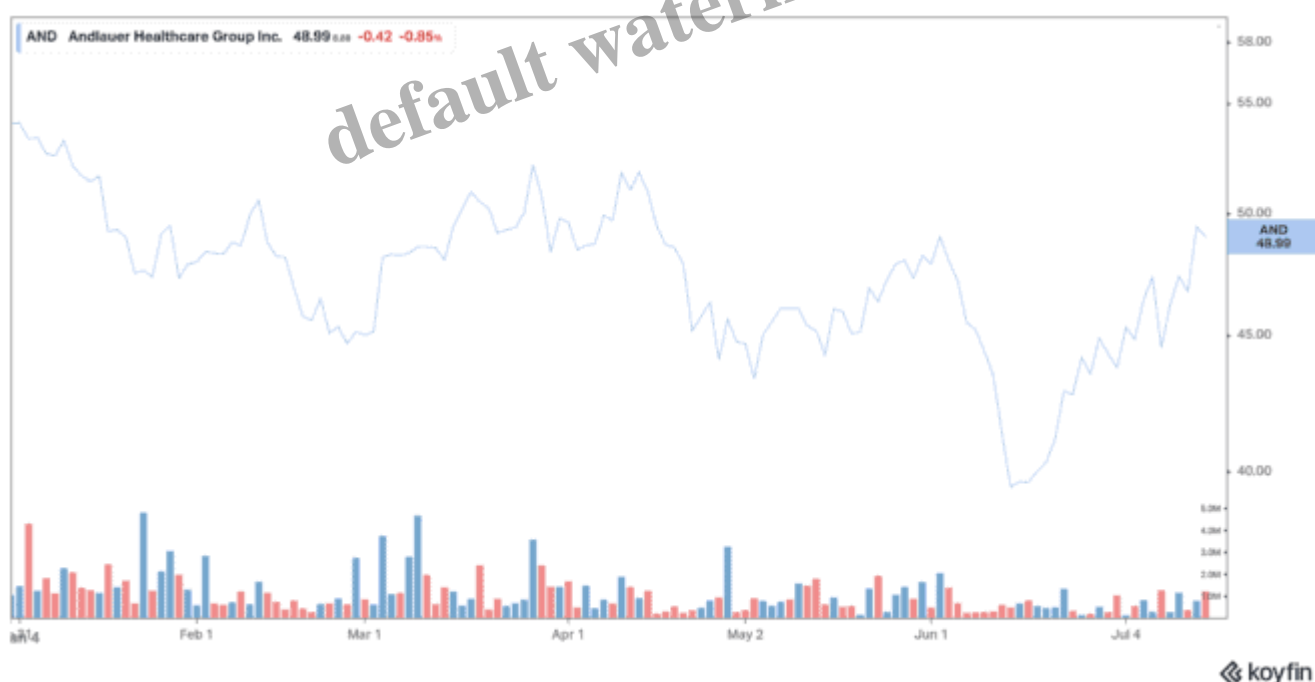




Is Andlauer Healthcare Stock a Buy?

Description

Andlauer Healthcare Group ([TSX:AND](#)) hit a 52-week low in June but has since gained almost 33%. Is it time to buy this healthcare stock? Let's look at Andlauer in more detail to see if it deserves a spot on your buy list.



What does Andlauer do?

Andlauer ships time-sensitive and temperature-controlled healthcare items to different medical facilities and pharmacies in Canada and the United States. The company has an excellent management team that did an excellent job running the business during the pandemic. Andlauer is also quite skilled at making strategic acquisitions, and it is growing its presence in the United States. The company has

also demonstrated it is able to generate high profits consistently through various economic cycles.

Andlauer reported strong results for its first quarter

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 customer base and improved growth in its air cargo. The company reported revenue growth of 54% to \$148 million. Plus, operating profit increased by 45% to \$24.2 million. Andlauer reported net income of \$16.5 million in Q1 2022, compared to \$11.6 million in the prior-year quarter.

The company continued to provide logistics, distribution, specialized transportation and packaging solutions to wholesale and government customers involved in the Canadian supply of COVID-19 vaccines and ancillary products. Some of Andlauer's peers, like **VieMed Healthcare**, also received a nice boost in revenue during the pandemic. However, their business will have to undergo a change in order to compensate for this loss of income, as the pandemic is probably mostly behind us. The company's revenue related to the COVID-19 pandemic represented 5.1% of total revenue in the first quarter of 2022.

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

"We generated strong year-over-year growth in revenue and profitability in both the fourth quarter and full year, reflecting the positive contributions of our acquisitions and continued organic growth," said Michael Andlauer, chief executive officer of AHG. "The acquisitions we completed during 2021 have significantly enhanced our client service offering and established a strong platform for growth in the U.S. Our recent acquisition of LSU further complements our expanding platform. Looking ahead, we are well positioned to drive continued growth and enhanced shareholder value in 2022 and beyond."

Andlauer announced a quarterly [dividend](#) of \$0.06 per share in its Q1 2022 earnings report. That represents a modest yield of 0.5%.

Is this healthcare stock a buy?

Andlauer shares have a favourable price-to-earnings ratio of 20.9. It is trading in attractive value territory relative to its industry peers. Moreover, it is poised for very strong earnings growth in the future. All this make this healthcare stock a buy.

CATEGORY

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