



## 2 Stocks to Buy for Valentine's Day

### Description

Many people buy chocolate, flowers, jewelry, and greetings card for Valentine's Day. Some people will also go to restaurants (for those living in areas where restaurants are open) or order a meal to take out to celebrate the occasion. That's great, but have you thought about treating yourself with some stocks?

Companies that are selling Valentine's Day stuff and restaurants benefit from Valentine's Day and could be great buys. That's why **Dollarama** ([TSX:DOL](#)) and **MTY Food Group** ([TSX:MTY](#)) are two great stocks to buy for Valentine's Day.

### Dollarama

Dollarama is selling lots of stuff for Valentine's Day. You can find a large variety of chocolate, candies, greeting cards, and decorations in its stores for Valentine's Day. What people love about Dollarama is that everything is cheap – prices go from \$1 to \$4.

Due to the Covid-19 pandemic, many Canadians have lost their jobs or earn less. Consumers who have less money to spend will prefer to go to Dollarama to shop so they get more bang for their buck. And unlike many other retailers, Dollarama stores were able to stay open throughout the pandemic as it was deemed an essential business. The discount retailer keeps delivering strong results on both the top and bottom line.

Indeed, Dollarama posted sales growth of 12.3% in the latest quarter. Comparable store sales growth was 7.1% during the period. Overall, the company earned \$161.9 million, or \$0.52 per diluted share compared to \$138.6 million in the [third quarter of fiscal 2021](#), or \$0.44 per diluted common share, in the third quarter of fiscal 2020. The quarterly cash dividend was increased by 6.8% to \$0.047 per common share.

These figures alone can justify the willingness of some investors to buy Dollarama.

## MTY Food Group

MTY Food Group is a Canadian franchisor and operator of numerous casual, casual, and quick-service fast-food restaurants operating under over 80 brands, some of which are through wholly-owned subsidiaries. MTY Food Group should see strong sales on Valentine's Day as people go to restaurants or order take-out to celebrate. The Montreal-based company is on the cusp of a full recovery and will thrive in the long-term through its strong acquisition strategies and continued growth.

The franchisor's stock has suffered from the perception that its restaurants, 98% of which are franchised, are essentially counters in shopping malls, much more affected by the pandemic. However, counters in food fairs and office towers now represent only 15% of the portfolio of the franchisor.

Fast food, for its part, now accounts for 83% of its establishments, which have benefited from the pandemic through home delivery. In addition, 54% of establishments are in the United States, where consumer behavior has been less affected by the pandemic than in Canada.

[MTY Group's third-quarter results](#) have beaten even the most optimistic analysts' forecasts. Analysts expected revenues between \$108 million and \$126 million, while MTY reported earnings of \$135 million, for adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) of \$43 million (consensus predicted \$23 to 26 million).

Analysts were a bit taken aback by the strong performance of Papa Murphy's in the United States and Cold Stone Creamery. Same-store sales have been increasing in Canada for 11 consecutive quarters and for four quarters in the United States, which is impressive.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:MTY (MTY Food Group)

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