3 Healthcare Stocks That Are Too Cheap to Ignore

Description

The **S&P/TSX Composite Index** climbed 106 points on Tuesday, December 20. However, the **S&P/TSX Capped Health Care Index** fell by 2.62%, which was the sharpest loss among the top sectors on the TSX. That is largely due to reeling cannabis stocks that have dragged the index for years. Today, I want to zero in on three healthcare stocks that look cheap in late December. Let's dive in.

This exciting healthcare stock looks like a strong buy right now

Andlauer Healthcare (TSX:AND) is a Toronto-based supply chain management company that provides a platform of customized third-party logistics (3PL) and specialized transportation solutions for the healthcare sector in Canada and the United States. That means this company offers Canadian investors exposure to the burgeoning healthcare and supply management spaces. Shares of this healthcare stock have dropped 11% in 2022 as of close on December 20. That has pushed the stock into negative territory in the year-over-year period.

This company released its third quarter (Q3) fiscal 2022 results on November 8. It delivered revenue growth of 58% to $164 million. Meanwhile, it posted net income of $19.0 million, or $0.44 per share — up from $12.2 million, or $0.31 per share, in the third quarter of fiscal 2021. Andlauer was bolstered by recent acquisitions in its healthcare logistics and specialized transportation segments.

Shares of this cheap healthcare stock possess a favourable price-to-earnings (P/E) ratio of 19. Moreover, it offers a quarterly dividend of $0.07 per share. That represents a modest 0.5% yield.

Here's a very promising stock that looks dirt cheap in late December

Bausch Health (TSX:BHC) is another cheap healthcare stock that I'd look to snatch up in the final days of 2022. This Laval-based company that develops, manufactures, and markets a range of pharmaceutical, medical device, and over-the-counter (OTC) products primarily in the therapeutic areas of eye health, gastroenterology, and dermatology. Its shares have plunged 73% in the year-to-date period.

In Q3 2022, Bausch Health saw revenues drop 3% year over year to $2.04 billion. Meanwhile, it posted non-GAAP adjusted net income of $291 million compared to $420 million in the previous year. Bausch reported adjusted net income of $768 million in the first nine months of fiscal 2022 — down from $1.14 billion in the year-to-date period in fiscal 2021.

This healthcare stock last had an attractive P/E ratio of 9.7. It is trading in more favourable value territory compared to its industry peers. I'm looking to pick up Bausch for cheap before the new year.

One more undervalued healthcare stock that also boasts a solid dividend

Medical Facilities (TSX:DR) is the third healthcare stock I'd look to snatch up before we kick off 2023. This Toronto-based company owns and operates specialty surgical hospitals and an ambulatory surgery centre in the United States. Shares of Medical Facilities have declined 12% in 2022. However, the stock is up 2.8% month over month.

The company unveiled its Q3 2022 earnings on November 10. Total revenue and other income grew 3.2% to $102 million. Meanwhile, surgical case volumes rose 3% and facility service revenue posted 6% growth. Shares of this healthcare stock possess a solid P/E ratio of 23, which currently outpaces its industry peers. Better yet, this cheap healthcare stock offers a quarterly dividend of $0.081 per share, which represents a 4% yield.

CATEGORY

1. Investing

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2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:DR (Medical Facilities Corporation)

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