



Enjoy a Taste of This Wine Stock

Description

The TSX doesn't give us many options for investing in one of our most popular vices: booze. It's always nice when we can talk about something other than resources and financials, and we've already talked marijuana to death. So, today we'll have a look at **Andrew Peller Ltd.** ([TSX:ADW.A](#)).

What Andrew Peller does

Andrew Peller is a producer, bottler, and marketer of wine. The company produces multiple brands — two of the more well-known brands being Peller and Sandhill. The company has been busy this year, opening a new Wayne Gretzky Estate Winery and Craft Distillery in the Niagara wine region in June. The company has been [working with Gretzky](#) for a while now. More recently, the company acquired three British Columbia wineries in the Okanagan for \$95 million in October. You can read more about that purchase [here](#).

Andrew Peller's recent earnings results

Andrew Peller released second-quarter 2018 results on November 1 for the period ending September 30. How did the stock fare? Net earnings came in at \$9.1 million, or \$0.22 per share. Sales came in at \$91.9 million — a 4% increase over the \$88.4 million reported in Q2 2016. Adding in the recent acquisitions, Peller had a solid quarter.

How the stock looks now

The stock has a high P/E ratio of 30.75, so its earnings don't come cheap for investors. The total debt-to-net-equity ratio is at 0.79, so the company has more equity than debt at the moment — always a good sign. The company also boasts a return-on-equity number of 15.73, so it's in the 15-20% range analysts like to see. Finally, the company has a net profit margin of 7.69%, which seems to put it around the middle of the pack when compared to other Canadian alcohol producers.

Investor takeaway

Andrew Peller is an interesting small-cap stock that looks like it has room to grow. The company has been busy with acquisitions and new ventures that should help the bottom line in the quarters to come.

It has a high P/E ratio, but all of the other numbers appear solid. If you are looking for a vice stock for your Foolish portfolio, consider Andrew Peller.

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