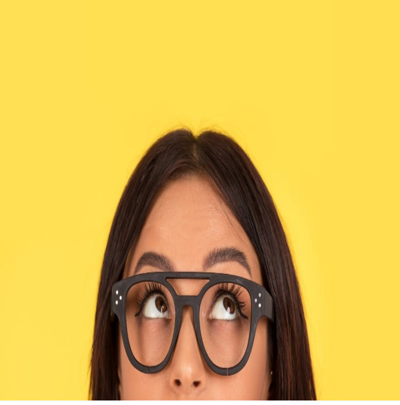

WELL Health Stock Rose 3.4% in November – Is it a Buy Today?

Description

WELL Health Technologies Corp. (TSX:WELL) is one of the best ideas on the TSX today. Yet, the stock has languished in the very difficult macroeconomic environment that we find ourselves in, despite its soaring growth rates. In November, WELL Health stock rose 3.4%. This is a small gain, but at least it's going in the right direction.

Is it a buy today?

WELL Health Technologies stock is relatively immune to macro trends

Diving into WELL Health's business and the value proposition that it offers, it becomes clear that this company is charting its own path. WELL Health is an omni-channel digital health company. It offers digital healthcare solutions for medical clinics and health practitioners globally. It's also Canada's largest outpatient medical clinic owner/operator and leading telehealth service provider.

So, what does this mean for WELL Health stock? Well, first of all, it means that the stock is pretty immune to economic trends. WELL Health's customers are health care providers. Spending in this sector is very stable and consistent. Like food and electricity, these are the basic, non-negotiable things that we need in life. Thus, spending in these areas withstands economic problems.

Rising interest rates could very well put a damper on WELL Health's acquisition strategy. But overall, the appetite for the efficiencies and improvements that technology offers is driving WELL Health's business forward at a rapid speed.

Results for this growth stock defy current market softness

Back in November, WELL Health reported third-quarter results that clearly show the state of its business. Revenue rose 47% to $145.8 million. This revenue was driven by both organic growth of

18% and acquisitions. The strength of the business has even caught management a little off guard. In fact, the third quarter was the fourth consecutive quarter that Well Health beat estimates and the company raised its guidance.

It's a classic tale of explosive growth as a need that has been so sorely neglected finally gets fulfilled. Let's think about this for a second. For the last few decades, technology has brought about so many improvements to many areas of life. So why was the health care system caught in the dark ages for so long, with limited use of the many technologies that we use in our everyday lives? It's a big task, that's for sure, and one that WELL Health has embraced.

So back to the results. Along with strong revenue growth, gross profit and gross profit margin also increased significantly. Specifically, gross profit increased 56% to $78.2 million. Also, the company's gross profit margin increased to 53.6% from 50.3% last year. The increase in the margin was driven by the large increase in higher-margin virtual services revenue.

Lastly, the bottom line also showed healthy increases. Adjusted net income of $14.8 million, or $0.07 per share, increased 40% from $0.05 in the same quarter last year. It's extremely important to note that many companies whose revenues are growing this rapidly struggle to translate that to the bottom line, or earnings growth. WELL Health is doing exceptionally well with this. As a bonus, it's trading at 52-week lows today.

For these reasons, I think WELL Health Technologies stock is definitely a buy. The factors and trends that are driving WELL Health's results are only just beginning. There's plenty of growth ahead for this stock.

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