



This IPO Has Barely Scratched the Surface of its Growth Potential

Description

Jamieson Wellness ([TSX:JWEL](#)) is a Toronto-based company that operates in the rapidly growing vitamins and supplements market. The company launched its initial public offering on the TSX just over two years ago in July 2017. In August of that year, I'd discussed [Jamieson's IPO](#) and explained why I was very high on the stock for the long term. My opinion on Jamieson's potential has not changed. Let's explore why.

The stock launched at an IPO price of \$15.75 per share. Jamieson shares closed at \$20.96 on July 23. When we reflect on some of the recent IPOs on the TSX, Jamieson has been a disappointing growth vehicle for shareholders. The stock does offer a quarterly dividend of \$0.09 per share, but this represents a modest yield of 1.7%.

Many Fool readers are hungry for stocks that offer high-growth potential as we move into the next decade. Jamieson may have sputtered out of the gate in its first two years, but the vitamin and supplements market is positioned for impressive growth into the 2020s. A recent report published on Research and Markets said that the global vitamins market accounted for \$4.91 billion in 2017. The report forecasts that this will increase to \$10.14 billion by 2026, which represents a CAGR of 8.4% over the projected period.

Persistence Market Research forecasts that the most significant rise in the vitamin supplements market will be fuelled by the Asia Pacific region. A burgeoning middle class in China and India is becoming enamoured with health and nutrition. Jamieson has worked to jump on this trend since its public listing.

In late 2017, Jamieson announced that it had established a presence in Asia and would work to grow its footprint in the years to come. China is a big part of its growth strategy, and this has paid off in recent earnings. In the first quarter of 2019, Jamieson saw revenue increase 8.7% year over year to \$72.6 million. International sales posted 29.3% growth in the quarter, which was driven by strong consumer demand in China and Eastern Europe.

Demographic trends are another promising mover for Jamieson as we look ahead to the next decade. The company was vocal about its intention to appeal to aging consumers, who have emerged as big

buyers of vitamins, supplements, and nutrition products. Canada and other parts of the developed world will see a massive increase in elderly populations in the first half of this century. Jamieson is poised to be a big [beneficiary of this trend](#).

Jamieson reaffirmed its 2019 outlook with the release of its first-quarter results in May. It forecasts revenue growth between 5% and 9% for the full year. Investors in Jamieson should not expect explosive growth in the near term, but the company is well positioned to continue a solid pace of revenue growth on the back of its international expansion into the 2020s.

Shares are still trading at the low end of its 52-week range. I like the stock ahead of its second-quarter earnings release, which will be released in early August.

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