



## George Weston Is a Stock You Can Trust After its Earnings Release

### Description

**George Weston** ([TSX:WN](#)) is a Toronto-based company that provides food and drug retailing as well as financial services to a Canadian and international customer base. This company consists of Weston Foods and **Loblaw Companies**, which is the largest [grocery retailer](#) in Canada. Today, I want to discuss why I'm sticking with this stock after its recent earnings release. Let's jump in.

### George Weston has outperformed the TSX in 2022

Back in March, I'd [suggested](#) that investors target grocery retail stocks. Food prices have soared on the back of [inflation rates](#) we have not seen in decades. This has put intense pressure on consumers. Canadians should look to make up ground by snatching up stocks like George Weston in 2022.

Shares of George Weston have climbed 6.3% in 2022 as of close on May 10. The stock is up 36% in the year-over-year period. Like its peers, this grocery retailer has provided nice cover for investors, as the TSX has succumbed to broader volatility in the early spring. Canadians can still trust this top stock in the months ahead.

### Should investors be encouraged by its recent earnings release?

The company released its first-quarter 2022 earnings before markets opened on May 10. Loblaw and **Choice Properties** both provided fertile ground for George Weston to deliver on growth in the opening quarter of this fiscal year. It reported total revenue of \$12.4 billion — up 3.2% from the previous year. Meanwhile, operating income jumped 40% to \$1.16 billion. Adjusted EBITDA increased 9.4% year over year to \$1.42 billion in the first quarter of 2022.

George Weston also reported adjusted net earnings of \$282 million in Q1 2022, which was up 15% from the prior year. Adjusted diluted earnings per share increased 18% from Q1 2021 to \$1.90. The company benefited from an improvement in the underlying performance of Loblaw. It also received a boost due to lower adjusted net interest expense and other financing charges.

Loblaw is the key player here and will be the essential driver for this company going forward. Investors should feel confident in its ability to generate improved earnings in this climate. This consumer staple will benefit from rising food prices while customers continue to feel the squeeze. The Bank of Canada (BoC) is trying to combat inflation with rising interest rates, but this policy shift may take time to bear fruit.

## Here's why investors can trust George Weston for the long haul

Shares of George Weston last possessed an average price-to-earnings ratio of 32. The board of directors announced a quarterly dividend increase of 10% to \$0.66 per common share. That represents a modest 1.7% yield.

I'm looking to hold onto stocks like George Weston in this uncertain market environment. This company is geared up for strong earnings growth in the quarters to come. Investors who are hungry for stability should look to snatch up this stock after its earnings release.

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