



3 Top Food Stocks for Long-Term Investors

Description

The food industry can be a very safe space for long-term investors, because regardless of the state of the economy, people have to eat. However, you must still be very selective when choosing the right food stock for your portfolio, and one of the best and least-risky ways I have found is to buy stocks that are undervalued on a price-to-earnings basis and that pay dividends.

I've scoured the industry and selected one large cap, one mid cap, and one small cap that meet these criteria perfectly, so let's take a quick look at each to determine which would fit best in your portfolio.

Large cap: George Weston Limited

George Weston Limited ([TSX:WN](#)) is the largest food processor and distributor in Canada, and it is the company behind **Loblaw Companies Limited**, **Choice Properties Real Est Invstmnt Trst**, Weston Foods, Shoppers Drug Mart, and President's Choice Financial.

At today's levels, its stock trades at just 17.7 times fiscal 2016's estimated earnings per share of \$6.33 and only 15.8 times fiscal 2017's estimated earnings per share of \$7.09, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 41.8.

In addition, George Weston pays a quarterly dividend of \$0.425 per share, or \$1.70 per share annually, which gives its stock a yield of about 1.5%. Investors must also note that it has raised its annual dividend payment for four consecutive years, and its 1.2% hike in May 2015 has it on pace for 2016 to mark the fifth consecutive year with an increase.

Mid cap: Maple Leaf Foods Inc.

Maple Leaf Foods ([TSX:MFI](#)) is one of the largest manufacturers of packaged meats in Canada. Its brands include Maple Leaf, Swift, Larsen, Mitchell's, Shopsy's, and Schneiders.

At today's levels, its stock trades at just 23.2 times fiscal 2016's estimated earnings per share of \$1.17 and only 19.6 times fiscal 2017's estimated earnings per share of \$1.38, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 26.2.

In addition, Maple Leaf Foods pays a quarterly dividend of \$0.09 per share, or \$0.36 per share annually, which gives its stock a yield of about 1.3%. Investors must also note that it raised its dividend by 100% in 2015, and its 12.5% hike on March 1 has it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

Small cap: Premium Brands Holdings Corp.

Premium Brands Holdings Corp. ([TSX:PBH](#)) is one of North America's leading producers, marketers, and distributors of branded specialty food products. Its food distribution businesses include Premium Brands Distribution, Centennial Foodservice, B&C Foods, and Maximum Seafood, and its specialty food products brands include Hygaard, Harvest Meats, Pillar's, and Duso's.

At today's levels, its stock trades at just 21.5 times fiscal 2016's estimated earnings per share of \$2.39 and only 18.8 times fiscal 2017's estimated earnings per share of \$2.74, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 50.4.

In addition, Premium Brands pays a quarterly dividend of \$0.38 per share, or \$1.52 per share annually, which gives its stock a yield of about 2.95%. Investors must also note that it has raised its annual dividend payment for three consecutive years, and its 10.1% hike on March 10 has it on pace for 2016 to mark the fourth consecutive year with an increase.

Which of these food stocks would fit best in your portfolio?

George Weston, Maple Leaf Foods, and Premium Brands are three of the best investment options in the food industry today. All Foolish investors should strongly consider beginning to scale in to long-term positions in one of them over the next couple of trading sessions.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:MFI (Maple Leaf Foods Inc.)
2. TSX:PBH (Premium Brands Holdings Corporation)
3. TSX:WN (George Weston Limited)

Category

1. Investing

Date

2025/08/20

Date Created

2016/03/15

Author

jsolitro

default watermark

default watermark