



This TSX Stock Just Hit a 52-Week High, and I'm Buying More

Description

Pet Value ([TSX:PET](#)) is a Markham-based company that is engaged in the retail and wholesale of pet foods, treats, toys, and accessories in Canada. Shares of this [TSX stock](#) have climbed 13% in 2022 as of late-morning trading on November 3. The stock is up 18% year over year.

Pet Valu stock hit a 52-week high of \$37.84 this past week. Today, I want to discuss why I'm still looking to snatch up more.

Here's why investors should be excited about the pet product market

The COVID-19 pandemic had a transformative impact on consumer behaviour around the world. One of the most interesting trends was the explosion in pet ownership over the course of the health crisis. Individuals found themselves largely isolated during the pandemic. Pet ownership scratched an itch for companionship that plagued human beings throughout that trying time.

A recent Forbes Advisor survey revealed that 78% of current pet owners acquired their animals during the COVID-19 pandemic. Moreover, the survey also found that 66% of pet owners said they have spent more money on their animals in the last six months than they usually would, as pets are adjusting to being alone more often. The survey revealed that young pet owners (18 to 25 age range) were the most likely to spend "lavishly" on their pets. Some of these purchases include birthday cakes and pet clothes. That trend bodes well for the pet product and care industry and this TSX stock.

Fortune Business Insights recently estimated that the global pet care market was worth US\$207 billion in 2020. The firm projected that this market would grow to US\$325 billion by 2028. That would represent a compound annual growth rate (CAGR) of 5.6% over the forecast period. Meanwhile, market researcher Grand View Research also projected that the global pet care market would achieve CAGR of 5.1% from 2022 through to 2030.

Pet Valu is set to release its next batch of earnings

Investors can expect to see Pet Valu's third-quarter fiscal 2022 earnings before markets open on November 8. In the second quarter of 2022, the company delivered system-wide sales growth of 35% to \$312 million. Meanwhile, revenue increased 25% year over year to \$227 million. Indeed, its system-wide sales were now up 75% from the second quarter of fiscal 2019. This may reflect the sharp increase in pet ownership that I'd discussed earlier in this piece.

Pet Valu reported adjusted net income of \$28.1 million, or \$0.39 per diluted share, in the second quarter of fiscal 2022 — up 222% and 225%, respectively, from the prior year. Moreover, operating income jumped 48% to \$39.3 million. Beyond that, Pet Valu opened 13 new stores in the second quarter, which brought its grand total to 717 locations across the network.

Looking ahead, the company projects that it will achieve revenue between \$912 million and \$928 million for the full year in fiscal 2022. Meanwhile, it forecasts same-store sales growth between 13% and 15% and 35 to 45 new store openings.

Why I'm looking to buy more of this red-hot TSX stock today

This TSX stock currently possesses a [price-to-earnings ratio of 27](#). That puts Pet Valu in favourable value territory relative to its industry peers. Moreover, it last announced a quarterly dividend of \$0.06 per share. That represents a modest 0.6% yield. I'm still looking to snatch up this [scorching TSX stock](#) that is thriving in a fast-growing sector today.

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