



Cineplex Stock: Here's What's Coming in 2023

Description

Cineplex ([TSX:CGX](#)) stock has had a pretty good run in the last few years. Since hitting a low of \$4.63 in 2020, it has risen 69.3%. That's a pretty decent gain in fewer than three years. However, Cineplex largely stalled out after 2021. It hit a high of \$16.39 that year and has fallen more than 50% since then. Obviously, more people are watching movies now than in 2020, when theatres were forced to close due to the COVID-19 pandemic. Still, profitability still seems like a distant dream for Cineplex.

In this article, I will explore what's coming for Cineplex in 2023 and whether it will be enough to improve the company's fortunes.

Avatar results

The big thing we have to look forward to from Cineplex in 2023 is its fourth-quarter earnings. In the [income statement](#), we'll see how much money *Avatar: The Way of Water* generated for the company. We know that the movie itself is doing well. So far, it has grossed \$1.9 billion. Many movie theatres in the U.S. and around the world have made a lot of money off it. However, we won't know exactly how much Cineplex made until it releases its fourth-quarter earnings.

The earnings release will show how much revenue and profit CGX made between October and December of last year. It may also show how much money Cineplex made specifically from *Avatar*. Quite likely, there will be a large increase in revenue, as *Avatar* is one of the biggest movies in recent years, but we'll need to see the release to know exactly how much extra revenue was generated. So, keep your eyes peeled for Cineplex's fourth-quarter earnings; they should be out in a few weeks.

Another quarter of Avatar

Three months after its fourth-quarter earnings come out, Cineplex will release its first-quarter results. These will also contain a significant impact from *Avatar*. At the time of this writing, *Avatar* was still going strong at the box office. This past Tuesday, it [brought in \\$12 million](#) — a fantastic sum for a month-old movie on a weekday. Many experts believe that *Avatar* will go on to gross over \$2 billion or

possibly even surpass the original *Avatar* as the highest-grossing movie of all time. If that's the case, then the movie will continue bringing in receipts for Cineplex and add to its results in the first quarter.

So, we have at least two quarterly reports coming up in which *Avatar* is likely to boost CGX's sales. It's a real catalyst that could deliver big results. With that being said, this catalyst has to be put into perspective. A revenue boost from a once-in-a-decade blockbuster like *Avatar* won't last. After *Avatar* leaves theatres, Cineplex will be showing movies that are more similar to what it showed in the past. It could grow by raising ticket and confection prices, but there are limits to what that can do. Most likely, the *Avatar* bump will wear off eventually, and CGX's revenue will fall.

Will Cineplex become profitable?

The big question for Cineplex shareholders is whether the *Avatar* tailwind will cause the company to become profitable. In 2021, Cineplex lost \$248 million. It will be interesting to see whether *Avatar* unleashes profit for full year 2022. If it does, then CGX may be able to pay off debt and turn its fortunes around. If it doesn't, then this story could end badly.

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