



2018: A Look Ahead for Cineplex Inc. Stock

Description

Cineplex Inc. ([TSX:CGX](#)) stock was down 1% week over week as of close on December 20 despite an opening weekend from *Star Wars: The Last Jedi* that saw the second-biggest return in history. The company was unable to surpass its predecessor, *Star Wars: The Force Awakens*, which grossed over \$2 billion worldwide at the end of its box office run.

In late August, I'd discussed the [very poor summer box office](#) performance and how that could affect Cineplex in the third quarter. However, the article also dug into the potential revenue Cineplex could see from future releases.

Box office momentum picked up immediately in September with the hit horror remake *It*, which garnered over \$690 million worldwide. September broke all-time box office records in the U.S. and Canada, which alleviated some of the concerns that emerged in the industry in the summer. *Thor: Ragnarok*, which was released in November, has returned over \$840 million worldwide since its release.

Star Wars: The Last Jedi now heads into its second weekend already passed the \$500 million mark worldwide, albeit with some mixed audience reactions. The film is well positioned to break through the \$1 billion threshold before the New Year.

Cineplex released its third quarter results on November 7. As expected, it reported a drop in attendance – 12.8% to 16.8 million in the quarter. Net income also plummeted 33.8% to \$17.2 million. CEO Ellis Jacob defended his company after the earnings release pushed down the stock, pointing out that an unusually weak summer cast a shadow on results.

When Cineplex releases its fourth quarter results in 2018, Jacob will likely be vindicated given the box office performance we have witnessed in recent months. However, Cineplex still has some [challenges](#) ahead if it is to compete with the rise of home entertainment and changing consumer trends.

What does 2018 look like for Cineplex?

There are a number of big releases on the slate in 2018 that could very well breach the \$1 billion mark. *Avengers: Infinity War*

is the third installment in the trilogy. *Avengers 2* raked in \$1.4 billion in its worldwide release. *Jurassic World: Fallen Kingdom* is set for a June release. *Jurassic World* turned out over \$1.6 billion worldwide in 2015.

Walt Disney Co. will also release another standalone *Star Wars* film in 2018. *Solo: A Star Wars Story* is slated for a May 2018 release. Its 2016 release, *Rogue One: A Star Wars Story* brought in over \$1 billion worldwide.

If *Star Wars: The Last Jedi* surpasses the \$1 billion mark in the coming weeks, as expected, it will join three other films that have posted 10 figures in 2017. Looking broadly at the upcoming films in 2018, we can chalk up the aforementioned three as being good bets to pass the same mark.

Cineplex was priced at \$38.61 as of December 20, and the stock also boasts a 4% dividend yield. The year 2018 appears poised to beat what has been a mixed bag for the box office in 2017. Cineplex is an attractive buy before the New Year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/22

Date Created

2017/12/21

Author

aocallaghan

default watermark