



3 Reasons Leon's (TSX:LNF) Stock Is a Screaming Buy Today

Description

Leon's Furniture ([TSX:LNF](#)) is a Toronto-based company that operates as a retailer of home furnishings, mattresses, appliances, and electronics in Canada. Today, I want to discuss why Canadian investors should be eager to snatch up this exciting [growth stock](#) in what has been a strong start to 2023. Let's jump in.

Why readers should be optimistic looking forward

In its most recent quarterly report, Leon's president and chief executive officer (CEO) Matt Walsh lauded the company's performance, "despite a challenging macro and consumer environment."

"While the next several months are likely to be challenging across the retail landscape," he continued. "LFL is better positioned than ever to deliver results for our customers and shareholders."

Readers should not underestimate the potential of the mattress market. Sleep is important. Believe me; I never get enough of it. The first step in correcting that bad habit is finding a place to sleep that is right for you.

Last year, market researcher Fortune Business Insights estimated that the global mattress market was worth US\$49.2 billion in 2021. Fortune Business Insights projects that the global mattress market will grow from US\$50.6 billion in 2022 to US\$72.9 billion by 2029. That would represent an attractive compound annual growth rate (CAGR) of 5.36% over the forecast period.

Leon's has put together solid earnings in a tough climate

Investors can expect to see the company's final batch of fiscal 2022 earnings sometime in February. It released its third-quarter fiscal 2022 results back on November 9. Fortunately, we can still draw on its recent strong performance.

Leon's delivered total system sales of \$801 million in the third quarter of fiscal 2022 compared to \$825

million in the previous year. However, system sales were up 12% compared to the pre-pandemic quarter ending September 30, 2019. Meanwhile, [revenue](#) fell 3.1% to \$662 million compared to the record quarterly revenue of \$683 million in the third quarter of fiscal 2021. Leon's has continued to show improvement across all product categories compared to its pre-pandemic results. This bodes well for the future this decade.

The company reported adjusted diluted earnings per share of \$0.87 — up 13% from \$0.77 it posted in the third quarter of fiscal 2021. Moreover, adjusted net income slipped 2.3% to \$59.2 million. Gross profit moved up marginally to \$304 million.

The stock offers up nice income right now

In the third quarter (Q3) of 2022, Leon's Furniture declared a quarterly dividend of \$0.16 per share. That represents a solid 3.7% yield. Investors should be happy with this income offering considering the growth potential that Leon's stock provides. The dividend is a bonus that should entice Canadian investors, as we approach the midway point in January.

Don't pass up on Leon's terrific value in the middle of January!

Leon's stock has plunged 30% year over year as of close on January 12. The stock has moved up marginally to start the new year.

Shares of Leon's currently possesses a [price-to-earnings ratio](#) of 6.3. That puts this TSX stock in very [attractive value territory](#) at the time of this writing. Canadian markets have broadly picked up to start the new year. That means it may be the perfect time to snatch up this undervalued stock with solid income and a promising future. I'm looking to snatch up shares of Leon's this January.

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