



2 Undervalued TSX Stocks Ripe for Buying

Description

The Canadian stock market only consists of about 1% of healthcare stocks and 4% of consumer defensive stocks. Now, it could be ripe to buy undervalued **TSX** stocks **WELL Health Technologies** ([TSX:WELL](#)) and **Jamieson Wellness** ([TSX:JWEL](#)) to gain exposure to both sectors.

WELL Health

WELL Health has been acquiring both digital assets and primary healthcare services, allowing it to gain a better understanding of the operational challenges faced by overworked physicians and ultimately enabling it to iron out the kinks in the traditional healthcare system. The result will be a more efficient healthcare system with improved patient experience.

Since three years ago, WELL Health stock has roughly 21 times investors' money! To be fair though, most investors wouldn't have noticed the penny stock in 2018 that was trading on the **TSX Venture Exchange**. The company has graduated to the **TSX** and has gained more following.

[WELL Health](#) is growing in scale and diversity. The company now has health clinics, operates a digital Electronic Medical Records (EMR) business serving thousands of healthcare clinics, and provides telehealth. Its other business segments include digital health apps, billing services, and cybersecurity. Through its acquisition of CRH Medical, it also provides anesthesia services.

After quadrupling investors' money since 2020, [the stock](#) has been consolidating sideways and could be a good time to pick up some shares.

Jamieson Wellness

Jamieson Wellness is a consumer defensive stock in the packaged foods industry. Health-conscious individuals could already be using its natural health products.

Jamieson has a long history that dates almost a century ago. It is the company's heritage brand and

Canada's number one consumer health brand. Over the years, the company has expanded to manufacture and market sports nutrition products and specialty supplements. You might recognize its brands, including Progressive, Precision, and Iron Vegan. The company also markets Smart Solutions, the top women's natural health-focused brand in Canada.

The stock has paid an increasing dividend since 2018. Its most recent dividend increase was 13.6% in August 2020. So, it could be increasing its dividend in a couple of months.

Since reporting its first-quarter results on May 5, JWEL stock has corrected about 13% from the \$38.50-per-share level to about \$33.

In Q1, its revenue increased by 16% to \$98.3 million. Its adjusted EBITDA, a cash flow proxy, increased by 11% to \$18.5 million. And its adjusted diluted earnings per share (EPS) climbed about 16% to \$0.22 per share, which is sufficient to cover its quarterly dividend.

Its operating margin declined 3.9% to 10.7% year over year, reflecting a lower gross profit margin, higher fixed costs including moving to a third-party logistics provider, and more share-based compensation expense on the company's CEO transition. On a normalized basis, its operating margin declined by 0.7% to 14.2%.

The company maintained its outlook for 2021, projecting revenue in a range of \$421 to \$438 million, which represents annual growth of 4.3% to 8.6%. The company also estimates adjusted EBITDA to be \$95 to \$100 million (an 8% to 13.6% increase) and adjusted EPS in a range of \$1.24 to \$1.32 (an increase of 6.9% to 13.8%). Using the midpoint of its adjusted EPS, the stock trades at a forward price-to-earnings ratio of approximately 26.2.

Analysts are optimistic about the stock. Their consensus 12-month price target suggests about 29% near-term upside potential.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:JWEL (Jamieson Wellness Inc.)
2. TSX:WELL (WELL Health Technologies Corp.)

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