



## WOW! Pizza Pizza Royalty Stock Smashed Earnings This Week

### Description

Throughout much of 2022, particularly lately, fears of a recession have been growing considerably. Many companies, including **Pizza Pizza Royalty** ([TSX:PZA](#)) stock, have been dealing with the impacts on their business from higher inflation. Now, though, there are growing fears of a slowdown in economic growth as well, particularly in consumer spending.

These fears have made this earnings season especially important for investors to see how the companies they own or are watching have been performing in this challenging environment.

Pizza Pizza, in particular, is an important stock to watch. While investors don't have to worry about the increase in costs for its franchises as a result of inflation, a slowdown in consumer spending would directly impact royalty revenue.

So, it was reassuring to not just see Pizza Pizza Royalty stock perform well in this most recent quarter, but the company actually smashed earnings and showed that it could continue to perform well, even in this uncertain environment.

## Pizza Pizza Royalty stock reported earnings growth of 20% for the quarter

Across the board, Pizza Pizza Royalty stock managed to report an impressive quarter. First off, its same-store sales growth (SSSG), arguably the most important metric for the restaurant stock, was up over 20% year over year.

While many economists, investors, and analysts were worried about the impact [inflation](#) would have on consumer spending, Pizza Pizza showed that it could continue to find new ways to grow revenue.

Part of the increase was due to an increase in traffic in its stores, especially as some were still impacted by the pandemic last year. In particular, many of its specialty locations (restaurants in stadiums or ballparks) were closed last year and contributed a significant amount of sales this year.

However, Pizza Pizza was also able to utilize price increases and take advantage of the high inflation environment, which helped benefit sales considerably.

And because Pizza Pizza is a stock where much of its revenue flows directly to the bottom line, it's no surprise that a 20.3% increase in SSSG would allow Pizza Pizza to grow its earnings per share by 19.8%.

## Should you buy this high-quality dividend stock now?

It's no surprise that Pizza Pizza's shares reacted positively on Thursday after it reported these strong earnings to gain more than 4%.

Many analysts increased their full-year estimates for Pizza Pizza. In addition, the stock also saw increases in its target price from analysts as well.

If you're considering whether to buy Pizza Pizza Royalty stock, though, it's crucial to ensure that you plan to hold it for the long haul.

Pizza Pizza is an incredible dividend stock, but it certainly does still have risk in this environment. This quarter of earnings was impressive — don't get me wrong. However, it's still only one quarter, and there could be more uncertainty on the horizon.

Therefore, if you're considering taking a position in Pizza Pizza stock, it's crucial to ensure that you believe in its ability to continue to perform and that you're willing to hold the stock for the [long haul](#). If that's the case, then you could certainly consider buying the stock today as it trades at a compelling valuation.

Currently, Pizza Pizza trades at roughly 16 times its forward earnings. That's not exactly cheap, but it's also not too expensive either. In addition, after increasing its dividend in July, the stock now offers a yield of roughly 5.8%.

Therefore, if you're looking to grow your passive income and buy a high-quality dividend stock that pays you cash monthly, Pizza Pizza royalty stock is certainly one of the top investments to consider in today's environment.

### CATEGORY

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