Why Did Well Health Soar Over 12% on Thursday?

Description

WELL Health Technologies (TSX:WELL) soared over 12% on Thursday after the company provided a business update. The company achieved record financial performance and believe more growth is on the way.

What happened?

WELL Health updated investors on Jan. 20, stating it expects record financial performance with an annualized revenue run rate of over $450 million. This was an increase in earlier guidance, along with its EBITDA run rate of around $100 million for the fourth quarter of 2021.

Its patients using its various channels increased 121% year over year, with a 19% increase quarter over quarter. Its acquisition of CRH Medical also proved fruitful, bringing in US$43 million during the quarter. This growth is expected to continue, as the company spreads it virtual business throughout the United States. Its Circle Medical and Wisp acquisitions should bring in a whopping US$100 million later in 2022, according to management.

So what?

Not only is this a great time for investors; it's a great time for WELL Health to buy back stock. And that's exactly what it's doing. The company is re-activating it buy-back program, as management believes its current market price is far below fair value.

Analysts agree. The average target price for WELL Health remains at $11.67 per share. That's almost *triple* today's share price, even after the incredible growth we saw on Thursday. This comes from the company's consistent strategy of finding a market within the virtual healthcare industry and growing through acquisition along the way.

Now what?

Investors took their earnings thinking the pandemic was over. That we would return to normalcy of making in-office visits. But that simply isn't beneficial to anyone. WELL Health provides option for those in rural communities, senior citizens, and even just short office visits to happen online.

The Omicron surge may bring investors back to WELL Health, but I'd urge you to then consider holding this stock long term. Its patient growth is stronger than ever, and its profitability is incredible given the youth of the company.

"With our strong balance sheet and positive cash-generation profile, WELL is favourably positioned to continue to grow both organically and inorganically," stated Hamed Shahbazi, chairman and CEO of WELL Health. "We believe revenue, adjusted EBITDA and cash flow are key metrics to watch as we expected them to continue to rise on a per-share basis. We are looking forward to reporting our Q4 and full-year financials, which we believe will continue to demonstrate continued strong financial performance and cash flow generation metrics."

In an uncertain environment, WELL Health still manages to bring in growth. And that's exactly what analysts think will continue to happen in the future.

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