



## Why I'm Buying the Dip in Andlauer (TSX:AND) Stock

### Description

**Andlauer** ([TSX:AND](#)) is a Toronto-based supply chain management company that provides a platform of customized third-party logistics and specialized transportation solutions for the healthcare sector in Canada and the United States. Today, I want to discuss whether this healthcare stock is worth snatching up in the middle of the current market correction. Let's jump in.

### This healthcare stock has not been immune to the correction

The **S&P/TSX Composite Index** shot up 345 points on Friday, June 24. Health care led the way, rising 5.9% as a sector on the day. Shares of Andlauer rose 3.2%. The stock is still down 18% in 2022 at the time of this writing. However, its shares are up 22% in the year-over-year period.

This company provides investors exposure to health care and the supply chain management market. The latter is geared up for strong growth in the years ahead.

### Should you be encouraged by Andlauer's recent earnings?

Andlauer released its first-quarter 2022 results on May 4. Management praised its strong financial performance, crediting its acquisitions and organic growth. It achieved 81% growth in its ground transportation product line, higher volume from its existing client base, and improved growth in its air freight. The company delivered revenue growth of 54% to \$148 million. Moreover, operating income increased 45% to \$24.2 million. It reported net income of \$16.5 million — up from \$11.6 million in the first quarter of 2021.

The company has continued to provide logistics, distribution, specialized transportation, and packaging solutions to wholesaler and government clients that are involved in the Canadian supply of COVID-19 vaccines and ancillary products. Some of Andlauer's peers, like **VieMed Healthcare**, also received a nice revenue boost during the pandemic. However, their business will need to undergo a shift in order to make up for that revenue lost, as the pandemic increasingly moves into the rear-view mirror. The company's COVID-19 pandemic-related revenue made up 5.1% of total revenue in the first quarter of

2022.

EBITDA climbed 54% year over year to \$39.4 million. The company aims to bolster growth going forward with an aggressive acquisition strategy. In Q1 2022, Andlauer acquired 100% of the issued and outstanding shares of Logistics Support Unit (LSU). That will add the company's own third-party logistics infrastructure to this company's impressive holdings.

## Is this healthcare stock worth buying today?

Shares of Andlauer had a [favourable price-to-earnings ratio of 20](#) at the time of this writing. The stock fell into technically oversold territory in the middle of June. It has since staged a comeback along with the broader Canadian market. Fortunately, it is not too late to scoop up this healthcare stock on the dip. It is trading in attractive value territory compared to its industry peers. Moreover, it is geared up for very strong earnings growth going forward.

This stock announced a quarterly dividend of \$0.06 per share in its first-quarter 2022 earnings report. That represents a modest 0.5% yield. I'm still looking to snatch up Andlauer before we move into the month of July.

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