



## Add This Entertainment Stock to Your Portfolio for Recurring Monthly Income

### Description

One thing I love about investing is how passionate and driven investors can be in researching and selecting their investments. This often leads to mixed reviews or ratings across the industry for a single company, leaving investors with the means to make their own decision.

One company that has constantly drawn criticism over the past year is **Cineplex** ([TSX:CGX](#)). While the company is predominately known for operating the largest network of movie theatres in the country, Cineplex is, in fact, an entertainment company that offers a multitude of revenue streams apart from the traditional movie-and-popcorn model.

### Why do some investors avoid Cineplex?

Unfortunately, some [defensive investors](#) have already dismissed Cineplex as a great investment. Part of that rationale stems from the belief that the traditional movie-and-popcorn model, which is where most of Cineplex's revenue stems from, is under constant attack from the growing list of smart devices and services that allow us to stream movies from the convenience of our homes without paying the hefty admission and concession fees.

Those investors also argue that as Cineplex is overly reliant on Hollywood for its revenue, a bad quarter at the box office could spell disaster for Cineplex. Critics often point to declining sales during the traditional blockbuster summer season as proof of this.

Fortunately, this too has been debunked, as in recent years Hollywood has opted to release blockbusters around the calendar year rather than in a compressed 12-week schedule in the summer. Over the past year, we've seen some of the highest-grossing blockbuster movies of the year released outside this window as proof of that.

### The allure of Cineplex and why you should buy now

There are many reasons to consider an investment in Cineplex.

Cineplex's dividend remains one of the most attractive on the market, and the current 5.45% yield is

extremely tempting, as is the fact that the company pays it out on a monthly basis. Additionally, prospective investors should note that Cineplex has provided annual bumps to that great dividend too, making it even more intriguing to investors.

Another point worth mentioning is one that is frequently mentioned by critics — the over-reliance of Hollywood in Cineplex's revenue stream. While it's true that Cineplex inherits whatever Hollywood produces, this is far from unique to Cineplex; a similar model can be found throughout the economy. If anything, Cineplex is *more* diversified than any number of businesses that are subject to that same restriction.

Take, for example, the case of a non-consumer automotive parts manufacturer that deals directly with the automotive giants. That manufacturer would be at the mercy of not just the automotive companies changing their specifications, but also any government policies on material composition or taxation. Similar parallels can be found throughout any consumer products from electronics and furniture to consumables.

Turning back to Cineplex, the unique factor that investors should take more into consideration is that Cineplex is diversifying into other entertainment options within and outside the cinema. Cineplex's Rec Room entertainment venue continues to draw in higher revenue with each passing quarter, and the company continues to build more locations. The same could be said of Cineplex's Digital Media segment, which is responsible for the digital signage appearing in fast-food locations across the country.

Both are growing in terms of market share and revenue, and neither have anything to do with watching movies in a theatre, where Cineplex is innovating, too. A great example of this that holds massive potential is Cineplex's venture in e-gaming, which draws in large crowds to theatres. Customers that watch gaming events pay an admission and then purchase concessions, much like a movie. One notable difference from the movie business is that in the case of gaming, the outcome is not certain, which acts as a catalyst for fans to come to events.

### Should you invest?

All investments pose some level of risk, and when it comes to Cineplex, there are vastly different views among investors. In my opinion, Cineplex remains an intriguing investment option for long-term [investors seeking income](#).

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