# 2 Health Care Stocks Could Return at Least 50% in 1 Year

## Description

TSX's health care sector underperformed last year and is having a poor start to 2022 (-13.62% year-to-date). However, it doesn't mean you should skip the sector altogether. **WELL Health Technologies** ( TSX:WELL) and **Knight Therapeutics** (TSX:GUD) are excellent choices if you're chasing after superior returns.



The pair carries 'buy' to 'strong buy' ratings from market analysts. Based on their 12-month price forecasts, the return potential is 50% or more. Consider scooping one or both today because the share prices (below $6) are good entry points.

# Organic and inorganic growth

WELL Health looks like a must-buy in February 2022. At $4.23 per share, this growth stock trades at a discount (-13.85% year-to-date). However, based on market analysts average and maximum price targets, the return potential in one year is between 164.07% ($11.17) and 236.88% ($14.25).

In Q3 2021, management reported an eye-popping 710.8% increase in revenues compared to Q3 2020. Apart from the quarterly record in revenue, WELL saw a 26.23% reduction in net loss. The $872.1 million company is Canada's largest outpatient medical clinic operator.

Expect WELL Health to lead the way in advancing digital health modernization. The practitioner-enabled platform boasts comprehensive end-to-end practice management tools and patient engagement capabilities. Other allied services include electronic medical records (EMR), revenue cycle management, and data protection.

On January 10, 2022, its Chairman and CEO, Hamed Shahbazi, announced an annualized revenue run-rate of more than $450 million for Q4 2021. He said, "We are very pleased to provide this update to shareholders as WELL's business has never been stronger."

Shabazi said WELL has a positive cash generation profile and is in a favourable position to continue growing organically and inorganically. He is confident the Q4 2021 and full-year financials will demonstrate continued strong financial performance and cash flow generation metrics.

## Expansion within existing therapeutic fields

Knight Therapeutics is relatively flat from its 2021 closing price of $5.30 (+0.0% year-to-date). However, market analysts covering the stock are bullish and forecast a climb to $8.50 max (+60.38%) in one year. The stock should rebound this year after losing 0.93% last year.

The $647.88 million specialty pharma company focuses on acquiring, in-licensing, out-licensing, marketing, and commercializing innovative prescription pharmaceuticals. Knight's 2021 results aren't out yet, although the results after three quarters were encouraging.

In the nine months ended September 30, 2021, revenue and adjusted EBITDA increased 33% and 159% (at constant currency) versus the same period in 2020. Notably, operating income reached $8.45 million compared to the $10.32 million operating loss in the prior-year period.

Management's immediate plan is to expand its product portfolio within existing therapeutic fields (Canada and Latin America). It expects to gain a competitive advantage by leveraging mostly its expertise in specialty sales & marketing, branded generic development, and product acquisition.



Currently, the company has meds for infectious diseases, oncology & hematology, and other specialty therapeutic areas. Knight Therapeutics International is a potential growth catalyst. The wholly-owned subsidiary develops innovative pharmaceuticals that includes medicines that treat neglected tropical diseases and rare pediatric diseases.

## Astronomical returns

WELL Health Technologies and Knight Therapeutics are standouts in the underperforming health care sector. Both growth stocks could deliver astronomical returns in one year.

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