



## This Brewing Company Is Bucking Industry Trends With Solid Results

### Description

Much focus has been placed on cannabis stocks since the federal government announced it would legalize pot in 2018, and we've talked a lot about stocks such as **Aurora Cannabis Inc.** ([TSX:ACB](#)). There are other so-called sin stocks that deserve your attention. One that looks good right now is **Brick Brewing Co. Limited.** (TSX:BRB). Let's see what there is to like about this stock.

### Brick Brewing by the numbers

Brick Brewing is a Canadian brewing company. It produces and sells beer under a few labels, including Waterloo, Laker, and Red Baron. It is also the distributor for Seagram's Coolers across Canada.

The company released second-quarter results on September 8. Net revenue increased to \$15.9 million, up from \$14 million in the second quarter of 2016. Its net profit sits at 8.48%, placing it among the most effective in its industry at creating profit. Compare this to **Big Rock Brewery** ([TSX:BR](#)), which sits at a -1.68% profit margin, and **Molson Coors Canada Inc.** ([TSX:TPX.B](#)), which sits at a -.1.15% profit margin. Brick Brewing's year-over-year revenue growth sits at 20.12% — also an industry leader. Brick Brewing's return-on-equity ratio sits at 10.69%, which is good for the industry. Over the last three years, earnings growth has averaged 91.96% annually, far outpacing the industry average of 17.70%.

The stock currently trades about midway between its 52-week low of \$2.41 and its 52-week high of \$4.26. Analysts expect it to trade closer to \$4.50 over the next 12 months. This stock is cheap and looks like it has plenty of room to grow.

The most impressive thing about this stock is how it is currently bucking industry trends. Brick's beer sales grew by 10.6% in the second quarter compared to 2016, when the Ontario beer industry as a whole was down 8.4%. This suggests Brick Brewing benefits from a strong brand.

The balance sheet also looks good for Brick Brewing. The company has a debt-to-net-equity ratio of 0.55, so it has more equity than debt.

If you are an income investor looking for dividends, Brick Brewing pays a modest dividend. The company only started paying dividends in 2015. Its current quarterly offering is \$0.016 per share for an

annual rate of \$0.064 per share. This gives the stock a current yield of 1.75%. This isn't high, but the dividend did jump this year from \$0.012 per share, so it's currently showing an upward trend.

### Bottom line

In an industry that isn't hot at the moment, Brick Brewing is an impressive bright spot. Brewing companies also don't face the uncertainty that still surrounds the cannabis industry right now. Brick Brewing boasts some solid numbers, so if you're looking for a "sin" stock, Brick Brewing is one you should consider.

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