A Dipped TSX Index Stock to Hold in Your TFSA Forever

Description

Jamieson Wellness (TSX:JWEL) fell off a cliff following the release of its third-quarter earnings, which missed on both the top and bottom line thanks in big part to timing issues in the company's strategic partners business.

Third-quarter numbers looked "malnourished"

The company clocked in $90 million in revenue, up 3.7% year over year, but falling short of analyst expectations of $90.7 million. Adjusted EBITDA came in at $17.9 million, again missing the analyst consensus of $19.1 million. The muted top- and bottom-line performance turned out to be a one-two punch to the gut of investors who'd ditched their shares to the curb following the double miss that I believe was more benign than what the public may think.

The vitamins, minerals, and supplements (VMS) scene is very competitive, and although it may appear Jamieson is turning out to be a dud, I'd say the recent weakness isn't at all indicative of weakness in the brand. Rather, the strategic partners segment had some major wrinkles that can and will be ironed out in due time. The strategic partners business fell 2.3% year over year due to raw material delays that's a one-off issue that long-term thinkers should be shrugging off.

At the time of writing, Jamieson is down over 31% from peak levels reached in September and looks to be a compelling long-term buying opportunity for contrarian growth investors seeking to profit from unique generational tailwinds.

Moreover, Jamieson is on the cusp of a very ambitious global expansion that could bring forth double-digit EPS growth numbers. With Jamieson's Chinese expedition underway, we could be in for the first chapter of an incredible growth story.

Forward-looking growth is all about the red-hot Chinese market

China is no stranger to the green-capped Canadian vitamin kingpin.

Jamieson is already a top five foreign brand within the Chinese market according to Jamieson CEO

Mark Hornick, and that's before the company has been granted the opportunity to make its big splash! As we head into 2019, Jamieson is getting ready to jump off its diving board, and all that's holding the company back from tremendous success in the Chinese market is the pending approval of various filings that must be in full compliance to a rather lengthy list of stringent Chinese regulations.

Who said vitamins were simple?

As we head into 2019, we could see Jamieson products hit Chinese shelves, potentially fueling a new source of explosive growth that could rocket Jamieson shares out of the gutter. For Q3, Jamieson filed two products that should be approved for launch at some point over the next year or so.

Foolish takeaway

Jamieson's latest quarterly results stunk. There's no sugar-coating that. I believe the results weren't as bad as the public was led to believe, however, especially given the fact that Jamieson is about to break into a hot Chinese market, where its product lineup could put up a good fight with the incumbent players.

I think Jamieson's a strong buy after falling back into the $18 levels. The 2% dividend is just a bonus for investors who dare to jump in after the sharp decline. If you're a young investor who's hungry for growth at a value price, pop Jamieson in your TFSA, and your returns will probably be healthy in a year from now.

Stay hungry. Stay Foolish.

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