



## Which of Canada's Big 3 Food Retailers Should You Buy 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. All three stocks represent great long-term investment opportunities today, so let's take a closer look at each to determine which one would be the best fit in your portfolio.

#### 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 today's levels its stock trades at just 18.3 times fiscal 2015's estimated earnings per share of \$3.49 and only 15.9 times fiscal 2016's estimated earnings per share of \$4.01, both of which are inexpensive compared with the industry average price-to-earnings multiple of 25.4.

In addition, Loblaw pays a quarterly dividend of \$0.25 per share, or \$1.00 per share annually, giving its stock a 1.6% yield at today's levels. The company has also increased its dividend for three consecutive years, and its increased amount of free cash flow could allow this streak to continue for the next decade at least.

#### 2. Metro Inc.

Metro Inc. is the company behind retail banners such as Metro, Super C, Food Basics, Brunet, and Clini Plus in Canada.

At current levels its stock trades at just 17.4 times fiscal 2015's estimated earnings per share of \$1.98 and only 15.7 times fiscal 2016's estimated earnings per share of \$2.20, both of which are inexpensive compared with the industry average price-to-earnings multiple of 25.4.

Additionally, Metro pays a quarterly dividend of \$0.1167 per share, or \$0.4667 per share annually, which gives its stock a 1.35% yield at today's levels. It is also worth noting that the company has

increased its dividend 13 times in the last 13 years, and its consistent free cash flow generation could allow for another increase in the very near future.

### 3. Empire Company Limited

Empire Company Limited is the company behind the Sobeys and Safeway retail banners in Canada.

At today's levels its stock trades at just 15.9 times fiscal 2015's estimated earnings per share of \$5.60 and only 14.1 times fiscal 2016's estimated earnings per share of \$6.31, both of which are inexpensive compared with the industry average price-to-earnings multiple of 25.4.

In addition, Empire pays a quarterly dividend of \$0.27 per share, or \$1.08 per share annually, giving its stock a 1.2% yield at current levels. The company has also increased its dividend for 19 consecutive years, making it the top dividend-growth play in the industry 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 retail industry today. Foolish investors should take a closer look and strongly consider establishing long-term positions in one of them.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

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

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### Author

jsolitro

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