



## 1 TSX Stock That Can Refresh Your Portfolio

### Description

As people sit at home with little to do during a lockdown, their attention goes to one thing they can control: cooking. As long as companies continue to churn out food products and supermarkets continue to stock them, people will buy food. It's not for nothing that banana bread was a huge trend for April and May.

**Lassonde Industries** ([TSX:LAS.A](#)) is a popular name in the ready-to-drink juices and drinks segment with brands like Apple & Eve, Everfresh, Fairlee, Fruité, Graves, Oasis, Old Orchard, Rougemont, and Sun-Rype. Lassonde is the largest producer of fruit and vegetable juices and drinks in Canada and one of the two largest producers of store brand shelf-stable fruit juices and drinks in the United States.

The company recorded sales of \$472.4 million in the first quarter of 2020, up 17.1% from the same period in 2019. Its operating profit came in at \$30.3 million, up \$6.9 million or 29.5% from \$23.4 million in 2019.

"Sales have risen significantly this quarter, but it is difficult to assess the impact that consumer accumulation of food reserves has had on our sales volumes," said Nathalie Lassonde, CEO, Lassonde Industries.

On January 3, 2020, Lassonde [completed the acquisition of](#) Sun-Rype for \$89.3 million. The move has started to pay off with sales from Sun-Rype adding \$44.1 million to the company's first-quarter revenues and contributing \$0.7 million in operating profit.

### What next for investors?

Lassonde says for 12 months ended March 28, 2020, there has been a slight dip in industry sales volumes in the U.S. and Canadian fruit juice and drinks markets. However, sales volumes have been significantly higher over the 12-week period ended March 28, 2020, in both Canada and the U.S.

Lassonde's management claimed, "Barring any significant external shocks, including the impacts of COVID-19 (and excluding foreign exchange impacts and the impact of the Sun-Rype acquisition to

maintain a comparable basis), the company expects that, for 2020, it will be able to achieve a consolidated annual sales growth rate slightly above that of 2019.”

That said, Lassonde has also warned that this forecast is uncertain because it depends on the impact of the lockdown in 2020 and social-distancing measures on demand for the company’s products will depend heavily on the speed and extent to which these measures are reversed as well as on the strength of the economic recovery that follows the crisis.

Companies like **Empire** have done very well [during the lockdown](#), as they recorded record sales for the year ended May 2, 2020. And if grocers are doing well, it makes sense that consumer companies will do well, too.

It seems clear that there is a direct correlation between the lockdown and the amount of juice consumed by people. If the pandemic eases and the likelihood of a second wave reduces, it might be smart to sell the stock. However, and this scenario looks more likely, if lockdowns are staggered and social-distancing persists, Lassonde has a strong chance of going up. From the looks of it, this stock should be good to hold for another quarter.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:LAS.A (Lassonde Industries Inc.)

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1. Investing

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