



5 Reasons Why Andrew Peller Could Be an Excellent Long-Term Investment

Description

It seems like everyone these days is trying to find the top Canadian stocks to buy while they're undervalued.

And while we always want to buy the best stocks for our portfolios, investors tend to focus mainly on the most popular Canadian stocks.

One lesser-known company, though, Canadian winemaker **Andrew Peller** ([TSX.ADW.A](https://www.tsx.com/stocks/andrew-peller)), offers both value *and* safety. We'll drink to that!

So if you have some cash to invest and are looking for top Canadian stocks to buy, here are five reasons Andrew Peller could be an excellent long-term investment.

1. Andrew Peller's sales are highly resilient

With inflation so high and interest rates rising rapidly, resilient Canadian stocks are some of the best investments you can make today.

Alcohol has always been considered a defensive industry. Even when consumers' incomes are being affected by recessions, sales of alcohol tend to fall less than those of other discretionary purchases.

Plus, not only is the industry defensive, but Andrew Peller offers a wide range of products, including many more affordable beverage options.

The company is so resilient that sales slightly increased through the first year of the pandemic. And although Andrew Peller revenue took a small hit for the year 2021, the biggest quarterly sales loss in that time was just 6.8% year over year.

2. It has a long track record of acquisitions and execution

Another reason Andrew Peller is one of the best Canadian stocks to buy for the long haul is that it has

a long track record of execution.

The company was founded back in 1961, has paid dividends since 1979, and has successfully made 18 acquisitions since 1995 — spending upwards of \$210 million.

3. Canadian stocks with excellent market share often make excellent investments

Because Andrew Peller has such a long track record and because it's made so many attractive acquisitions over the past few decades, the company enjoys impressive market share in Canada.

The company recently said its market share had returned to pre-pandemic levels. Back in 2019, Andrew Peller had an estimated 14% share of the total volume of the wine market in Canada and a 37% share of the total volume of the domestic wine market.

This impressive market share is thanks to the high-quality acquisitions the company has made, along with its distribution channels. Speaking of ...

4. Andrew Peller has its own network of retail stores

One of the most significant reasons Andrew Peller looks like one of the best Canadian stocks to buy is that it has superb distribution channels.

The company distributes its products through many provincial liquor stores. However, it also supplies tonnes of restaurants and, most importantly, has its own network of retail stores.

These are crucial. During the pandemic, provincial liquor stores in Ontario were closed on Mondays for the majority of fiscal 2021, resulting in an increase in sales at its retail locations. However, these stores are also a great way for Andrew Peller to market its new product offerings.

5. Andrew Peller is now one of the best Canadian value stocks to buy

Lastly, and most importantly right now, Andrew Peller is exceptionally cheap. There's no doubt that the company been struggling in recent quarters, especially as inflation began to increase rapidly late last year.

However, I believe the issues affecting its business are all temporary, and Andrew Peller continues to report gross margins of 35% or more. So while the company's bottom line has struggled lately, Andrew Peller is still an excellent business with impressive operations and attractive economics.

Therefore, while its [price-to-book ratio](#) is just 1.1 times — and the cheapest it's been in more than a decade — Andrew Peller looks like one of the most attractive Canadian stocks to buy today.

When the company eventually turns it around and recovers, it offers the potential to not only rally back to fair value but to also grow operations for decades to come.

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