



1 Top TSX Stock to Buy in December

Description

The global pandemic has changed the face of healthcare, possibly forever.

While traditional appointments to visit a doctor's office are on the decline, telehealth has become a booming business.

One company that is capitalizing on this trend is **CloudMD Software & Services** ([TSXV:DOC](#)). The company's cloud-based platform currently serves 376 clinics, 3,000 licensed practitioners, and approximately [three million registered patients](#).

Amazing growth in latest quarter

CloudMD recently released its [third-quarter earnings](#).

Total revenue increased 55%, from the same period last year to \$3.4 million. The company's Software-as-a-Service (SaaS) revenue increased 22% to \$0.4 million from the third quarter in 2019. The revenue generated from clinic services and pharmacies grew to \$2.9 million compared to last year — an increase of 62%.

CloudMD's net loss and comprehensive loss in the quarter totaled \$2.7 million, or \$0.02 per share, compared to \$0.8 million, or \$0.01, for the same period last year. Adjusted EBITDA came in at a loss of \$1.3 million for the quarter compared to a loss of \$0.1 million in the third quarter of 2019.

Acquisitions

CloudMD has recently made several key acquisitions. These include Snapclarity, iMD, Benchmark and Re:Function.

According to CloudMD, these businesses will provide meaningful revenue and are fundamental to the company's Enterprise Health Solutions Division. The acquisitions allow CloudMD to be one of the only

healthcare technology companies to provide comprehensive primary and specialist care, mental health support, and educational resources on their proprietary platforms.

CloudMD has transitioned its acquisition strategy from primarily clinic services and pharmacies to companies providing the SaaS model digital services. These services provide a higher margin, which should have an impact on the bottom line.

Although the company is concentrating on acquiring SaaS companies, CloudMD did make a few key acquisitions of traditional clinics during the quarter.

In August, CloudMD finalized the acquisition of South Surrey Medical Inc. — an integrated medical clinic based in Metro Vancouver, BC. Also in August, CloudMD signed a share-purchase agreement to acquire majority interest in West Mississauga Medical Ltd., a comprehensive family medicine and specialist medical clinic.

The company ended the third quarter with cash and cash equivalents totaling \$33.9 million. This gives CloudMD the ability to continue its buying spree.

According to Dr. Essam Hamza, CEO of CloudMD, the company plans to continue its aggressive acquisition growth strategy. Hamza commented, “We are well-funded after raising almost \$60 million over the last few months, which will allow us to deploy capital on a robust pipeline of acquisition targets.”

The bottom line

CloudMD is a rapidly growing company in a rapidly growing industry; the telehealth industry is expected to grow to \$55 billion by 2025.

Dr. Essam Hamza is confident the tremendous growth of CloudMD will continue for the next several years. Hamza said, “Based on our Q3 results, combined with recently completed and announced acquisitions, we currently have a solid annualized revenue run rate of \$35 million; through planned accretive acquisitions and organic growth, we are confident that this run rate will continue to grow in 2021.”

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cdye

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