Forget Beyond Meat (NASDAQ:BYND)! This Canadian Stock Is Much More Exciting

Description

It seems the world is seeking an alternative to traditional meat. The surge in **Beyond Meat's** valuation since its public listing is an indication that investors, consumers, and retailers all have an intense appetite for food products that taste and feel like meat without any of the ethical or environmental consequences.

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Early investors in Beyond Meat have enjoyed a 257% surge in the stock price over just the first two months of being a public company. Canadian investors, unfortunately, missed out on these humongous gains. However, that doesn't mean there's no way for us to bet on the rise of plant-based meat alternatives.

Mississauga-based packaged meats giant **Maple Leaf Foods** (TSX:MFI) should have been the prime victim of this change in consumer preferences. Instead, the company is staying on the bleeding-edge by embracing meatless alternatives in its portfolio of products.

Last year, its wholly owned subsidiary Greenleaf Foods combined pea protein, coconut oil, and beet powder to create a product that looks, feels, and tastes just like a regular burger. The Lightlife Plant-Based Burger is already on grocery shelves across the country and is considered to be the most critical product launch in the company's 40-year history.

Maple Leaf is now investing $310 million to construct a 230,000-square-foot facility that produces plant-based meat products in Shelbyville, Indiana. Once completed, consumers can expect a lot more Maple Leaf meatless products, ranging from tempeh to sausages.

Industry experts expect the global plant-based meats market to grow at an annual rate of 15.4% over the next four years, which means the combined market could be worth US$3.2 billion by the end of 2024. With its rollout of meatless products and its robust distribution network, Maple Leaf could carve out a significant chunk of this market over time.

At the moment, Greenleaf contributes only 4.5% of the company's overall sales. Maple Leaf is still the leading producer and distributor of meat in North America, and that doesn't seem like it's going to change any time soon.

However, through savvy acquisitions in the meat alternative space the company has secured its business model against future disruption. The company's Plant Protein Group is growing much faster than its traditional core meat business. The segment expanded 26% year on year in the first nine months of 2019. The segment also accounts for more of the company's capital expenditures than the core meat segment.

If this double-digit growth rate is sustained, plant-based meat alternatives could soon be a bigger part of Maple Leaf's overall business.

The fact that Bay Street hasn't yet acknowledged the long-term impact of the plant-based proteins segment could mean that the stock is currently undervalued. Maple Leaf's stock trades at 33 times forward earnings, 1.68 times book value, and offers a 2.2% dividend yield at the current market price.

Fellow Fool Aditya Raghunath believes the stock could be poised for a 23% upside this year and could deliver stable gains in the years ahead as the plant protein group expands meaningfully.

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Bottom line

With its meatless protein products, Maple Leaf Foods could take a meaningful bite out of Beyond Meat's potential market in the next few years.

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