



This Value Stock Could Be the Plant-Protein King of the World

Description

Maple Leaf Foods ([TSX:MFI](#)) is a producer of [food products](#). The company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snacks kits, valued-added fresh pork and poultry, and plant protein products. Maple Leaf Foods employs approximately 13,500 people, primarily in Canada and the United States. It has [sales customers](#) located in approximately 30 countries worldwide.

Following the sale of the company's rendering business in 2013 and bakery businesses in 2014, Maple Leaf Foods committed to focusing on the company's protein business. Having completed an internal reorganization of the company's leadership, it has pursued an ambitious growth agenda, through acquisitions, investments in capital projects and expansion into the plant protein business.

Growth by acquisitions

Consistent with a focus on protein, the company made two significant investments in the meat protein business. This included the acquisition of two poultry plants and associated supply from a private company, Cericola Farms. Maple Leaf Foods also acquired Viau Food Products, a privately held company and Canadian leader in premium Italian cooked, dry-cured and charcuterie meats with two plants in the Montreal area.

Operational efficiencies

The company has a history of executing initiatives designed to improve efficiencies and contribute to profitability. Maple Leaf Foods continues to pursue operating efficiencies in the company's plants and supply chain. In addition, the company focuses on cost and efficiency, with zero-based budgeting as a foundational element of that culture. Maple Leaf Foods targets continuous improvement throughout the company as a means of sustaining ongoing efficiencies.

Global expansion

Maple Leaf Foods has significantly grown the company's presence in foreign markets. The meat protein group has seen sustained sales momentum into the U.S. market, led by strong double-digit growth of the company's Greenfield Natural Meat brand in 2020, and continued exports into Asian markets.

With the acquisition of Lightlife Foods, Maple Leaf Foods has emerged as a strong player in the rapidly evolving plant protein space. In 2020, the Plant Protein Group achieved 19.5% sales growth, supported by increased consumer adoption and strategic investments in advertising, promotion and marketing to grow brand awareness and secure market share.

E-commerce growth

Embracing a digital future across the business marks a step change on deploying and leveraging collaboration technology across the company. Maple Leaf Foods also updated the company's core enterprise resource planning system, enabling further digital functionalities in the future. It also implemented measures to enhance the company's supply chain systems and processes.

Intelligent capital allocation

Maple Leaf Foods completed a comprehensive brand renovation for the company's flagship brands in 2020. With a suite of newly renovated brands, the company has focused on executing a strategy to connect with consumers through authentic advertising that speaks to consumer needs and delivering quality products.

Maple Leaf Foods also launched significant rebranding efforts as part of the company's investment in the plant protein business through 2020, repositioning some brands to focus on delivering simple and recognizable ingredients.

Maple Leaf Foods has implemented several initiatives aimed at building significant and sustainable shareholder value and is continuing to advance longer-term initiatives, including strategic capital investments.

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Date

2025/09/08

Date Created

2021/03/16

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