WELL Stock: Should You Buy Well Health Technologies Right Now?

Description

While the pandemic decimated stocks in the energy, airline, travel, retail, and hospitality sectors, companies in the e-commerce and digital health verticals were relatively immune to COVID-19.

One of the top-performing stocks on the TSX in the last year is **Well Health Technologies** (TSX:WELL), which has returned 380% since the end of March 2020. Well Health has, in fact, crushed broader market returns ever since it went public in 2016.

WELL stock has generated returns of 7,000% after its IPO. This means a $1,000 investment in Well Health stock just after its IPO would have been worth an astonishing $71,000 today. While Well Health stock has derived market-thumping returns, future investors would like to know if it can continue to generate outsized gains in 2021 and beyond.

Well Health Technologies is a top growth stock

Well Health aims to modernize and improve primary healthcare by leveraging technology to alleviate challenges faced by various stakeholders. According to the company, the Canadian primary healthcare industry is under-digitized, and it wants to create a patient-centric ecosystem where they have greater access to services. The Canadian government spends around 10% of its GDP on healthcare, and this industry is ripe for disruption.

Well Health already has the largest single chain of primary healthcare clinics in British Columbia. Over the years, Well Health has focused on actively acquiring digital assets as well as primary healthcare services. These acquisition targets are highly accretive to revenue and earnings.

In 2020, the company reported sales of $50.2 million, which was an increase of 53% compared to revenue of $32.8 million in 2019. Comparatively, its cost of sales rose by 33% to $29 million, allowing the company to almost double its gross profits to $21.2 million. Its adjusted gross margin rose from 33.5% in 2019 to 42.2% in 2020 and to 46.6% in Q4 of 2020.

This stellar revenue growth allowed Well Health to narrow its EBITDA loss as well. In 2020, its EBITDA loss stood at just $92,000 compared to a loss of $1.7 million in 2019. In Q4 of 2020, the company reported a positive EBITDA of $0.77 million for the first time.

What's next for WELL stock investors?

In Q4 of 2020, Well Health sales were up 75% year over year at $17.2 million. Its top-line performance was attributed to a 400% growth in its Software & Services revenue, which rose to $5.8 million, accounting for 34% of total sales.

While the company's sales topped $50 million last year, its annualized revenue run-rate is closer to $300 million, after accounting for recent acquisitions. At the end of 2020, Well Health announced its largest acquisition of **CRH Medical** for US$370 million.

Well Health CEO, Hamed Shahbazi said, "CRH Medical is a game-changing transaction for WELL as it accelerates our revenue growth and significantly boosts our free cash flow, which would be used to make additional cash flow generating acquisitions … CRH reported fourth-quarter revenue of US$36.8M which reflected a growth rate of approximately 21% on a YoY basis with healthy Adjusted EBITDA operating margins of over 40%."

Well Health stock is currently trading at $7.18. Analysts tracking the company have a 12-month average target price of $11.88, which is 65% higher than its stock price.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date
2025/09/09
Date Created
2021/04/01
Author
araghunath