Here’s Why I Just Bought WELL Health Stock

Description

As markets have been selling off all year long, many savvy investors know that this is the prime time to buy stocks for the long haul. In almost every industry you look, there are plenty of stocks trading cheaply on the market for investors to buy today.

Investors know that it’s normal for the market to fluctuate. And while volatility can often be negative for your portfolio, the opportunities it creates to buy stocks can be incredible. Therefore, using these natural fluctuations to buy more stocks and lower your average costs can go a long way.

But while choosing to buy stocks and invest your money in these environments is certainly a positive step, focusing on buying the very best stocks while they’re undervalued will make a significant impact.

Buying any stock cheaply offers opportunity, but the highest-quality companies will not just rally back to fair value; they should continue to grow for years.

That’s why **WELL Health Technologies** (TSX:WELL) has been one of the top stocks I’ve been buying this year. And because it’s been ultra-cheap throughout the year, not only have I been increasing my position, but I’ve also brought my average cost down.

WELL continues to smash expectations

Although stocks all year, especially tech stocks, have been losing value, WELL’s core business continues to grow at an exceptional pace. In fact, WELL has performed so well this year that it’s actually increased its full-year guidance several times and continues to beat expectations at each quarterly earnings report.

Initially, WELL was expected to do about $500 million in sales for the full year of 2022. That expectation has increased on multiple occasions, and now WELL expects it will do roughly $565 million in revenue this year.

However, in addition to the impressive top-line growth, WELL is also managing to keep its margins intact. Therefore, the guidance for its full-year earnings before interest, taxes, depreciation and amortization (EBITDA) has increased as well.

This impressive performance is crucial for several reasons. First, WELL is showing it can continue to grow organically, even when it's making fewer acquisitions, as it has been all year. In addition, though, it's also impressive given the economic environment, when many other companies are expecting to see an impact on sales and their margins this year as a result of surging inflation.

Healthcare is highly defensive

Of course, much of the reason why WELL has continued to grow and post impressive results has to do with the fact that it operates in a defensive industry.

So, while consumers are expected to be impacted by inflation and slow down on their discretionary spending, companies in the healthcare space should be a lot more resilient.

Even though WELL is primarily a technology company and has been trading like a tech stock, it continues to have strong organic growth potential, even in this highly uncertain environment.

WELL stock trades unbelievably cheap

Because WELL stock has lost so much value at the same time that its operations continue to grow, the stock is now unbelievably cheap.

In fact, right now, WELL trades at a forward enterprise value (EV) to sales ratio of just 1.7 times. That's unbelievably cheap for any growth stock, but especially one of WELL's quality, which has a significant runway for growth. After all, WELL's EV sits at just over $1 billion. So, it's a relatively small company that has a tonne of growth potential.

Furthermore, trading at 1.7 times its sales is significantly lower than WELL has traded in the past. For example, over the last three years, its average EV-to-sales ratio has been upwards of 6.1 times, and the highest it reached was over 22 times sales.

Therefore, with WELL now trading at the lowest EV-to-sales ratio that it's ever had, it's certainly one of the top stocks to consider buying today.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider

2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. danieldacosta
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date
2025/08/12
Date Created
2022/11/28
Author
danieldacosta