# This Stock Is up Over 200% and Has Plenty of Room for Growth: No, it's Not a Cannabis Stock

## Description

Pot stocks have been all the range. With explosive share price growth, it's no wonder retail investors are flocking to the industry. However, investors looking for further growth should look beyond the insane valuations of the cannabis industry.



What if I told you there is a little-known stock that has outperformed the likes of **Canopy Growth** and **Hexo**, two of the top-performing marijuana stocks year to date (YTD). Oh, and this company is still undervalued. Let me introduce you to **Viemed Healthcare** (TSX:VMD).

**Background**

Viemed spun out of Patient Home Monitoring last year and began publicly trading on the TSX in late December of 2017. The company has non-invasive ventilation (NIV) equipment that's used to treat a number of respiratory ailments. Its primary focus is to service patients who have chronic obstructive pulmonary disease (COPD) and sleep apnea.

As per the company's website, it's the "largest independent specialized provider of non-invasive ventilation in the U.S. home respiratory health care industry." Its products are high quality. A KPMG study has shown that for every six patients Viemed puts on therapy, it saves a life and saves the system up to $225,000 per patient per year.

This year, the company's share price has skyrocketed 212%! Worried you may have missed out? Don't be; the company has plenty of room to grow.

**High-growth profile**

The are approximately 25 million Americans who have been diagnosed with COPD. Of those, approximately 2.50 million have stage four COPD, 50% of which are candidates for Viemed's therapy solutions. This represents a current market of approximately 1.25 million Americans. Only 40,000 are beneficiaries of NIV services. This means the company is operating in a market that is 95% untapped.

In the United States, 26% of the population is baby boomers with 10,000 Americans turning 65 every day. As the population ages, expect these numbers to rise.

So far this year, the company has grown revenues in excess of 40% year over year. In 2019, analysts expect the company to growth earnings by 32% which is consistent with the company’s recent performance.

**Valuation**

Viemed currently trades at 28.65 times earnings, which is cheap when looking at the company’s expected growth rate. Peter Lynch, one of the most notable value investors in history, believed that companies should trade in line with expected growth rates. This can be measured by the company’s P/E-to-growth (PEG) ratio. As of writing, the company’s PEG ratio was 0.89, which implies that the company’s share price is not keeping up with expected growth rates. Thus, it is considered undervalued.

Despite its explosive performance, Viemed has flown under the radar. Since it began trading on the TSX Venture exchange, it quickly uplisted to the TSX in late May of this year. The company has also gone on record with its intention to list on a major U.S. exchange. Any such listing will further improve liquidity and the company profile and is sure to be another catalyst for the stock.



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