



## 3 Reasons Cineplex Stock Could Rise Higher This Fall

### Description

**Cineplex** ([TSX:CGX](#)) is the largest movie theatre operator in Canada. Its shares have [climbed 62%](#) in 2021 as of close on October 14. The stock is up over 200% from the same period in 2020. Today, I want to discuss three reasons the stock could be [headed higher](#) in the autumn. Let's jump in.

### Movie theatres have an exciting slate of releases to look forward to

Movie theatres across Canada enjoyed a broad reopening in the summer, though there was some frustration with Ontario's plan. Since then, we have seen successes and a handful of major disappointments. *Shang-Chi and the Legend of the Ten Rings* still sits atop the pack for the top box office draws of 2021. The October 1st release *Venom: Let There Be Carnage* has put together a strong run this month.

The Halloween season is typically a positive for movie theatres. Successes in the horror genre tend to boast great profitability, as they are cheap to make and tend to draw big crowds. This month, Cineplex can look forward to releases, like *Halloween Kills* and *Antlers*, that it hopes will generate a spark. In November, the intensely bankable Marvel Studios will release *Eternals*. After that, there will be a slew of big draws like *Spider-Man: No Way Home* and *The Matrix Resurrections* released during the holiday season.

### Cineplex is set to mark more improvement in its next earnings release

Investors can expect to see Cineplex's third-quarter 2021 results in the first half of November. In Q2 2021, the company delivered revenue growth of 195% to \$64.9 million. Of course, this was due to the company being forced to virtually halt all operations in the second quarter of 2020. Theatre attendance jumped to 1.1 million in Q2 2021. Meanwhile, box office revenues per patron jumped 142% to \$10.89. Cineplex and its peers will have to squeeze value out of every single customer they draw in this

incredibly competitive environment.

What can investors expect for the third quarter? For one, Cineplex will be able to show off a complete quarter of full operations. As we covered above, the company has no doubt received a boost from some of the bigger successes for the North American box office.

## Disney has given Cineplex and its peers a big boost

Cineplex and other top movie theatre operators like **AMC Entertainment** were undoubtedly pleased with **Disney's** [big announcement](#) in September. The company revealed that the remainder of its 2021 movie releases would debut exclusively in theatres for a minimum of one month. This means that cinemas will no longer have to compete directly with its hugely successful streaming platform, Disney+, at least when it comes to new releases.

That move provided some much-needed relief for the movie theatre industry. However, there is still huge competition for the entertainment dollar. Cineplex recently unveiled a monthly membership called CineClub. This service, which boasts a price tag of \$9.99 per month, comes with one free movie admission per month. It also provides customers with discounts at the concession stand and at The Rec Room.

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### Date

2025/08/20

**Date Created**

2021/10/15

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