



Can the Healthcare Sector Rebound in 2022?

Description

Can the healthcare sector rebound this year? “Yes” would be the simplest answer if healthcare was moving in response to the pandemic. But the Canadian healthcare sector is laden with marijuana stocks, which make up a hefty portion of the sector. And that portion of the sector has its own share of problems. That’s partly the reason why the **S&P/TSX Capped Health Care Index** has fallen about 59% from its 2021 peak.

But there are some healthcare stocks that might “revitalize” the sector during 2022.

A specialty pharmaceutical company

Bausch Health Companies ([TSX:BHC](#))([NYSE:BHC](#)) is a [specialty pharmaceutical company](#) with an impressive international presence. Thanks to its acquisitions, the company has accumulated a number of different specialties under one umbrella, diversifying both its target markets and revenue stream. In the last quarter, the largest chunk of its revenue came from its eye health product segment, Bausch + Lomb.

Even though the product/business portfolio of Bausch Health has no overlap with respiratory problems like what COVID triggers, it’s a healthy healthcare company that’s trading far below its true potential. The stock reached its peak in 2015 when it was still called Valeant.

However, its business practices fell under a negative light, which is one of the worst things to happen to a pharmaceutical company. But the past is in the past now, and 2022 might be the year this healthy healthcare stock starts a new era of bullish growth.

A Montreal-based pharmaceutical company

Knight Therapeutics ([TSX:GUD](#)) is another specialty pharmaceutical company going downhill since its 2017 peak, though not nearly as aggressively as was the case with Bausch. In the case of Knight Therapeutics, it seems more like a slow decline than a straightforward slump, as the stock has fallen

about 52% so far.

And even though it might only seem like an addition to the existing product line, the new breast cancer injection developed by Knight Therapeutics Latin American company that recently got approval might have the potential to turn the tide for the stock. And instead of continuing its downward motion, the stock might offer real upside in 2022.

A senior care company

A very different type of healthcare stock that you might want to consider would be **Extendicare** ([TSX:EXE](#)). It's a [long-term-care company](#) still trading at a 23% discount from its pre-pandemic peak. The company offers a wide variety of services to the elderly, including retirement homes and home health care.

It's usually a stable business but the pandemic affected it as well. But even though 2022 beginning coincided with a meteoric rise in the number of new COVID cases, it might wane as we go further into the year. If what comes next is a new phase of recovery and hope and the pandemic left behind us, it might reflect in the Extendicare stock as well. However, *before* the eventual rebound, it's a better buy now, because you can lock in the great 6.6% yield.

Foolish takeaway

The healthcare sector's [bear market](#) has gone on for too long. And while there is no surety that 2022 would be the rebound year, there is another hope for the sector — the federal legalization of marijuana across the border. It's expected to boost many Canadian marijuana companies as well, which, in turn, will reflect in healthcare stocks' progress as a whole.

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