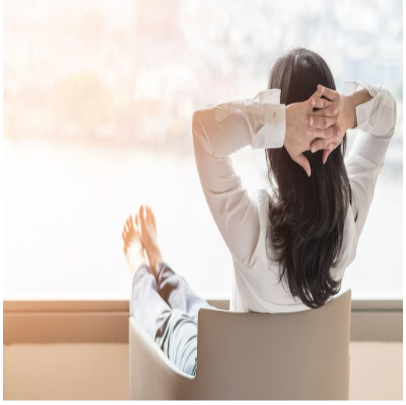

Make Money with 2 Big Movers: Why Investors Should Load Up

Description

Here are two big movers that can help you make money.

Buy Cineplex for a 7.5% yield and 28% upside

Cineplex (TSX:CGX) stock appreciated about 5% on Thursday after reporting record second-quarter results. It can be a great opportunity to buy the stock that just started to tick up, as Q2 could be its turning point.

Revenues were 7.4% higher against the comparable quarter in 2018, theatre attendance only fell 1.7%, box office and concession revenues per patron continue to grow stably, adjusted EBITDAL (earnings before interest, taxes, depreciation, and amortization after leases) climbed 6.9%, while adjusted free cash flow per share was 13.1% higher.

The high-yield dividend stock is still 17% lower from a year ago. At about $24 per share as of writing, it trades at an enterprise value to this year's estimated EBITDA of about 8.3, which is the cheapest valuation it's traded at for a long time.

CGX EV to EBITDA (TTM) data by YCharts

While you wait for the stock to turn around, enjoy a juicy yield of 7.5% that was supported by a recent adjusted free cash flow payout ratio of 64%. Analysts have an average 12-month price target of $31 on the stock for 28% upside.

Buy Canadian Tire for 3% yield, +10% dividend growth, and 27% upside

Canadian Tire (TSX:CTC.A) stock fell 5% on Thursday, a big movement for a multi-billion market cap company.

It reported decent second-quarter results. Revenues were 5.9% higher against the comparable quarter in 2018. Retail revenue was 7.8% higher; comparable sales were higher at all its franchises — up 1.9% for Canadian Tire, 2.6% for Mark's, and 3.7% for SportChek.

Diluted earnings per share (EPS) increased by 20.5%, while normalized diluted EPS climbed 13.8%.

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The stock decline was likely due to the news that the company will be acquiring Party City's Canadian business for $174.4 million. Party City is a top destination for "party supplies and an expert in seasonal and micro-seasonal celebrations with 65 Canadian retail stores in seven provinces," as introduced by the press release.

The acquisition should strengthen Canadian Tire's retail position and be immediately accretive to EBITDA and diluted EPS. As a case in point, Party City's unique product offering will be made available across Canadian Tire stores nationwide and on its online store. Party City will also be a part of Canadian Tire's Triangle Rewards program.

Canadian Tire can easily fund the acquisition with its cash position, which was $600 million at the end of Q2.

Canadian Tire is a value and dividend-growth investment. At about $136 per share, it trades at a price-to-earnings ratio (P/E) of 10.9 (a 20% discount from its normal P/E), while the company's growing its EPS by +10%.

It offers a safe yield of 3%. Since 2004, it has increased its dividend at a compound annual growth rate of 16%. What's more to like is that analysts have an average 12-month price target of $174 on the stock for 27% upside.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
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Category

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kayng