3 Reasons WELL Health (TSX:WELL) Stock Surged 12% Yesterday

Description

WELL Health Technologies (TSX:WELL) is starting to look like the real deal. This multi-bagger is just 5% away from being Canada's latest tech unicorn (companies worth over $1 billion). Remarkably, WELL Health stock has generated most of its value this year alone.

If you invested in WELL Health stock in late March at the height of the stock market panic, you'd be sitting on a 450% gain. That's an astounding return in just five months. And it doesn't look like the stock is out of steam yet. It surged another 12% yesterday alone.

There was no major update or news to drive this bullish move upward, so here are three reasons why investors may have added the stock this week.

Loblaw investment

Retail giant **Loblaw Companies** announced a $75 million investment in telehealth provider Maple yesterday. Although Maple is a competitor to WELL Health, this vote of confidence from one of the nation's largest retailers has boosted sentiment across the industry.

Maple's post-money valuation wasn't disclosed as part of the deal. However, this serves as a reference for future deals in the industry. In other words, WELL health stock rose 12%, because there's a higher chance that they too could attract a major strategic investor on this scale.

Updated targets from Bay Street

Analysts at **Stifel GMP** have always been bullish on WELL Health's prospects. Analyst Justin Keywood believes the company's entry in the U.S. is a real game changer. His thesis is based on the fact that the average clinic visit costs over $150, while the average visit in Canada costs roughly $35.

Keywood upgraded his price target for WELL Health stock from $5.35 to $7. Other financial analysts on Bay Street have raised their targets by similar amounts in recent weeks. In other words, the experts are bullish on WELL Health stock, and that's a key reason it's surging upward.

Second wave of COVID-19

The rapidly rising number of COVID-19 cases across Canada has spooked the authorities. This week, Ontario premier Doug Ford admitted that the province could re-enter phase two of the lockdown if cases continue to rise. A similar story is playing out in other provinces. In fact, a second wave of infections is already underway in other parts of the world, including Israel and Europe.

During the first lockdown, telehealth appointments at WELL health's VirtualClinic+ platform rose 10-fold. If we're entering another phase of home confinement, virtual appointments and telehealth visits could gain further traction.

In other words, WELL health's services could become mainstream sooner than expected.

Bottom line

WELL Health stock has been unstoppable this year. Investors who got in early are already sitting on multibagger gains. Now, analysts have raised their target price for the stock, the company's rivals are attracting major investments and a second wave of coronavirus could boost demand for virtual healthcare.

WELL Health stock is within striking distance of being a unicorn. Considering its recent entry in the U.S. and the opportunity for growth in this nascent sector, investors could remain bullish on this stock for the foreseeable future.

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