COVID-19 Outbreak: 2 Cheap Healthcare Stocks to Buy Now

Description

The COVID-19 outbreak has put the spotlight on healthcare systems around the world. Europe boasts some of the most advanced and well-funded healthcare systems on the planet, but even these institutions are buckling under the pressure that the outbreak has generated. International firms are scrambling to produce a vaccine, or at least a more effective treatment, to combat COVID-19.

Some of the companies that have made strides in this arena include pharma giant **Pfizer**, the biotech firm **Regeneron Pharmaceuticals**, which has said that a treatment could be forthcoming “quickly,” and **Gilead Sciences**. The latter’s experimental drug remdesivir, or GS-5734, has been identified as a promising prospect to treat COVID-19.

These exciting prospects are worth monitoring, as the world steps up its fight against this damaging outbreak. Today, I want to focus on Canadian healthcare stocks that deserve attention as we reflect on how healthcare will evolve and take centre stage in the coming years. Let’s jump in.

Extendicare

Extendicare (TSX:EXE) is a Markham-based company that provides care and services for seniors across Canada. Its shares have plunged 32% over the past month as of late morning trading on March 18. The company operates five segments, some of which include Long-Term Care, Retirement Living, and Home Health Care. A recent report from Grand View Research forecast that the global long-term care market size would balloon to $1.7 trillion by 2027, representing a CAGR of 7% over the forecast period from 2019.

The company released its fourth-quarter and full-year results for 2019 on February 27. For the full year, revenue rose 1.1% to $1.13 billion. Adjusted EBITDA fell $3.1 million primarily due to higher administrative costs. NOI margins in Long-Term Care rose to 12.3% from 11.4% in Q4 2018. Average occupancy of the stabilized portfolio in Retirement Living grew to 94.9% from 89.8% in the prior year.

Shares last had an RSI of 18, which puts Extendicare well into technically oversold territory. The stock last paid out a monthly distribution of $0.04 per share, which represents a monster 8.2% yield.

VieMed Healthcare

VieMed Healthcare (TSX:VMD)(NASDAQ:VMD) is a healthcare stock that is well worth your attention right now. The company provides in-home durable medical equipment and healthcare solutions to patients in the United States. Shares have plummeted 38% over the past month.

On March 17, the company announced a response to the COVID-19 virus. It modified its protocols last week to delay all non-essential home visits in order to protect high-risk patients and its employees. VieMed is a leader in the homecare ventilation market. It has pushed for the exploration of non-invasive ventilation at-home treatment for patients with chronic obstructive pulmonary disease (COPD) and chronic respiratory failure (CRF). As a respiratory virus, COVID-19 carries significantly greater risk for patients with COPD and/or CRF.

According to a recent report from the *New York Times*, the United States could face a ventilator shortage at hospitals across the country as COVID-19 cases rise. VieMed has stated its willingness to work with the CDC and other agencies to treat the expected growing cases in-home. This will reduce the burden on the hospital system.

Shares of VieMed were up 3.93% at the time of this writing. It may play a greater role in this crisis going forward, and its in-home care solutions are set to see growing demand in the years to come. Investors should consider picking up this healthcare stock after it has been battered by broader volatility.

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