



## 4 Things to Love About Metro, Inc.'s Earnings

### Description

With **Metro, Inc.** ([TSX:MRU](#)), consistency has been the name of the game in recent years. And in today's market, which seems to be setting up for a fall, I think that these characteristics are very attractive selling points.

Starting with the fact that it is in the grocery industry, which is relatively immune to the ups and downs of the economy due to the nature of the products being sold, to company-specific factors, this stock is one that will not get in the way of a good night's sleep.

Let's review the most recent quarter that was reported January 29, as it is further evidence of the consistency and defensive nature of this company.

### Another quarter, another beat

In the first quarter of fiscal 2018, Metro once again [beat expectations](#), as the company reported better-than-expected earnings per share of \$0.67 compared to \$0.58 in the same quarter last year for an increase of 15.5%.

Metro continues to show consistency and stability, as it has repeatedly done over the last few years. Add this quarter to its string of earnings beats, and we have more evidence of a company that is performing exceptionally well.

### Another dividend increase

The company [increased its dividend](#) yet again this quarter to \$0.18 — up 10.8% from last year. The cumulative average growth rate of the dividend since 2014 now stands at an impressive 16%.

### Risks and opportunities

Some of the risks with this company are well known, but in my view, there are plenty of mitigating factors.

One big risk is the fact that the industry remains highly competitive and deflationary. **Wal-Mart Stores, Inc.** ([NYSE:WMT](#)), for example, continues to ramp up its presence in the grocery category, and pricing pressure has been intense. And while management has said they believe the worse is behind them in terms of deflationary pressures, this remains to be seen.

Opportunities lie in the fact that the company still has a strong balance sheet and is ramping up its growth efforts.

The acquisition of **Jean Coutu Group PJC Inc.** (TSX:PJC.A) will provide Metro with growth going forward, with efficiencies and cross-selling opportunities expected to have a positive impact on the company's bottom line.

This year, the plan is to continue to invest in remodeling of existing stores. Furthermore, the company's investment in Adonis and "ethnic" foods is a clear growth area.

### Defensive

The stock is a defensive name, and recently that has not been a good thing, as the market has not been very risk averse in general. But if you believe that this will come to an end sooner rather than later, then Metro is a good place to invest your money.

Stability, consistency, and preservation of capital will be worth a lot again to investors, and Metro has shown all of these characteristics over the years.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:WMT (Wal-Mart Stores Inc.)
2. TSX:MRU (Metro Inc.)
3. TSX:TLRY (Aphria)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Dividend Stocks
2. Investing

### Date

2025/07/06

### Date Created

2018/02/03

**Author**

karenjennifer

default watermark

default watermark