



Better Buy: CloudMD (TSXV:DOC) vs. Well Health (TSX:WELL)

Description

The current year has been a forgettable one for multiple reasons. The COVID-19 pandemic continues to wreak havoc on the personal and professional lives of millions of Canadians and has negatively impacted a slew of industries.

Investors with exposure to energy, airline, retail, and hospitality verticals have experienced a massive decline in their portfolio values. However, this has been offset by a strong performance among stocks in fintech, e-commerce, and telehealth segments.

Here, we look at two such Canadian stocks that have managed to outperform the broader markets in 2020. Shares of Canadian health-tech companies **CloudMD** ([TSXV:DOC](#)) and **Well Health** ([TSX:WELL](#)) have returned 293% and 419%, respectively year-to-date. Let's see if these stocks remain a top bet for 2021 and beyond.

CloudMD stock has a market cap of \$391 million

CloudMD Software and Services [aims to digitize the delivery](#) of healthcare and provide patients access to professional care from the comfort of their home via their phones, tablets, or computers. It is a SaaS-based health-tech solution company that provides services to medical clinics in Canada.

CloudMD has around 376 clinics and 3,000 licensed practitioners that give it access to three million patients. Its suite of telemedicine software includes consumer solutions and enterprise solutions.

In the June quarter, CloudMD sales more than doubled to \$2.8 million, while in the first six months of 2020, its sales grew to \$5.85 million, up 170% year over year. Analysts expect CloudMD sales to rise to \$17 million in 2020 and to \$42.7 million in 2021. This means the stock is trading at a forward price to sales multiple of 22.

DOC expects to grow its patient base via acquisitions as well as organic expansion in the next 12 months, which in turn will drive its top-line growth. It plans to acquire and partner with enterprises that complement its business plan.

Well Health stock has a market cap of \$1.15 billion

Well Health is another company that is disrupting the healthcare space in Canada. It has a portfolio of 2,000 clinics and 20,000 practitioners giving the firm access to 15 million registered patients.

Well Health is focused on consolidating and modernizing primary healthcare assets by leveraging digital technologies and processes that will improve the overall patient experience as well as operational efficiency.

Similar to CloudMD, Well Health also aims to grow via acquisitions and has completed 11 acquisitions since the start of 2018. It has a 100% [controlling interest in](#) 19 clinics and majority ownership in two other clinics.

This has helped Well Health grow its top-line at an aggressive rate. In 2019, company sales were up 211% year-over-year at \$32.8 million. Analysts expect sales to grow by 37% to \$45 million in 2020 and by 56% to \$70 million in 2021, which means Well Health stock is trading at a price to sales multiple of 23.6.

The Foolish takeaway

The high valuation multiples of CloudMD and Well Health might concern investors. Further, the two companies are still posting an adjusted loss. However, their focus on acquisitions and a rapidly expanding addressable market make the two stocks top bets for long-term investors.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:WELL (WELL Health Technologies Corp.)
2. TSXV:DOC (CloudMD Software & Services Inc.)

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