Jamieson Wellness (TSX:JWEL) Stock Is Down 11% Last Month: Why I'm Buying the Dip!

Description

Jamieson Wellness (TSX:JWEL) is a Toronto-based company that develops, manufactures, distributes, and sells natural health products in Canada and around the world. Today, I want to discuss Jamieson's recent bout of volatility and why I'm interested in buying into this dip. Let's jump in.

Why has Jamieson Wellness stock suffered over the past month?

Shares of Jamieson Wellness have plunged 11% month over month as of late-morning trading on January 26. This has pushed this TSX stock into negative territory in the year-over-year period.

It appears that Jamieson has fallen victim to broader volatility that has hit Canadian markets. Fortunately, that may be stemmed by the Bank of Canada (BoC) decision that came through today. The central bank moved to stand pat on its benchmark rate, defying oddsmakers who predicted an upward move due to surging inflation. This could stabilize markets in the near term, giving a boost to Jamieson and many others.

This market is still geared up for big growth in the 2020s

Back in the summer of 2021, I'd discussed why Jamieson Wellness was my top stock pick for the rest of the year. The dietary supplements and natural health product industry has posted phenomenal growth in recent years. Indeed, when Jamieson stock launched on the TSX in 2017 the company's leadership touted the impact of aging demographics on this market's growth.

In early 2021, market researcher Grand View Research projected that the global dietary supplements market would deliver a CAGR of 8.6% from 2021 through 2028. That projection may be understated as the COVID-19 pandemic has sparked health conscientiousness around the world.

Jamieson released its third-quarter 2021 results back in November 2021. It stated that the pandemic had led to increase demand for natural health products, especially among older demographics. This fueled total revenue growth of 6.4% year over year to $112 million. Meanwhile, adjusted EBITDA climbed 11% to $25.5 million. Jamieson has posted especially strong results in China. Indeed, its international branded business posted 7% revenue growth on a constant currency basis.

Gross profit jumped $2.8 million year over year to $40.8 million. Its gross profit margin rose 30 basis points on the back of pricing and volume-driven efficiencies. Moreover, earnings from operations increased 15% year over year to $20.6 million.

Here's why I'm buying the dip in Jamieson Wellness right now

Back in the summer of 2021, I'd discussed why Jamieson was one of the top future stocks worth targeting. Investors can expect to see its final batch of 2021 earnings in late February.

Shares of Jamieson currently possess a middling price-to-earnings ratio of 30. The stock last had an RSI of 29, which puts it in technically oversold territory at the time of this writing. Jamieson also offers a quarterly dividend of $0.15 per share. That represents a modest 1.7% yield. I'm still excited about the supplements space. In my view, Jamieson looks like a solid buy in late January.

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