



5 Reasons to Invest in George Weston Limited

Description

George Weston Limited's ([TSX: WN](#)) acquisition of **Shoppers Drug Mart Corporation** (TSX: SC) is paying off. Revenue from Shoppers drove most of its recent revenue growth. However, even without accounting for this acquisition, George Weston saw revenue climb 2.5% in Q2 2014.

Here are five reasons to consider the company as a grocery store element to your income portfolio.

1. Varied businesses

George Weston has two strong reportable operating segments: Weston Foods and **Loblaw Companies Limited** ([TSX: L](#)). George Weston also has the above-mentioned Shoppers Drug Mart, Choice Properties Real Estate Investment Trust, and President's Choice Financial. Therefore, it offers essential products and services across Canada.

Weston Foods is a leader in the North American baking industry, while Loblaw is the food and pharmacy leader in Canada. Shoppers Drug Mart is the licensor of full-service retail drug stores. Furthermore, its President's Choice Financial services segment offers the President's Choice Financial MasterCard, no-fee daily banking, and the PC points rewards program. Choice Properties Real Estate Investment Trust is an owner, manager and developer of well-located retail and commercial real estate throughout Canada.

2. Shoppers Drug Mart acquisition

Loblaw acquired all of the outstanding shares of Shoppers Drug Mart on March 28, 2014, for total consideration of \$12.3 billion. Shoppers is the number-one pharmacy and beauty retailer in Canada. For Q2 2014, Shoppers Drug Mart sales accounted for over 25% of the Loblaw segment total sales of \$10.3 billion

3. Merchandising and control brand products initiatives

George Weston is focusing on control brand strength — its proprietary brands. It owns three of the leading consumer brands in Canada: President's Choice, no name, and Life Brand. Last year, it

unveiled more than 550 new control brand products. Furthermore, it redesigned or improved roughly 640 control brand products.

The company is also emphasizing a greater selection to its customers. It revamped the general merchandise in 29 stores last year to provide a greater selection in apparel, beauty, home, and kids. It continues to focus on its customer programs this year to propel sales growth.

4. Store-level investments

In 2013, the company renovated 192 stores and expanded its square footage to 51.9 million square feet. This represented a net increase of 0.8% over the prior year. It continues this year on working to realize efficiencies in its supermarket business. Its Loblaw initiatives are paying off. For Q2 2014, it had sales growth of 1.8% at Loblaw. Retail sales grew by 1.2% and year-to-date same-store sales growth was 1.3%.

5. Investments to enhance efficiency of operations

A component of George Weston's operating strategy is optimizing plant and distribution networks with capital investments. The design of these investments is to strategically position facilities to support growth and enhance quality, productivity and efficiencies. For this year, the company is moving ahead with efficiency programs, with a focus on continuing to roll out its information technology system implementation.

It is expanding the rollout of its information technology systems to all of its distribution centres and corporate retail stores. At the end of Q2 2014, the system had been implemented in 18 distribution centres and 262 stores.

Consider George Weston as a possible food industry/pharmacy investment, as it's an income stock positioned for greater growth ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:WN (George Weston Limited)

Category

1. Investing

Date

2025/08/17

Date Created

2014/08/19

Author

mugulini

default watermark