



Why Metro Inc. Should Be in Your Portfolio

Description

If you are a shareholder of **Metro Inc.** ([TSX:MRU](#)), you are probably smiling ear to ear now. If you aren't a shareholder just yet, you may want to consider a position in the company.

Metro is one of the largest owners and operators of grocery stores and pharmacies in the country. It announced quarterly earnings that were fairly strong, beating analysts' expectations that, in turn, sent the stock up.

Let's look at those results and why you should include Metro in your portfolio.

Metro has had a great quarter and a stellar year

Metro's fourth-quarter earnings came in better than expected for most but not all of the numbers. Revenue in the fourth quarter came in at \$2.83 billion, representing an increase over the \$2.71 billion reported in the same quarter last year. Analysts had expected this figure to be \$2.84 billion and Metro narrowly missed this mark.

Looking beyond the most recent quarter, the results look equally if not more impressive on an annual basis. Revenue was up by 5.5% to \$12.22 billion, and cash flow from operations was up by 56.6% to \$678.3 million.

On an earnings-per-share basis, earnings were up an impressive 18.2% over the same quarter last year to \$0.52 per share.

Analysts have updated their price targets following the impressive quarter, with new price targets north of \$40, and placed an outperform or buy rating on the stock.

Shareholder value is top of mind

Metro's quarterly dividend currently pays out \$0.117 per share, or \$0.468 per share annually for a yield of 1.2%. While investors may be more inclined to invest in Metro for growth, keep in mind that the company has a history of raising the dividend consecutively for over 20 years and counting.

In addition to raising the dividend rate, Metro has been undergoing a share-repurchasing initiative. The company is slated to repurchase up to 18 million common stock shares of the company through to September 2016. This initiative will not only help boost earnings growth, but it will reward existing investors by making their shares more valuable.

Metro is currently trading at \$39.61, a few cents short of the 52-week high of \$39.68. In the past three months the stock has outperformed much of the market, appreciating by 15%. Extending this out to a full year shows that the stock is up by a very impressive 30.87%.

In my opinion, Metro represents one of the best options on the market for investors interested in seeking growth and obtaining some dividend income at the same time. The company has extremely strong financials that are improving by the quarter and operates a good mix of brands and offerings.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:MRU (Metro Inc.)

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