



Is Now the Right Time to Buy Cineplex Stock?

Description

Cineplex ([TSX:CGX](#)) is a Toronto-based entertainment and media company that operates in Canada and internationally. It boasts a [monopoly in its home country](#), where its dominant position has gone unchallenged over the past two decades.

Today, I want to discuss whether it is finally the perfect time to snatch up Cineplex stock at a [discount](#). Let's jump in.

How has Cineplex stock performed in 2022?

Shares of Cineplex stock have [plunged 30%](#) in 2022 as of close on December 15. That has pushed the stock into negative territory in the year-over-year period. Its shares have slipped 4.9% over the past week. Readers can look through the interactive chart below to get an idea of how it has performed recently.

This top cinema stock has shown remarkable resilience in the face of challenges in recent years. Indeed, the company looked like it may be on the ropes as it was forced to close its doors for months during the COVID-19 pandemic. Instead, the company has endured and found ways to stay afloat.

Is the traditional cinema showing signs of recovery?

Home entertainment alternatives like streaming and others have seriously disrupted customer traffic at the movie theatres. Cinemas have been forced to increasingly rely on blockbusters to churn out steady revenues. Indeed, **Disney** film releases have emerged as a dominant force at the North American box office.

In 2022, *Top Gun: Maverick* currently holds the top North American box office slot having raked in \$718 million domestically. It is followed by *Black Panther: Wakanda Forever* and *Doctor Strange and the Multiverse of Madness*, two Disney releases that brought in over \$400 million each at the domestic box office.

Cineplex could use an additional assist to close out this year. *Avatar* beat out Cameron's previous monster hit — *Titanic* — to become the highest grossing film of all time at \$2.9 billion worldwide since its 2009 release. *Avatar: The Way of Water* is Cameron's long-awaited sequel. It will hit theatres this weekend.

Should you be encouraged by recent Cineplex earnings?

This company unveiled its third-quarter (Q3) fiscal 2022 earnings on November 10. Cineplex achieved total revenue growth of 35% to \$339 million. Meanwhile, theatre attendance jumped 34% year over year to 11.0 million. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. It aims to give a clearer picture of a company's profitability. Cineplex delivered adjusted EBITDA growth of 29% to \$63.0 million in Q3 2022.

In the year-to-date period, total revenues have surged 157% to \$918 million. Moreover, theatre attendance shot up 193% to 28.8 million. Box office and concession revenues per patron have increased 5.3% and 3.1%, respectively, compared to the prior year.

Cineplex stock: Why I'm not giving up on this Canadian staple

Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given security. Shares of Cineplex last had an RSI of 35, which means the top cinema stock is trending toward technically oversold territory. I'm looking to snatch up Cineplex stock as movie theatres have a good shot at gorging on the take from *Avatar: The Way of Water*.

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