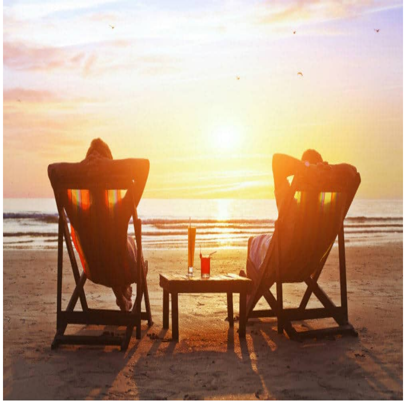

The Best Passive-Income Stock to Buy Today!

Description

I recently wrote an article about a stock that returns $9,000 a year in passive income. You can check out the article here.

Today, I am writing to alert all you Fools about another passive-income opportunity! This company is a diversified media company that operates chains of movie theatres. Its three main segments are Film Entertainment and Content, Media and Amusement, and Leisure.

Its Film Entertainment and Content segment generates the majority of its revenue, as it includes all direct and indirect revenues from theatre attendance.

In case you haven't already guessed it, the company I am referring to is **Cineplex** (TSX:CSX) — Canada's largest operator of movie theatres.

Cineplex operates 165 theatres across Canada, which includes 164 theatres and one drive-in. Investors should purchase shares of the company based on its high dividend yield and stable operating cash flows.

High dividend yield

At the time of writing, Cineplex pays a dividend of $0.15 per month for a dividend yield of 7.547%!

As an investor, an investment of $10,000 held from the beginning of the year until year-end would result in $755 in passive income!

Despite being in a struggling industry, investors should be thrilled to buy Cineplex for passive income, as it has a very simple business model, which means that its revenues are somewhat predictable.

The two main revenue drivers for Cineplex theatres are the concession stand and movie tickets. When the economy is going well, consumers will have more disposable income to spend on movies and popcorn. When the economy is on the decline, consumers will save this money and put it toward necessities like food and clothing.

When **Netflix** became popular, Cineplex inevitably took a hit. In many ways, this was also predictable as the affordability and convenience of Netflix far outweighs the pros of going to the movie theatre.

Cineplex's future success is easily observable, which means that investors can construe the effects of economic changes and act accordingly. The same cannot be said by companies with more complex business models like **Amazon**.

Stable operating cash flow

One of the most important metrics when determining the future success of a company is its operating cash flows. As an investor, operating cash flow is important because it is a direct result of a company's main line of business.

A high operating cash flow suggests that the company is able to generate sufficient income from the product or service that it sells to sustain the business. A low or negative operating cash flow puts the company in a precarious position, as it is not able to generate enough cash to sustain the business.

Summary

Cineplex is an overlooked stock when it comes to passive income.

Given its profile of 165 theatres across Canada and its Media and Amusement and Leisure segments, Cineplex is a much better investment than investors may initially think.

The company has a dividend yield of 7.547%, and it pays dividends monthly, which means that reinvested amounts will have an opportunity to compound and payout even more.

With high operating cash flows, Cineplex has proven to investors that it is here to stay. Will you be along for the ride?

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1. Investing

Date
2025/08/16
Date Created
2019/10/13
Author
cliu