



## 2 TSX Components up Almost 40% in 2021

### Description

The TSX has been one of the top-performing indices in 2021, gaining over 20% year to date. Comparatively, the S&P 500 is up 19.2% in this period. However, there are two TSX giants that have outpaced the broader markets by a significant margin this year. These two stocks are **Loblaw** ([TSX:L](#)) and **George Weston** ([TSX:WN](#)), which have gained 38.2% and 40.6% respectively in 2021.

Let's see if these stocks can continue to beat the TSX going forward.

### Loblaw has a market cap of \$29 billion

A food and pharmacy company, Loblaw Companies is engaged in multiple verticals that include consumer staples, pharmacy, health and beauty, apparel, financial services, general merchandise, and wireless products and services. It has two primary business units that include Retail and Financial Services.

The Retail segment operates corporate and franchise-owned retail food and associate-owned drug stores. This business also includes in-store pharmacies and general merchandise outlets. The Financial Services segment offers credit card and banking services, insurance brokerage services, and telecommunication services.

In the second quarter of 2021, Loblaw reported sales of \$12.5 billion, which was an increase of 4.5% year over year. Its Food Retail and Drug Retail sales have grown at an annual rate of 6.3% and 5.7%, respectively, in the last two years. Its operating income soared by 86% to \$752 million in Q2, while adjusted EBITDA grew 36% to \$1.37 billion.

Loblaw invested \$258 million in capital expenditures and generated \$953 million in free cash flow. The company is valued [at a market cap](#) of \$29 billion and is forecast to report sales of \$52.62 billion this year. Its sales are also forecast to increase sales by 1.8% to \$53.6 billion in 2022.

The company's ability to generate cash flows across business cycles allows Loblaw to offer investors a forward yield of 1.7%. Analysts tracking the stock expect shares to touch \$91.3 in the next 12 months,

which is 8% higher than its current trading price.

## George Weston is valued at a market cap of \$19.6 billion

George Weston provides food and drug retailing and financial services in Canada and other international markets. It operates via Loblaw Companies, Weston Foods, and Choice Properties Real Estate Investment Trust.

The Choice Properties owns, develops, and manages commercial, retail, industrial, office, and residential properties. The Weston Foods segment produces fresh, frozen, and specialty bakery products via national and regional supermarkets that include convenience store chains as well as other food retailing customers.

While Loblaw reported stellar Q2 results, Choice Properties collected 98% of contractual rents, despite regional lockdowns across Canada. Its net asset value per unit rose by 3.6% due to gains from its industrial portfolio, 149,000 square feet of new gross leasable area. It also lowered its leverage ratio through the early repayment of \$200 million of debentures. The company was impacted by higher-than-expected input, labour, and distribution costs.

George Weston stock is valued at a market cap of \$19.6 billion and is [forecast to increase sales](#) by 0.3% to \$54.9 billion in 2021 and by 1.8% to \$55.9 billion in 2022.

Similar to Loblaw, George Weston is also trading at a discount of almost 10% to its average price target.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:WN (George Weston Limited)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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araghunath

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