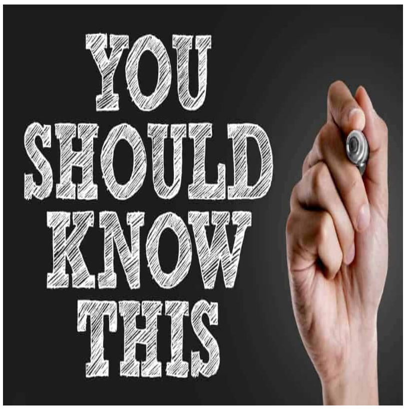

Want to Cash in on the Health & Wellness Craze? Buy This Stock

Description

The global wellness industry is now worth $4.2 trillion. Since 2015, the market size has grown by roughly 13% annually. Incredibly, the industry now accounts for 5.3% of global economic output.

Do you own stocks exposed to this mega-trend? If not, you should, as wellness is becoming an integral part of nearly every consumer's life.

According to a senior research fellow at GWI, "In the last few years, wellness has become a dominant lifestyle value that is profoundly changing consumer behavior and changing the markets."

If you're wondering where to begin, allow me to introduce you to **Jamieson Wellness Inc** (TSX:JWEL).

Jamieson Wellness has one big advantage

Founded in 1922, Jamieson is now the largest health and wellness company in Canada with an impressive 25% market share of vitamins, minerals, and supplements within food, drug, and retail stores. This scale is a huge advantage in a market dominated by trust and reputation.

As one of the largest competitors, Jamieson can afford to invest in state-of-the-art manufacturing facilities while reinvesting in research and development to innovate new products faster than its peers. It can also pay for stringent certification and verification programs to ensure consumers that its products are held to the highest safety standards.

Scale has also enabled the company to sell globally. Today, its products are exported to more than 40 countries.

Currently, its business is roughly 80% branded. These sales are incredibly high margins, giving it the ability to generate repeat sales via trusted brands. The other 20% of its business is derived from co-manufacturing partnerships. Because Jamieson owns and operates its own facilities, it can partner with large consumer health companies and retailers to create products that fit their exact needs.

In summary, scale matters. As the market leader, Jamieson enjoys advantages that few other competitors are capable of tapping.

Is now the time to buy?

In 1997, sales for the company stood at just $20 million. This year, revenue should surpass $340 million. Earnings and cash flow have followed suit. Over the past 12 months, EBITDA has grown by 10.8% while net income has increased by 36.3%.

Over the past six months, however, shares have fallen by around 30%. Based on adjusted earnings per diluted share, the stock trades at 22.7 times trailing earnings. The TSX average, meanwhile, trades at an average of 21.4 times trailing earnings.

Analysts estimate that the TSX average should grow EPS by 6% to 10% in 2019. Jamieson, for comparison, should grow earnings by around 18% this year. Given its exposure to a rapidly growing industry, as well as early footholds in potentially massive markets like China, I'd expect the company to maintain a double-digit growth rate for years to come.

Shares may not be cheap, but that's the price you pay for market leader in an attractive industry. With the recent dip, you aren't paying much more than the average TSX stock.

CATEGORY

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1. Investing

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