



\$1,000 Invested in Well Health (TSX:WELL) at the Start of 2020 Is Worth This Much Today

Description

The health-tech space has been on fire this year. As the pandemic spread all around the world, demand for virtual healthcare services soared, driving shares of **Well Health Technologies** ([TSX:WELL](#)) and peers significantly higher.

Well Health stock surged by 342% year to date, which means a \$1,000 investment at the start of 2020 would be worth \$4,420 today. Well Health has in fact one of the top performers among Canadian equities ever since it went public back in 2016.

If you would have invested \$1,000 in Well Health stock shortly after its IPO, you would have gotten a staggering 6,800% return since then, increasing your investment to almost \$70,000. Well Health has been a multi-bagger investment until now, but will the stock continue to outperform markets in 2021 and beyond?

Well Health is focused on growth via acquisitions

Well Health [owns and operates](#) 20 primary healthcare clinics making it Canada's third-largest digital EMR (emergency medical records) company. It serves over 2,000 medical clinics and 10,000 physicians, providing billing and digital health solutions.

Well Health is an acquisitive company and is focused on a disciplined and accretive capital-allocation strategy. It aims to consolidate and modernize primary healthcare assets by leveraging digital technologies and processes to improve the patient experience, overall care, and operational efficiency.

Since the start of 2018, the company has acquired 13 companies and made seven equity investments. Well Health is now the largest operator of primary healthcare clinics in British Columbia, which includes a chain of 18 medical clinics.

In 2019, Well Health reported sales of \$32.8 million, up 211% year over year. Analysts expect sales to rise by 50% to \$49.22 million in 2020 and by 111.3% to \$104 million in 2021. The Canadian care

delivery sector is estimated at \$253 billion as physician care delivery is forecast at 15.4% of this spending.

The healthcare space is highly fragmented and is well poised for technological disruption. It is likely to benefit from market consolidation over the next decade.

What's next for investors?

According to Well Health, technology provides a solution to several healthcare challenges. Digital tools and solutions such as virtual care and waiting room automation will enable clinics to improve care delivery and increase operational efficiency.

Due to its massive market potential, Well Health stock is valued at a market cap of \$1.11 billion, indicating a forward price-to-sales ratio of 22. The company is still struggling to post an adjusted profit but its top-line growth will allow it to report a positive net income by the end of 2022.

The [demand for telehealth services](#) has surged higher in 2020, and this trend is likely to continue in the next few years.

As of November 30, the company has reported around 66,000 monthly virtual care visits. The rapidly expanding addressable market, high revenue-growth rate, and improving profit margins make Well Health a top stock to buy and hold right now.

Analysts tracking the company have a 12-month average target price of \$9.81, which is 42% above the current trading price.

CATEGORY

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