



Is This Growth Stock One of the Safest Ways to Double Your Money?

Description

Goodfood Market Corp. ([TSX:FOOD](#)), is a small company with a \$200 million market capitalization, \$70 million in revenue in 2018, and an almost 40% adjusted gross profit margin.

It is also a growth stock that is seeing 133% revenue growth.

It is a [growth stock](#) that is trading at a price to sales multiple of 1.8 times, and while it is not yet earnings positive, it has a \$46 million cash balance and a rapidly growing subscriber base.

The company had 159,000 active subscribers as of February 28, 2019, a 26% increase from November 2018 and a 127% 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.

Gross margins rise

Economies of scale have benefitted Goodfood through labour, packaging and shipping benefits due to operational efficiencies, investments in automation, and purchasing power.

Adjusted gross margin was 37.8% in the latest quarter versus 31.8% in the same quarter last year.

And while the company reported a bigger-than-expected loss in the latest quarter, the company generated cash flow from operations in the last two quarters.

Revolution

The increasing demand for healthy meal solutions is something that even the big grocers have become aware of, and they have consequently increased their offering of ready-made meals and prepared ingredients, such as chopped vegetables, to be taken home and cooked.

The goal is to offer the consumer time-saving solutions that will be of help in their households where, on average, both parents are working and starving for a break, something to take the load off.

They're willing to pay for this, as we can see in the growing popularity in Goodfood, as well as the burgeoning ready-made and prepared ingredient segments of the grocery aisle.

So with major grocers also attempting to kick start their online delivery options and their time-savings options for consumers, I don't think it would be a stretch to say that that may be interested in buying Goodfood one day.

Metro Inc. ([TSX:MRU](#)), with a \$13 billion market capitalization, clearly has the means for this.

These days, everything seems to be working for Metro, as earnings growth, dividend growth, and investor sentiment remain positive.

But they are lacking in their meal solutions for the busy household — something that Goodfood has clearly gotten right.

In the meantime, with its 1.58% [dividend yield](#), Metro continues to be a story of consistency, stability, and shareholder wealth creation.

The annual dividend was increased by 16% in 2017 to \$0.65 per share and by 10.8% in 2018, and by 11% in 2019, to the current \$0.80 per share.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:MRU (Metro Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/02

Date Created

2019/04/10

Author

karenjennifer

default watermark

default watermark