



## Metro Inc. Offers Investors More Than Groceries

### Description

Few of us realize just how blessed we are when it comes to choosing investments. And despite the myriad of investments options given to us, investors tend to deviate toward the same types of investments, overlooking some excellent investment choices.

One such investment is **Metro Inc.** ([TSX:MRU](#)).

The grocer has an impressive reach over the grocery market in both Ontario and Quebec. The acquisition of Jean Coutu Group PJC Inc. [announced last year](#) also saw Metro enter the lucrative pharmacy market, which has inched closer to the grocery market in recent years.

While there are countless [great reasons to invest in Metro](#) that are widely known, there are a few lesser-known reasons that potential investors should take into consideration.

Let's look at some of those reasons.

### Q2 results are coming next week

Metro is set to deliver updated quarterly results next week on the second fiscal of 2018. A consensus of analysts has forecast that Metro will report earnings of near \$0.48 per share, which would put the quarterly result lower than the figure from the first quarter.

Metro indirectly made a note of this during its Q1 earnings announcement, noting that a shift in the week before Christmas week last year put the period into the first quarter of results, which resulted in a better-than-expected period last quarter, but that it would, in turn, adversely impact results in the second quarter.

Despite that forecast, there are other indicators that show how attractive of an investment Metro is at the current juncture.

From a price-to-earnings perspective, Metro's current ratio of 5.55 screams of opportunity, particularly when factoring in Metro's two closest peers in the same segment with a P/E that is at least three times

higher.

But there's more.

Metro's main competitor, **Loblaw Companies Limited** is already deeply integrated into the pharmacy business through its own acquisition of Shoppers Drug Mart that was completed several years ago. The deal has proven to be a source of significant growth.

From Metro's perspective, the ink is barely dry on the Jean Coutu acquisition, so if anything, the growth potential of Metro branching out into this lucrative new area has not yet unfolded.

## **New business ventures**

The pharmacy business is not the only area in which Metro has been branching out. The proliferation of e-commerce has taken the market by storm in recent years, leaving many traditional brick-and-mortar retailers struggling to adopt a viable and updated sales model.

The onslaught of e-commerce and mobile-first retailers has thus far avoided the grocery sector, but that, too, is slowly changing. Grocery stores have the added moat of selling highly fragile and perishable goods that make delivery and online purchasing costly and risky.

You cannot, for example, inspect a banana for ripeness or ensure that none of the eggs in your carton are cracked while shopping online, and delivery of those goods holds just as much, if not more concern for shoppers.

Industry experts peg a paltry 1% penetration into the mobile market by grocery retailers like Metro, which leaves a massive opportunity for growth.

Metro has been steadily working on two different, yet related solutions to cater to that opportunity. The company began online delivery services in the Quebec region over a year ago and has steadily expanded that service to other areas, though as yet, not to Metro's network of over 600 stores in Quebec and Ontario.

Meal delivery is another growing segment that holds promise. Meal delivery services offer busy professionals and parents a way to put together a healthy and fun meal that they would otherwise not have time to complete. The service provides customers with a complete kit containing all the ingredients and recipes needed for a complete meal.

Last year Metro acquired a Montreal-based meal-kit company, MissFresh. As grocery delivery services continue to expand out over Metro's network, looking ahead to a time when MissFresh products can be offered alongside perishable grocery delivery is both predictable and a potentially lucrative opportunity for investors.

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