



More Likely to 5X First: Pet Valu or Sleep Country Stock?

Description

In this time of market downturns, it's lovely to think about the days when we'll return to growth. Those days will certainly come. However, which stocks are set to grow first?

That's why today I'm focusing in on two [popular companies](#) that investors have chosen to follow in recent years. First there's **Pet Valu Holdings** ([TSX:PET](#)), which came on the market recently and seen immense growth. There's also **Sleep Country** ([TSX:ZZZ](#)), which has been around longer, but has also seen growth thanks to online sales.

So, of the two, let's reach for the stars. Which stock do analysts believe could jump five times in share price sooner?

The case for Pet Valu

Pet Valu stock is up 43% year to date, which is saying a lot for a company that is so new and is now going through a market downturn. Yet the company continues to prove time and again that it's here to play.

This happened most recently during its earnings report for the third quarter. Pet Valu stock posted revenue that's up 22% year over year to \$244.7 million. Net income reached \$27 million. Shares climbed at the news that the company continued to do well, even after inflation likely affected the company.

What's more, the better-than-expected results came with a 14.7% increase in same-store sales and a raise in 2022 guidance. Pet Valu stock now expects earnings per share between \$1.56 and \$1.58, up from \$1.47 and \$1.51 before. These are all impressive signs during an economic [slowdown](#), and could improve even further, given same-store growth.

The case for Sleep Country

Sleep Country stock shouldn't be forgotten. Sure, Pet Valu stock has performed well this year, but Sleep Country stock has years of growth behind it. Even so, it can be hard to consider when shares have fallen 43% year to date.

But what should investors think now? Honestly, I would look at the company's past, and its future outlook rather than current performance. During the pandemic, Sleep Country stock focused on sleep and its importance while remaining at home. That importance has continued on and expanded, given the company now has so many options available both in store and online — and not just at its own locations.

Sleep Country stock also has setups in **Walmarts** across Québec. Even still, investors just don't want to pick up the stock during these current conditions. Yet analysts warn they could be missing out on opportunities.

While demand may be down now, with its recent quarter showing less-than-ideal results, long-term investors will likely buy now and never regret it. The company has decades of brand leadership behind it, holding 40% of the market share. It now remains at incredibly valuable prices, especially compared to Pet Valu stock.

Bottom line

So, here's the deal. Pet Valu stock is up now and will likely continue to rise. But how long can it maintain this immense growth? And honestly, if we head into a recession, shouldn't the company be due for a fall as investors seek out returns?

Meanwhile, Sleep Country stock is bound to return after the economic downturn as strong as ever. That means now is an excellent time to receive a massive deal while it trades at 7.62 times earnings. Analysts currently give it a potential target price of \$27.68 — up 31% as of writing.

So, when it comes to Pet Valu stock or Sleep Country stock, which is likely to jump five times these days? In my view, Sleep Country stock has the history and the value to reach that goal first.

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2. Stocks for Beginners

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