Now May Be the Time to Buy-Low on This Stock With Huge Growth Potential

Description

The S&P/TSX Composite Index closed in negative territory on October 15, stoking fears that the stock market sell-off may extend further into the month. Yesterday, I'd discussed why this is yet another point where investors must stiffen their resolve and prepare to jump on opportunities in the market. That is not to say that investors should not be aware of the very real risks in the realms of global trade relations, slowing growth, and rising debt.

These broader concerns mean that investors should also be selective in identifying buy-low opportunities during this period. Fortunately, this means employing the same rationale during periods of boom; identify companies with strong financials, compelling growth potential, and good leadership.

Today, we are going to take a look at **Jamieson Wellness** (TSX:JWEL), which is set to release its third-quarter results in early November.

Jamieson is a Toronto-based company engaged in the nutrition and supplements industry. Shares have dropped 7.6% week over week as of close on October 15. The stock is still up 9.1% in 2018. Continued choppy conditions in the market could drive prices lower. Jamieson is still early in its expansion phase, and its price-to-earnings and price-to-book ratios remain high relative to industry peers. However, looking at the long-term potential of Jamieson, it is hard not to like the stock at its current price.

The company released its second-quarter results on August 8. Jamieson saw revenue increase 8.2% year over year to $77.1 million, which was powered by 79.2% growth in international revenue. Jamieson also increased its full-year revenue forecast after Q2. Back in August, I'd discussed why Jamieson's international expansion was one of the reasons investors needed to take notice.

Late last year Jamieson CEO Mark Hornick pointed to the growth potential in the Asia-Pacific region, as the company has a footprint in Hong Kong, China, Taiwan, South Korea, and Indonesia. The dietary supplements market was projected to post compound annual growth of 11.2% from 2016 to 2024, according to a report from Grand View Research.

Jamieson also moved to increase its quarterly dividend payment in the second quarter. The board of directors declared a 12.5% dividend increase to $0.09 per share, representing a modest 1.3% dividend yield.

The company updated its outlook in the second quarter, and it is worth reflecting on as we await its third-quarter report. Jamieson projects revenue in the range of $330-340 million for the full year and forecasts adjusted EBITDA between $67 million and $69 million. It has also projected adjusted diluted earnings per share in the range of $0.83-0.87.

The recent dip offers up an enticing opportunity for investors on the hunt for a long-term growth option. More cautious onlookers may want to wait for the release of its third-quarter results to gauge its performance. In any case, investors seeking a solid growth stock in their portfolios should be monitoring Jamieson throughout the fall season.

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