



Why Sleep Country Stock Jumped 10% on Friday

Description

Sleep Country Canada Holdings ([TSX:ZZZ](#)) saw shares jump over 10% on Friday after earnings for the quarter and full year came in stronger than anticipated.

What happened?

Sleep Country Stock climbed over 10% after reporting full-year and fourth-quarter earnings that beat out [estimates](#). The sleep retailer reported revenue up 9% year over year for the quarter and 45% compared with 2019 levels. Meanwhile, EBITDA also increased 8.5%, with e-commerce sales making up 20.9% of revenue in the fourth quarter.

Revenue for the full year for Sleep Country stock also increased, by 21.4% year over year. EBITDA soared by 19.9% year over year, with e-commerce sales making up 23.5% of revenue for the year. Earnings per share beat estimates at \$0.83 in the fourth quarter, and \$2.64 for the year.

So what?

Sleep Country stock didn't fall asleep on the job just because of the pandemic. Instead, the company found major opportunities that are seriously paying off. One, of course, is e-commerce. However, a lot of the recent growth in share price comes from the possibility of more revenue on the way.

Sleep Country has seen substantial revenue growth over the last two years, but management believes investors should look out for more. This comes from building and [expanding](#) its sleep "ecosystem." That's come from the acquisition of Hush and investment in Sleepout. Furthermore, its retail footprint included expanding to Express stores in **Walmart** Supercentres.

So, even with COVID-19 continuing to put pressure on the company, Sleep Country stock managed to soar past pre-pandemic revenue levels. Even as many consumers continue to be unable to purchase mattresses in store.

Now what?

Even more growth is on the way, according to management. Sleep Country stock launched its store on the **Loblaw** marketplace in January 2022 and amended its existing credit facility. It now has \$260 million, which includes another \$100 million extended to Oct. 22, 2026.

Furthermore, investors also received an added dividend for the quarter. Canadians can look forward to a 2.77% dividend as of writing. But the best news? The stock is still a steal! Sleep Country trades at just 12.86 times earnings even after the jump. Analysts give it a target price of \$44 — a potential upside of 44% as of writing.

Shares of Sleep Country stock are up 8.5% as of writing and down 19% year to date.

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