



Pet Valu (TSX:PET) Stock Soars 13% After Declaring New Dividend

Description

Pet Valu Holdings ([TSX:PET](#)) shares soared Wednesday morning after stellar earnings and the announcement of an inaugural dividend. Pet Valu stock jumped 9% in early trading, up 12.5% since Tuesday levels.

Key points

- Shares of Pet Valu stock jumped 9% after reporting same-store sales [growth](#) and increasing full-year earnings
- Pet Valu also announced an inaugural dividend of \$0.01 per common share
- The first dividend will be payable on Dec. 15, 2021.

What happened?

Pet Valu stock soared, as the pet store company announced a brand-new dividend on top of stellar earnings. Management reported same-sales growth of 20.3% year over year, and 32.7% on a two-year basis. That would include during the pandemic. Furthermore, adjusted EBITDA increased 39.4%, and the company increased its full-year guidance for 2021.

Net income for the quarter came in at \$24.3 million, an incredible increase of 179% year over year. Adjusted net income then came in at \$0.39 per diluted share, beating estimates of \$0.32 per share. Furthermore, Pet Valu stock increased its annual [guidance](#) to \$765 million in revenue for the year, with same-store sales growth above 15%. Furthermore, it expects net income of \$0.97 per diluted share.

Pet Valu stock also announced the opening of six new stores — an increase of 30 stores over the last year. Shares of the stock now trade at \$33.60 as of writing after the 9% jump.

What Pet Valu management says

The strong performance not just on an annual basis, but the proof that it can survive and thrive after the pandemic is what management was most excited about. This is also on top of supply chain challenges and inflation that didn't disrupt the company's growth strategy.

"We are incredibly pleased with the strong performance our business delivered in the third quarter, with every aspect of our operating model contributing to this success," said Richard Maltsbarger, president and chief executive officer. "...we have raised our 2021 guidance. As we move through the balance of the year and into 2022, we are proactively managing current market challenges in supply chain, labour and inflation with purposeful investments that support our long-term growth strategies."

What's next for Pet Valu stock?

It's clear that Pet Valu continues to see growth through new store locations as its main sales driver. Furthermore, the holidays are likely to see an increase in store activity as well. Pet Valu stock already has over 600 store locations across Canada, but it seems to have picked up the pace even during the pandemic.

Clearly, investors can remain confident in the growth of the company. Not just by share price, but because of this new dividend. Small as it is, that is stable income coming in no matter what happens with the stock.

Shares are up 29% year to date, with Pet Valu stock still climbing back to all-time highs seen during the summer. Pet Valu remains a new stock, coming on the market back in July of 2021. However, investors seeking a growth opportunity would do well to consider this stock as a long-term hold based on this report.

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