



Better Buy to Beat the Market: Cott Corp. or Lassonde Industries Inc.?

Description

On March 23, Statistics Canada released retail sales numbers for January 2018. Overall retail trade was up 0.3% from December 2017 and had grown 3.6% year over year. Food and beverage stores saw activity climb 0.2% quarter over quarter and 1.2% from the prior year.

Canadian stocks have not fared so well, as the S&P/TSX Index has dropped 6.4% in 2018 as of close on March 28. Materials and energy dragged down the TSX once again, and the Canadian dollar fell as Q4 growth in the United States was revised up.

Today, we are going to look at two stocks that could buck the downtrend and perform well for the remainder of 2018, and perhaps beyond.

Cott Corp. (TSX:BCB)(NYSE:COT)

Cott Corp. is a supplier of carbonated soft drinks that distributes to North America as well as the United Kingdom and Europe. Some of its top brands include RC, Stars & Stripes, Vess, and others. Cott Corp. stock has dropped 10.3% in 2018 as of close on March 28. The beverage industry remains an enticing target as restaurant, food, and beverage prices have risen markedly in Canada this year.

Cott Corp. released its 2017 fourth-quarter and full-year results on March 1. Revenue in 2017 rose to \$2.27 billion compared to \$1.62 billion in the prior year, representing a 40% increase. On January 30, Cott Corp. completed the sale of its traditional beverage manufacturing business for \$1.25 billion.

In the fourth quarter, Cott Corp. posted impressive results in its Coffee, Tea, and Extract Solutions segment, and its Route Based Services segment benefited from higher pricing. The company reported an income tax benefit of \$31 million due to the U.S. Tax Cuts and Jobs Act, which was enacted in December 2017. Adjusted EBITDA rose 27% to \$70 million in the quarter. The company also declared a quarterly dividend of \$0.078 per share, representing a 1.5% dividend yield.

Lassonde Industries Inc. ([TSX:LAS.A](#))

Lassonde is a Quebec-based company that develops, produces, and markets fruit and vegetable

juices and drinks. Lassonde stock has been somewhat static in 2018 thus far — down 0.83% as of close on March 28. Shares have climbed 14.1% year over year. The stock have surged over 200% over a five-year period, making it an attractive target for investors on the [hunt for growth stocks](#).

The company released its 2017 fourth-quarter and full-year results on March 26. Sales increased 2.4% year over year in 2017 to \$1.52 billion, and profit attributable to shareholders climbed to \$89.9 million compared to \$68.1 million in 2016. Lassonde could potentially be impacted by tariffs. Canada has thus far managed to [duck](#) major moves by the Trump administration, most notably its recent tariffs announced on steel and aluminum imports.

Lassonde last declared a quarterly dividend of \$0.61 per share, representing a 0.9% dividend yield.

Which should you buy?

Although it remains an expensive option, I prefer Lassonde at this stage in 2018. The company projects investing cash flows to increase in 2018 as it undertakes two major investment projects to improve capacity.

CATEGORY

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2. TSX:PRMW (Primo Water)

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