



Got \$3,000? Target These 3 Back-to-School TSX Stocks

Description

The back-to-school season in 2020 has been met with excitement and intense anxiety in the face of the COVID-19 pandemic. Provincial leaders have vowed to take a regional approach that they hope will prevent broad and damaging lockdowns. Today, I want to look at three **TSX** stocks that look attractive in the back-to-school season. These are not companies that provide school supplies, but stocks that will benefit ahead of the fall and winter seasons. Let's dive in.

Why I'm still bullish on this TSX stock in the fall

Sleep Country Canada ([TSX:ZZZ](#)) is engaged in retailing mattresses and bedding related products in Canada. This TSX stock has dropped 1.8% in 2020 as of close on September 23. However, its shares have climbed 22% over the past three months.

Fall season in Canada means that Canadians will turn to [interior home improvements](#). This includes more renovations and furniture purchases. Sleep Country Canada is in a good position to benefit from this shift beginning in October.

The company released its second quarter 2020 results on August 6. Revenues fell \$51.7 million year-over-year mainly due to mass retail store closures. However, Sleep Country continued to bolster its impressive e-commerce offering. Moreover, it reopened all 276 retail stores on June 24.

Shares of Sleep Country last possessed a price-to-earnings ratio of 18 and a price-to-book value of 2.3. This puts the TSX stock in favourable value territory. Unfortunately, investors will have to wait a little longer for its dividend payment to re-initialize.

Another furniture stock to snag before October

Leon's Furniture ([TSX:LNF](#)) is a Toronto-based company that operates as a retailer of home furnishings, mattresses, appliances, and electronics. Shares of this TSX stock have increased 13% so far this year. The stock has jumped 17% month over month.

Its second quarter 2020 results were released on August 12. Revenue fell to \$416.7 million compared to \$560.9 million in the prior year. Like Sleep Country, Leon's suffered in Q2 2020 due to mass store closures. Leon's digital channels also reported a massive spike in activity in the most recent quarter. E-commerce initiated sales in Q2 2020 soared over 500%. Meanwhile, diluted earnings per share grew 93.3% to \$0.58.

This TSX stock last had a favourable P/E ratio of 11 and a P/B value of 1.5. Leon's last paid out a quarterly dividend of \$0.14 per share, which represents a 3% yield. Better yet, Leon's also possesses an immaculate balance sheet.

Home improvement TSX stocks are on the rise

Investors looking to bet on an increase in home renovations should look to **Richelieu Hardware** ([TSX:RCH](#)). Richelieu is a Mississauga-based company that manufactures, imports, and distributes specialty hardware and complimentary products. Historically [low interest rates](#) will inspire more work on homes in the months ahead. This is a great time to target this TSX stock.

Shares of Richelieu Hardware have increased 26% in 2020. The stock is up 36% year over year. In Q2 2020, the company saw total sales fall 11.7% to \$248.3 million. Meanwhile, diluted earnings per share came in at \$0.31 over \$0.33 in Q2 2019. However, in the year-to-date period diluted EPS has increased 4% to \$0.52.

Richelieu is pricey right now after riding momentum for most of the year. It last paid out a quarterly dividend of \$0.0667 per share, representing a modest 0.7% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:LNF (Leon's Furniture Limited)
2. TSX:RCH (Richelieu Hardware Ltd.)
3. TSX:ZZZ (Sleep Country Canada)

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