



## TFSA Investors: Invest in Canada's Best Entertainment Stock

### Description

**Cineplex** ([TSX:CGX](#)) is an entertainment company with operations in film entertainment and content, media, and amusement and leisure, all supported by the SCENE loyalty program. These three reportable segments are business units offering differing products and services and managed separately due to their distinct natures.

The company has a price to book ratio of 2.74, and market capitalization of \$ 701 million. Debt is very high at Cineplex as evidenced by a debt to equity ratio of just 7.53. The company has depressed performance metrics with an operating margin of (22.29)% and a return on equity of (89.75)%.

Cineplex is focused on consistently providing guests and customers with exceptional experiences. The company looks to enhance and expand Cineplex's presence as an entertainment destination for Canadians. The company is also making efforts to capitalize on core media strengths and infrastructure to provide continued growth of Cineplex's media business both inside and outside theatres.

The company has made some good progress in developing and scaling amusement and leisure concepts by extending existing capabilities and infrastructure. Cineplex drives value within businesses by leveraging opportunities to optimize value, realize synergies, implement customer-centric technology and leverage big data across the company's ecosystems.

Cineplex pursues opportunities that are strategic, accretive and capitalize on the company's core strengths. Cineplex uses the SCENE loyalty program and database as a strategic asset to link these areas of focus and drive customer acquisition and ancillary businesses.

The company's strategy involves [going beyond movies](#) to reach customers in new ways and maximizing revenue per patron. Cineplex has implemented in-theatre initiatives to improve the overall entertainment experience, including increased premium offerings and enhanced in-theatre services.

The ultimate goal of several in-theatre [customer service initiatives](#) is to maximize revenue per patron and increase the frequency of movie-going at Cineplex's theatres. While box office revenues continue to account for the largest portion of Cineplex's revenues, expanded theatre food service offerings,

cinema media, digital place based media, amusement and leisure, promotions and other revenue streams have increased as a share of total revenues.

Cineplex generates revenues primarily from box office and food service sales. These revenues are affected primarily by theatre attendance levels. Box office revenues represented 45% of revenues in 2020 and continues to represent Cineplex's largest revenue component.

Cineplex has three reportable segments, film entertainment and content, media and amusement and leisure. The reportable segments are business units offering differing products and services and managed separately due to their distinct natures.

Cineplex's theatre circuit is concentrated in major metropolitan and mid-sized markets. Cineplex is making significant efforts to diversify outside of the traditional theatre exhibition model through the company's media and amusement and leisure businesses. Although Cineplex focuses on growth initiatives, management remains vigilant in controlling costs without compromising experiences. Cineplex has continued to invest in new revenue generating activities through the COVID-19 pandemic.

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**Author**  
nikhilwaterloo

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