



This Food Company Is a Good Catch

Description

One thing that continues to amaze me is [food stocks](#).

Lately, on my weekly trek to the grocery store I've started to peruse the different brands in the frozen food aisle and came to an astonishing conclusion: **High Liner Foods Inc.** ([TSX:HLF](#)) is everywhere.

While that factor alone doesn't make High Liner Foods a great investment, there are several key points that make the company a worthy inclusion in your portfolio.

High Liner is bigger than you may think

High Liner has a commanding lead over the frozen fish market, with the company's nearest competitor having less than half the market share of High Liner. This is an important distinction for three reasons.

First, High Liner's reach extends beyond the branded boxes of frozen fish we pass in the supermarket. The company also has a myriad of non-branded products that are marketed directly to become the local brands for supermarkets or big-box stores, and it serves as a supplier to restaurants.

Another key point of that market dominance has to do with product selection. Consumer tastes are constantly changing, and High Liner's products are not immune to those changes.

By way of example, in recent years, tastes have shifted away from the breaded and fried products to grilled and sautéed products, and High Liner's market lead provides the company the opportunity to bring to market different variations and flavours of products to match those changing tastes, while not distributing the core product line.

Finally, that dominance provides High Liner with an enviable moat against the competition and allows the company to branch out to new products and markets.

High Liner is growing

Despite having such a strong presence in the frozen seafood market, High Liner is aggressively

expanding into new markets and segments.

Over the course of fiscal 2017, the company completed six acquisitions, all of which strengthened High Liner's position as a market leader in Canada as well positioned the company as a prominent value-added supplier across several channels in the U.S.

High Liner is a great income investment

In addition to serving as a growth play, High Liner offers investors a very appetizing quarterly dividend that provides a yield of 5.35%. Potential investors should also note that High Liner has increased that dividend three times in the past two years.

For income-seeking investors, that level of commitment, along with a strong series of results, may be enough to warrant a small investment.

High Liner trades at a discount

The correction we saw earlier this year was by no means limited to any one segment of the market. Over the course of the past three months, High Liner's stock price has dropped over 24%, resulting in the stock hovering near 52-week lows with a P/E of just 8.84.

In terms of results, the company announced fourth-quarter and year-end fiscal results earlier this year, which saw High Liner realize sales of \$263 million and net income of \$14.2 million, or \$0.43 per diluted share. Results from the first quarter of fiscal 2018 have not been reported yet, but analysts are calling for earnings of \$0.35 per share.

Should you invest in High Liner?

High Liner offers investors a growing dividend and improving results. The company also has an aggressive approach to expansion that is helping solidify the current standing at the top of the frozen seafood market.

In my opinion, High Liner is a great long-term investment option for those investors looking to diversify with a food stock that offers both long-term growth and income that will [outperform the market](#).

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/07/02

Date Created

2018/04/16

Author

dafxentiou

default watermark

default watermark