



Are These 2 Food Stocks Worth Buying Before Earnings?

Description

The S&P/TSX Composite Index climbed another 93 points on February 20. The TSX Index has now increased 11.9% in 2019 so far. This has been an impressive rally, especially considering the rough end to 2018.

Bullish sentiment is high during these periods, which can limit the interest in more conservative equities. However, some investors may elect to take profits and reinvest at the [top of a rally](#). Today, we are going to look at two income-yielding stocks that are set to release the next batch of quarterly earnings. Which is the better addition to your portfolio? Let's dive in and find out.

Maple Leaf Foods ([TSX:MFI](#))

Maple Leaf is a Mississauga-based consumer packaged-meats company. Shares of Maple Leaf have climbed 8.5% in 2019 as of close on February 20. The stock is down 15.2% year over year.

Maple Leaf is set to release its fourth-quarter and full-year results for 2018 on February 28. For the first nine months of 2018, Maple Leaf reported a 1.7% decline in sales to \$2.64 billion. Net earnings have plunged 14.9% to \$89.4 million, and earnings per share were down 12.3% to \$0.71. Maple Leaf said that poor results were largely due to [global trade instability](#).

Maple Leaf does not offer a particularly attractive price for value investors as of this writing. It last boasted an RSI of 54, putting it in neutral territory. However, the stock has a quarterly dividend of \$0.13 per share. This represents a 1.7% yield.

High Liner Foods ([TSX:HLF](#))

High Liner Foods is a Canadian company primarily engaged in the processing and marketing of prepared and packaged frozen seafood products. Shares have dropped 6.6% in 2019 as of close on February 20. The stock is down 47% year over year.

High Liner is expected to release its fourth-quarter and full-year results on February 27. In the third quarter, the company announced a 14% reduction in its salaried workforce. This is part of an organizational realignment aimed to generate approximately \$7 million in net annualized run-rate cost savings.

High Liner reported a \$41.5 million year-over-year decline in sales to \$241.2 million in the third quarter. Adjusted net income also dropped \$8 million to \$0.4 million. On the plus side, net cash flows from operating activities climbed by \$11 million to \$15.4 million compared to \$4.4 million in the prior year. The board of directors approved a quarterly dividend of \$0.145 per share, which represents an attractive 8.1% yield.

Unfortunately, High Liner stock is not trading at a discount that would be appealing to value investors as of close on February 20. Income investors may be swayed by its high dividend yield and 11 consecutive years of dividend growth. Still, shares have dropped 41.3% over the past three years. The decline has been steady, mitigating the stock's positives for those seeking income.

Which is the better buy today?

Both companies have turned in frustrating results in recent quarters. I like Maple Leaf better over the long term, even if it offers a far more modest dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:MFI (Maple Leaf Foods Inc.)

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