Which Canadian Healthcare Stocks Could Make You Rich?

Description

Healthcare is big business, so every now and then it makes sense to see how it's represented on the TSX. Three stocks have been chosen today on the basis of their overall strength as well as other filters, such as market cap, fundamentals, and dividends.

It's interesting to see three stocks in the same field that do such totally different things. I was expecting to see similar multiples across these three healthcare stocks, so it was something of a shock to find that each one behaves completely differently from the next: one pays great dividends, while another reinvests but has high growth ahead. But are any of them worth investing in, and could they make you wealthy?

Without further ado, let's comb through the figures and see which front-running Canadian healthcare stock might be a buy today.

Aurinia Pharmaceuticals Inc. (TSX:AUP)(NASDAQ:AUPH)

Aurinia Pharmaceuticals is overvalued at the moment, with shares going for eight times their future cash flow value. In terms of fundamentals, Aurinia Pharmaceuticals is hard to scrutinize, since its loss-making status makes calculations somewhat opaque. A P/B of around three times leaves would-be investors with a bit of a conundrum, especially if they've been eyeing this stock for its upside.

Speaking of upside, Aurinia Pharmaceuticals is looking at a 71.7% expected annual growth in earnings. Anyone looking at owning this stock should be aware of another positive: Aurinia Pharmaceuticals holds zero debt. This is a good indicator that future performance estimates may be accurate.

Medical Facilities Corp. (TSX:DR)

Discounted by over 50% compared to its future cash flow value, Medical Facilities has a nice and low P/E of 13.4 times earnings, further indicating good value. Its PEG of -0.5 times growth is indicative of this stock's estimated lack of growth next year, though. Indeed, a negative figure for outlook of -26.6% expected annual growth in earnings means that this is not a stock for growth investors at present.

While a P/B of 2.4 times book looks high, this actually signals good value for the industry. Factor in a very attractive dividend yield of 7.79%, and you have a good stock for your TFSA or retirement fund.

Sienna Senior Living Inc. (TSX:SIA)

Sienna Senior Living is sending value investors mixed messages on multiples at present. It's got a high P/E of 47.1 times earnings, but with some high growth ahead, this makes sense.

Sienna Senior Living's P/B of 1.9 times book is low for the industry, indicating good value. All round, it's a bit of a mixed bag of multiples, making it difficult to ascertain whether the stock is good value or not today. Looking at today's price compared to the same time last year, we can see that it's trading close to its 52-week low, which does seem to indicate that would-be investors would be getting good value for their money.

An expected 34.3% annual growth in earnings makes Sienna Senior Living a serious contender for growth investors, while that dividend yield of 5.41% makes for a tasty passive-income stock.

The bottom line

Sienna Senior Living and Medical Facilities both have high levels of debt, so do your homework before you invest. Both offer healthy dividends, but be sure that those yields are serviceable. Either one has the potential to line your pockets if they continue to do well. Aurinia Pharmaceuticals, meanwhile, is a healthy stock with a lot of potential upside, making this is a good pick for growth investors to consider for serious long-term capital gains.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:AUPH (Aurinia Pharmaceuticals Inc.)
2. TSX:DR (Medical Facilities Corporation)
3. TSX:SIA (Sienna Senior Living Inc.)

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