



Don't Be Cott (TSX:BCB) Missing Out on This 1 Stock!

Description

Admittedly, there is nothing sexy about water, unless you count the fact that it keeps us alive.

From an investor's point of view, however, water is the perfect business to invest in, as it is a high-margin business.

Residents in B.C. may recall the Nestle water scandal in 2015, whereby the company was withdrawing and bottling 265 million litres of groundwater at no cost. As residents of B.C. were experiencing a drought, Nestle was able to continue withdrawing the same amount of water unencumbered.

In 2016, the government of B.C. started charging Nestle \$2.25 per million litres of water, but local activists claim this isn't enough given the huge amounts of profit that Nestle makes on bottled water.

As a dominant player in the water industry, **Cott** (TSX:BCB)(NYSE:COT) is poised to benefit from the low-cost, high-margin nature of this business.

Investors should consider buying shares of Cott due to its [portfolio of companies](#) and its return to profitability.

Portfolio of companies

2014 and 2016 were important years for Cott. In 2014, Cott acquired DS Services, which is a leading direct-to-consumer provider of coffee, water, and filtration services in the United States. Fast forward a couple of years, the company acquired Aquaterra, S&D Coffee & Tea, as well as Eden.

Aquaterra is the largest Canadian distributor of home and office delivery water. S&D Coffee & Tea is a leading custom coffee roaster and distributor of coffee and tea to the United States food service industry. Eden is a leading European direct-to-consumer home and office coffee and water services provider that operates in 18 countries.

Investors should be thrilled with Cott's portfolio of companies, as it is clearly focusing on one particular

segment of the beverage industry — the home and office delivery and services segment. This focus is in a high-margin sector of the industry, which will benefit investors down the road through increased profits.

Return to profitability

Cott has [not been doing well in the past five years](#) with a net loss reported in two of the years.

That said, the company's net income is increasing each year since fiscal 2016 from \$78 million to \$383 million in fiscal 2018.

In 2018, Cott closed the sale of its traditional manufacturing business to Refresco for US\$1.25 billion, which explains the increase from a \$1 million net loss in fiscal 2017 to a gain of \$383 million the following year.

Summary

By focusing on water and coffee delivery and servicing, Cott is positioning itself to take advantage of a historically high-margin business.

With its operations in Canada, the United States, and Europe, Cott is solidifying itself as the international go-to company for water and coffee services. This shift could lead to additional opportunities for Cott, as the water and coffee delivery and services business is needed around the world.

I am interested in seeing if Cott will expand to China, whereby coffee culture has exploded in recent years coupled with urbanization.

As net income increases, investors should look into investing in Cott, as it is poised to benefit from the investment in this new industry.

If you liked this article, click the link below for *exclusive insight*.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:PRMW (Primo Water)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date

2025/07/07

Date Created

2019/10/13

Author

cliu

default watermark

default watermark