



Cineplex Inc. Is Ready for the Summer Blockbusters

Description

Cineplex Inc. ([TSX:CGX](#)) is not just the largest movie theatre chain in the country; it's also one of the most interesting investments you can add to your portfolio.

I realize that in the era of instantly streaming media and having more devices playing media from multiple sources at any time in history, a traditional movie-and-popcorn-style business seems a little retro. But Cineplex has undertaken several initiatives over the years that have invigorated that tired business model, and it has also introduced new revenue streams that appeal to the modern consumer.

Sound interesting? Good. Here's what you need to know about Cineplex.

People still go to the theatre

While consumers look more to the instant gratification of streaming a movie instantly on a phone, tablet or Smart TV, there's still something to be said about going to a theatre for the full movie experience. That's what Cineplex caters to, with the help of some nice upgrades to the traditional model. In its simplest form, the business is about getting people inside for an event and giving them somewhere to purchase concessions.

This week marks what is traditionally the start of the summer season blockbusters, and this year promises to exceed the figures from the last few years as consumers can expect no less than 20 blockbuster films from established franchises and highly anticipated movies to be released before the end of the year.

Superhero movies have been extremely successful, and Hollywood will release at least half a dozen of them before Christmas. The Christmas season will also see the release of the latest *Star Wars* movie, which is the most anticipated movie of the year and likely to shatter records at the box office.

In short, the movie theatre isn't going anywhere.

Cineplex's take on the movie experience

One thing I admire about Cineplex is how the company can take an established business model and not only provide new opportunities to that model, but establish entirely new revenue streams that have, amazingly, never been considered before.

One such opportunity is the VIP experience. Cineplex provided a separate seating area that uses larger recliner-style seats and a full menu worthy of a restaurant. The seats are reserved and come at a higher price, which, as it turns out, moviegoers are willing to pay.

Another opportunity that Cineplex has seized is with respect to eSports. While relatively new to Canada, the eSports market is evolving into a multi-billion-dollar business. Cineplex's stake in World Gaming allows it to host these events and viewing parties, which gets people on site and buying concessions.

Cineplex is also pursuing another business called the Rec Room that adheres to that same goal. The Rec Room is a configurable room that can be used to host events ranging from small get-togethers to corporate-catered events. It's a simple idea, but it has a lot of potential.

Should you invest in Cineplex?

Cineplex has done some impressive work breathing new life into a tired business model which should provide revenue and growth for the company for years. Investors looking for an investment that can provide income over time will no doubt be pleased with the monthly dividend that Cineplex provides, which, at \$0.135 per share, results in a respectable 3.25% yield.

In my opinion, Cineplex is a great investment opportunity that will continue to provide growth and income-earning potential for years.

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