



Is Now a Good Time to Buy Cineplex Stock?

Description

Cineplex ([TSX:CGX](#)) is a Toronto-based entertainment and media company that [operates in Canada](#) and around the world. Today, I want to determine whether it is worth snatching up Cineplex stock, as we approach the midway point in February 2023. Let's jump in.

How has this stock performed over the past year?

Shares of Cineplex have [plunged 35%](#) year over year as of early morning trading on February 9. However, the stock has jumped 10% so far in the new year. Investors who want to see more of its recent performance can play with the interactive price chart below.

Here's why I'm optimistic about Cineplex in 2023

The state of the traditional cinema was grim coming into 2022. This industry suffered an existential crisis, as the COVID-19 pandemic forced theatres to close their doors for months on end. Top franchises like *James Bond* and *Mission Impossible* moved to delay their releases in order to avoid a disastrous box office take. Fortunately, there has been a strong bounce back, as theatres have fully reopened over the past year.

In 2022, three films were able to rake in over \$1 billion at the international box office. *Avatar: The Way of Water* has been the big story since its December release. James Cameron has once again demonstrated his Midas touch at the box office as the long-awaited sequel to the 2009 science fiction epic has managed to pull in over \$2.1 billion worldwide at the time of this writing. That is good enough for fourth on the highest-grossing films of all-time list. James Cameron has directed three out of the four highest-grossing films of all time, with the first *Avatar* and *Titanic* claiming the number one and number three spots.

Investors have reason for optimism as we review the 2023 movie release schedule. Some of the more promising releases include *Fast X*, *The Super Mario Bros.*, and *Ant-Man and the Wasp: Quantimania*. These early releases all have the potential to pull in big-box office returns in the first half of this year.

Should you be encouraged by its recent earnings?

Cineplex unveiled its fourth-quarter and full-year fiscal 2022 earnings on February 7. Total revenues increased 16% year over year to \$350 million. EBITDA stands for earnings before interest, taxes, depreciation, and amortization, and it aims to give a more accurate picture of a company's profitability. Adjusted EBITDA climbed 54% to \$31.2 million in the fourth quarter of 2022.

The company achieved record quarterly box office revenues per patron of \$13.06 and record quarterly concession revenues per patron of \$8.93. However, theatre attendance dropped 10% to 9.20 million. For the full-year theatre attendance was still up 89% to 38.0 million. [Total revenues](#) also increased 93% to \$1.26 billion for the full year. Adjusted EBITDA surged 320% to \$251 million.

Cineplex: Is it time to buy?

Shares of Cineplex are trading in attractive value territory compared to its industry peers. The company is on track to deliver strong revenue growth in the quarters ahead. Moreover, it has climbed back to profitability after several very challenging years. Cineplex is a stock that is worth taking a chance on right now.

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