



BUY ALERT: Maple Leaf (TSX:MFI) Stock Offers Great Value Right Now

Description

Maple Leaf Foods ([TSX:MFI](#)) is a Mississauga-based company that produces food products in Canada, the United States, and around the world. Food prices have been one of the key drivers of the soaring inflation rates Canada has experienced over the past year. Today, I want to discuss why this top Canadian stock is worth snatching up, as we look ahead to the fall season. Let's jump in.

How has this stock performed so far in 2022?

Shares of Maple Leaf have dropped 22% in 2022 as of mid-morning trading on September 19. That has pushed the stock into negative territory in the year-over-year period.

Meat prices have experienced significant price growth in recent months. However, harsh conditions for consumers have made it difficult for companies like Maple Leaf to take full advantage in the same way that grocery retailers have.

Michael McCain, president and chief executive officer of Maple Leaf, said in its recent quarterly report that the current environment was the most ["chaotic and unpredictable operating environments"](#) he had experienced in his four decades in the food industry. He lamented that the company has struggled to find adequate labour in the post-pandemic economic climate.

Moreover, Maple Leaf has continued to wrestle with disrupted supply chains and the impact of geopolitical strife in Eastern Europe. Despite these challenges, the company's leadership is confident it will deliver solid adjusted EBITDA growth over the next five years. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This measure aims to give a more accurate picture of a company's profitability.

Maple Leaf still has a future that is worth getting excited about

The company released its second-quarter (Q2) fiscal 2022 results on August 4. Sales increased 3.1% from the previous year to \$1.19 billion in Q2 2022. Meanwhile, it posted sales growth of 3.1% to \$2.32

billion in the year-to-date period.

Maple Leaf's Meat Protein Group posted sales of \$1.16 billion — up 3.8% from the previous year. Meanwhile, its Plant Protein Group recorded an \$18.6 billion restructuring charge. The company has bet big on the plant-based alternatives trend since its acquisition of Lightlife in 2017. It has continued to pour resources into this segment, and it is poised to pay off soon. Maple Leaf projects that the Plant Protein Group will achieve adjusted EBITDA neutrality by the second half of 2023.

Vantage Market Research recently projected that the global plant-based food market would reach \$78.5 billion in 2028. That would represent a compound annual growth rate (CAGR) of 11.9% over the forecast period dating back to 2021.

Is Maple Leaf stock worth buying right now?

Shares of Maple Leaf are currently trading in favourable value territory relative to its industry peers. The stock last paid out a [quarterly dividend of \\$0.20 per share](#). That represents a 3.5% yield. Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given security. This stock possesses an RSI of 39 at the time of this writing, which means it is nearing technically oversold levels.

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