



## The Sensational Dip in This Growth Stock Can Be an Excellent Opportunity

### Description

This may be another chance to buy [growth stock](#) **Jamieson Wellness** ([TSX:JWEL](#)). The stock fell +8% on Thursday without the company releasing any news. Further investigation indicated that an analyst downgrade of the stock to a “hold” and a price target of \$23 per share led to the selloff.

The latest stock purchases from multiple insiders occurred in 2018, ranging largely from \$19-22 per share. The largest number of shares bought occurred in November. These were purchases of more than 15,600 shares and 10,000 shares, respectively, for \$20 and \$21.39 per share, by two insiders. So, the fact that the stock dropped below \$19 may be a good price to buy some shares if you’re bullish on the stock for the long term.

### How fast is Jamieson growing? Is it profitable?

From 2014-2017, Jamieson increased its revenue from \$210 million to \$300 million at a compound annual growth rate of 12.5%. In the period, it wasn’t profitable, but had improved with lower losses over time.

2018 was a profitable year for Jamieson. In the first nine months of the year, it generated revenue of more than \$230 million, gross profit of more than \$79 million, and net income of over \$16.6 million, which implies a gross margin of 34.4% and net margin of 7.2%.



## What Jamieson does

Jamieson manufactures, distributes, and markets branded natural healthcare products, including vitamins, minerals, and supplements (VMS). It has a number one position in Canada with a market share of 25% at food, drug, and mass stores, such as Superstore and London Drugs. For their convenience, consumers can also shop Jamieson's products online at **Amazon** and **Costco**, among others.

Jamieson offers a diversified range of premium products across multiple distribution channels. This branded segment contributes to about 80% of revenue. It will continue to come out with innovative products to attract consumers.

Other than its branded segment, Jamieson also partners with manufacturers, blue-chip consumer health companies, and retailers around the world with the aim of leveraging infrastructure and reduce costs. This segment contributes to about 20% of revenue.

## Investor takeaway

A more health-conscious crowd can be a growth driver for Jamieson. The VMS and sports nutrition are growing segments in the consumer health industry. In Canada, in terms of sales, Jamieson takes the first place in the overall consumer health brand and as a VMS brand. It also sells its products globally in 40 countries. Increasing its brand awareness can drive immense growth in countries where it's less well known.

At \$18.91 per share as of writing, Jamieson trades at an estimated 2018 P/E of just under 22. It's [growing at a double-digit rate](#), so the multiple is warranted.

That said, Jamieson will report its Q4 and full year 2018 results in about two weeks. Cautious investors may wish to wait for those results before considering a purchase. If you like the long-term prospects of Jamieson, consider picking up a small position here on the dip and decide on the next course of action after reviewing its Q4 and 2018 results.

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1. Dividend Stocks

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## Date

2025/08/17

## Date Created

2019/02/09

## Author

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