Is a Short Squeeze on the Cards for WELL Health Stock?

Description

Short-sellers have had a tough time in recent days. Retail traders have initiated multiple short squeezes on stocks such as **AMC Entertainment**, **BlackBerry**, **GameStop**, **Sundial Growers,** and **Clover Health**. In fact, Clover Health stock was up 85% yesterday and has surged over 20% in pre-market trading today. Clover Health's trading volume was around 723 million shares on June 8, and it's quite evident that the Reddit army has taken charge, sending the stock to record highs.

Another stock that is on the radar of retail traders is Canadian company **WELL Health Technologies** (TSX:WELL). While WELL stock has a high short-interest ratio, it is also fundamentally strong compared to the other stocks discussed above, making it a better bet right now.

Why is WELL Health stock a solid long-term bet?

WELL Health continues to grow rapidly via accretive acquisitions. It just completed a $206 million acquisition of "MyHealth," making it the largest private clinic operator in Canada. This is one of many major acquisitions the company has closed in 2021. Earlier this year, it announced a $372.9 million acquisition of CRH Medical, which significantly increased the company's footprint south of the border.

The CRH Medical acquisitions led to **JP Morgan** extending an existing credit line by US$100 million, while **Royal Bank of Canada** provided another $200 million via a secured credit facility to close the MyHealth buyout.

This all comes on the back of a recent $305 million financing that was priced at a 25% premium to WELL Health's stock price. The investment round was led by the 29th richest man in the world, Sir Li Ka-Shing. Since then, the company has been on an acquisition spree, positioning itself as a true multi-channel digital healthcare leader.

These developments have garnered attention from major institutions like JP Morgan and RBC as well as from renowned law firm Fenwick & West, which helped companies like **Facebook**, **Amazon**, **Cisco**, and **Coinbase** with their IPOs.

WELL Health has officially engaged Fenwick & West to assist them with an IPO to list on the NASDAQ in Q4 of 2021. Investors should note that digital health companies in the U.S. are trading at a far higher multiple compared to WELL Health. In fact, WELL stock is trading at a significant discount and should gain momentum to end the year at a higher price.

What's next for WELL Health investors?

While most meme stocks have underperformed the broader markets prior to the short squeezes, WELL Health stock has been on an absolute tear. In fact, the stock is up a staggering 8,000% since its IPO. In the last two trading sessions, shares have surged close to 14%.

Even after its phenomenal performance, WELL Health shares are trading 12% below all-time highs. Its low price-to-sales multiple and rising profit margins make it a top bet for 2021 and beyond. While most meme stocks will take a breather once normalcy returns, WELL Health should continue to move higher and generate outsized returns to investors.

CATEGORY

1. Investing
2. Tech Stocks

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

Date
2025/06/28
Date Created
2021/06/09
Author
araghunath