WELL Health: A Growth Stock to Consider for Your Portfolio

Description

In the last decade, growth stocks have been on an absolute tear and have crushed the broader markets by a huge margin. Growth stocks remain an enticing bet for long-term investors, as these companies are able to grow revenue and profit margins at a rapid pace, thereby generating exponential returns over time.

One such growth stock on the TSX is **WELL Health Technologies** (TSX:WELL), a company that I have extensively covered in the last week. Right now, this digital health stock is trading at an attractive valuation and has significant upside potential given recent developments.

WELL Health is at the top of my radar again, as the company disclosed it is the first Canadian EMR (electronic medical record) and telehealth platform to offer **Apple** Health Records in Canada.

This means that anyone with an iPhone already has the app (it comes factory installed on every phone), which can retrieve health records from participating clinics. WELL Health set out to modernize healthcare, and this is more proof that they are making this happen. This collaboration with Apple is likely just the beginning of what is coming.

The company's chairman and CEO Hamed Shahbazi said, "We are delighted to be the first telehealth and Canadian EMR platform in Canada to offer health records and enable patients to download and view their health information on iPhone. Providing patients with an easy and convenient method to get access to their available health records right on their iPhone can help them more actively participate in their health, leading to better health outcomes and a higher patient understanding of their own overall health status."

I believe WELL has what it takes to remain a top bet for 2021 and beyond.

Focus on acquisitions

WELL Health is a company that has grown via accretive acquisitions over the years. Last month, it completed the acquisition of Intrahealth, which is an enterprise-class EMR provider with a global network of healthcare customers in Australia, Canada, and New Zealand.

In March, WELL Health disclosed it made an early-stage seed investment in Twig Fertility which is a start-up fertility clinic. In order to acquire CRH Medical, WELL Health completed an equity offering totaling over $300 million, which was led by noted Hong Kong investor Li Ka-Shing and several other institutions.

In January, WELL Health acquired Open Health Software Solutions, which is an OSCAR service provider to medical clinics in Ontario. It also acquired Adracare, which is an omnichannel practice management platform that serves 6,800 allied healthcare practitioners in five countries.

Last year, WELL expanded to Quebec after it acquired ExcelleMD, a healthcare entity that provides in-person and virtual care services via its five multi-disciplinary clinics.

WELL Health is trading at an attractive valuation

Driven by its slew of acquisitions, WELL Health is forecast to increase sales by a stellar 353% to $227.6 million in 2021. Further, analysts expect sales to increase by 43% to $325 million in 2022. While it posted an adjusted loss in 2020, WELL Health is expected to report earnings of $0.01 per share this year and $0.08 in 2022.

It means, WELL stock is trading at a forward price-to-sales multiple of less than six, which is very reasonable for a high-growth company.

Bay Street believes WELL Health stock is undervalued and has a 12-month average target price of $11.56, which is 68% above its current trading price.

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