Want an Oversized Windfall? 1 Healthcare Stock Could Deliver a 150% ROI

Description

The **S&P/TSX Composite Index** finished higher in mid-week to trim its year-to-date loss to 3.95%. Healthcare is the second worst-performing sector thus far in 2022 after technology, but it led all advancers (+2.75%) on May 25, 2022.

While cannabis stocks **Canopy Growth** (+6.27), **Aurora Cannabis** (+4.89%), and **Tilray** (+4.41%) had significant gains, **Well Health Technologies** (TSX:WELL) is the buying opportunity for growth investors. Market analysts covering the $786.21 million digital healthcare company recommends a buy rating.

WELL trades at $3.54 per share, and analysts' 12-month price target is between $8.88 (average) and $13.50 (high). Thus, would-be investors are looking at a return on investment (ROI) of at least 150.8%. A $6,000 investment today could balloon to $15,050.85. The windfall is tax free if held in a Tax-Free Savings Account (TFSA).

Accelerating organic growth

In Q1 2022 (three months ended March 31, 2022), WELL reported record quarterly revenues of $126.5 million, or a 395% increase versus Q1 2021. It was a milestone for WELL Health because its annualized revenue run rate is more than $500 million.

The adjusted gross profit of $69.4 million was also a record representing a 591% year-over-year (YoY) increase. WELL's adjusted net income was $8.6 million compared to the $2.4 million net loss in the same quarter last year. Its chairman and CEO Hamed Shahbazi said the "first quarter 2022 was an exceptional quarter which exemplified our organic growth potential."

Shahbazi further said, "We managed to achieve approximately 15% YoY organic growth in the first quarter, which demonstrates a 50% acceleration from our previous quarters' organic growth rate." He credited the strength of all business segments, primary and specialized care in both online and in-person channels, for the impressive quarterly results.

WELL also experienced strong patient visits, including more than one million combined omnichannel, diagnostic, and asynchronous patient interactions. According to Shahbazi, they added significant scale to the business and increased WELL's leadership position as the preeminent end-to-end healthcare company in Canada. Also, its businesses in the U.S. continue to flourish.

Strong and resilient business outlook

Management maintains a strong and resilient outlook for the year, and it expects the Q2 2022 performance across all business units to be very positive. WELL Health plans to reinvest the incoming cash flows from the business. The company can elect to pursue more acquisitions, repurchase shares, or accelerate organic growth.

Because of the healthy organic growth, management raised its guidance for 2022. WELL Health expects annual revenue to exceed $525 million instead of $500 million. The company projects adjusted EBITDA to be near $100 million and hope to report higher profits (adjusted net income) for the entire year of 2022.

Buy now

WELL Health's primary objective is to impact health outcomes positively, and it leverages technology to empower healthcare practitioners and their patients globally. Despite having built the most consequential network of non-governmental healthcare assets, the expansion in Canada is ongoing.

Its strategy in the U.S. is to focus on key specialty areas (gastroenterology, women's health, and primary care) and one specialty niche (mental health). Because of the growth potential, don't delay purchasing this healthcare stock while the price is relatively cheap.

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1. Investing

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