



Why You Should Invest in Loblaw Companies Limited

Description

There's no shortage of investment options on the market, and a diversified portfolio that branches out into multiple sectors of the economy is smart investing.

One company that continues to impress me is **Loblaw Companies Limited** ([TSX:L](#)).

Loblaw is everywhere

The company is primarily a grocer, but it has branched out in recent years to include home goods, clothing, banking, pharmacy stores, and, more recently, medical records.

The company's boasts an impressive portfolio of nearly 20 different brands operating across the country. Even more impressive is the brand power that Loblaw has. The company has developed a very particular knack for identifying gaps of products in the current marketplace and then working to fill those gaps with new and unique product offerings.

Loblaw even boasts having a team of individuals that fly around the world in search of these products. It's hard to think of any other company that dedicates that level of detail towards new products. This has proven incredibly successful; Loblaw has, in effect, reversed a long-standing stereotype that store-branded products are inferior.

Beyond the grocery segment, Loblaw acquired the largest pharmacy in the country several years ago, adding yet another wildly popular brand, Shoppers Drug Mart, to its portfolio. Last year, Loblaw put its store-branded products on the shelves of Shoppers stores, creating, in essence, mini-Loblaw stores that cater to customers that just need a few small items or don't want to go into a larger store that could be out of their way.

Loblaw expanding into healthcare

Loblaw recently announced that it has completed the acquisition of QHR Corporation. The deal was previously announced this past summer, but it finally got approved this month. QHR is a market leader in the electronic medical records (EMR) field. EMRs are digital versions of the paper chart used in

medical offices by doctors.

There are a number of real benefits associated with offices moving to using EMRs instead of paper, but some of the primary reasons include data tracking, monitoring patients across different needs and readings, and identifying troubled areas through that monitoring.

From the perspective of Loblaw, the acquisition of QHR and the EMR functions that it provides could be a huge boon to the Shoppers Drug Mart brand. The cost and time savings of moving to EMR, in addition to the expanded service, could be huge, particularly when considering the population that's approaching retirement.

The possibility of also offering the services that QHR provides separate from its application to Shoppers could also spawn another business unit for the company with significant revenue opportunities.

In terms of performance, Loblaw is currently priced at just under \$67. Year-to-date, the company is up just slightly over 2%. Loblaw also offers a quarterly dividend to shareholders in the amount of \$0.26, which, given the current stock price, translates into a yield of 1.55%. While there are certainly better yields on the market, Loblaw provides a steady income that has grown over the past few years and is likely to continue growing.

In my opinion, Loblaw remains a great investment for investors seeking both long-term growth and steady dividend income. The acquisition of QHR will more than likely result in a huge gain for the company in the next few years, and, until then, the brands the company owns will continue to bring in more traffic and more revenue for investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)

Category

1. Investing

Date

2025/07/30

Date Created

2016/10/20

Author

dafxentiou

default watermark