



Consider a Tasty Food Stock This Summer

Description

Who doesn't love food? When considering an investment, many investors often dismiss some of the major brands that we rely on each day. That unintentional dismissiveness makes us miss out on some great stocks, including a tasty food stock or two to consider.

A healthy dose of growth is on sale in aisle three

Grocers perform a necessary service to the communities that they serve. We were reminded of that importance in the early days of the pandemic when grocers remained open.

The sheer necessity that grocers provide is a stellar defensive moat that is hard to replicate elsewhere on the market. That's part of the reason why the tasty food stock you need is one of Canada's largest grocers, **Metro** ([TSX:MRU](#)).

Metro operates a growing network of over 960 stores located primarily in Quebec and Ontario. Those grocery stores are augmented by a network of 650 pharmacies. Both segments operate under a variety of different brand labels, catering to a diverse segment of the population.

Prospective investors should note that Metro is more than just a tasty food stock. The company does much more than just groceries. Metro also sells household items, personal products, beauty products, apparel, and several other lines. It's also diversified into other areas such as telecommunications.

Let's also keep in mind that grocers are well suited to weather the occasional market slowdown. Given the volatility in the market at present, a small position in Metro may be a good thing.

Finally, let's not forget how Metro continues to evolve its business. The company has rapidly expanded its online ordering and delivery services since the pandemic. Metro has also dabbled with online meal delivery kits, which is another new segment with growth potential.

What about results?

In the most recent quarterly update, Metro reported fully diluted net earnings of \$198.1 million, or \$0.82 per share. This represents an impressive 9.3% increase over the same period last year.

Much of that growth can be attributed to an increase in sales. Food same-store sales saw increases of 11.5% over the same period in 2020 (pre-pandemic). Pharmacy same-store sales saw a similar increase of 11% over the same period.

Turning to the future, the supply and inflationary pressures impacting every business need to be considered. Fortunately, grocers typically fare better than most businesses during a prolonged slowdown due to the necessity of the business.

A tasty food stock can provide an income, too

Another benefit of investing in Metro comes in the form of the company's dividend. Metro pays out a respectable quarterly dividend, which carries a yield of 1.69%. That may not sound like the highest yield on the market.

Fortunately, the dividend is well covered and continues to grow. Speaking of which, Metro has provided annual upticks to that dividend for well over two decades.

By way of example, a \$35,000 investment in Metro will provide nearly \$600 in income during the first year. Again, that's not a huge amount, but investors with a longer timeline have an added advantage. Reinvesting those dividends can supercharge a portfolio, providing a boost to future income.

In other words, Metro is a great buy-and-forget option, and not just for [new investors](#). Any well-diversified portfolio could benefit from a small position in Metro.

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