



ALERT: This Value Stock Could Be a Bargain

Description

North West Company ([TSX:NWC](#)) is a [leading retailer](#) to rural and remote communities in northern Canada, rural Alaska, the South Pacific, and the Caribbean. The company's stores offer a broad range of products and services with an emphasis on food. North West's mission is to be a trusted provider of goods and services within harder-to-access, developing communities. The company has been selling a wide range of products and services to meet customers' everyday needs.

Focused on shareholder returns

The strategies at North West are aligned with a [total-return approach](#) to investment performance. The delivery of top-quartile total returns through an equal emphasis on growth and dividend yield is a key long-term objective of the company. With 61% of consolidated revenue, Canada is the largest market for the company. North West's network of stores generated \$1.3 billion in revenues and \$140.4 million in earnings last year.

North West's stores are located across the Canadian north. Communities vary in size from small remote settlements to larger regional centres. Populations range from approximately 300 to 8,000 people. The average store has approximately 6,000 square feet of selling space and features a broad assortment of food, general merchandise and services, including financial services, proprietary credit programs and income tax preparation. Selected stores feature an expanded assortment of products and services that include convenience foods such as a KFC outlet. Expanded services also include pharmacies, fuel sales, and post offices.

Durable economic moat

North West's financial capability allows it to sustain the competitiveness of the company's core strengths and to pursue growth. The company's investment priorities centre on store management and front-line people. It lowers costs to drive lower prices, next-level technology, and superior logistics. The company has the ability to be a leading community store in every market it serves. North West is working on connecting with the customers and communities it serves in a highly valued way.

The company is embracing a broad range of products, store sizes, flexible technology platforms, and work processes to enhance shareholder value. North West has demonstrated an ability to build and maintain supportive community relations. The company recognizes that it needs to be trusted, open, respectful, adaptable and socially helpful to preserve community relations.

Building strong community relations

Store leases and business licences are often subject to community approval and depend on North West's track record in these areas and the perceived community and customer value of the company's retail store compared to other options. North West has demonstrated significant ability to develop highly capable store level employees and work practices. This enables store-level personnel to efficiently manage the other key facets of the company's retail store. This enables North West to reach the company's full potential to maintain positive community relationships.

North West also has demonstrated excellent ability to deliver merchandise through the company's store network. The integration and build-out of the company's air cargo capability in northern Canada enables it to deliver and receive products faster, cheaper, and more reliably compared to third-party providers. Similar advantages are possible through North West's investment in information technology.

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Author

nikhilwaterloo

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