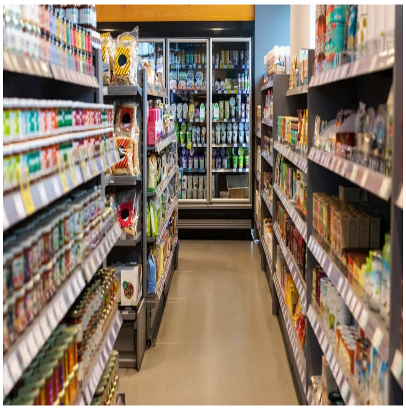

3 Dividend Stocks I'd Buy as Food Prices Rise

Description

The Canadian grocery retail space proved very reliable during the worst weeks of the COVID-19 pandemic. Earlier this week, I'd discussed why the run for these equities may not be over. Indeed, the Russia-Ukraine conflict has the potential to severely disrupt the global agricultural sector. This means that Canadian consumers may be wrestling with higher food prices going forward, especially in categories like meat, dairy, and bread. Today, I want to look at three dividend stocks that are worth owning in this climate.

Why you should add Canada's top grocery retailer

Loblaw Companies (TSX:L) is the largest food and pharmacy retailer in Canada. It owns and operates the President's Choice brand. Shares of this dividend stock have climbed 9.7% in 2022 as of close on March 9. The stock has soared 70% in the year-over-year period.

This company released its fourth-quarter and full-year 2021 results on February 24. In 2021, Loblaw reported revenue of $53.1 billion — up from $51.8 billion in the prior year. Meanwhile, adjusted EBITDA climbed 11% year over year to $5.58 billion. Moreover, adjusted diluted net earnings per common share jumped 33% to $5.59.

Shares of this dividend stock possess a favourable price-to-earnings (P/E) ratio of 20. It offers a quarterly dividend of $0.365 per share, which represents a modest 1.3% yield.

Here's another hot dividend stock to snatch up as food prices climb

Empire Company (TSX:EMP.A) is another top grocery retailer. It owns and operates brands like Farm Boy, Sobeys, FreshCo, and many others. This dividend stock has increased 14% in the year-to-date period. That has pushed its shares into the black year over year.

The company is set to release its third-quarter fiscal 2022 earnings today. However, it has yet to release its earnings at the time of this writing. In Q2 FY2022, Empire delivered earnings per share of $0.66 compared to $0.60 in the previous year. Meanwhile, free cash flow surged 72% from the prior year to $129 million. Gross profit in the first six months of fiscal 2022 jumped $163 million year over year to $3.76 billion.

This dividend stock last had an attractive P/E ratio of 16. It offers a quarterly dividend of $0.15 per share, representing a 1.3% yield.

One more dividend stock I'd buy in the grocery retail space

Metro (TSX:MRU) is the third and final dividend stock I'd look to snatch up as food prices are set to increase. This Montreal-based grocery and pharmacy retailer is one of the top players in its home province of Quebec. Shares of this dividend stock have climbed 8.2% in the year-to-date period. The stock is up 31% year over year.

Investors got to see its first-quarter fiscal 2022 results on January 25. Its adjusted net earnings increased 8.3% from the previous year to $214 million. Meanwhile, adjusted diluted net earnings per share jumped 11% to $0.88. It declared a quarterly dividend of $0.275 per share. That is up 10% year over year and represents a 1.5% yield.

Shares of this dividend stock possess a favourable P/E ratio of 21. It is not too late to ride the coming wave in food retail.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMP.A (Empire Company Limited)
2. TSX:L (Loblaw Companies Limited)
3. TSX:MRU (Metro Inc.)

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