



TFSA Investors: Buy 2020's Top Stock and Double Your Money

Description

Andrew Peller ([TSX:ADW.A](#)) is a leading producer and marketer of quality wines in Canada. With [wineries in Ontario and Nova Scotia](#), the company markets wines and premium brands. Brands of the company include Peller Estates, Trius and Thirty Bench. The company imports wines from major wine regions around the world and blends these with domestic wines to craft quality and value-priced brands.

The company also produces craft beverage alcohol products and recently entered the craft beer market. With a focus on serving the needs of all wine consumers, the company produces and markets premium personal wine-making products through a wholly owned subsidiary, GVI, which distributes products through over 500 independent retailers across Canada, with additional distributors in the United States, the United Kingdom, New Zealand, Australia, and China.

The company has a price-to-earnings ratio of 25, a price-to-book ratio of 2.23, and market capitalization of \$546 million. Debt is very sparingly used by Andrew Peller, as evidenced by a debt-to-equity ratio of just 0.69. The company has excellent performance metrics with an operating margin of 11.66% and a return on equity of 9.15%.

The company recently improved the quality of grapes, wines, and spirits raw materials, [wine-making and distillation capabilities](#), sales and marketing initiatives, tourism and hospitality experiences.

Andrew Peller's wine portfolio covers the complete spectrum of price levels within the Canadian wine market. Over the long term, the company believes premium wine and spirits sales will continue to grow in Canada, and these products generate higher prices and increased profitability compared to lower-priced products.

The market for wine in Canada has continued to grow due to increased consumption by young consumers who have more recently adopted wine as their beverage of choice. Reported health benefits of moderate wine consumption and a movement towards increased consumption of wine has been reported by an aging population who favour the more sophisticated experience that wine offers.

Andrew Peller has undertaken strategic growth initiatives to emerge as a leading participant in the Canadian wine market. The company is also focused on initiatives to reduce costs and enhance

production efficiencies through a continual review of operations and cost structure with a view to enhance profitability.

The company's distribution network is supported by enhanced sales, marketing, and promotional programs. From time to time, the company also evaluates the potential for acquisitions and partnerships, both in Canada and internationally to further complement the product portfolio and market presence.

The wine industry in Canada is intensely competitive based on quality, price, brand recognition, and distribution. The company competes with a large number of domestic and international wine producers. The company is the second-largest winery in Canada with 5.9% share of the wine market in Canada, down from 6.1% in prior year. The company's competitors range in size from large, well-established national and multi-national corporations to smaller wineries that are limited to selling only wine produced from vineyards.

With the launch into craft whisky, the company now also competes with large spirit companies and could provide excellent future returns to shareholders.

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