

While 2016 wasn't necessarily bad for the box office, it paled in comparison to 2015, and some of the biggest box office hits of this past year were actually released in 2015.

But 2017 is shaping up to be the year for movie goers with a long line of movies set to take over the big screen.

Some of the most anticipated movies coming this year include another *X-Men* movie, sequels to *Guardians of the Galaxy*, *Transformers*, *Cars*, *Despicable Me*, and *Spiderman* franchises. Planned releases for the next installment of *Star Wars* as well as a *Justice League* movie next fall will likely be some of the highest grossing movies.

The recent release of *Rogue One: A Star Wars Story* fared well during its release this month, bringing in US\$155 million during its opening weekend. A further US\$96.1 million in box office revenue came in over the holiday weekend across the U.S. and Canada.

While this is impressive, keep in mind that *Rogue One* is a side-story from the main *Star Wars* saga which has a huge following. The highly anticipated *Episode VIII* movie slated to be released next December will likely be even more lucrative for Cineplex.

### Cineplex is constantly expanding

One thing that continues to impress me about Cineplex is how the company manages to keep expanding a decades-old business model with simple yet genius tweaks.

Cineplex's new VIP experience, for example, provides larger, recliner-style seating to customers in a dedicated area with access to a chef-inspired menu. This tactic not only breathes new life into the movie business model, but it has reinvented it in every way possible. Even the waiting room for the VIP experience is a different, more premium experience.

Cineplex has also taken the its most prized asset, the theatre itself, and re-purposed it for an emerging form of entertainment that has billion-dollar potential. Cineplex's investment into the eSports sector is likely to go down as one of the most lucrative investments in recent time.

The eSports segment is still very much in its infancy here in Canada, but in other parts of the world, there are literally thousands of spectators lined up to watch other people play popular video games.

By hosting these events on Cineplex property, Cineplex not only gets the benefit of significant traffic in its theatres, but it also gets concession sales from those customers.

### **Non-movie growth**

If you've been to a fast-food outlet recently and noticed the large LED screens that serve as menu-boards and play the occasional ad, then you've just seen Cineplex's latest venture.

Cineplex's digital media segment is forging ahead with placing screens in outlets across the country; it has seen significant gains from that business. The segment recently reported a 69.8% year-over-year gain in revenue, coming in at \$15.735 million.

While the digital media segment is unlikely to become the largest contributor to Cineplex's bottom line anytime soon, the segment has huge potential and growth prospects over the long term.

Finally, there's Cineplex's dividend. With a stable monthly dividend of \$0.135 and a yield of 3.17%, Cineplex still represents one of the better dividend options on the market, despite the dividend being lower than it has been in the past.

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