



## Lassonde Industries Inc.: An Oasis of Freshness for Your Portfolio

### Description

You probably know Oasis juice, since this brand is omnipresent in grocery stores. And there are products like Oasis juice that you may buy frequently without being aware that there's a company behind them that is trading on a public stock exchange and is a great investment.

**Lassonde Industries Inc.** ([TSX:LAS.A](#)) produces Oasis juice. This juice producer, based in Rougemont, Quebec, has a solid record and is a great long-term investment.

### Well-diversified enterprise

Lassonde Industries, whose roots go back to 1918, develops, manufactures, and markets in North America a wide range of fruit and vegetable juices and beverages as well as specialized food products, such as broths and fondue sauces, soups, cooking sauces, Bruschetta filling, tapenades, pestos, and sauces for pasta and pizza. Lassonde also imports and markets wines and olive oil.

Among Lassonde's juice brands, Oasis, Rougemont (apple's juice), Allen's, Sunkist, and Del Monte are well known and very popular. Canton's broths and sauces as well as Dublin's Pub cider are other popular products.

After several decades of expansion and growth, Lassonde has expanded its activities. The company now has five subsidiaries and approximately 2,100 people working in 14 factories, warehouses, and offices in North America.

Lassonde dominates the Canadian juice market — a \$1.2 billion market that shrinks by 1% per year on average. Large North American grocers, seeking ways to increase their margins, eliminate intermediaries, and stay innovative, significantly increase their purchases of products under distributor's brands. This bodes well for Lassonde, which owns 50% of this market.

Lassonde is recognized for carrying out important acquisitions that create value (Clement Pappas and Apple & Eve) and for realizing synergy gains. Management has confirmed that it may undertake further mergers and acquisitions.

## 2017 first-quarter results: a rise in profits but a decline in sales

Lassonde has reported rising first-quarter profits, despite a decline in sales.

It generated a net profit of \$13.1 million, or \$1.87 per share, up from \$13 million, or \$1.85 per share, a year earlier. This growth of 1.01% is among the strongest growth seen by companies in the food-processing industry.

However, Lassonde's operating profit fell from \$27.4 million in the first quarter of 2016 to \$3.7 million in this year's first quarter. The drop in operating profit came from an increase in the cost of orange concentrate and from lower sales.

Lassonde's first-quarter sales reached \$370.7 million, down from \$386.5 million in last year's first quarter. Excluding exchange rates, sales were down 1.9%, which is mostly due to a decrease in the sales volumes from its brands. The company did report an increase in sales of private-label products.

Sales and operating profit are in line with expectations, despite lower national brand sales in the United States. Lassonde is confident that it will achieve higher sales in 2017 than it did in 2016.

On May 12, 2017, Lassonde declared a quarterly dividend of \$0.61 per share — up 19.6% from the previous dividend paid.

I would say Lassonde's stock is a great long-term investment. Since it operates in a defensive sector, it will perform better than a cyclical stock during a recession. People usually don't cut in their juice consumption when they have less money to spend. With a beta as low as 0.29, this stock has a very low sensitivity to market movements.

Lassonde's past returns are impressive with a 21% 10-year total return. The stock is still on the rise, and I am confident that it will still have great gains in the future.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:LAS.A (Lassonde Industries Inc.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

## Category

1. Investing

## Date

---

2025/08/18

**Date Created**

2017/06/14

**Author**

sbchateauneuf

default watermark

default watermark