Should You Buy WELL Health Stock Now?

Description

The **S&P/TSX Composite Index** fell 59 points to close out the week on September 24. Healthcare stocks failed to pick up the slack, as the sector suffered a broad loss of 2.8% on the day. Today, I want to discuss the prospects for **WELL Health** (TSX:WELL). This Vancouver-based company owns and operates a portfolio of primary healthcare facilities in North America. Should you look to buy this stock today? Let's jump in.

Why investors need to get in on the telehealth space

In August 2020, I'd recommended that investors snatch up WELL Health for the long haul. It is a top Canadian player in the telehealth space. Telehealth involves the use of digital information and communications technologies to access healthcare services remotely. This space experienced a massive boom after the COVID-19 pandemic hit.

This summer, market researcher Facts&Factors released a report that aimed to project the performance of the developing telehealth sector. It estimated that the global telehealth market was worth roughly US$62.4 billion in 2020. The report projects that it will reach US$475 billion by 2026. That would represent a CAGR of 26.5% from 2021 to the end of the forecast period. Investors should be eager to get in on this fast-growing industry.

How has WELL Health performed this year?

Shares of WELL Health have dropped 6.6% in 2021 as of close on September 24. The stock is up 3.9% year over year. WELL Health is trading at the lower end of its 52-week range. This is the stock to target if you are looking to get in on the telehealth space.

The company released its second-quarter 2021 results on August 12. It delivered record quarterly revenues of $61.8 million — up 484% from the prior year. WELL Health saw a huge boost due to its timely acquisition of CRH Medical. This is expected to significantly bolster its revenues going forward. Meanwhile, adjusted EBITDA was reported at $11.9 million — up from $0.5 million in the second quarter of 2020. Moreover, gross profit jumped 615% to $30.2 million.

WELL Health stock is trading in attractive territory in comparison to its industry peers. It boasts a solid balance sheet and is on track for strong growth going forward.

Here’s another telehealth stock to pick up today

Dialogue Health (TSX:CARE) debuted on the TSX in late March 2021. This is another company that is involved in the telehealth space. I’d suggested that investors should consider snatching up Dialogue Health in July. It shares have dropped sharply since its IPO. The stock is down 16% month over month.

In Q2 2021, the company delivered annual recurring and reoccurring revenue growth of 96% to $70 million. Revenue rose 53% to $16.7 million. It achieved member growth of 90.5% to almost 1.5 million. Dialogue saw its adjusted EBITDA loss deepen to $5.6 million due to higher operating expenses.

Dialogue Health is on track for solid revenue growth, as it aims to deliver profitability in the years ahead. This stock last had an RSI of 29. That puts Dialogue in technically oversold territory. I’d snatch up WELL Health and Dialogue before October.

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