



How Much Upside Does Jamieson Wellness Inc. (TSX:JWEL) Stock Have?

Description

Jamieson Wellness Inc. ([TSX:JWEL](#)) should benefit from the trend that people are becoming more and more health conscious. The company, surprisingly, has a long history, as it was founded almost a century ago, but it only had its initial public offering last summer.

Business overview

Jamieson Wellness is a branded manufacturer, distributor, and marketer of natural healthcare products, including vitamins, minerals, and supplements. It is a Canadian market leader with a 25% market share at food, drug, and mass stores.

Its products can be found across about 10,000 retailers in Canada, including Superstore, London Drugs, etc. They can also be bought online at **Amazon**, **Costco**, among others for consumers' convenience.

Jamieson Wellness is a global company with sales in 40 countries. It has been experiencing high growth, partly due to the fact that it's acquisitive and innovative. Last year, it launched 83 new products across different categories, including protein bars, remedies for colds, etc.

Double-digit growth

From 2015 to 2017, Jamieson Wellness increased its revenue by about 14% per year, while its cost of revenue increased at a lower rate of about 13% per year. In the period, its operating income increased by nearly 33% per year.



Balance sheet

Jamieson Wellness's balance sheet looks healthy as its current assets have increased compared to a few quarters ago, while its current liabilities have decreased. In the same period, its total assets increased marginally, while its total liabilities decreased meaningfully by nearly 18%.

Should you buy the stock today?

Jamieson Wellness stock has had a fabulous run-up in the last year. Specifically, the stock has appreciated about 51%! At \$26.17 per share, the stock now trades at a forward price-to-earnings multiple of about 31. That is still a reasonable and perhaps cheap multiple for the estimated roughly 20% growth in earnings per share that the company is expected to experience.

Although the stock offers a dividend, it only yields about 1.2%. So, investors shouldn't look to Jamieson Wellness for income, but should instead view it as a growth stock.

Cautious investors should look for a meaningful dip in the stock, perhaps to about \$21-24 per share, before considering buying it. That target price range would imply a forward multiple of about 25-28, which would make the stock [more appetizing](#).

Investor takeaway

Jamieson Wellness stock looks reasonably valued at the recent quotation. As long as the company can maintain its roughly 20% earnings per share growth rate, the stock could trade at a forward multiple of about 40, or it has about 30% upside potential in the next 12 months. However, if the company shows signs of slowing down or experiences hiccups from its acquisitions, the stock could fall hard.

Cautious investors should wait for a further pullback of the stock, or consider [other growth stocks](#).

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