WELL Health Technologies (TSX:WELL) Q3 Earnings Recap

Description

This year has been one to remember for **WELL Health Technologies** (TSX:WELL). In early January, the company officially graduated from the **TSX Venture Exchange** to the **Toronto Stock Exchange**. It was also named as a TSX Venture 50 Company for the third year in a row. This indicates that WELL Health was one of the top-performing companies listed on the TSXV in 2019, just as it was in the previous two years.

Since moving to the TSX, WELL Health stock has seen as much as a 450% gain this year. Obviously thriving from investor sentiment during the pandemic, WELL Health hopes to keep the momentum going. On Thursday, the company reported its Q3 earnings. Is WELL Health continuing in the right direction? I will be discussing everything you need to know in this article.

WELL Health's Q3 earnings report

The company continued to build off a very strong year with another record-breaking quarter. It reported a quarterly revenue of $12.25 million along with a record gross profit of $5.05 million. These numbers translate to year-over-year growth rates of 50% and 75%, respectively. Currently, WELL Health is operating at an annualized revenue run-rate of nearly $68 million. If it is able to maintain this pace, WELL Health could more than double last year's revenue. In fiscal 2019, the company reported $32.8 million in revenue.

Diving deeper into WELL Health's increased revenue, we can see that much of the difference reported this year has come from its recent acquisitions. Examples of the company's most notable acquisitions include the services division of Cycura and a majority stake in the American company Circle Medical. WELL Health also reported a quarterly revenue of $2.48 million in relation to its digital services business. This compares to a quarterly revenue of $996,536 in Q3 2019, representing a 149% year-over-year growth.

WELL Health also reported that as of September 30, the company had converted all outstanding debt to common shares. This means that it no longer has any debt or other debt instruments on its balance sheet moving forward. This will help the company finance future endeavours more freely.

What is next for WELL Health?

The company boosted Q4 guidance, as a result of its successful acquisitions. Moving forward, WELL Health plans to continue achieving organic growth in its businesses, strategically using capital to fund further acquisitions, and increase its market share and awareness of its digital health services.

Subsequent to quarter end, the company reported that it had completed several new acquisitions, which indicate that WELL Health is still operating very strongly. Since beginning Q4, the company has acquired DoctorCare, Insig, and a majority stake in Easy Allied Health.

Foolish takeaway

WELL Health Technologies is a company that I am very bullish on. This quarter, the company reported strong earnings, which support my position in the company. This quarter, WELL Health managed to continue posting record revenue and profits. It has shown that the management team is capable of strategically acquiring companies that compliment its business structure, and WELL Health has been able to clear its balance sheet of any debt.

Although telehealth companies may experience a slowdown in investment sentiment, should a vaccine be released, the long-term investment thesis for WELL Health Technologies is as strong as ever.

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Date
2025/08/23
Date Created
2020/11/14
Author
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