3 Health-Related Stocks Pay Safe, Steady Dividends

Description

The world is still in health crisis mode to start 2022. Health officials and scientists can't yet say what the pandemic's end game is. Dr. Mark Schleiss, a pediatrics professor at the University of Minnesota Medical School, said, "As long as we have 1,500 people a day dying of COVID, the pandemic is not over."

In Canada, Omicron became the dominant variant in just over two weeks. The Public Health Agency said it's now believed to be responsible for more than 90% of COVID-19 cases in the country. Dr. Supriya Sharma, Health Canada's chief medical adviser, believes variant-specific vaccines or one that targets the Omicron strain won't be ready in time to help with the latest wave.

Dr. Sharma adds that what is really needed are vaccines that can possibly stop more than one variant at a time, including those yet to come. Booster shots are the immediate responses of governments to Omicron.

Meanwhile, health will remain a top concern this year. In the financial world, businesses associated with health are viable options for income investors. **Savaria** (TSX:SIS), **Extendicare** (TSX:EXE), and **Medical Facilities** (TSX:DR) pay safe, steady dividends.

Leader in accessibility and mobility

Better mobility for life is the mission of Laval-based Savaria Corporation. The $1.24 billion company is the global leader in accessibility and helps people worldwide maintain their personal mobility. Its product portfolio consists of home elevators, commercial lifts, stairlifts, ceiling lifts, and adapted vehicles. Savaria also offers medical beds and therapeutic surfaces.

In Q3 2021 (quarter ended September 30, 2021), management reported a 99.1% increase in revenue versus Q3 2020. Savaria's adjusted net earnings reached $9.58 million, a 16.3% year-over-year growth. The industrial stock was a solid performer last year (+35.9%).

Market analysts are bullish on Savaria in 2022. They recommend a buy rating and forecast the share price to climb from $18.42 to $25 (+35.7%) in 12 months. The potential return is higher if you factor in the 2.71% dividend.

Pure dividend play

Extendicare is a $637.68 million company that provides long-term care (LTC), retirement living, and home health care services for seniors in Canada. It's also a pure dividend play, given its generous 6.67% dividend. If you use your $6,000 Tax-Free Savings Account (TFSA) limit for 2022 to purchase this stock, you can earn $400.20 in tax-free income.

Despite the challenging environment, the health care stock (+17.3%) was a steady performer in 2021. Extendicare has yet to fully recover from the pandemic's fallout, although I'm sure the the business will rebound or return to its normal state in 2022.

Scalable platform for growth

Medical Facilities is a great value buy at $9.31 per share and a decent 3.5% dividend (monthly payments). Like Extendicare, the company belongs in the medical facilities industry. The $272.18 million Toronto-based company owns and operates high-quality specialty surgical hospitals and ambulatory surgery centres in the U.S.

The business model is unique because its physician owners (surgeons and specialists) have a direct say in the operations of each facility. Also, non-owner physicians can practice at the facilities. Medical Facilities focuses on efficiency and growth to increase cash flows and build shareholder value.

Health crisis plus rising inflation

Canadians need safe, sustainable dividends as the health crisis drags on along with rising inflation.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:EXE (Extendicare Inc.)
3. TSX:SIS (Savaria Corporation)

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