



Should You Buy Andrew Peller Stock in This Market Correction?

Description

Andrew Peller ([TSX:ADW.A](#)) is a Grimsby-based company that is engaged in the production, bottling, and marketing of wines and craft alcohol products in Canada. Alcohol producers have historically been targeted for their resilience in the face of economic turmoil. Today, I want to discuss how this TSX stock has performed so far in 2022. Is it worth snatching up in this [bear market](#)? Let's dive in.

This TSX stock has been in a huge rut in recent years

Shares of this TSX stock have dropped 23% in 2022 as of early afternoon trading on June 20. The stock is now down 34% in the year-over-year period.

Wine has developed into one of the fastest-growing subsectors in the alcohol space, beating growth in the beer sector due to shifts in consumption for younger demographics. Millennials have shown more affinity for wine and spirits over the past decade. Last year, Grand View Research projected that the global wine market would deliver a CAGR of 6.4% from 2021 through to 2028. The market has suffered from disruption during the COVID-19 pandemic but has started to enjoy a steady recovery.

Should you be encouraged by Andrew Peller's recent earnings?

The company released its fourth-quarter fiscal 2022 results on June 15. It saw sales drop 4.9% from the previous year, as COVID-related shifts in purchasing patterns continued to weigh on its bottom line. Meanwhile, its net loss widened to \$7.01 million, or \$0.17 per share. Andrew Peller reported an EBITDA loss of \$630,000 — down from a positive EBITDA of \$1.81 million in the fourth quarter of fiscal 2021.

For the full year, Andrew Peller saw sales fall to \$373 million compared to \$393 million in the previous year. It posted EBITDA of \$39.1 million — down from \$63.0 million in fiscal 2021. The company reported adjusted earnings of \$5.14 million, or \$0.29 per share.

Overall, Andrew Peller's management was optimistic about its performance in fiscal 2022. It praised

the company's resilience in the face of challenges presented by the COVID-19 pandemic. The company aims to bolster its efficiency going forward and take advantage of the opportunities that are still prevalent in the domestic and global wine market.

Investors will need to brace for more issues for Andrew Peller in fiscal 2023. That said, this TSX stock could still be an interesting target as experts and analysts warn of a potential recession.

Andrew Peller: Is this TSX stock a buy today?

Wine and spirits sales in restaurants, estate wineries, and hospitality locations have enjoyed a significant bump, as the economy has broadly reopened. Alcohol and overall drug consumption rose during the difficult times of the COVID-19 pandemic. Economic turmoil and rising inflation may continue to influence these consumption trends going forward.

Shares of this TSX stock currently possess a favourable price-to-earnings ratio of 21. The stock last had an RSI of 38, putting Andrew Peller just outside of technically oversold territory. It offers a quarterly dividend of \$0.061 per share, which represents a 3.4% yield.

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