3 Reasons Why You Should Invest in Well Health (TSX:WELL) Stock

Description

While most sectors are struggling amid the COVID-19 pandemic, a few have been immune to the coronavirus. For example, companies in the pharma and technology space have managed to outperform the broader markets.

Here we look at one of the most promising health-tech stocks on the **TSX** that is well poised to generate multi-fold returns over the upcoming decade.

Well Health Technologies has grown at an impressive pace

Shares of **Well Health Technologies** (TSX:WELL) are trading at $6.17 and has gained over 300% in 2020. The stock went public back in April 2016 and has returned a staggering 5,500% in less than five years. This means a $1,000 investment in Well Health stock soon after its IPO would have returned over $56,000 today.

Well Health aims to leverage technology to support patients and doctors. In British Columbia, it owns 19 medical clinics with 180 physicians and provides SaaS services to support a network of 1,900 medical clinics supporting 10,000 physicians and 15 million patients in Canada

Its acquisitions of EMR (electronic medical record) service providers have made Well Health the third-largest company in this space. It March 2020, the company launched its telehealth service called VirtualClinic+ which is a digital health communications platform that connects patients and physicians via video, messaging, and phone.

In a nutshell, Well Health wants to consolidate and modernize primary healthcare assets by leveraging digital technologies and processes which will improve patient experience and operational efficiency.

Focus on acquisitions

Well Health has focused on inorganic growth to expand its top line. It has completed several acquisitions since the start of 2018 including three equity investments. The company's clinical portfolio acquisitions include six clinics in February 2018, 13 clinics in November 2018, and majority stakeholder positions in SleepWorks and Spring Medical in 2019.

Well Health has confirmed it will continue to actively pursue acquisition opportunities within the clinical and digital healthcare marketplaces.

Huge potential for long-term growth

According to Well Health, the Canadian care delivery sector is valued at $253 billion, with physician spending accounting for 15.4% of this market. While the healthcare space is plagued by operational challenges, which include a highly fragmented market and lack of technology, it provides Well Health to add value by aiding the digital transformation processes.

Well Health believes the industry is ripe for disruption and stands to benefit from "an active consolidator that can help its technological and fragmentation problems."

Well Health has managed to increase sales from $7.95 million in 2018 to $32 million in 2019. It is expected to touch $44.6 million in 2020 and $68.5 million in 2021. Well Health is valued at a market cap of $808 million which means its forward price to sales multiple is 18.11 which might be considered sky-high. However, investors should also note that the company continues to grow at a rapid pace and should be profitable by the end of 2022.

I had first recommended Well Health Technologies in January 2020 when the stock was trading at $1.84 per share. It has since gained 235% and remains a long-term buy considering it wants to disrupt the traditional healthcare space.

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