

Looking for Dividends and Growth Prospects? Metro, Inc. Might Be the Stock for You

Description

Looking for a solid player in the grocery market that also offers reliable dividends? Here's a stock for you to look at.

Metro, Inc. ([TSX:MRU](#)), with a history dating back to 1947, is a Canadian grocer that operates more than 600 grocery stores under the Metro, Food Basics, and Super C (in Quebec) brands. It also operates over 250 pharmacies.

Metro by the numbers

Over the last three years, revenue growth for Metro has averaged 3.90% annually. That's lower than most in the industry, but Metro shines in the profit area. Its net profit is currently sitting at 4.62%, meaning Metro is one of the best in its industry at taking revenue and turning it in to profit. As a comparison, **Loblaw Companies Ltd.** ([TSX:L](#)) currently has a net profit of 2.66%. It's important to remember that margins are always tight in the grocery market, which makes Metro's number look even better. Metro also offers a nice return on equity of 21.63%, so the company is good at taking investor money and achieving positive returns.

If you like dividends, Metro pays a quarterly dividend that currently sits at \$0.163, for an annual dividend of \$0.65 per share. That makes its yield only 1.529%, but Metro is consistent with its payout. Its yield hasn't fallen below 1.20% in the past five years.

Metro's stock price has a fairly tight range. It traded at a 52-week low of \$38 and a 52-week high of \$47.62. That means its current price in the \$42 range sits pretty much in the middle. Metro isn't currently on sale, but it's also not trading at its maximum price. While it's only an estimate, the general analyst consensus is that the stock price will reach over \$49 in the next year. This means Metro still has room to grow.

Keep an eye out for Metro's third-quarter results release coming up on August 15 to see if the company continues to post positive results.

Bottom line

If you are looking for a stock with reasonable prospects for growth and one that also pays dividends, then Metro Inc. might make a good addition to your Foolish portfolio.

CATEGORY

1. Investing

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1. TSX:L (Loblaw Companies Limited)
2. TSX:MRU (Metro Inc.)

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