WELL Health Stock Provides Business Update – What Investors Should Know

Description

WELL Health Technologies (TSX:WELL) was one of the biggest growth stocks over the last few years. The company's stock climbed during the peak of the coronavirus pandemic. This resulted from doctors, nurses, and other healthcare professionals turning to its telehealth support.

However, times have changed. Despite the continued presence of the pandemic, WELL Health stock has taken a tumble. Shares are down 30% year-to-date, and 55% in the last year alone. Yet in the last week, shares have started to recover, up 10% as of writing.

WELL Health recently provided a business update, leading to more gains. So here is what Motley Fool investors should know.

Great expectations

WELL Health stock announced it expects a strong second quarter, achieving a record performance of revenue over $130 million. The company also experienced growth in the United States through its Circle Medical and WISP businesses, with $115 million in combined revenue for June 2022. That's 150% higher than the year before.

Growth has been outstanding for this healthcare stock, and it simply hasn't slowed down. Despite Motley Fool investors and others believing it's time to shift away from pandemic stocks, the world has changed and telehealth has become the new normal. One that's cheap, easy to use, and accessible to all.

Patients using telehealth are now in the multi-millions, indicating future growth and strong financial performance for companies like WELL Health. The company experienced strong performance back in April and May, and it's on its way to reaching $525 million in annual revenue.

Will shares grow?

So the big question is whether shares of WELL Health stock will grow in the near future, with second quarter earnings around the corner. Shares currently trade at about $3.40 as of writing, with the consensus target price at about $9, almost triple where it is now.

After the update in May, a multitude of analysts lowered the company's target price. However, they maintained a "buy" rating for the healthcare stock. This is due mainly to the market environment, as analysts believe the company will continue to find innovative ways to raise capital and create cash flow.

So, yes, it does look like shares will grow. But the question is how soon? Only time will tell. WELL Health stock could be one of the major rebounds Motley Fool investors see after a market downturn and recession. However, it could take longer than other tech stocks due to its relation to the pandemic.

Bottom line

WELL Health stock is in a strong position to make a killing for Motley Fool investors. But you'll have to be patient. The company managed to create enough cash flow to continue expanding throughout North America. It could one day be a global operation, with even more diversified revenue.

But for now, it trades at just 1.14 times book value, with shares down 30% year-to-date. Even if we see another drop in share price, I would hold onto this stock as a long-term investment. Given its ability to create funds and acquire strong businesses, it's a solid stock you don't want to miss out on.

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