



## A Small Stock That'll Grow Irrespective of the Coronavirus

### Description

**Viemed Healthcare** ([TSX:VMD](#))([NASDAQ:VMD](#)) stock trades at a market cap of about \$223.6 million. The small-cap stock trades at roughly 17% below its February high. It's holding up well against the general market, which has fallen close to 35%.

The company provides essential products and services for stay-at-home patients with respiratory diseases.

The company's number of active ventilator patients on recurring billing service increased by 31% year over year to 7,759 at the end of 2019.

### Viemed Healthcare's profitability

Viemed Healthcare's three-year revenue-growth rate was close to 37%, while its gross profits increased at a rate of almost 44% per year in the period. In comparison, its net income climbed more than 90% per year.

Its 2019 versus 2018 results are as follows: it had revenue growth of 23%, gross profit of 15%, net income decline of 16%, and adjusted EBITDA growth of 15%.

In 2019, its revenue, gross profits, net income, and adjusted EBITDA, respectively, were more than US\$80.2 million, US\$56 million, US\$8.5 million, and US\$19 million.

Viemed's long-term trend in profitability is expected to be positive.

### Viemed Healthcare's business

Viemed provides post-acute respiratory services in the United States. Specifically, it is one of the largest providers of home therapy for patients suffering from respiratory diseases that require a high level of service.

The services it provides include respiratory disease management, neuromuscular care, in-home sleep testing and sleep apnea treatment, oxygen therapy, and respiratory equipment rentals.

The healthcare stock's monthly rental revenue from ventilators and the sale of associated supplies represents about 90% of total revenue.

## **Viemed's balance sheet**

Viemed's balance sheet is as strong as ever. Its cash and cash equivalents have tripled to more than US\$13 million from three years ago. In the same period, its debt-to-equity ratio has improved to 0.59 from 0.71. At the end of 2019, the company had long-term debt of US\$7.6 million.

## **Viemed Healthcare's growth potential**

First, Viemed Healthcare's services cover about 34 states. Geographically, there's still room to grow.

Second, the company continues to investigate and introduce new complementary products and services that would help its patients and boost profitability.

Third, Viemed's non-invasive ventilation products help patients save money. Viemed offers low monthly service plans compared to large spending for costly at-home medical devices. Importantly, most plan costs are covered by Medicare and insurance.

Fourth, an aging population implies that more people will need to use Viemed's products. Patients qualify for Medicare at age 65. So, they're more likely to choose Viemed over more costly options.

## **Viemed's response to rising number of COVID-19 cases in the U.S.**

In a press release, Casey Hoyt, Viemed CEO stated, "With one of the country's largest networks of respiratory therapists, we remain in position to safely treat the growing patient base with our significant ventilator fleet and our remote patient monitoring capabilities. We stand ready to work with the [Centers for Disease Control and Prevention], state and local agencies, and other hospital systems to treat the expected growing number of COVID-19 patients in the home. Viemed's solution of treating patients in their homes will potentially free up more hospital beds for the growing patient base resulting from the COVID-19 pandemic."

## **The Foolish bottom line**

Viemed Healthcare is set to grow as a growing aging population will lead to a higher population having

respiratory problems. In the near term, COVID-19 may also boost the use of Viemed's ventilators. Investors should consider taking a position in Viemed — especially if it falls to \$4 per share or lower. If Viemed is not for you, consider these [other stocks](#) for [wealth creation](#).

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