



Buffett Would Approve of This 1 Stock!

Description

You don't have to have 20/20 vision to see that **New Vision** (TSX:BCI) is an excellent investment. Its revenues have increased every year since fiscal 2014 from \$140 million to \$291 million in fiscal 2018.

Net income has almost doubled from \$8 million in fiscal 2014 to \$14 million in fiscal 2018.

New Look sells sunglasses, eyeglasses, ophthalmic glasses, and contact lenses under its four brands that include New Look Eyewear, Vogue Optical, Greiche & Scaff, and iVision.

The company operates 210 corporately owned eye care stores across its brands, which are located in Quebec, Ontario, the Atlantic provinces, British Columbia, and Saskatchewan. It also operates a lens processing laboratory and a distribution centre.

Its business model is relatively simple with the majority of revenue being generated through its retail sales. For those of you unfamiliar with [Warren Buffett's investing style](#), he only invests in businesses that he understands. New Look provides an ideal opportunity for investors, as it is in the business of selling glasses.

New Look is a good investment based on its acquisition of Iris and its increasing net income.

Acquisition of Iris

New Look completed the acquisition of Iris in fiscal 2017. This has been one of the company's largest acquisitions to date with a purchase price of \$120 million on a cash-free and debt-free basis (CFDF).

The CFDF acquisition model means that Iris is responsible to pay off all debts before the sale but it also benefits through the extraction of all cash from the business prior to the sale. This was a significant decision on the part of New Look as Iris has 147 locations across Canada.

This acquisition was estimated to generate consolidated revenues in excess of \$265 million and a profile of 379 locations Canada wide.

The acquisition was financed through a combination of its term facility with its bank, a debt facility, and subscription receipts (a promise by a company to sell a given number of shares to an investor at a certain price).

According to New Look president Antoine Amiel, "We will be the dominant player in Quebec, the Atlantic Provinces and British Columbia. This should lead to greater efficiencies and lower operating costs in many areas of operations."

Increasing net income

The company's net income has increased from \$8 million in fiscal 2014 to \$14 million in fiscal 2018. This represents a compounded annual growth rate of 12.50%, which is impressive.

The company has an accumulated net income of \$52 million over the past five years with no preferred stock dividends, which is a good sign for investors. A growing net income with no frivolous dividend payments indicate that the company is fiscally responsible.

Bottom line

New Look is doing a great job at growing its business, which is demonstrated by its acquisitions and increasing net income.

The company's acquisition of Iris solidifies its footprint across Canada and gives the company greater exposure to Canadians. With net income increasing from \$8 million in fiscal 2014 to \$14 million in fiscal 2018, investors would be silly to not consider making an investment.

While I acknowledge [online glasses retailers present a challenge](#) to the glasses industry, the need to ensure it fits well makes retailers unlikely to go away anytime soon.

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