



3 Inexpensive Food Retailers to Consider Buying Today

Description

Loblaw Companies Limited ([TSX:L](#)), **Metro Inc.** ([TSX:MRU](#)), and **Empire Company Limited** ([TSX:EMP.A](#)) are three of the largest owners and operators of grocery stores and drugstores in Canada. Their stocks have outperformed in the overall market in 2015, and they could continue to do so for the next several years. With this in mind, let's take a closer look at each company and stock to determine which one should be added to your portfolio today.

1. Loblaw Companies Limited

Loblaw Companies Limited is the largest owner and operator of grocery stores and drugstores in Canada, and it is the company behind retail banners such as Loblaws, Zehrs Markets, Extra Foods, Valu-Mart, Atlantic Superstore, and Shoppers Drug Mart.

At current levels, Loblaw's stock trades at just 18.9 times fiscal 2015's estimated earnings per share of \$3.46 and only 16.4 times fiscal 2016's estimated earnings per share of \$3.98, both of which are inexpensive compared to its long-term growth potential.

In addition, Loblaw pays a quarterly dividend of \$0.245 per share, or \$0.98 per share annually, giving its stock a yield of approximately 1.5% at today's levels. The company has also increased its dividend for three consecutive years, and its increased free cash flow could allow this streak to continue for the next several years.

2. Metro Inc.

Metro Inc. is one of the largest owners and operators of grocery stores and drugstores in Canada, and it is the company behind retail banners such as Metro, Super C, Food Basics, Brunet, and Clini Plus.

At today's levels, Metro's stock trades at just 18.9 times fiscal 2015's estimated earnings per share of \$1.96 and only 17.1 times fiscal 2016's estimated earnings per share of \$2.16, both of which are inexpensive compared to its long-term growth rate.

Additionally, Metro pays a quarterly dividend of \$0.1167 per share, or \$0.4667 per share annually,

which gives its stock a yield of approximately 1.3% at current levels. The company has also increased its dividend 13 times since 2003, showing that it is strongly dedicated to maximizing the amount of capital it returns to shareholders.

3. Empire Company Limited

Empire Company Limited is one of the largest owners and operators of grocery stores in Canada, and it is the company behind the Sobeys and Safeway retail banners.

At current levels, Empire's stock trades at just 16.8 times fiscal 2015's estimated earnings per share of \$5.60 and only 14.9 times fiscal 2016's estimated earnings per share of \$6.31, both of which are inexpensive compared to its long-term growth potential.

In addition, Empire pays a quarterly dividend of \$0.27 per share, or \$1.08 per share annually, giving its stock a yield of approximately 1.1% at today's levels. The company has also increase its dividend 15 times in the last 15 years, making it one of the top dividend growth plays in the market today.

Which of these food retailers belong in your portfolio?

Loblaw, Metro, and Empire represent three of the best long-term investment opportunities in the market today. Foolish investors should take a closer look and strongly consider establishing long-term positions in one of them.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:EMP.A (Empire Company Limited)
2. TSX:L (Loblaw Companies Limited)
3. TSX:MRU (Metro Inc.)

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