



Should You Buy Jamieson Wellness at These Levels?

Description

Last year was tough on global equity markets, as high inflation, rising interest rates, and ongoing geopolitical tensions weighed on investors' sentiments, thus dragging stock prices down. The Canadian benchmark index, the **S&P/TSX Composite Index**, fell 8.7%. Amid the weakness in the broader equity markets, **Jamieson Wellness** ([TSX:JWEL](#)) lost around 10.9% of its stock value last year.

However, the leading health supplements brand has been delivering solid returns since going public in July 2017. Despite the recent pullback, JWEL stock has been trading 130% higher since its public debut. So, given its impressive track record, should investors utilize the pullback to accumulate the stock? Let's first look at its performance in the recently reported third quarter.

Jamieson Wellness third-quarter performance

Despite the challenging market conditions, Jamieson Wellness has continued on its growth trajectory, with its topline growing by 23.6%. The contribution from the recent acquisition of Nutrawise Health & Beauty Corporation and solid organic growth drove its sales during the quarter. In July 2022, the company acquired Nutrawise Health & Beauty, which produces and markets premium supplements under the youththeory brand across the United States and international markets. The acquisition contributed around \$17.5 million, or 20.6% of its incremental revenue.

Amid the topline growth, the company's gross profits increased by \$7.7 million. However, its normalized gross profit margin declined by 1.4% to 34.9% due to an unfavourable product mix and higher depreciation expenses due to Nutrawise's acquisition. The company's SG&A (selling, general, and administrative) expenses also increased by \$11.6 million to \$30.9 million due to acquisition-related expenses and IT system development and implementation costs.

Consequently, net earnings declined by 23.8% to \$10.9 million. However, removing one-time items, adjusted net earnings increased by 1.2% to \$14.2 million. Adjusted EPS (earnings per share) remained flat at \$0.34. Meanwhile, the company utilized \$20.6 million of its cash for its operations during the quarter, closing the quarter with a cash balance of \$7.3 million.

Now, let's look at its growth prospects.

Jamieson Wellness outlook

Jamieson Wellness manufactures, distributes, and markets high-quality natural products worldwide. With the aging population and growing consumer awareness about self-care, the demand for the company's products could continue to rise. Besides, the acquisition of Nutrawise Health & Beauty has strengthened the company's presence in the United States VSM (vitamins, minerals, and supplements) market.

Additionally, the global supplements brand announced in November that it had agreed to acquire certain tangible and intangible assets from its distribution partner in China. The company expects the acquisition to provide more control over its sales, marketing, and distribution activities in China. With China being the second-largest vitamin market in the world, the acquisition could allow the company to expand its footprint in the country. So, Jamieson's growth prospects look healthy.

Bottom line

Last month, the Federal Reserve of the United States stated that it would continue with its monetary tightening measures. With central banks focusing on fighting inflation, the Centre for Economics and Business Research projects a recession this year. So, given the [economic uncertainty](#), investing in a highly defensive healthcare stock, such as Jamieson Wellness, would be an excellent move. At present, the company trades at an attractive valuation, with its NTM (next 12 months) [price-to-earnings](#) multiple standing at 20.1.

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