1 Canadian Stock to Buy for a Post-Pandemic Recovery

Description

There are a lot of obvious Canadian stocks to buy when looking at a post-pandemic recovery. Shopping malls, real estate, grocery stores — all of these areas have been obvious ones. However, there's one Canadian stock Motley Fool investors may not have considered yet. And it's already seen revenue climb with the easing of COVID-19 restrictions. That's only likely to increase as the world slowly — but surely — returns to some normalcy.

Today, I'm going to look at why **Sleep Country Canada Holdings** (TSX:ZZZ) is a great addition to any portfolio looking for a post-pandemic recovery.

Not lying down on the job

Sleep Country recently posted a solid performance across the board. Management is focused on growth, and that's what it got during this last quarter. The company saw retail store locations open an average of 37.2% of normal operating days thanks to COVID-19. This was compared to 54% during the same quarter last year.

Yet revenue managed to increase an incredible 67.3% year over year, with same-store sales up 65.5% during that time. E-commerce sales came in with 29.6% of revenue for the quarter, and net income came to $17.5 million from a loss of $500,000 the year before.

But perhaps the most amazing number was the adjusted diluted earnings per share, which increased by an astounding 269.2% year over year! This is a key metric that bodes extremely well for future growth from the company and is why it's a top Canadian stock to buy.

Further growth on the way

As I mentioned, Sleep Country actually had fewer days open than last year and still managed to outperform. However, the future of growth is likely to continue. That's because the company announced the opening of four new stores, with now 287 across Canada. It will also see the opening of two more storage hubs and the expansion of its digital footprint from a partnership with Best Buy Canada.

Sleep Country's president actually argued the pandemic proved good for business in some ways. President Stewart Schaefer believes Canadians found a new appreciation for sleep "as a pillar of their well-being." This coupled with new growth has the president believing the company is "confident in our ability to deliver sustained, profitable growth for our customers, communities, associates and shareholders."

Fundamentals still strong

So, Motley Fool investors might think all this good news would mean Sleep Country is a Canadian stock to buy, but perhaps it's a bit expensive. But that's not the case. The company continues to trade at a P/E ratio of 14.75. That's even after climbing 71% in the last year, and 18% since the incredible earnings results.

And there is further growth to come if the company expands more into the digital world of online sleep. There are plenty of strong brands out there offering home delivery from simply filling out a form. Should Sleep Country shift towards this as well, it could increase e-commerce sales even higher.

For now, Motley Fool investors can pick up this stock with solid growth and a 2.36% dividend yield. All while analysts believe it has an average potential upside of 20% for the next year. So, if you're looking for the top Canadian stock to buy during the recovery, Sleep Country could be it.

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alegatewolfe