



Why Sleep Country Stock Fell 12% on Monday

Description

Sleep Country Canada Holdings ([TSX:ZZZ](#)) shares fell 12% on Monday after the company announced strong earnings last week, followed by a normal course issuer bid program.

What happened

Sleep Country stock saw shares drop as much as 12% as the company announced it would be purchasing shares for cancellation from time to time over the next year. Under the new program, the company plans to purchase back up to 5.3% of its public float.

The buyback program aims to start on March 9, 2022. The company did not take advantage of its previous normal course issue bid announced on March 9, 2021.

So what

The news comes just as Sleep Country stock saw shares climb over 10% on Friday after beating earnings. The blue-chip mattress company reported adjusted earnings per share of \$0.83, up from \$0.74 the year before. It far beat the \$0.68 expected, with revenue up 9% to \$271.2 million, beating estimates of \$250.4 million.

The share buyback shows that management isn't convinced that the share price reflects the worth of the company. And that looks true if you go by analyst [guidance](#). Analysts currently give a target price of \$42 per share, far higher than the \$26.65 where Sleep Country stock currently trades.

Now what

Whether that growth comes to fruition only time will tell. Right now, it could be the lower price has more to do with the volatile market than Sleep Country stock itself. After reaching such heights, shares may have fallen back as investors took returns rather than the buyback program affecting the price.

Still, investors in Sleep Country stock could see shares rise yet again on March 9 when there is potential for the company to start the [program](#). So right now, it looks like a good deal trading at 11.16 times earnings.

Shares of Sleep Country stock are down 10% as of writing. Shares are down 12% in the last year, and 29% year to date.

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