Double Your Money With This Stock Returning Over 100%

Description

I love finding hidden gems. I define hidden gems as those stocks that are undervalued and have little visibility among retail investors. They fly under the radar and have not yet commanded the attention of the broader market.

The reason these companies are so attractive is because you can get in before the ground swell of support sends its stock price soaring. I've written plenty about two of my favourite hidden gems: **goeasy** and **VersaBank**. Arguably, goeasy has received increased attention and coverage lately and is no longer hidden the way it once was. VersaBank is still not getting the respect it deserves, but it is still up some 30% since I first brought it to everyone's attention.

Today, I'd like to once again talk to you about **Viemed Healthcare** (TSX:VMD). When I first brought Viemed to your attention back in October, the timing wasn't great. As it is a small cap, it is subject to greater volatility than the broader market. If you were invested in the market, you'd know that this past fall was a blood bath.

The good news is that the market is recovering, and a rising tide raises all ships — assuming the fundamentals are sound, of course.

Strong performance

Despite trading 22% below its 52-week highs, Viemed has still returned over 100% over the past year. Year to date, the company's stock price is up approximately 30%, far outpacing the broader market.

Last week, the company posted record year-end results which came in above expectations. Earnings of $0.11 per share beat by a penny, and revenue of $24.32 million beat by $200,000. The company grew revenue by 39% in 2018 and gross margin expanded by 40%.

The company also announced first-quarter guidance in which it expects to grow revenue by 44% at the mid-point of guidance over the first quarter of 2018. It also represents 10% growth sequentially overthe last quarter.

Top stock for growth

The company grew its patient base by 35% in 2018 and is operating in a market that is 95% untapped. It has an independent study that proves its products are superior and reduces hospital admissions. What does this mean? It means there is ample room for continued growth.

Analysts expect the company to grow earnings by almost 40% over the next couple of years. Given recent performance, these targets are not pipe dreams. These are realistic and achievable targets for the company.

Trading at a P/E-to-growth ratio of 0.93 and a forward P/E of only 14.95, the company is cheap.

Foolish Takeaway

If you can handle a little volatility, Viemed is well positioned to reward investors over the next couple of years. Growth and value is a difficult combination to find, but Viemed ticks both boxes.

CATEGORY

1. Investing

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1. Editor's Choice

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