



## Why Sears Canada Shares Popped

### Description

*Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.*

**What:** Shares of embattled retailer **Sears Canada** (TSX: SCC) climbed 10% today after its quarterly results easily topped Bay Street expectations.

**So what:** The stock has soared over the past six months on optimism over management's turnaround initiatives, and today's Q3 results — adjusted EBITDA more than doubled on a revenue increase of 1.2% — only reinforce those good vibes. In fact, same-store sales were up for the first time since 2008, while management also declared a special \$5 dividend related to recent asset sales, suggesting that the company is steadily becoming more efficient.

**Now what:** Management remains cautiously optimistic about its prospects going forward. "While we are pleased with our results for the quarter and October in particular, more work lies ahead of us to create a platform for sustainable growth," [said](#) CEO Doug Campbell. "We are reestablishing fundamentals across the enterprise to ensure we have a solid foundation on which to continue growing the business." Of course, with Sears Canada shares surging to a new 52-week high today and trading at a lofty EV/EBITDA of 35, much that turnaround talk might already be baked into the price.

### CATEGORY

1. Investing

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