



Jamieson Wellness Inc.'s Revenue Tops \$300 Million in 2017: Time to Buy?

Description

Jamieson Wellness Inc. ([TSX:JWEL](#)), one of the world's leading manufacturers and marketers of sports nutrition products and specialty supplements, announced its fiscal 2017 fourth-quarter and full-year earnings results after the market closed on Thursday, and its stock responded by falling 0.77% in Friday's trading session. Let's break down the results and the fundamentals of its stock to determine if we should be long-term buyers today.

Breaking down the earnings report

Here's a quick breakdown of 10 of the most notable statistics from Jamieson's three-month period ended December 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Jamieson Brands revenues	\$65.55 million	\$55.19 million	18.8%
Strategic Partners and Eliminations revenues	\$18.77 million	\$10.51 million	78.7%
Total revenues	\$84.32 million	\$65.70 million	28.3%
Gross profit	\$30.90 million	\$23.70 million	30.3%
Gross margin	36.6%	36.1%	+50 basis points
Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA)	\$18.85 million	\$14.73 million	28.0%
Adjusted EBITDA margin	22.4%	22.4%	Unchanged
Adjusted net income	\$9.75 million	\$5.10 million	91.1%
Adjusted diluted earnings per share (EPS)	\$0.25	\$0.13	92.3%

Cash flows from operating activities	\$17.55 million	\$12.64 million	38.8%
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And here's a quick breakdown of 10 notable statistics from Jamieson's 12-month period ended December 31, 2017, compared with the same period in 2016:

Metric	Fiscal 2017	Fiscal 2016	Change
Jamieson Brands revenues	\$237.00 million	\$192.50 million	23.1%
Strategic Partners and Eliminations revenues	\$63.62 million	\$55.84 million	13.9%
Total revenues	\$300.62 million	\$248.33 million	21.1%
Gross profit	\$104.85 million	\$80.81 million	29.7%
Gross margin	34.9%	32.5%	+240 basis points
Adjusted EBITDA	\$61.48 million	\$46.79 million	31.4%
Adjusted EBITDA margin	20.5%	18.8%	+170 basis points
Adjusted net income	\$27.58 million	\$10.91 million	152.8%
Adjusted diluted EPS	\$0.70	\$0.28	150.0%
Total assets	\$512.56 million	\$405.18 million	26.5%

Outlook on the year ahead

In the press release, Jamieson provided its outlook on fiscal 2018, calling for the following results:

- Revenue in the range of \$325-335 million, representing growth of 8-12% from 2017
- Adjusted EBITDA in the range of \$67-69 million, representing growth of 9-13% from 2017
- Adjusted diluted EPS in the range of \$0.83-0.87, representing growth of 18-25% from 2017

What should you do with the stock now?

The fourth quarter capped off [a phenomenal year](#) for Jamieson, and its outlook calls for very strong growth in 2018, so I think its stock should have responded by rallying on Friday; that being said, I would buy the stock today for one fundamental reason in particular: it's undervalued based on its growth. Jamieson's stock currently trades at 29.4 times fiscal 2017's adjusted diluted EPS of \$0.70, which seems fair, but it trades at just 24.2 times the median of its adjusted diluted EPS outlook of \$0.83-0.87 for fiscal 2018, which is inexpensive given its current double-digit percentage earnings-growth rate and its [long-term growth](#) potential.

It's also worth noting that Jamieson pays a quarterly dividend of \$0.08 per share, representing \$0.32 per share on an annualized basis, which gives it a respectable 1.6% yield. Any dividend is great for a high-growth stock like Jamieson, and the best way to utilize it is to make sure your investment account is set to have all dividends reinvested (with a DRIP program).

With all of the information provided above in mind, I think all Foolish investors should consider initiating small positions in Jamieson Wellness today with the intention of adding to those positions on any significant pullback in the future.

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