



## Safest Stock in North America for TFSA Investors

### Description

**Lassonde Industries** ([TSX:LAS-A](#)) sells [ready-to-drink fruit and vegetable juices](#) and drinks in North America and internationally. The company also sells cranberry sauces and develops, manufactures, and markets specialty food products, including fondue broths and sauces, and pasta sauces.

The company sells and markets selected wines; and produces apple cider and cider based beverages. The company also [sells products under various trademarks](#), such as Antico, Apple & Eve, Arte Nova, Bombay, Canton, Double Vie, Dublin's Pub, Everfresh, Fairlee, Fruité, Grown Right and Mont-Rouge.

Lassonde serves supermarket chains, independent grocers, superstores, warehouse clubs, pharmacy chains, and online sales. Lassonde is a 100-year-old company headquartered in Rougemont, Quebec.

The company is fairly valued with a price-to-earnings ratio of 18.9, price to book ratio of 1.8 and market capitalization of 1.15 billion. Debt is conservatively used at Lassonde, as is evidenced by a debt to equity ratio of just 0.5. The company has excellent performance metrics with an operating margin of 6.4% and a return on equity of 9.31%.

The company produces superior quality products and employs 2,200 people working in 15 plants across Canada and the United States.

The company recently noted that industry sales volumes in the U.S. and Canadian fruit juice and drinks markets were down for the 12-month period ending Q3 2019.

The company's sales were up 1.0% in Q3 2019 compared to the same period last year. Barring any significant external shocks, the company expects that, for 2019, it will be able to achieve a consolidated annual sales growth rate slightly above that of 2018.

Lassonde's selling price increases in the U.S. market have started to take effect in the third quarter of 2019, but increases in costs have outpaced the price increases. The company remains cautious that the U.S. competitive environment has become particularly challenging.

Since 2014, the company's product development strategy has focused primarily on hydration and

health. By 2025, Lassonde is striving to reduce the sugar content of all products by 20% compared to 2015 values.

The company's communication campaigns promote the benefits of 100% fruit juice. The company also founded the Canadian Fruit Juice Council and intends to participate in the work of the U.S. Juice Product Association.

The company is working on restoring the profitability of U.S. operations through disciplined application of the minimum contribution margin for the use of the company's production capacity.

The company is also pursuing a \$30 million investment program of Lassonde Specialties that spans over three years to meet the needs stemming from strong growth of that subsidiary.

The company is looking to grow organically by adding low-calorie hydration products in both single-serve and family formats and by developing new solutions for private label customers.

Lassonde is also making efforts to increase presence in the wine industry in Canada and is participating actively in the development of the grocery store wine market in Ontario.

Lassonde is a highly profitable company operating in a recession resistant industry. The company is speeding up debt repayment which should provide flexibility to engage in share buybacks and pursue strategic acquisitions. This is an excellent company to buy now and hold over the long-term.

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