



## Metro: Start Building a Portfolio With 1 Value Stock

### Description

**Metro** ([TSX:MRU](#)) is a food and pharmacy leader in Québec and Ontario. As a retailer, franchisor, distributor, and manufacturer, the company operates or [services a network](#) of about 950 food stores under several banners, including Metro, Metro Plus, Super C, Food Basics, Adonis, and Première Moisson. The company also operates 650 drugstores primarily under the Jean Coutu, Brunet, Metro Pharmacy, and Food Basics Pharmacy banners, providing employment directly or indirectly to almost 90,000 people.

In fiscal 2020, the company reported sales of \$18 billion — up 7.3% year over year. Net earnings was \$796 million — up 11.5% — and expenses related to COVID-19 totalled \$137 million. Metro also reported [synergies](#) of \$69 million related to the company's Jean Coutu Group acquisition and announced a return on equity of 13.1%, exceeding 12% for the 28th consecutive year. Also, the company raised dividends per share by 12.2%, which was the 26th consecutive year of dividend growth.

### Effective stakeholder management

Several stakeholders had to adapt to the situation in order to allow stores, pharmacies, distribution centres, and offices to continue operating. This ensured customers and employees had a safe environment. The board of directors was continuously engaged during the pandemic and supported management in the company's efforts. In addition to the regular meetings of the board of directors during fiscal 2020, Metro reported that the board held three special meetings to mainly discuss with management the impact of the COVID-19 pandemic on the company's operations.

Besides these meetings, board members continued to be regularly engaged and informed on the pandemic through numerous written updates from management. While a part of the company's financial performance was fueled by additional sales as a result of the pandemic, it is important to emphasize that, before the pandemic and to management's credit, the company was already well on course to meet and even exceed the financial objectives it had set for fiscal 2020.

## Incredible long-term performance

Also, the company's long-term performance, both in terms of leadership and profitability had been recognized in 2020 through the *Financial Post's* award to Mr. Eric La Flèche, president and CEO, as Canada's Outstanding CEO of the Year.

Throughout the year, the board of directors continued to oversee and support management in the various projects and in the realization of the company's business and strategic plans, including a \$420 million investment over five years announced last March for the construction of a new automated distribution centre for fresh and frozen products which will be located in the greater Montréal area and for the expansion of the Laval produce and dairy products distribution centre.

## Focused on sustainability

Environmental, social, and governance (ESG) factors, which are part of the company's corporate responsibility approach, have also attracted the attention of the board of directors this year. In addition to a training session on the topic, directors have had multiple discussions with the company's management during meetings of the board and the corporate governance committee to whom the board of directors has given the mandate to oversee the corporation's activities and disclosure on corporate responsibility. These discussions are likely to serve Metro well.

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