

Forget Beyond Meat (NASDAQ:BYND): This Stock's a Better Deal

Description

Shares of **Beyond Meat, Inc.** (<u>NASDAQ:BYND</u>) are soaring in 2020. While many stocks are struggling to get back to where they were at the beginning of the year, Beyond's stock had doubled by early June.

And although it's given some of those gains back since then, it's still had a stellar year already. But the stock's impressive performance has also made Beyond an expensive stock to own.

Profits for the company are still few and far between and investors are paying a lot for future expectations. With a price-to-sales multiple of more than 20, investors aren't paying as massive a premium as they were in the past, when the stock was trading at 80 times revenue.

But it's an obscene multiple, and when combined with its price-to-book multiple that's also over 20, you get one highly-priced stock that may not be worth investing in.

Much of the hype relates to plant-based meat products. But the problem is that Beyond isn't the only game in town and it's likely going to face more competition in the future.

It lacks the competitive advantage it would need to justify the high premium that investors are currently paying for the stock.

This TSX stock could be a better option

One company that's in the plant-based meat business that doesn't get a lot of love from investors is **Maple Leaf Foods** (<u>TSX:MFI</u>). The Canadian company owns Lightlife, which also makes plant-based burgers. Lightlife belongs to the company's plant protein group segment, which has seen terrific growth this past quarter.

Maple Leaf reported its first-quarter result of fiscal 2020 on April 29. And in Q1, the company's sales were up 12.8%. One of the hottest areas of growth for Maple Leaf was in the protein segment where sales were up 25.9% year over year.

Although the company reported a loss for the quarter, it's only the second time in the last 10 quarters that its bottom line was in the red. Generally, Maple Leaf's a safe stock to own that can provide investors with a great deal of stability.

With the company having exposure to the plant-based meat craze, it could stand to benefit from some strong sales numbers in the future.

Despite the potential, the stock hasn't generated the same attractive returns that Beyond's stock has. Up around 8%, Maple Leaf stock is still doing better than the markets as a whole, but it's not exactly soaring, either.

Investors who buy the stock today are getting it at a decent valuation. Maple Leaf's stock is trading at 0.8 times sales and less than two times its book value. Those are some pretty attractive multiples for a value stock, let alone one that has some exciting growth opportunities ahead of itself.

Another reason to like the stock it that it pays a growing dividend. Quarterly payments of \$0.16 per share mean that investors will be earning about 2.3% per year in dividend income. It's a decent payout to stack on top of its returns.

If the stock were to remain around an 8% return this year, investors would earn a total return of over 10% — which could turn out to be very impressive in a year weighed down by the COVID-19 pandemic. default Wa

CATEGORY

- 1. Dividend Stocks
- 2. Investing

TICKERS GLOBAL

- 1. NASDAQ:BYND (Beyond Meat)
- 2. TSX:MFI (Maple Leaf Foods Inc.)

PARTNER-FEEDS

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

Category

- 1. Dividend Stocks
- 2. Investing

Date

2025/08/25 Date Created 2020/06/17

Author djagielski

default watermark

default watermark