



## 1 TSX Stock Has Leveraged E-Commerce to Fight the Effects of COVID-19

### Description

The effects of the pandemic are here to stay, and one of the fallouts of the pandemic is the work-from-home concept. As this will become a very valid option that companies will offer their employees, people are going to be spending a lot more on their homes to make it comfortable for them. A home is no longer going to be a place to sleep and for the weekends. It will assume even more importance in daily life.

Home furnishing stock **Leon's Furniture** ([TSX:LNF](#)) is the [country's largest retailer](#) of home furnishings, mattresses, appliances, and electronics. It also operates in the B2B space as a retailer of appliances for builders, developers, hotels, and real estate companies.

At a market capitalization of \$1.58 billion, it is not a large company, but it is primed for growth, and that is what makes it a good option to look at.

### Good financial results for the TSX stock

Leon's recently announced its results for the third quarter, and it seems to be impressive. There was a 7% increase in total system-wide sales to \$762.8 million in this quarter against \$712.6 million in Q3 of 2019. Revenue for the quarter amounting to \$630.8 million was about 4.9% higher than the prior-year period and all its product segments witnessed a revenue increase.

While the same-store sales showed a 4.5% growth this quarter, e-commerce sales for Q3 were growing in triple digits at 235%. Leon's has around \$460 million of cash & investments, which can be used for capital expenditures, acquisitions, and growth.

### A thirst to grow bigger

Leon's has constantly been increasing its outlets. It hasn't stopped even during the pandemic. In the third quarter of 2020, it opened [two stores](#) in Calgary, Alberta, and Kelowna, British Columbia. Also, a new full-line store in Fredericton, Brunswick will start its operations by the beginning of Q1 of 2021.

Leon's has not hesitated to cut dividends when the going is tough. However, when you look at the cash balance, you would not be wrong in assuming that the company could have chosen to not cut dividends.

Leon's dividend payout is about 30% of its profits. Also, it had paid out about 8.5% of its free cash flows last year, making its future dividend payments both covered by its profits as well as cash flows. For the past five years, EPS at Leon has been growing at 12%, and it has been reinvesting the majority of it.

Its yearly dividend payments have been growing only by 1.6% per year on average. Leon's future dividend yield is 3.2%. It's not earth-shattering, but it is not bad either.

## The Foolish takeaway

These above points make Leon's an interesting stock if you are looking for a long-term investment option. The stock is currently trading at \$20 and analysts have given it a target of \$22.25. That's a little over 11%. The stock has beaten analyst estimates for the last two quarters, and I think this is a good stock to add to your portfolio for long-term growth.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:LNF (Leon's Furniture Limited)

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