



A Top Recession-Proof Stock for Your Portfolio

Description

Saputo ([TSX:SAP](#)) sells products in several countries under market-leading brands as well as private label brands. In contrast, the foodservice market segment was pressured when [temporary dining room closures](#) were mandated. During the pandemic, Saputo's United States sector was most impacted due to a large foodservice footprint, hampering efficiencies and fixed-cost absorption.

Recovery as the international markets began to reopen

That said, Saputo did see some bright spots for those restaurants that could accommodate [food pickup and delivery](#), like the company's quick-service and pizza chain partners. On the industrial side, where volumes are primarily destined for export, Saputo began to see a recovery in the second half of fiscal 2021 as the international markets began to reopen.

Strength and resilience of the company's global platform

While Saputo certainly felt the effects of the COVID-19 pandemic, Saputo's performance reflects the strength and resilience of the company's global platform. The pandemic provided Saputo with a licence to change. Saputo sprang into action by adjusting the company's commercial initiatives, production, and supply chain. This included reviewing Saputo's marketing and innovation pipeline and retooling certain foodservice-specific production facilities to take advantage of the healthy retail market segment.

Ramping up efforts to reach consumers through third-party online channels and customers

Further, Saputo kept the lines of communication open with the company's customers, offering tips and insights to help clients adapt to business initiatives. Saputo also took this opportunity to explore new avenues, like e-commerce. Saputo successfully launched two direct-to-consumer websites — the first in Canada and the second in the United Kingdom — and the company started investing to ramp up

efforts to reach consumers through third-party online channels and customers through business-to-business (B2B) platforms.

Maintaining prudence and discipline in all aspects

In addition, Saputo's learnings and the various initiatives it put in place will outlast the pandemic and have already made it a more agile organization. Over the years, Saputo has maintained the company's prudence and discipline in all aspects, an approach that served it well in the unprecedented times of the COVID-19 pandemic.

Capital investments to support future growth

In fiscal 2021, Saputo's cost-containment measures and operations continued to generate cash, and the company's strong financial position enabled it to forge ahead with business plans and commitments. For instance, Saputo made capital investments to support the company's future growth and increased the dividend, as it has done every year since the company's initial public offering (IPO). Further, Saputo is on the hunt for acquisitions.

Intensifying efforts relating to diversity, equity, and inclusion

Beyond employee health and safety, reaching environmental goals and intensifying the company's efforts relating to diversity, equity, and inclusion (DE&I) have been key priorities. Saputo made great strides towards the company's 2025 environmental targets, allocating a portion of the company's three-year \$50 million investment to complete 12 specific projects across the company's network, which should deliver notable climate, water, and waste savings.

Improved score on climate disclosure

Saputo's progress did not go unnoticed, as the company was awarded an improved score of B by Carbon Disclosure Project for the company's 2020 climate disclosure. This positions it well to succeed over the long term.

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Date

2025/08/04

Date Created

2021/08/22

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nikhilwaterloo

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