



Make Money While You Sleep With This Hot Growth Stock

Description

Sleep Country Canada Holdings Inc. ([TSX:ZZZ](#)) shares are up ~29% over the past year, despite the ~24% dip experienced this summer. The mattress retailer owns over 170 stores with distribution centres across the country.

You're probably aware that the retail industry is on its knees right now due to the rising pressures brought forth by e-commerce giants. Not many brick-and-mortar retailers like Sleep Country can stay standing in such a harsh environment. Sleep Country has not only survived, but it's thrived, and there's still a tonne of room for growth.

Sears Canada's downfall is an opportunity for Sleep Country

Sears Canada recently announced its application for approval to liquidate what remains of its assets. Sears Canada is the second-largest player in the sleep and mattress market. As Sears goes down, many customers are going to need to find a new place to get their bed frames, mattresses, and other sleep accessories.

As Canada's leading mattress retailer, Sleep Country has a gigantic opportunity to win over Sears Canada's customers.

Q2 2017 post-earnings plunge not warranted

In the last quarter, Sleep Country clocked in promising numbers which saw growth across the board. Revenues jumped 10.7% year over year to \$133.05 million, with adjusted earnings per share (EPS) surging 18.5% year over year to \$0.32. Although year-over-year growth was solid, many investors were disappointed with the results, since analysts were expecting a bit more from the top line.

Shares of ZZZ have since rebounded from the dip, which goes to show that accumulating shares on dips is a prudent strategy to accumulate a position in such a growth powerhouse.

The company is set to release its Q3 2017 results on November 1, and if the stock sells off in a similar fashion due to a slight miss on the top or bottom line, it might be a good idea to pick up shares on

weakness. For Q3 2017, Sleep Country is expected to see double-digit revenue growth and accelerated growth in its accessories segment.

Bottom line

The company is expanding ridiculously fast, and now that Sears Canada is going down, Sleep Country has the opportunity to become an even bigger force in the Canadian mattress industry.

The company's ambitious expansion plan is expected to fuel earnings growth for many years, and given the predictable nature and low-tech nature of the business, I expect the company will be successful, despite attempted disruption from digital retailers (mattress-in-a-box businesses).

Let's face it. Mattresses aren't really something you should be ordering online. Sure, returns are free, but who really wants to deal with stuffing a mattress back inside a tiny box? Brick and mortar is the way to go, and Sleep Country is your best bet.

Stay smart. Stay hungry. Stay Foolish.

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