



Target This Dividend Stock Yielding 7.1% in May

Description

Cineplex ([TSX:CGX](#)) stock has dropped 4.8% in 2019 as of close on April 25. Shares are down 20% from the prior year. The stock has plunged 51% over the past three years.

The [numbers were grim](#) for the North American cinema in late February. The first two months in 2019 represented one of the most disastrous starts in years in terms of tickets sold. January ticket sales dropped 15% from the prior year, and revenue in February was at its lowest level since 2011 entering the final week of that month, which should come as no surprise. Big releases were scarce this winter, and **Disney** failed to release a *Star Wars* property during the holiday season for the first time since it rolled out *Star Wars: The Force Awakens* in 2015.

The North American box office saw a marked improvement in the month of March. High-grossing releases like *Captain Marvel*, *Us*, and *How to Train Your Dragon: The Hidden World* helped bolster ticket sales. March 2019 finished as the second-largest March box office performance in history. This was a welcome and much-needed boost after a brutal start to the year.

The month of April has lacked a big release, but that changes today. *Avengers: Endgame* hits theatres today, and it is already poised to break box office records. *Endgame* has already broken records for advance ticket sales and is set for a massive North American opening weekend haul. Current industry predictions forecast an opening weekend between \$260 million and \$285 million in the United States alone. The current opening weekend record is held by *Avengers: Infinity War* at \$257.6 million. Investors can bet on *Endgame* surpassing the \$2 billion worldwide mark.

It is not the only big release set for this spring and summer season. Future big releases include *Pokemon: Detective Pikachu* and the Disney live action *Aladdin* remake. The summer promises a bigger slate of potential blockbusters. *Toy Story 4*, *Spiderman: Far From Home*, and the live action *The Lion King* remake all promise big hauls this year.

Cineplex has pushed hard to diversify in the changing cinema landscape, but still relies heavily on its box office performance. The stock seemed to get back on track in 2018 before a rough third-quarter report sent the stock plummeting to finish the year. Cineplex is set to release its first-quarter results for

fiscal 2019 as markets open on May 2.

Investors should expect a mixed bag in Q1 2019, especially given the weak January and February for movie theatres. However, this can provide a buying opportunity for value and income investors. Cineplex is still an attractive addition because of its nice dividend. The company last announced a monthly dividend of \$0.145 per share payable on May 31, 2019, which represents an [attractive 7.1% yield](#).

Cineplex is trading at the low end of its 52-week range. The stock last had an RSI of 45, which puts it in neutral territory ahead of its next quarterly report. If a post-earnings drop sends it yield above 7.5%, investors should jump at the chance to add Cineplex.

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