This Stock Is Down 15%: Here's Why I Bought it

Description

If you were one of the investors that purchased **Viemed Healthcare** (TSX:VMD) back at its initial public offering (IPO) in late 2017, you'd be pretty happy right now. The stock has almost quadrupled since its IPO, with an all-time high of $10.51 — an increase of 338%.

But with the recent market downturn, investors are selling left, right, and centre when it comes to stocks they aren't sure about. Viemed, while an excellent stock, doesn't have the history of an energy or banking stock, for example, and offers no dividend. While banking stocks in particular are perfect options for a portfolio ahead of a market downturn, I would highly urge investors to hold onto this stock.

When shares dropped back in June, I was eager to pick them right up at around where they trade today at just under $9 per share. Analysts put this stock's fair value higher than even its all-time high, at about $11.50 per share. That's a potential upside of almost 30% as of writing. While I tend to go with analysts, I wanted to dig a bit deeper into why Viemed could be a great option for my portfolio.

There are a few things that caught my eye. First of all, there's the company's solid finances. Viemed generated US$22.5 million in revenue during its latest quarter — an increase of 45% from the same time last year. Gross margins were also up to US$16.9 million — an increase of 49% from last year.

Yet Viemed has so much room to grow. The company develops in-home care for respiratory complaints and is looking into further in-home care options for an ever-growing population. This is another point that should excite investors, as the company has a solid base of products that already do well, and have the potential to expand much further as baby boomers age. That likely will mean even more year-over-year increases, as the company continues to expand.

In fact, Viemed is doing so well the company recently purchased a 77,000 square-foot building for its new headquarters. This was reflected in its earnings report, as Viemed expects to generate between $23.7 and $24.5 million during its third quarter. This represented an increase of 41% from the same time last year.

All this is to say that a dip in this stock is a rare opportunity. Viemed may be a young company on the stock market, but that also means it is a company in growth mode. It's not often where the future potential of a company is almost certain, but with Viemed, it looks to be that way. People are guaranteed to age. As they do, more and more are looking to have treatment at home rather than stuck in a hospital. That leaves a few companies like Viemed ready to take advantage.

For investors looking for a strong buy-and-hold stock for decades, while also seeing incredible growth during that period, I would highly recommend Viemed. Even with a slight dip, the stock is up 70% year to date. So, now is absolutely the time to buy up this stock before the market rebounds yet again.

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