



## 3 Top TSX Retail Stocks to Buy in December 2022

### Description

The holiday season is on, and this year is crucial for companies in the [retail sector](#). Because of stubborn inflation and rising interest rates, consumers might curtail spending due to reduced purchasing power. On the investment side, it's interesting to see some retail stocks display resiliency amid the hyperinflationary environment.

If you have the [appetite to invest](#), **Uni-Select** ([TSX:UNS](#)), **Pet Valu Holdings** ([TSX:PET](#)), and **High Liner Foods** ([TSX:HLF](#)) are excellent picks and the top buys in December 2022.

### Successful turnaround

Uni-Select distributes automotive refinish, industrial coatings, and related products in North America. The \$1.92 billion company is also a top name in the automotive aftermarket parts business in Canada and the United Kingdom. At \$43.81 per share, current investors enjoy a 70.2% year-to-date gain.

The turnaround of Uni-Select is almost complete this year. After three quarters in 2022, net earnings reached US\$52.94 million compared to the US\$8.11 million net loss a year ago. Notably, free cash flow (FCF) climbed 56.1% year over year to US\$112.14 million. In the third quarter (Q3) of 2022, net earnings jumped 88% to US\$22.42 million versus Q3 2021.

Brian McManus, Uni-Select's executive chairman and chief executive officer (CEO), noted the organic growth across all business segments, meaningful cash flow, and higher EBITDA, or earnings before interest, taxes, depreciation, and amortization (+105.4% increase to US\$124.4 million), during the quarter. He said, "Our solid financial position and ongoing capital discipline also enable us to capitalize on further acquisition opportunities to strengthen our market position."

### Devoted pet lovers

The support of loyal customers for Pet Valu is so evident this year. In Q3 2022, the \$3.01 billion specialty retailer of pet food and pet-related supplies reported decent top- and bottom-line growth. Its

revenue and net income increased 21.93% and 10.83% year over year to \$244.72 million and \$26.98 million, respectively.

Its president and CEO Richard Maltzbarger said Pet Valu delivered another quarter of exceptional same-store sales growth across the entire network. Because of robust signals from devoted pet lovers across Canada, management forecast same-store sales growth between 15.5% and 16.5% in 2022.

If you invest today, this retail stock trades at \$39.75 per share (+10.99% year to date) and pays a modest 0.59% dividend.

## Consistent sales growth

High Liner Foods has maintained strong margins and continues to grow its volumes over the last 18 months. The \$478 million company processes and markets value-added frozen seafood and carry brands like High Liner and Fisher Boy. In Q3 2022, sales and net income increased 26.6% and 8.7% year over year to \$271.2 million and \$10 million, respectively.

Rod Hepponstall, High Liner's president and CEO, said, "In the third quarter, we delivered our sixth consecutive quarter of year-over-year sales and adjusted EBITDA growth." The best part is that this retail stock is a dividend payer. The board recently approved a 30% dividend hike due improved financial and operating performance. At \$14.41 per share (-0.13% year to date), the dividend yield is an attractive 3.77%.

## Superb performances

Retail or consumer discretionary stocks tend to be volatile when consumers focus on needs than wants during financial hardships. Uni-Select, Pet Value, and High Liner Foods are exceptions. Expect their superb business and stock performances to continue in 2023.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:PET (Pet Valu Holdings Ltd.)
3. TSX:UNS (Uni-Select)

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