



## Dialogue Health: Why I'm Buying This Reeling Growth Stock Today

### Description

**Dialogue Health** ([TSX:CARE](#)) is a Montreal-based company that operates a digital healthcare and wellness platform in Canada, Germany, and Australia. Back in October 2021, I'd discussed why investors should [seek exposure](#) to growth stocks that are in on the telehealth space. Fortune Business Insights, a market research firm, recently projected that the global telehealth market would grow from US\$90.7 billion in 2021 to US\$636 billion in 2028. That would represent an impressive CAGR of 28% over the forecast period. I'd [suggested](#) that investors should target stocks in this space back in the fall of 2020.

Today, I want to discuss why I'm looking to snatch up this struggling [growth stock](#). Let's jump in.

### How has this growth stock performed in 2022?

Shares of Dialogue Health have dropped 43% in 2022 as of close on May 20. The stock has plunged 67% in the year-over-year period. Dialogue Health debuted on the TSX just over a year ago. Unfortunately, it has failed to gain any significant momentum in the months since it launched its IPO. Still, Canadian investors should not give up on this healthcare-focused growth stock.

### Should investors be encouraged after Dialogue Health's quarterly earnings?

This company released its first-quarter 2022 earnings on May 9. It reported annual recurring and reoccurring revenue of \$90.3 million — up 38% from the previous year. Dialogue Health was bolstered by new customer wins and a promising new agreement with **Scotiabank**. On February 22, Dialogue announced that it would offer its virtual EAP to more than 38,000 employees at the top Canadian bank. That represents the company's largest customer win in its history.

Revenue increased 35% year over year to \$20.7 million. The company was powered by growth in members and an increase in the Attach Rate with customers choosing to add more services. Indeed,

its Attach Rate rose to 1.51 largely due to the addition of its online-based cognitive and behavioural therapy (“iCBT”) to Canada’s Life’s Consult+ platform. Its members jumped 61% from the previous year to two million.

Dialogue Health saw its operating expenses climb higher in the first quarter of 2022. This caused its adjusted EBITDA loss to worsen to \$5.7 million. The company’s average monthly net retention rate reached 101% in Q1 2022. Dialogue Health still has a steep hill to climb to reach profitability. However, there are many positives to glean from its 2021 results and from this earnings report to open the 2022 fiscal year.

## Dialogue Health: Is it worth buying today?

This growth stock is currently trading in favourable value territory compared to its industry peers. The company is on track for strong earnings growth, as it flourishes in this revolutionary sector. Over the next decade, investors can expect to see more citizens choosing to conduct their healthcare appointments through digital channels. This could also help to improve long wait times that have burdened Canadian, German, and Australian healthcare systems.

Shares of Dialogue Health last had an RSI of 32. That puts this growth stock just outside technically oversold levels. I’m looking to snatch up this stock in late May.

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