CareRX Stock: The Growth Play Canadians Should Buy Right Now

Description

Growth stocks have shown their value in this current bull market. Investors banking on companies with higher-than-average growth rates have done extremely well. For those who have invested in **CareRx** (TSX:CRRX) stock, this has been true to a certain degree.

Indeed, the company's volatile history shows that this is a stock that's been in and out of favour multiple times. Accordingly, timing an investment in this pharmacy services provider has been difficult.

That's said, there's reason to believe CareRX stock could be attractive at these levels. Let's dive in.

Positive prospects on the horizon for CareRX stock

CareRx is the biggest provider of pharmacy services to senior care facilities (LTC and RR) in Canada. This company recently carried out two transformative acquisitions. This includes acquiring the LTC pharmacy divisions of Rexall and Medical Pharmacies. This makes it top notch and perhaps Canada's number one player with more than 20% market share.

This organization is also winning new business from its competitors. This includes a recently announced addition of 1,500 beds.

With 100,000 beds serviced, CareRx stock is expected to see significant revenue growth. Indeed, analysts estimate revenue could touch $400 million in 2022. The company has also initiated offering telehealth services to senior facilities like VirtualCare in partnership with Think Research.

As if that wasn't enough, CareRX recently launched a Pharmacy at your Door service for seniors residing at home. The number of seniors in Canada is expected to double over the next 15 years. Accordingly, CareRx stock stands to gain from extremely robust demographic tailwinds.

Impressive Q2 financial results

CareRx Canada posted its financial results for Q2 that ended on June 30, 2021. Indeed, the results reported were impressive for growth investors looking at this stock.

The company's revenue from continuing operations grew from $39.7 million to $49.7 million. That is an increase of 25%. The primary driver of this growth was the contribution from Remedy's business. It was acquired partway through the Q2 of 2020. Additionally, the company's SmartMeds business also played a role here. It was acquired at the beginning of the quarter.

Adjusted EBITDA from continuing operations increased from $2.8 million to $4.3 million. That rise of 54% has many growth investors excited with CareRX stock.

Bottom line

I think CareRX stock presents an intriguing growth thesis right now.

Indeed, as with other high-growth stocks in this market, there's risk involved. This is a pharmacy/telemedicine company with a lot to lose from a quick reopening. However, there are indications this "new normal" we've been living in for some time may continue.

Accordingly, I remain cautiously bullish on CareRX stock right now and have this stock on my watch list currently.

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