



Is HLS Therapeutics a Can't-Miss Buy?

Description

There have been several health stocks this year that have seen shares soar. The coronavirus may still be hitting the world fairly hard; however, Big Pharma has moved on. It's all about finding the next big thing, and that could indeed be **HLS Therapeutics** ([TSX:HLS](#)). Today, I'm going to look at the recent activity surrounding HLS Therapeutics and discuss whether this could be a strong option for your portfolio. Even if you're willing to only add a small stake for now.

Speaking of Big Pharma...

Let's start out with the major announcement causing movement with HLS Therapeutics. In August, **Pfizer** announced it had made an agreement to "co-market" HLS's cardiovascular drug Vascepa in Canada. Pfizer's input puts significant value before the drug. Not only does it mean the company gets a thumbs-up from a now household name, but it should increase sales in a massive way.

Pfizer has a strong history of cross promotion, but chooses its targets wisely. This has occurred on several occasions during the last year, after the company announced an [investment](#) initiative. As of last month, HLS Therapeutics became another added to the list. The move puts Pfizer in the position to make sure this drug is a success, and that should see share performance benefit as a result.

The results

There are two sets of results I'd like to look at for Motley Fool investors to consider. First, there are the results announced before the major move. The company reported significant improvements with pandemic restrictions easing. Revenue was up 19% year over year during the second quarter, and adjusted EBITDA up 36% as well. There was already strong prescription growth for its Vascepa drug, up 41% with new patients and 44% with new prescribers. Revenue from the drug increased 42% from the quarter before. Further, gas from operations jumped to \$8.9 million year to date — a 709% increase year over year! Of course, this is due in large part from the pandemic.

Shares of the company trade at \$18.30 as of writing, an increase of 37% in the last year. However,

Motley Fool investors still haven't [jumped](#) on the stock, even with the major Pfizer news. That makes it a steal of a deal right now. HLS Therapeutics trades at a 2.8 P/B ratio and 25.2 EV/EBITDA, with analysts believing the stock will continue to "outperform" the market. In fact, the average one-year estimate is \$31.29 — a 71% increase as of writing! With Pfizer now backing its Vascepa drug, HLS Therapeutics has a strong chance of reaching this average goal set out by analysts. Sales are set to double next year alone, with earnings per share set to *triple* by 2023.

Foolish takeaway

HLS Therapeutics looks like it could indeed be the next big winner among prescription drug makers. Motley Fool investors looking to get on pretty much the ground floor before a major boost would do well to consider the company. Shares have only increased a little this year, and by the end of October, that could change. The company will then announce its earnings report, and it's likely to show even more sky-high growth surrounding this drug.

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