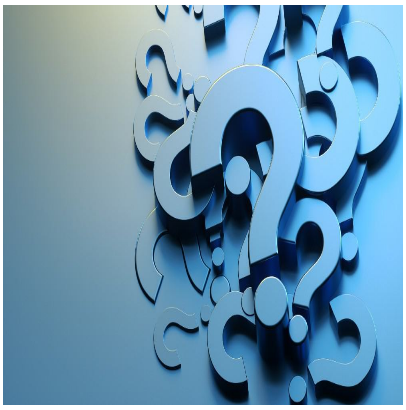

Up 300%, Is Well Health (TSX:WELL) the Real Deal?

Description

Well Health Technologies Corp (TSX:WELL) is one of the **TSX**'s top-performing stocks this year with its share price quadrupling from where it was at the end of 2019. There's reason to be optimistic about this stock, but let's take a closer look at whether its ascent this year is due to hype and market bullishness or if it's really as good a buy as its rally this year suggests it is.

The company's popularity is rising as more people are using telehealth services

One of the changes that the coronavirus pandemic's causing is a shift toward more digital services, and healthcare is no exception to that. More people are using telehealth because they want to be staying home rather than venturing out to the doctor's office and risking the chance that they contract COVID-19 along the way. Well Health offers VirtualClinic+ which allows patients and doctors to connect via video chat, phone, and secure messaging.

The company calls its service the "most intuitive telehealth platform available" as there are no application downloads needed for doctors or their patients. In addition to serving patients who are looking to stay at home, Well Health is also looking to capitalize on the nearly five million Canadians who don't have family doctors.

Its services are covered by provincial health plans in British Columbia, Alberta, and Ontario. And for those outside of those provinces, appointments start from as low as $30. Well Health also gives patients the ability to choose which doctor they want to speak with, potentially even their family doctor if they're set up and using the platform.

While the company also wholly owns 19 clinics, it's clear the big growth opportunity for it is in telehealth.

Well Health is watching the U.S. market

In September, Well Health announced it acquired a majority position in U.S. company Circle Medical through a US$14 million investment. It's the company's big entrance into a U.S. market which is 17 times the size of the Canadian healthcare market. However, Circle Medical's still a fairly small company itself, with Well Health noting that the U.S. company's run rate is just US$5 million in annual revenue.

It's a minnow compared to New York-based **Teladoc Health** (NASDAQ:TDOC) , which also serves the Canadian market. The company generated US$241 million in revenue in its most recent quarter. And with its planned merger with **Livongo Health**, which reported US$170 million in sales in its most recent fiscal year, that will make the combined company even larger, and pose serious competition to Well Health.

Where the company is today

In its most recent quarterly earnings report, for the period ending June 30, Well Health reported sales of $10.6 million — up 43% from the prior-year period. Its net loss of $3.4 million was double the $1.7 million loss that Well Health incurred a year ago. Its quarterly telehealth visits totaled 124,800. This again, is minimal compared to the 2.8 million virtual visits that Teladoc reported in its most recent quarter.

Bottom line

Well Health's losses are growing and the company's costs could continue to climb, especially as it competes for visits with other companies offering similar services. While there's still potential for Well Health, I'm not convinced this stock will be able to succeed giving the growing competition in this space not just from Teladoc but **One Medical**, which is backed by Google, and other companies.

It's going to be an uphill climb for Well Health to grow its market share, particularly in the U.S., and investors should take that into account when considering whether to invest in the company as there are much safer stocks out there.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TDOC (Teladoc Health Inc.)
2. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise

6. Yahoo CA

Category

1. Investing

Date
2025/07/21
Date Created
2020/09/08
Author
djagielski