Why Well Health Stock Has Taken Off This Past Month

Description

Ever since the pandemic began, the healthcare sector has been on investors' radar in a big way. Indeed, the value healthcare provides has finally shone through. And telemedicine companies like **Well Health Technologies** (TSX:WELL) appear to be making the most of this newfound attention.

Let's dive into some of the factors that have driven Well Health higher this past month.

Dialogue to go public

As a primary care, electronic medical records, and telemedicine company, Well Health has done well as a result of the pandemic. The company's share price has surged from around $2 per share prior to the pandemic to around $8 per share today.

Indeed, a four-bagger in a little more than a year isn't bad at all for investors.

However, a company with a similar business model is set to go public. Dialogue Health is slated for an IPO this year. The company's telemedicine platform links doctors and patients virtually. In times like these, this service has become indispensable. And it appears the market is making room for multiple players.

Dialogue's IPO has been oversubscribed. This has led the company to raise its offering range to as high as US$12 per share. At this valuation, some may argue that Well Health is undervalued. Time will tell how these companies ultimately trade relative to each other. However, more money raised for this sector shines the spotlight on the existing players in this space. For Well Health, that's a good thing.

Bottom line

Well Health continues to be one of the best-performing stocks on the TSX right now. The company's recent move higher this past month has aligned with the company's recent earnings growth and projected earnings over the long term.

Indeed, it appears this is a stock long-term investors are flocking to. In a post-pandemic world, the question remains: will telemedicine play as big a role in transforming the healthcare sector? Or will we go back to the "old" way of doing things?

It appears time will ultimately tell how things turn out for Well Health investors. For right now, it appears the company's prospective revenues of around $266 million next year prices this stock at roughly six times forward sales. That's not cheap but not super expensive for a growth stock like this.

Accordingly, investors have an intriguing high-risk, high-reward play in Well Health right now. Aggressive growth investors may want to take a look at this company here. Other, more conservative long-term investors may want to stay away. Really, it's a matter of risk tolerance with this stock right now.

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