



## Goodfood Market (TSX:FOOD) Stock Soars 199%: Should You Buy at \$9.36 Apiece?

### Description

Shares of the online grocery company **Goodfood Market** ([TSX:FOOD](#)) are on a roll, rising about 199% so far this year. Its stock has jumped over 528% after hitting its low in March 2020. Owing to the stellar appreciation in its stock price, Goodfood Market is part of the **Toronto Stock Exchange's** 30 top-performing stocks (TSX30).

Goodfood Market shares benefit from the growing demand for online grocery and favourable industry trends. The pandemic came as a significant growth catalyst for the company. Goodfood Market, part of essential services, continued to run its operations amid the pandemic. Moreover, it witnessed an acceleration in demand.

Due to the pent-up demand, Goodfood Market reported a profit for the first time in its history. Its revenues and adjusted gross profit jumped by 74% and 50%, respectively, during the most recent quarter.

The accelerated demand and stellar growth in its active subscriber base are leading to a rally in its stock. But is this uptrend in Goodfood Market stock sustainable? Or will the demand fizzle out in the post-pandemic phase and drag its stock down?

### A look at key metrics

The most useful metric to gauge Goodfood Market's future performance is the growth in its active subscriber base. The metric is indicative of potential revenues in the future. Its active customer base continued to grow at a robust pace and stood at 272,000 as of May 31, reflecting a 44% year-on-year growth.

With the growing adoption of online grocery shopping, Goodfood Market remains well positioned to drive its active subscriber base, thanks to its strong footprint, best-in-class last-mile logistics, and brand affinity.

Investors should note that the shift from traditional grocery shopping towards e-commerce is likely to sustain, even in the post-pandemic phase, thus supporting Goodfood Market's growth by driving higher order rates and larger basket sizes.

Another key metric to focus on is its gross merchandise sales, or GMS, which measures the total retail value of goods sold by Goodfood Market. GMS is also indicative of its future revenues. Over the past five years, Goodfood Market's GMS has grown at an astounding pace, increasing from \$3.2 million in 2016 to \$292.8 million in the last 12 months. In the [most recent quarter](#), Goodfood Market's GMS surged 63%.

The stellar growth in its subscriber base and GMS have driven its revenues at a high double-digit rate over the past several years. Meanwhile, Goodfood Market's adjusted gross profit margins have consistently expanded in the past five years, which is incredible.

## Should you buy Goodfood Market stock?

Goodfood Market is one of the few TSX stocks where the rally is [likely to sustain](#) in the coming years. Its robust financial performance in the past and upbeat industry outlook suggests that Goodfood Market stock could continue to outperform the broader markets.

Goodfood's growing active subscriber base, market share growth, increasing product offering, and capacity expansion could continue to support its revenues. Meanwhile, its improving cost structure and lower fulfilment costs should help the company achieve margin and profit goals.

At \$9.36 a share, Goodfood Market stock is a must-have in your portfolio for outsized growth.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

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