Better Dividend Stock: Jamieson Wellness Inc. or Restaurant Brands International Inc.?

Description

The S&P/TSX Index rose almost 26 points on March 12. Projections for Canadian economic growth in 2018 continue to be fairly optimistic, but the TSX has dropped 3.7% in 2018 thus far. The early downturn could provide some investors with an opportunity to buy low right now.

Today, we are going to look at two stocks that provide capital growth potential and a solid dividend yield. What company should investors add today?

Jamieson Wellness Inc. (TSX:JWEL)

Jamieson is a manufacturer, distributor, and marketer of natural health products. Jamieson stock is down 7.5% in 2018 as of close on March 12. The company debuted on the TSX in July 2017, and CEO Mark Hornick was confident that it could take advantage of demographic trends to fuel growth going forward. In January 2017, Zion Market Research projected that the global supplement market would post a compound annual growth rate of 8.8% from 2016 to 2022 — reaching $220.3 billion.

Jamieson released its 2017 fourth-quarter and full-year results on February 22. The acquisition of Body Plus, a natural health and sports nutrition supplements company, powered revenues in the fourth quarter along with solid organic growth of domestic volumes. The company posted adjusted net income of $9.7 million compared to $5.1 million in the prior year. Adjusted EBITDA also jumped 28% to $18.8 million in Q4.

For the full year, Jamieson saw revenue climb 21.1% to $300.6 million and adjusted EBITDA increase 31.4% to $61.5 million. Jamieson also announced a quarterly dividend of $0.08 per share, representing a 1.5% dividend yield. After an early season rout, Jamieson stock is an attractive buy-low candidate, as it continues to demonstrate good numbers in a growing industry.

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR)

RBI is an Oakville-based quick-service restaurant company. Its three core chains are Burger King, Tim Hortons, and Popeyes Louisiana Chicken. RBI stock has dropped 1.8% in 2018 thus far.

The company continues to wrestle with its Tim Hortons franchisees over systemic changes. The rift came into the public eye again after the Ontario minimum wage hikes spurred Tim Hortons to slash employee benefits. Lack of solidarity between management and franchisees resulted in a public relations nightmare in January.

RBI released its 2017 fourth-quarter and full-year results on February 12. For the full year, revenues grew to $4.5 billion compared to $4.1 billion in 2016. Comparable sales in constant currency saw the best results at Burger King, which were up 3.1%, while Tim Hortons and Popeyes fell 0.1% and 1.5%, respectively. Adjusted EBITDA climbed to $2.14 billion from $1.88 billion in the prior year. RBI also announced a quarterly dividend of $0.57 per share, representing a 3% dividend yield.

Prices at restaurants jumped 3.7% year over year in January 2018. The Canada Food Price Report projected an increase between 4% and 5% in its late 2017 release. Canadians are also expected to dine out more in 2018, which may provide a boost to RBI and other eateries. The rift with its Tim Hortons franchisees is unlikely to go away entirely in 2018.

RBI should continue to report steady growth in 2018, but I like the long-term potential provided by Jamieson right now.

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