These Grocery Stocks Could Bounce Back in Spring

Description

Amazon.com, Inc. (NASDAQ:AMZN) opened its first Amazon Go store in Seattle in January. Amazon Go is a check-out free store that allows customers to sign in using the Amazon app. Following its early success, Amazon plans to open six more Amazon Go stores in Los Angeles and Seattle. There is speculation that Amazon will introduce the concept to its Whole Foods locations in the near future. The announcement that Amazon would acquire Whole Foods in 2017 drove down the stock prices of traditional U.S. and Canadian grocers.

Minimum wage hikes have also stirred anxiety for grocers in 2018, and companies have started to take measures to lower operating costs. Today, we are going to look at three grocery retail stocks that are worth monitoring as we look ahead to the warmer months.

Metro, Inc. (TSX:MRU)

Metro is a Montreal-based grocery and drugstore operator. Metro stock has climbed 1.4% in 2018 as of close on March 6 and is up 5% year over year. The company has made strides with its online options offered in Montreal and now Quebec. It has plans to expand into other regions in Quebec and possibly Ontario in the future.

Metro released its first-quarter results on January 30. Sales were up 4.7% year over year to $3.11 billion with same-store sales experiencing growth of 3.4%. The company reported adjusted net earnings of $153.4 million compared to $138.1 million in the prior year. Metro has also started a six-year investment project to improve its Ontario distribution network.

The company announced a quarterly dividend of $0.18 per share, representing a 1.7% dividend yield.

Empire Company Limited (TSX:EMP.A)

Empire is a food retailing and real estate business based in Nova Scotia. Empire stock has dropped 2.5% in 2018 thus far but is up 43.9% year over year. Sobeys Inc., a subsidiary of Empire, has signeda partnership to build a customer fulfillment centre in the Greater Toronto Area and plans to launch customer delivery in the next two years.

Empire released its fiscal 2018 second-quarter results in December 2017. Adjusted earnings per share climbed to $0.27 compared to $0.12 in the prior year. In the fourth quarter of 2017, Empire launched Project Sunrise. The goal of Project Sunrise is to simplify the organizational structure and is projected to result in $500 million in annualized cost savings by fiscal 2020.

The company also delivered a dividend of $0.10 per share, representing a 1.7% dividend yield.

Loblaw Companies Ltd. (TSX:L)

Loblaw is a Brampton-based company that engages in food retail, as well as drugstore, general merchandise, and financial products and services. Loblaw stock has dropped 3.3% in 2018 and is down 5.5% year over year. In late February, Loblaw introduced its new PC Express service, which will offer a pre-ordering grocery service to commuters. Loblaw has also partnered with Instacart to launch a same-day delivery service in Metro Vancouver.

Loblaw announced a quarterly dividend of $0.27 per share, representing a 1.6% dividend yield in its 2017 fourth-quarter and full-year results. In 2017, Loblaw saw revenue increase 0.7% to $46.7 billion and adjusted EBITDA climb 6.2% to $4.09 billion.

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2. TSX:EMP.A (Empire Company Limited)
3. TSX:L (Loblaw Companies Limited)
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