



What to Expect From Metro, Inc.'s 4th-Quarter Results

Description

As another earnings season moves to a close, we have a few more companies reporting results this week. One of Canada's largest grocers, **Metro, Inc.** ([TSX:MRU](#)) reports fourth-quarter results on November 22. What might these results look like?

Previous quarterly results and company news

Let's first take a quick look at the results reported for the third quarter, which ended July 1. Adjusted earnings per share were \$0.78, which missed the consensus expectations by \$0.01. These were up 8.3% compared to 2016's Q3 results. Sales were up slightly at 1.4%.

There has been some concern for all grocers on how they will handle large minimum wage increases in 2017 and beyond, since grocery stores already have small profit margins. We discussed this issue recently, which you can read about [here](#). There is also worry about **Amazon.com, Inc.** squeezing the in-store players. Canadian grocers are trying to find ways to keep and grow their customer bases in the face of this squeeze. Rival **Loblaw Companies Ltd.** recently announced a foray into online ordering and delivery.

Five major grocers are also under scrutiny from the Competition Bureau for price fixing, which is considered anti-competitive conduct. Metro is one of the grocers ensnared in the investigation. It will be interesting to see how this plays out.

However, Metro hasn't been resting on its laurels while all this goes on. The company recently made a huge move in its announced [merger](#) with **Jean Coutu Group PJC Inc.** This should help it keep up with Loblaw, which took over Shoppers Drug Mart in 2013.

What to expect in the fourth quarter

Analysts are currently looking for earnings per share of \$0.65 for Metro's final quarter in 2017. The range of expectations is fairly tight from \$0.63 to \$0.66. Last years' Q4 results came in at \$0.60, so this would be a bit of an increase if analysts are right.

Bottom line

Metro seems to be doing well, even in the face of some big challenges. Keep your eyes peeled this week to see if the company finishes the year on a high note.

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Date

2025/07/06

Date Created

2017/11/20

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