



## 3 Reasons to Buy This \$8 Billion Company

### Description

The business model of **Empire Company Limited** ([TSX:EMP.A](#)) is probably one of the best models conceptualized in North America. Starting as a retail store some 56 years ago, the company's evolution is a rare anomaly. Investors could rely on this giant food retailer for years of financial sustenance.

In April 1986, the company booked revenue of \$1 billion for the first time. That time signaled the birth of an "empire." The conglomerate's current market cap is about \$8.271 billion. Today, Empire provides millions of people living in 900 communities across Canada with food.

Market analysts are not theorizing when they say that Empire is a solid investment; their assessment sits on solid ground. Here are three striking reasons you can start building your personal financial empire by investing in a stock belonging to the consumer defensive sector.

### Impregnable captured market

Empire Company Limited rakes in close to \$24.6 billion in sales annually, which is supported by assets worth \$8.7 billion. The company's food retail business is the main profit center that comprises the subsidiaries, franchisees, and affiliates. Total workforce in the payroll is about 120,000.

Sobeys Inc., a wholly-owned subsidiary, is the centerpiece. The subsidiary's 1,500 retail stores and 350 plus retail fuel stations are the cogwheels that deliver uninterrupted profits. A business slowdown is unlikely in the more than 900 communities that are over-dependent on the "empire" for their everyday needs.

### Complementing REIT business

Empire Company Limited is not totally reliant on the food retailing business. The company is heavily invested (41.5%) in Crombie REIT and derives income from this open-ended Canadian real estate investment trust. Crombie owns a portfolio of income-generating properties in Canada.

Crombie is into operating and developing high-quality grocery and drug stores that are strategically scattered in shopping malls or as standalone stores. The real estate firm is also partnered with residential property developer Genstar whose operations are in Canada and the U.S.

## Long-term sustainable value

With a commanding and established market presence, shareholders of Empire are assured of [dividend earnings](#) and [long-term gains](#). Management is continually enhancing the company's net assets through direct ownership and equity participation in businesses with the potential for long-term sustainable growth and profitability.

### ***“We are a family nurturing families”***

Empire's two major segments are enduring and unfailing businesses, which is why the company is focused on fortifying its core strengths in food retailing and related real estate. The company's geographical diversification is also a major strength.

Last year, the company sealed an agreement with the Ocado Group PLC and acquired Farm Boy. The former is the world's leading online grocery ordering, automated fulfillment, and home delivery solution. The latter is one of Canada's fastest-growing and successful food retailers.

After completing the deals, Empire repurposed with a new slogan, “We are a family nurturing families.” As an investor, you become part of the family and entitled to receive the gains in the years ahead.

#### **CATEGORY**

1. Investing

#### **TICKERS GLOBAL**

1. TSX:EMP.A (Empire Company Limited)

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