Fill Your Cart and Portfolio With Metro, Inc.

Description

Grocery stores aren't always the first companies that come to mind when thinking about what constitutes a great investment. Instead, we often lean towards the technology, resources, and financial sectors of the economy, as they are perceived to be better investments.

In truth, there are some really impressive companies in the food sector that can provide growth and dividend potential for your portfolio for years to come. One such company worth considering is **Metro, Inc.** (TSX:MRU).

Metro is the second-largest grocery chain in the country, operating over 900 stores across 10 different brands, employing 65,000 people. Metro also operates a small network of over 250 drugstores and several specialty stores that cater to selective, diverse cuisines.

In short, if it's a grocery store or pharmacy, chances are that you are near to or have been in one of Metro's stores before.

Here are several reasons you should add the grocer to your portfolio.

Impressive quarterly results

Grocery stores in Canada are currently entrenched in aggressive pricing and intense promotions that have been dubbed the "Grocery Wars."

Impressively, despite lowered prices and fierce competition, Metro continues to shine, as seen in the most recent quarterly update.

Metro's second-quarter results saw the company realize $2.90 billion in sales — a slight increase over the same quarter last year, which came in at $2.88 billion. Net earnings for the period came in at $132.4 million, or $0.56 per share, which handily beat the $124.9 million, or $0.51 per share, posted in the same quarter last year. That figure also beat the $0.53 per share that analysts predicted in the quarter.

Dividend and growth prospects? Yes.

Metro pays a dividend to investors, but the recently increased quarterly dividend of $0.1625 only provides a paltry 1.45% yield. Those levels aren't reason enough to consider Metro as an investment, but those dividends will, over time, provide a boost to your core investment.

Metro has raised the dividend steadily over the past few years, most recently earlier this year. Given the company's performance, that trend looks likely to continue for the near future.

Remember the specialty food stores I mentioned that Metro has an interest in? The company recently announced plans to purchase the remaining interest in those stores to bring them more into the Metro family.

This is a brilliant move by the grocer that the rest of the market has yet to realize in terms of potential, and here's why.

Grocers today are trying desperately to shelve more products than ever before to cater to the increasingly diverse Canadian home. This is not only challenging, but it can lead to stores carrying less of every single product to carry an overall higher number of product lines.

By providing an avenue for specialty products that are aligned to a specific group, Metro plugs that growing gap and can build a reputable brand (or brands) around that new specialty group.

In my opinion, Metro remains a great investment opportunity for investors looking to diversify their portfolios with a growth-oriented food stock.

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Date
2025/07/07
Date Created
2017/05/29
Author
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