2 Reasons Jamieson Wellness Inc. (TSX:JWEL) Stock Is a Perfect Addition to Your TFSA

Description

Jamieson Wellness Inc. (TSX:JWEL) stock fell 1.9% on August 24. Shares have climbed 15.3% in 2018 so far and the stock is up 37% year over year. Jamieson shares have performed consistently well since its initial public offering in July 2017. A number of encouraging factors are behind the success of its stock.

Today we are going to explore two reasons why Jamieson is a good addition to a tax-free savings account.

Quarterly results continue to impress

Back in early May I'd recommended that investors buy Jamieson after the release of its first-quarter results. Shares are up over 10% since trading opened on May 11. The most recent quarterly report has been even more promising.

Jamieson released its second-quarter results on August 8. Revenue climbed 8.2% year-over-year to $77.1 million with international revenue posting 79.2% growth. From the beginning Jamieson leadership had laid out its intention to expand into lucrative international markets. International branded sales growth will continue to be a key focus for the company going forward. It reported a 19.9% increase in selling, general and administrative expenses in part due to its commitment to this expansion.

Adjusted net income fell to $6.9 million compared to $7.9 million in the prior year and adjusted EBITDA was reported at $14.2 million over $15.1 million in Q2 2017. The company also boosted its quarterly dividend by 12.5% to $0.09 per share, which represents a modest dividend yield of 1.2%.

Growth of the global supplements industry

The growth trajectory of the supplements market was cited by Jamieson leadership as a boon from the moment it announced its IPO. This is something I have discussed in a previous article at length, as even the young cannabis industry looks to also be dipping into different forms of supplements.

I had also cited a report from Grand View Research that projected the global dietary supplements market to reach $278 billion by 2024, which would mean the market could post a compound annual growth rate of 9.6% over the eight year period the report covered.

There were a number of other interesting findings in the aforementioned report. The report forecasted that tables would generate $100 billion in revenue by the end of 2025, bolstered by the consumption of multivitamin products.

The Asia Pacific region is expected to post CAGR of 11.2% from 2016 to 2024, the fastest growth of any other region. This is largely due to the burgeoning middle class in Asia. Back in September 2017 Jamieson CEO Mark Hornick called the Asia market a “great opportunity and focus for some time now.” Currently Jamieson has a presence in Hong Kong, Taiwan, China, South Korea, and Indonesia.

Why is Jamieson perfect for your TFSA?

Jamieson is a top target for those seeking steady capital growth potential and some modest income to boot. The supplements industry is poised to post big growth into the next decade and beyond and Jamieson will be a beneficiary going forward.

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