FIRE SALE: This Healthcare Stock Plunged 10% Yesterday and I'm Looking to Buy

Description

Akumin (TSX:AKU) is a Florida-based company that provides outpatient diagnostic imaging services in the United States. This healthcare stock has had a rough start to the new year. Other healthcare stocks, like **VieMed Healthcare**, have also struggled recently. Today, I want to discuss why this is worth adding on the dip. Let's jump in.

Here's why this healthcare stock dipped yesterday

This healthcare stock has dropped 25% in 2022 as of early afternoon trading on February 4. Its shares have plunged 59% in the year-over-year period. The stock managed to gain momentum in late 2020 before steadily dropping in the months that have followed.

Does this healthcare stock have potential for the future? Let's look at its recent results and determine where it may be headed going forward.

Can investors trust this company for the long haul?

Investors can expect to see its final batch of 2021 results on March 29, 2022. The company released its third-quarter 2021 earnings on December 13.

Akumin completed its acquisition of Alliance Healthcare Services to open September 2021. That vaulted this healthcare company into a leadership position in Radiology and Oncology solutions. Akumin now boasts operations spread across 46 U.S. states. Meanwhile, it now serves around 1,000 hospitals and healthcare providers. Moreover, it operates over 230 radiology and oncology fixed site locations.

Last year, ResearchAndMarkets unveiled a report on the future of the radiation oncology market. It projected that the global radiation oncology market would reach US$11.7 billion by 2028. This would represent a CAGR of 7% over the projected period. Unfortunately, the rising incidence of cancer will play a large role in the growth of this market. Meanwhile, technological advancement is also going to have a huge impact.

This healthcare company also posted impressive same-store volume performance on a consolidated, pro forma basis. It delivered same-store growth of 8.5% for MRI, 2.2% for PET/CT, and 8.9% for total radiology procedures. Akumin's total revenues increased 71% year over year to $108 million. Meanwhile, revenue also jumped 55% from the prior quarter to $38.7 million.

Better yet, this company also reported adjusted EBITDA of $18.0 million. That is up 47% from the prior year. Adjusted EBITDA also rose $5.8 million, or 47%, from the previous quarter. Moreover, Akumin bolstered its 2021 guidance and now expects revenue in the range of $421 million to $428 million. Meanwhile, it projects adjusted EBITDA between $65 million and $72 million. This should spur investor interest in this promising healthcare stock.

Why should investors scoop up this healthcare stock today?

This healthcare stock is trading in favourable value territory relative to its industry peers in early February. Shares of this healthcare stock last possessed an RSI of 30. That puts Akumin just outside of technically oversold territory at the time of this writing. I'm looking to buy this healthcare stock right now. It is geared up for strong growth on the radiation oncology space, and the stock looks discounted today.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Investing

Date
2025/08/29
Date Created
2022/02/04

Author
aocallaghan