



The 1 Stock NO ONE Talks About

Description

I'm going to let you in on a little secret: **Jamieson** ([TSX:JWEL](#)).

Although this company looks like it dropped the ball, I can assure you that it has done anything but. Sure the company has reported a net loss in the past four of five years, and its total expenses have increased each year, but there is much more to the company than meets the eye.

Firstly, the company is in the business of selling vitamins in a country where baby boomers are one of the largest generational cohorts. Secondly, the company's net income from operations has increased every year since fiscal 2014.

Aging population

Simply put, North Americans are getting older.

Statistics Canada estimated that as of July 1, 2018, there were 6.4 million Canadians over the age of 65, which represents 17% of Canada's population. In the United States, July 1, 2018, estimates by the U.S. Census Bureau indicates that 16% of the population is over 65 years old.

What this means is that the [demand for vitamins will increase](#), as evidenced by Jamieson's revenues, which grew from \$193 million in fiscal 2014 to \$320 million in fiscal 2018.

Given that Jamieson was founded in 1922, the company has a long history, which gives it credibility in the eyes of consumers. I can attest to this, as the vitamins that I purchase have strictly been Jamieson. What Jamieson has achieved in the vitamin industry is comparable to what Kleenex achieved in the tissue industry — the name is synonymous with the product.

The company has also survived multiple recessions, which means that the management is top notch.

Growing operating income

Operating income is equally as important as net income, if not more so.

The reason being that operating income reports income derived strictly from operations. It essentially gives investors a snap shot [of how well the company's main line of business is doing](#) while excluding one-time transactions that occur on a yearly basis.

One example of this would be the purchase or sale of a subsidiary. On the income statement this would usually be classified as "income from extraordinary items." This is included in the net income, which means that if a company sold a division of its business for \$50 million and the company reported a net loss of \$20 million before accounting for this, the company's total net income would be \$30 million.

Jamieson's operating income increased from \$11 million in fiscal 2014 to \$49 million in fiscal 2018, which represents a compounded annual growth rate of 34.82% which is amazing.

Bottom line

By no means is Jamieson a sexy stock, but it has demonstrated it can deliver superior returns to investors through an aging North American population and growing operating income.

The aging population helps Jamieson, as it drives sales of vitamins and supplements, which leads to a growing net income.

The company has increased operating income in each of the past five years resulting in a growth from \$11 million in fiscal 2014 to \$49 million in fiscal 2018. This indicates the company does a good job in deriving income from its main line of business.

The Foolish takeaway is that Jamieson is definitely worth your attention.

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