



## Can Cineplex Stock Earn a Profit by the End of the Year?

### Description

As with any significant developments in the stock market, some stocks will be impacted far more than others. This can be positive or negative. And in the cases of the pandemic and **Cineplex** ([TSX:CGX](#)) stock, as most investors know by now, it was severely impacted by the pandemic and the corresponding restrictions.

Now that many of the pandemic's restrictions are behind us, though, Cineplex stock is free to begin recovering its operations and growing its sales once again.

But will Cineplex be able to recover enough to swing to a profit this year, or will it continue to struggle as other recovering businesses are, such as **Air Canada** stock?

### Can Cineplex see a full recovery this year?

Just like Air Canada, Cineplex stock saw much of its operations come to a halt as a result of the pandemic. However, unlike Air Canada, Cineplex faces far fewer headwinds in this environment.

Therefore, it's a stock that you can have much more confidence in, and a lot of its performance will come down to internal factors it can control.

So far, Cineplex stock has only reported earnings for the first quarter of 2022, with its second-quarter earnings expected to come out on August 11, 2022.

And while Cineplex stock still did report negative earnings on its bottom line in the first quarter, it's clear its business is well on its way to recovery. For example, in the first quarter, Cineplex's revenue grew by over 450% year over year.

And in the second quarter coming up, its sales are again expected to grow by over 450% year over year, with analysts expecting its net loss to shrink to almost breaking even.

So, when can we expect Cineplex stock to swing to a profit?

## Will Cineplex stock report a profit this year?

According to analyst estimates, Cineplex stock is expected to finally earn a profit on the bottom line by the third quarter of this year.

Its [EBITDA](#) has already been positive and improving for a few quarters now. But with analysts continuing to expect that Cineplex stock will grow its sales throughout the year, the stock is expected to earn a net income of \$15 million in the third quarter and \$28 million in the fourth quarter.

However, just because Cineplex is finally recovering and improving its earnings, does that mean that the shares are worth buying now?

Currently, after selling off throughout the year, despite its business's recovery, Cineplex is trading at a forward [price-to-earnings](#) (P/E) ratio of 20.5 times and a forward enterprise value-to-EBITDA ratio of just 6.4 times. Neither of these ratios are that cheap. However, if Cineplex stock can continue recovering, it could soon become one of the best value stocks on the market.

While the stock is only expected to earn about \$43 million in profit through the second half of 2022, according to analysts, in 2023, Cineplex stock is expected to earn just over \$60 million in net income. And with the stock currently trading with a market cap below \$700 million, that would give it a P/E ratio of just 11 times, a much more attractive valuation.

Therefore, while the stock looks a little expensive today, Cineplex has a tonne of recovery potential over the next few quarters. And if the share price continues to remain under pressure, Cineplex could easily be one of the best value stocks to buy.

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danieldacosta

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