Alert: This new TSX Tech Stock Could Double in 2020

Description

Doubling your money within a year is an astounding feat, and only a handful of stocks every achieve this in any given year. Most of these tend to be technology firms in the early stages of mass adoption and hyper-growth.

Last year, tech darlings such as **Maxar Technologies**, **Shopify** and **Lightspeed POS** all delivered returns of over 100%. This year, I'm monitoring a little-known health tech stock that grew more than 240% in 2019 and is poised for yet another year of jaw-dropping growth.

Vancouver-based **Well Health Technologies** (TSX:WELL) has been on my radar for months now, as the startup's network of digitally-enabled health clinics and electronic medical records platform steadily expanded. Early this year, the stock graduated from the **TSX** Venture Exchange to the mainstream TSX market.

That makes WELL Health the latest small tech stock that could garner mainstream attention from Canadian investors in 2020, pushing the stock price much higher. Investors, I believe, could soon recognize the fact that this is an innovative disruptor with a strong balance sheet, noteworthy backers and a truly massive market potential.

Potential market

The healthcare sector across North America is severely fragmented and heavily reliant on obsolete technology. This information technology sector market could be worth as much as $239.9 billion by 2025.

WELL Health's acquisition-driven strategy could help it seize a substantial portion of this lucrative market in the near future. Last year alone, the company acquired several small healthcare software vendors and clinics. This year the company may have to issue more shares to fund further acquisitions and keep the growth spurt alive.

WELL Health's team already has plenty of fundraising experience. They've convinced Hong Kong billionaire Li-Ka Shing to deploy millions and acquire a hefty stake in the startup and also sold some shares to Cantech Letter Founder and Editor Nick Waddell. Further funding from wealthy family offices and institutions shouldn't be an issue provided the underlying business continues to grow at its current pace.

Fundamentals

Attracting further funding shouldn't be difficult for a company that has already proven its operational prowess. In its latest quarter, the company reported a 328% surge in sales year over year and margin expansion from 29.2% to 35.2%.

Meanwhile, the stock price doesn't fully reflect the company's tremendous potential for growth. WELL's enterprise value per share is a mere 3.6 times estimated sales for 2020, while its rivals trade between 3.3 and 4.6. In other words, it's being valued as a regular health tech software company, while its sales growth is much faster.

PI Financial analyst David Kwan believes the stock could reach $2.2 this year, which represents 25% upside from the current market price. The stock has the potential to nearly double before the end of the year based on its track record and fundamentals.

Bottom line

WELL Health could be one of the few companies to double shareholder wealth this year based on its track record of growth, market potential, and strong fundamentals. Nevertheless, I believe investors should treat this as a speculative buy and be prepared for some stock dilution down the line.

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