



This Food Company Is Becoming a Tasty Investment Option

Description

Food companies are some of the most lucrative and secure investments on the market. I often view them as being similar to [utility investments, as](#) our required need for nourishment mirrors our need for electricity and water – and ultimately provides a steady revenue stream for the providing utility or food company.

The one difference worth noting is that unlike a utility, consumers often gain a sense of satisfaction from purchasing, preparing, and consuming food. Paying your [hydro bill](#) doesn't seem as appetizing.

When it comes to selecting a food investment, one company that continues to impress me is **Maple Leaf Foods Inc.** ([TSX:MFI](#)).

Quarterly results are weaker, but with positive notes

Earlier this month, Maple Leaf provided an update for the first fiscal of 2018, which came in weaker than expected.

In the most recent quarter, Maple Leaf announced earnings of \$27.9 million, or \$0.22 per share, which came in lower than the \$30.1 million, or \$0.23 per share reported in the same quarter last year.

On an adjusted basis, the company earned \$0.29 per share, which was also lower than the \$0.33 per share from the same quarter last year. By comparison, the consensus among analysts was that earnings would be \$0.34 per share.

Despite that drop, sales saw a small uptick to \$817.5 million from the \$811.2 million reported last year.

According to Maple Leaf, unfavourable market conditions in the pork market was the primary driver for the weaker than expected results.

Looking past the recent quarter, Maple Leaf does offer investors an incredible opportunity for growth.

Transitioning to better quality products

Maple Leaf recently announced a massive change to its entire product portfolio — one that should appeal to customers who are conscientious about keeping an eye on the growing number of ingredients in their food.

Specifically, Maple Leaf reformulated its entire product line, opting for simple ingredients, without the use of artificial preservatives, sweeteners, colours, or flavouring.

Maple Leaf is also rebranding its packaging to focus on transparency, with legible and simple to read ingredients, which the company hopes will win the trust of consumers.

Packaged meats often contain less than desirable preservatives and chemicals, which are potentially harmful to consumers. Using a more natural combination of water, salt, and natural spices sounds more infinitely more appetizing over listing sodium diacetate and various nitrates.

Another key element of this change is sustainability – and Maple Leaf’s vision of becoming “The Most Sustainable Protein Company on Earth.” This vision goes beyond packaging and ingredients, extending to the impact of its facilities and packaging waste on the air and water around us.

One ambitious — yet viable — target is to slash the company’s environmental footprint in half over the next seven years.

The new packaging and logo will be rolled out across grocery store shelves by the end of the year.

Is Maple Leaf a good investment?

Maple Leaf’s rebranding is a significant shift for the entire food industry in several ways. For years, the idea of being a good corporate citizen and putting an emphasis on the environment was something many companies sought, but few if any companies have embraced that idea as much as Maple Leaf has.

This puts the company into a league of its own as a market leader that other companies operating in the same sector can look up to. It also adds a degree of trust for consumers, who will undoubtedly prefer a product with clear, fresh ingredients over chemicals, leading to what should be increased sales over the next few years.

If that isn’t convincing enough for investors who are on the fence, then Maple Leaf’s dividend may be the deciding factor for some. The 1.64% yield is hardly the best performing on the market, but a steady stream of annual hikes that goes back several years should keep investors happy.

In my opinion, Maple Leaf Foods is a great option for long-term investors looking to diversify their portfolio with a stock that offers growth and income potential.

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Author

dafxentiou

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