



## Attention Growth Investors: This 1 Stock Is for You!

### Description

In our time-sensitive society, cooking a meal at home is nearing obsolescence as the demands of work and the responsibilities of having a family drain your energy and time.

Lucky for you, **Goodfood Market** ([TSX:FOOD](#)) is on a mission to change this. As an investor, you can profit from its ambition.

The NPD Group is a well-known research company and it estimates that the meal kit industry in Canada will exceed \$400 million in 2020. Goodfood Market expects this industry to eventually grow to \$9 billion.

If you have not been inundated with ads for meal kit delivery, then you likely live under a rock. For those who have, you'll know that the industry is crowded in Canada with companies such as Hello Fresh, Prepd, Cook It and Miss Fresh all vying for a slice of the pie.

As an investor, this means that Goodfood Market has to [stand out in order to be successful](#). Truth be told, it has definitely accomplished this, as evidenced by its growing revenues and low amounts of debt.

### Exponential revenue growth

Revenue has grown exponentially from \$194 thousand at FY 2015 to \$71 million at FY 2018, which represents a compounded annual growth rate of 337%!

This growth is accelerated by [an increase in the number of subscribers](#) by three times from 31,000 at FYE 2017 to 89,000 at FYE 2018.

The company uses a metric called Gross Merchandise Sales ("GMS") which it uses to measure the amount of repeat customers.

According to its 2018 annual report, GMS grew faster than the number of subscribers, which means that the loyal subscriber base is growing through more orders each month.

Given the company's current rate of growth, investors can reasonably expect FY 2019 revenues to be as much as \$310 million!

## Low amounts of debt

For a company that has been listed on the **TSX** since 2017, it assumes very little debt.

According to its 2018 annual report, the company secured a term loan of \$10 million, a \$2.5 million revolving line of credit and \$1.0 million in short-term financing in November 2018.

This represents an increase from the previous amounts the company secured from the bank – – good sign given that banks tend to be very judicious about who it lends to.

Further to this, the company retains a lot of money as indicated by the \$16.4 million of shareholders' equity, suggesting that the company has future plans to grow the business.

## Bottom line

When it comes to a home-cooked meal, convenience is key. In order for a company to be successful in this industry, it must convince subscribers that its beats eating out when it comes to time, health and cost.

Goodfood Market has proven that it is able to entice customers through the three-fold increase in its subscribers.

The company has also increased revenues by a compounded annual growth rate of 337% per year since FY 2015 from \$194 thousand to \$71 million.

Further to this, the company assumes very little debt which is a good sign as there will be low interest payments so the company can dedicate more money to growing the business.

As a growth investor, you'd be a fool not to give this company the consideration it deserves.

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