



Why I'm Buying Corby Spirit and Wine Stock Today

Description

When we Canadian investors were facing a [harsh market correction](#) back in March 2020, I tried to zero-in on stocks that were likely to be more resilient during a potential recession. **Corby Spirit and Wine** ([TSX:CSW.A](#)) was one of those equities.

Today, I want to explore why it is still one of my favourite stocks to buy in uncertain times. I'll also share some information about Corby's current valuation and its potential ahead of earnings, which are likely to be released in the next few weeks. Let's jump in.

Here's why Corby Spirit and Wine is on my radar right now

Corby Spirit and Wine is a Toronto-based company that makes and distributes alcohol. It owns or represents top-selling brands like J.P. Wiser's Whisky, Polar Ice Vodka, Lot 40 Canadian Whisky, Ungava Premium Gin, and many others.

The alcohol industry has established a reputation for resilience in the face of economic turmoil. The assumption is that consumption rises during difficult economic times, though recent studies have cast doubt on that supposition. Research from BevAlc Insights, a U.S.-based resource for data and insights on this sector, revealed that beer sales declined during the 2008-2009 recession. However, hard liquor sales enjoyed a big spike. Overall, alcohol consumption actually fell during the great recession, though the increase in hard liquor sales is noteworthy.

These trends piqued my interest in Corby Spirit and Wine. Some economists have warned that the risk of a recession is high over the next two years. Canadian investors who are looking for protection in their portfolios may want to invest in Corby today.

How does Corby Spirit and Wine look ahead of its next earnings release?

The company's top-performing brands in terms of shipment volume are Ungava gin, Lamb's rum, and

J.P. Wiser's. The premium gin market has enjoyed a resurgence in recent years, and Ungava has played a big part in the Canadian market.

Corby is still most heavily weighted in the more popular whisky, rum and vodka categories. Retail sales in the Canadian market in the first six months of fiscal 2022 were led by Mixable liqueurs and Ungava.

We can expect Corby's third-quarter fiscal 2022 earnings in the first two weeks of May. The company last reported earnings on February 10, and there were some positive takeaways from that report:

- Revenue of \$45.2 million in Q2 FY2022 rose 7% from the prior year
- Adjusted earnings from operations increased 18%, to \$14.6 million
- Adjusted net earnings also jumped 18%, to \$10.8 million, or \$0.38 on a per-share basis

What's more, the company has been bolstered by the lifting of pandemic restrictions across Canada in 2022.

Should you buy Corby Spirit and Wine stock today?

When this year started, I shared [why Corby Spirit and Wine had gained momentum](#) during a broader market pullback. Shares of Corby have climbed 14% in 2022 alone as of the close of trading on May 2. However, the stock has dipped 3% over the past week.

I'm looking to snatch up Corby before it releases earnings. It currently has a favourable price-to-earnings ratio of 19. Moreover, it last paid out a quarterly dividend of \$0.24 per share. That represents a strong 5% yield. This stock also give you exposure to an industry that has proven fairly reliable in times of economic uncertainty.

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Date

2025/07/01

Date Created

2022/05/03

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