



1 Recent IPO That Could Soar With WELL Health Stock

Description

The COVID-19 pandemic put the spotlight on the healthcare sector in Canada and around the world. It led to some explosive gains for stocks like **VieMed Healthcare**, which supplies in-home durable ventilation equipment. **WELL Health** ([TSX:WELL](#)) is another healthcare stock that has performed even better since the start of the pandemic. Today, I want to discuss what is behind its success and why a new initial public offering could repeat its performance. Let's jump in.

Why WELL Health stock soared since the COVID-19 pandemic

WELL Health is a Vancouver-based company that owns and operates a portfolio of primary healthcare facilities in North America. Back in September 2020, I'd [discussed](#) why WELL Health was one of several stocks capable of granting big gains for investors. Indeed, shares of WELL Health have climbed 126% year over year as of close on July 27. The stock has dropped 7.7% in 2021.

The COVID-19 pandemic forced healthcare professionals to improvise in the face of lock downs and increased restrictions. Telehealth is the use of digital information and communication technologies to access healthcare services remotely. In May, *Fortune Business Insights* projected that the telehealth market would grow to US\$559 billion by 2027. This would represent a CAGR of 25% over the projected period.

In Q1 2021, WELL Health delivered record quarterly revenues of \$25.6 million — up 150% from the previous year. Meanwhile, it announced the acquisition of CRH Medical, which will greatly bolster its position in the United States. The company also achieved record adjusted gross profit of \$10 million, which represented 155% year-over-year growth from the same period in 2020.

Can this recent IPO duplicate its results?

Earlier this month, I'd [looked](#) at three TSX stocks that had the potential to double over the next decade. **Dialogue Health** ([TSX:CARE](#)) also operates a digital healthcare and wellness platform across Canada. It debuted on the **S&P/TSX Composite Index** in late March. Shares of Dialogue Health have

dropped over 20% since its IPO.

Investors who want to get in on the rise of the telehealth industry should look to target Dialogue Health. It has the potential to repeat WELL Health's successes. Improved vaccination numbers have put the pandemic on the backfoot, but healthcare professionals will look to utilize this new technology going forward. This is a great time to buy the dip in these promising healthcare stocks.

The company released its first-quarter 2021 results on May 10. Annual recurring and re-occurring revenue rose to \$65.3 million on the back of new customer wins. Meanwhile, revenue quadrupled to \$15.2 million. This growth was powered by increased members, a jump in attach rate, and the acquisition of Optima Global Health. Better yet, its adjusted EBITDA loss improved to \$5.0 million.

WELL Health's success made investors a fortune over the past year. Shares of Dialogue Health plunged into technically oversold territory in late June. It is still a good time to snatch up this recent IPO, as we look to the last days of July.

CATEGORY

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aocallaghan

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