Double Your Money: 1 Health Care Stock Is an Absolute Buy

Description

Health care is one of the four worst-performing sectors on the TSX year to date. It's understandable because the constituents are mostly cannabis stocks. **Aurora Cannabis**, **Canopy Growth**, and **Cronos Group** drag the sector down with their losses and underperformance.

However, **WELL Health Technologies Corp.** (TSX:WELL) is an absolute buy if you want to double your money in 2022. This health care stock is set to explode following spectacular results in Q4 and full-year 2021. Based on market analysts' 12-month average price target, the current share price could climb 100% from $5.50 to $11.

Transformational year

The $1.13 billion digital health care company leverages technology to empower health care practitioners and their patients. WELL Health's CEO and founder, Hamed Shahbazi, describes 2021 as a transformational year.

In the year ended December 31, 2021, total revenue increased 501.8% to $302.34 million versus full-year 2020. Adjusted net income was $16.01 million compared to the $1.34 million net loss in the preceding year.

In Q4 2021, revenue and adjusted net income grew 573% and 121.4% compared to Q4 2020. Shahbazi said, "We are very pleased with our fourth quarter and full year results for 2021, delivering close to one million patient-visits and asynchronous consultations."

Shahbazi highlights the jump in annualized revenue and adjusted EBITDA run-rates to over $460 million and more than $100 million, respectively. He cited the acquisitions of CRH Medical, MyHealth, and other tuck-in acquisitions as the reasons for the milestones.

The CEO continued, “We added significant scale to our business and increased our leadership position as the prominent end-to-end healthcare company in Canada. Also, WELL is a profitable business thatis generating significant free cash flow to fund its organic and in-organic growth.”

Business highlights

In Q4 2021 alone, WELL Health made six strategic moves and/or acquisitions, including enterprise class electronic medical record (EMR) provider AwareMD. In Canada, the company is quickly expanding in the home country. Its wholly-owned subsidiary, Adracare, became a fully validated vendor for virtual care in Ontario last February.

Currently, WELL has the most consequential network of non-governmental health care assets across the country. Apart from its outpatient clinics, WELL has significant operations and interoperability between its EMR, Diagnostics, and Telehealth businesses.

Strong and resilient 2022

Shahbazi expressed confident for this year. He said, “Our outlook for 2022 remains strong and resilient. The capital WELL generates will continue to be allocated in a disciplined manner, which may come in the form of further acquisitions, share repurchases, or to accelerate organic growth.”

Management looks forward to continuing to deliver strong results in the next few quarters, with sustained organic growth. The commitment has just began following an asset contribution and exchange agreement last month. WELL will acquire a 100% interest in GCAA, a Connecticut-based gastroenterology anesthesia services provider.

WELL Health expects this new acquisition to generate more than US$3 million in shareholder EBITDA. Likewise, the continued focus on tuck-in acquisitions should ensure organic growth and result in more than $500 million annual revenue in 2022.

Strong buy

Forget about cannabis stocks and pick WELL Health Technologies instead. The potential capital gain of this growth stock to would-be investors is 100% or more.

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