



2 Top Healthcare Stocks for Regular Cash Flow

Description

The healthcare sector hasn't performed well in the last two years and is the worst-performing sector thus far in 2022, with its 53.48% year-to-date loss. However, two companies whose operations are in health care deserve attention from [dividend investors](#).

NorthWest Healthcare Properties ([TSX: NWH.UN](#)), which is in the [real estate sector](#), is the only real estate investment trust (REIT) in the cure sector. **Savarria** ([TSX:SIS](#)), which is in the industrial sector, provides mobility solutions mainly to the aging population.

Despite their sub-par year-to-date performances, both stocks are reliable dividend payers if you want regular, monthly cash flow streams.

Global real estate investor

NorthWest Healthcare, a global real estate investor, rose to prominence in 2020 during the first COVID year. Its property portfolio includes medical office buildings, hospitals, clinics, and other health-related facilities. This \$2.48 billion REIT develops partnerships with leading healthcare operators and has a dedicated focus on tenants in healthcare, research, life sciences, and education.

At \$10.33 per share, the REIT trades at a discount (-21.59% year to date). Nonetheless, the over-the-top 7.74% dividend yield compensates for the depressed stock price. Since the dividend payout is monthly, 1,515 shares (\$15,649.95) are enough to produce \$100.94 in passive income per month.

Moreover, given the weighted average lease expiry of 14.1 years of the 232 properties and 97% occupancy rate, the monthly payout should sustain. Besides the two factors, other key performance indicators for NorthWest are net income, net operating income (NOI), and funds from operations (FFO).

In the second quarter (Q2) of 2022, net income declined 36.3% to \$116.73 million compared to the same quarter in 2021. However, NOI and FFO increased 27.29% and 8.98% year over year to \$88.88 million and \$46.09 million, respectively. The total distribution to shareholders reached \$48.03 million — a 17.41% increase compared to Q2 2021.

According to management, the REIT's strategic objectives haven't changed. NorthWest's continuing investments in healthcare real estate globally should provide sustainable and growing cash distributions.

Apart from building a diversified global portfolio, it will capitalize on growth opportunities within its existing portfolio and through accretive acquisitions in its target markets. Currently, the concentration is in North America, Australia, Brazil, New Zealand, and Europe.

A global leader in accessibility

Laval-based Savaria has been operating since 1979 and designs, manufactures, distributes, and installs accessibility equipment. The products and services of this \$895.5 million company help the elderly and physically challenged individuals improve their mobility, comfort, and independence.

In the first half of 2022, Savaria reported glowing financial results. The top line, or revenue, increased 29.21% to \$375.6 million versus the same period in 2021. Its net earnings climbed 131% year over year to \$13.47 million.

Savaria's core business segments, namely Accessibility (7.5%), Adapted Vehicles (11.0%), and Patient Care (20.9%), posted impressive organic growth numbers compared to the first half of 2021.

If you invest today, the share price is \$13.91 (-25.56% year to date), while the dividend yield is a decent 3.74%. Some industry experts say Savaria has solid growth potential in a relatively young but fast-growing market. Aging baby boomers will likewise push demand for mobility products.

Solid fundamentals

Healthcare is one of the complex sectors in the stock market, because it branches out to various sectors or industries. NorthWest Healthcare Properties and Savaria stand out for their niche markets with solid fundamentals.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:SIS (Savaria Corporation)

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