



## Why Cineplex Inc. (TSX:CGX) Stock Is a Great Buy in Disguise

### Description

Have you invested in **Cineplex** ([TSX:CGX](#))? Canada's largest entertainment company offers investors a compelling case for growth- and income-seeking investors, but most investors tend to shy away from the company owing to its predominance on the movie-and-popcorn business.

Here's a look at what makes Cineplex a compelling option to consider and why it matters now more than ever before.

### Meet Cineplex: Canada's entertainment company

One of the most shocking things about Cineplex that continues to baffle me is that the company continues to be known solely for its network of movie screens across Canada. To be clear, Cineplex does have the largest number of screens in the country, but the movie business isn't the only thing that Cineplex does; over the next few years that reliance is set to decline further.

The movie-and-popcorn model hasn't changed much since screens started popping up nearly a century ago. What has changed, particularly during the past decade, is the sheer number of ways that we can now consume content that was traditionally reserved for the big screen. There are now a growing number of streaming services available to consumers and an even larger number of smartphones, tablets, and smart TVs to view that content on, which begs the question on many investor minds, why go to a theatre at all?

Cineplex realizes that threat, and the company has moved in recent years to stem the tide, both by introducing new takes on that existing business model or by introducing new revenue streams in complementary areas. Key examples of this include Cineplex's VIP experience, which includes larger recliner-style seating and a full menu to order from, and Cineplex's digital media segment, which is responsible for installing digital menu screens across a bevy of fast-food establishments around the country and even internationally.

Perhaps the most interesting of those ventures has to be the Rec Room. The multi-configurable entertainment area can host anything from small gatherings and parties to fully catered events, and the

sites are known for offering an assortment of games, live entertainment, and food. To date, Cineplex has opened six Rec Room sites across the country and has more planned to open over the next few years.

In terms of a revenue mix, the theatre segment still accounts for the largest share of revenue across the company, but at 44%, that number is steadily dropping while both media and amusement segments experience growth.

## Don't underestimate Cineplex. Enjoy the show

Despite the steady decline in attendance and, by extension, revenue from Cineplex's theatre segment, the segment isn't being abandoned overnight. In fact, 2019 will be one of the biggest box office years in memory, with new installments from the *Avengers*, *Frozen*, *Toy Story* universes planning to keep theatres full and shatter box office records. I'm not even going to mention the upcoming movies from the *Star Wars* universe as well as the latest *James Bond* movie that are set to grace the screen towards the latter part of the year and into the next.

Beyond the big screen releases, another compelling reason to consider Cineplex comes in the form of its lucrative monthly dividend, which currently provides a handsome yield of 7.25%, handily making Cineplex one of the [best dividend-paying stocks in the market](#) at the moment.

In short, Cineplex is a great long-term investment. Yes, the market is changing, but until that happens, I'll gladly take that [juicy dividend](#), watch the Rec Room continue to grow, and enjoy the best from Hollywood.

### 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

2025/09/11

### Date Created

2019/03/28

**Author**  
dafxentiou

default watermark

default watermark