



Big Reveal: A High-Growth, Explosive Opportunity That's Trading at a Mere Fraction of Marijuana Stocks

Description

Goodfood Market Corp. ([TSX:FOOD](#)) is seeing explosive growth as it builds market share in the meal preparation business.

As investors, we are all excited about the revenue growth rates that [marijuana](#) companies are achieving.

But if you're like me, you're having trouble paying the price to sales multiples that these stocks are trading at.

Canopy Growth Corp. ([TSX:WEED](#))(NYSE:CGC) stock, for example, is trading at a price to sales multiple of over 200 times, and **Cronos Group Inc.** ([TSX:CRON](#))(NYSE:CROM) stock is trading at a [whopping price to sales](#) multiple of over 400 times.

I would like to share with you a high-growth stock that could be a big opportunity for investors to get access to a high-growth company without paying ridiculously high multiples.

Goodfood Market Corp. is a small company with a \$200 million market capitalization, \$70 million in revenue in 2018, and a 21% gross profit margin.

The company provides a dinner subscription service delivering fresh ingredients and recipes to facilitate meal preparation and planning. Its main purpose is to take the hassle out of mealtimes while maintaining the family bonding that cooking and sharing provide.

The company had 126,000 active subscribers as of November 2018, a 180% increase compared to November 2017. This is a testament to the strong demand that exists for this service. With increasingly busy lives, and the desire to maintain healthy eating, we can easily see how families would opt for this service.

In fact, I am definitely planning to try it myself!

In the first quarter of 2019, revenue increased 164%, gross margins increased to 21.9%, and cash from operations increased to \$1.8 million, to a positive position.

Comparing this revenue growth with that of Canopy, which posted revenue growth of 33%, and Cronos, which posted revenue growth of 186%, we can see that Goodfood is growing at a similar rate, and even faster.

Valuation

As far as valuation goes, Goodfood stock does not cause me alarm.

Contrast this to many of the Canadian marijuana stocks, and you can see why I view Goodfood as a solid alternative.

Canopy Growth stock trades at a price to sales multiple of 238 times and Cronos Group stock trades at a price to sales multiple of 466 times. Goodfood's price to sales multiple is two times.

And get this: in 2018 Goodfood had revenue of \$70.5 million, Canopy Growth had revenue of \$77.9 million, and Cronos Group had revenue of \$4 million in its latest year.

Final thoughts

Goodfood is significantly more visible and predictable than the marijuana industry, with no risk of government interference, black market competition, and valuation blow-ups.

This, coupled with the fact that it is posting results that are just as strong if not stronger than marijuana companies, makes it an exciting find!

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1. Investing

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1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:CRON (Cronos Group)
3. TSX:CRON (Cronos Group)
4. TSX:FOOD (Goodfood Market)
5. TSX:WEED (Canopy Growth)

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