



## 2017 IPO Battle: Jamieson Wellness Inc. vs. Kinder Morgan Canada Ltd.

### Description

A number of significant initial public offerings (IPOs) have debuted on the Toronto Stock Exchange in 2017, including the much-hyped clothing manufacturing **Canada Goose Holdings Inc.** and **Freshii Inc.**, the latter of which has experienced a significant decline after forecasts took a tumble.

Today we are going to look at two other IPOs that launched in 2017. The respective industries appear to be going in opposite directions, but does this make the choice clear cut? Let's take a look.

**Jamieson Wellness Inc.** ([TSX:JWEL](#)) is the largest and oldest manufacturer of multivitamins and supplements in Canada. If you frequent drug stores or health aisles in grocery stores, there is little doubt you have had at least some exposure to Jamieson products.

Jamieson debuted on the TSX on July 7. The stock has climbed 9% in since its IPO as of close on October 10. In its second-quarter results, Jamieson demonstrated solid revenue growth of 6.3% and reported a net loss of \$7 million and an 18.4% increase in gross profits due to growing revenues and a switch to tolling with the Strategic Partners segment.

Much of the hype surrounding Jamieson surrounds the potential of the supplements industry. The industry has been projected to grow at an annualized rate of about 9% worldwide until 2022. The primary driver of this growth is the increased health awareness from consumers as well as an aging population in the Western world with substantial disposable income.

**Kinder Morgan Canada Ltd.** (TSX:KML) is a Calgary-based oil and gas company that operates pipeline systems in North America. Some of its systems and facilities include the Cochin pipeline, the Puget Sound, and the ongoing Trans Mountain pipeline project. The stock made its debut on May 30, and it has increased 5.9% as of close on October 10.

The company released its second-quarter results on July 19. Revenues were up to \$55.9 million compared to \$43.8 million in the second quarter of 2016. Net income was down to \$25.1 million from \$51.7 million, and total expenses grew by over \$15 million. In addition to volatile oil prices, Kinder Morgan has also been battling regulations to complete its Trans Mountain pipeline project.

The surprise cancellation of the Energy East pipeline has brought added pressure to other Canadian energy companies. Kinder Morgan was ordered to stop work on its Trans Mountain pipeline in late September due to unapproved additions, and it was unable to install anti-fish-spawning mats due to delays. Though it has been mum recently on developments, in its recent call, the company appeared optimistic that the 2019 deadline would be met.

### **Which 2017 IPO is the best buy moving forward?**

The complications Kinder Morgan is facing with regulators does not inspire confidence, especially after the many hurdles Canadian energy companies have faced in recent years. For income investors, the stock offers a dividend of \$0.06 per share, representing a dividend yield of 3.8%.

Jamieson Wellness has shown impressive growth since its IPO, and the supplements industry is projecting steady growth into the next decade. It is an attractive long-term buy.

### **CATEGORY**

1. Investing

### **POST TAG**

1. Editor's Choice

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1. TSX:JWEL (Jamieson Wellness Inc.)

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