



## If I'd Invested in Cineplex at the Start of 2022, Here's What I'd Have Now

### Description

**Cineplex** ([TSX:CGX](#)) is a Toronto-based entertainment and media company. Most Canadians should recognize Cineplex as the [top cinema operator in the country](#). That role has afforded the company some terrific advantages in previous years. However, it faced a generational challenge in the form of the [COVID-19 pandemic](#) in 2020. Fortunately, the company was able to survive.

Today, I want to explore how an investment in this top cinema stock would have performed over the course of this year.

### If we'd snatched up Cineplex at the start of 2022...

Cineplex was able to recoup some of its sharp 2020 losses in 2021. It entered the previous year with its stock in single digits and would climb passed the \$16/share mark by the early summer. In late 2021, the company had returned to nearly full operation and a crowded streaming sector had breathed new hope into the old guard. Investors who wanted to bet on a continued comeback for the movie theatre industry could talk themselves into Cineplex stock in the beginning of 2022.

Shares of this stock closed at \$13.61 on December 31, 2021. For our hypothetical, let us say that we purchased 150 shares of Cineplex for a purchase price of \$2,041.50 as markets opened on January 3, 2022.

This year has not been worth celebrating for most investors. Unfortunately, that would still be the case for anyone who jumped on this top cinema stock to kick off the New Year. Shares of Cineplex have plunged 31% in 2022 as of close on September 30, 2022. It was last priced at \$9.10 per share. This means that our original 150-share investment would be worth \$1,365 ahead of the first trading session in October. That is a loss of \$676.50.

Could we hope to claw back to our original investment before the end of 2022? Or should we cut our losses and lick our wounds in this [volatile market](#)?

## How does the company and the broader industry look right now?

Investors can expect to see its third-quarter fiscal 2022 earnings in the first half of November. In the second quarter of 2022, the company posted total revenue growth of 438% to \$349 million. Meanwhile, theatre attendance soared 866% to 11.1 million. Box office revenues per patron and concession revenues per patron increased 12% in the year-over-year period.

In the year-to-date period, Cineplex delivered total revenue growth of 444% to \$578 million. Theatre attendance rose to 17.8 million over 1.6 million in the first six months of fiscal 2021. That said, Cineplex had its doors closed for most of the first half of fiscal 2021.

The company provided August 2022 box office results on September 9. It posted box office revenues of \$36 million this past August. That represented only 64% of box office revenues compared to the same month in 2019. However, Cineplex did deliver a strong July that saw revenues of \$66 million. That represented 85% of the revenue total in July 2019. Investors should be pleased with that number considering what the company has gone through in the early part of this decade.

## Cineplex: Here's what I'd do with the stock right now

The movie theatre industry has not quite returned to pre-pandemic form, but it has bounced back nicely in a relatively short period. Cineplex stock is trading in favourable value territory relative to its industry peers. Meanwhile, it remains on track for solid revenue growth going forward. This is a risky stock that is also undervalued at the time of this writing. I'd look to hold on to our original investment ahead of what is typically a very profitable Halloween movie-going season.

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