



Why Viemed Healthcare (TSX:VMD) Stock Jumped 36% Last Month

Description

VieMed Healthcare ([TSX:VMD](#))([NASDAQ:VMD](#)) is a Louisiana-based company that provides in-home durable medical equipment (DME) and post-acute respiratory healthcare services to patients in North America. Today, I want to discuss the trajectory of this healthcare stock in recent months. Is it worth owning for the rest of 2022?

This stock soared during the beginning of the COVID-19 pandemic: How has it fared since?

Shares of VieMed Healthcare have [climbed 36% in 2022](#) as of close on July 22. The stock is up 44% in the year-to-date period. Its shares rose above \$16 at one point during the summer of 2020.

This company offered its services to healthcare facilities during the beginning of the COVID-19 pandemic. It specializes in respiratory illnesses, which made it well suited to lend its expertise during the crisis. VieMed would go on to deliver ventilators to entities that were in need. The vaccination drive has led to a major drawdown in the number of cases to the point where nations felt comfortable with the lifting of restrictions. Since then, VieMed's pandemic-linked business has slowed significantly.

Despite that slowdown, investors should still be excited about this company's future.

Why VieMed Healthcare has gained momentum in the summer of 2022

VieMed offers exposure to the fast-growing home medical equipment market. Allied Market Research recently projected that the global home medical equipment market would rise from \$30.5 billion in 2019 to \$56.4 billion in 2027. That would represent a CAGR of 6.1% from 2020 through to the end of the forecast period.

On July 5, VieMed was proud to announce a third peer-reviewed study that hailed the benefits of non-

invasive ventilation at home (NIVH). It found that “NIVH improves health outcomes while simultaneously driving down overall healthcare costs,” according to Dr. William Frazier. “The results showed that the clinical and financial benefits of NIVH are greatest when therapy begins immediately following the diagnosis.” This treatment endorsement has the potential to bolster the company’s business going forward.

Investors can expect to see the company’s next batch of results during early market trading on August 3. The company unveiled its first-quarter fiscal 2022 earnings on May 3. It reported record net revenues of \$30.2 million — up 18% from the previous year. Meanwhile, it posted net income of \$2.5 million compared to \$1.5 million in the first quarter of fiscal 2021.

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) climbed 33% year over year to \$7.3 million. Moreover, it finished the quarter with an overall working capital balance of \$30.1 million. VieMed conceded that its pandemic response business experienced a dramatic slowdown in recent quarters. However, it has made up room by pursuing additional sales opportunities.

Should you buy into the VieMed Healthcare wave?

Shares of VieMed Healthcare currently possesses a price-to-earnings ratio of 34. That puts this stock in favourable value territory compared to its industry peers. Investors should be encouraged by its earnings growth trajectory and the momentum that its stock has built in recent weeks. I’m looking to snatch up this healthcare stock as a long-term hold this summer.

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