2 Dirt-Cheap Healthcare Stocks to Consider Today

Description

The COVID-19 pandemic put the spotlight on the domestic and global healthcare sector. It also provided huge investment opportunities for those who knew where to look and when to buy. Pandemic or not, the healthcare space was geared up for big growth in the 2020s. Impressive technological advancement and an aging population in the developed world are two factors that will contribute to its promising trajectory. Today, I want to look at two healthcare stocks that look undervalued on the TSX right now. Let's dive in.

This healthcare stock has been reeling since February

Profound Medical (TSX:PRN)(NASDAQ:PROF) operates as a medical technology company that develops magnetic resonance guided ablation procedures for treatment of prostate disease, uterine fibroids, and palliative pain treatment in Canada, the United States, Germany, and Finland. Shares of the Mississauga-based company have plunged 40% in 2021 as of close on October 26. This represents a 52-week low.

Investors should not be too down on this healthcare stock. It did achieve an all-time high as far back as February 2021. Profound is set to unveil its third-quarter 2021 results on November 4. In Q2 2021, the company delivered revenue of $2.6 million, the bulk of which came from the one-time sale of capital equipment. Meanwhile, its net loss came in at $7.0 million, or $0.35 per share — up from a net loss of $5.3 million, or $0.33 per common share.

Profound boasts a deep installation pipeline that holds promise for its future earnings. However, this has been capped in part by hospital restraints during the pandemic. The company possesses a fantastic balance sheet. This healthcare stock last had an RSI of 38, putting it just outside technically oversold territory. It offers favourable value compared to its industry peers.

A stock that has retreated since its COVID-19 bump

VieMed Healthcare (TSX:VMD)(NASDAQ:VMD) provides in-home durable medical equipment and post-acute respiratory healthcare services to patients in North America. Shares of this healthcare stock have dropped 28% in 2021. The stock is down 37% from the prior year.

Back in June 2020, I'd discussed why VieMed was the perfect healthcare stock to own during the COVID-19 pandemic. Indeed, the company was sought out by its peers due to its access to ventilators. Its focus on treating respiratory illnesses appeared to position it perfectly during the crisis.

The company is set to release its third-quarter 2021 results in early November. In Q2 2021, VieMed delivered net revenues attributable to its core business of $26.3 million, up 13% from the prior year, and representing a company record. However, net income fell to $1.56 million compared to $19.4 million in Q2 2020.

VieMed expects to deliver comparable net revenues in the third quarter. Sales have slowed down at this stage of the pandemic, which has spurred the company to seek out other opportunities. It may be getting over its COVID-19 business bump, but this healthcare stock is still worth your time right now.

The company boasts an immaculate balance sheet and is still on track for solid growth. Moreover, shares of VieMed possess a P/E ratio of 21. This is better than the industry average. I'm looking to snatch up this healthcare stock on the dip ahead of its next quarterly report.

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