Goodfood Stock Doubles Within Days: Time to Buy?

Description

Goodfood Market (TSX:FOOD) was once a major winner among investors. Shares exploded during the pandemic, and the company managed to expand its operations across the country. Analysts were impressed by its options, and its ability to expand and meet customer demands.

But then, pandemic restrictions came to an end. And so too did the performance Goodfood stock investors enjoyed. Today, Goodfood stock is a fraction of what it once was — literally. Shares fell from all-time highs around $13 per share to now just $0.56 per share.

Yet in the last few days, shares have more than doubled! In fact, they grew by 125% from the end of November to early December and remain up 72% from Nov. 30 to date. So, is now the time to buy Goodfood stock once more?

Why the bump?

The boost came from analysts weighing in on Goodfood stock after fourth-quarter earnings. While results came in line with expectations, analysts saw the performance as strong considering the challenging year faced by the company.

The company was used to growth and had to shift its focus to profitability and holding onto cash. This included no longer providing on-demand delivery and instead back to basics with its meal kits. The fourth quarter showed the benefits of this change, and it could mean more in the near future.

So, while Goodfood stock still reported a loss of $1.9 million, it’s an improvement of $15.8 million from the year before and about half the loss expected by analysts.

More challenges ahead

While analysts called this a “step in the right direction,” there were also noted challenges ahead. The main benefits seen recently were the exit to on-demand delivery, exiting facilities, renegotiating contracts with $22 million in cost savings, and consolidating operations in Montreal and Calgary.

Even so, analysts believe that there are going to be more challenges, with revenue expected to decline by 32% year over year. Plus, an economic slowdown is surely to affect Goodfood stock as well. Therefore, analysts don’t believe the company will reach profitability until full-year 2024. It remains in “cash-burn mode” and could therefore suggest more downside in the near future.

Bottom line

Goodfood stock may be up 125% in the last few weeks, but, overall, it’s seen a major drop. Shares are down about 87% year to date and 96% from all-time highs. So, there’s really very little left for the company to lose.

So, I’m of two minds here. On the one hand, this company is now in penny stock territory. You could see it potentially grow even slightly and a large investment could see your shares explode! That being said, the exact opposite could happen as well. And unfortunately, in the near term, it looks like you stand more of a change at losing everything rather than making major gains.

Therefore, at these levels, and even with recent improvements, I would not say Goodfood stock is a buy. While the recent growth was a great opportunity to perhaps make back some of your losses, it’s far more likely we’ll see a drop in share price in the near future. And, as analysts say, that could last until 2024.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Coronavirus
2. Investing

Date
2025/08/12
Date Created
2022/12/08
Author
alegatewolfe