Why WELL Health (TSX:WELL) Stock Has Soared 20% Over the Past Month

Description

Shares of **WELL Health Technologies** (TSX:WELL) have soared nearly 20% during the past month.

The stock closed at $6.73 on May 13. As of this writing, shares are trading at $8.04, representing a gain of 19.47%.

Vancouver-based WELL focuses on consolidating and modernizing clinical and digital assets within the primary healthcare sector.

First-quarter results

Led by its software and services revenue, WELL reported record-breaking revenue of $25.6 million in the first quarter of 2021, reflecting a 150% year-over-year increase. The $7.6 million contribution from software and services increased by 345% compared to the same quarter in the prior year.

These latest results marked the second quarter in a row that WELL has achieved positive adjusted EBITDA. Adjusted EBITDA was $0.5 million for the quarter compared to a loss of $0.2 million for the same period in 2020.

The company reported record adjusted gross profit of $10 million, which represents 155% year-over-year growth. WELL's adjusted gross margin percentage rose slightly to 39.3% during the quarter.

Aggressive acquisition strategy

In April, the company completed its acquisition of CRH Medical. CRH provides products and services for the treatment of gastrointestinal diseases throughout the United States. One of the company's most well-known products, the O'Regan System, is widely used by gastroenterologists.

Previously listed on the NYSE and TSX stock exchanges, CRH Medical became WELL's seventh business unit.

According to Hamed Shahbazi, chairman and CEO, WELL is aggressively focused on acquiring companies to generate free cash flow. Shahbazi said, "CRH accelerates our revenue growth and significantly boosts our free cash flow, which will be used to make additional cash flow generating acquisitions. I am also pleased to report that CRH, now operating as a stand-alone WELL business unit, is on track to meet its business plan goals to generate over US$150M in revenues and over US$40M in free cashflow before leverage and tax costs."

Earlier this week, Shahbazi announced that WELL has sealed a deal to acquire MyHealth for $206 million. According to Shahbazi's tweet, this deal makes WELL Health "…the largest owner-operator of outpatient medical clinics and the leading multi-disciplinary telehealth service provider in Canada."

IPO listing on NASDAQ

During the earnings call, WELL hinted that it may soon be listing in the U.S. on the NASDAQ exchange . During the call, the company disclosed its engagement with renowned law firm Fenwick & West to help it with a U.S. IPO listing in the fourth quarter of 2021.

Fenwick is well known in the investment world. The company's client base includes high-profile names such as **Facebook**, **Amazon**, and **Cisco**. More recently, Fenwick was involved in the IPO listing of **Coinbase**.

The bottom line

So far during 2020, WELL has gained 500% in market value. Much of this increase can be attributed to the growing adoption of WELL's virtual healthcare and medical data services, especially during the pandemic.

The company's recent announcements of acquisitions and investor speculation of a listing on NASDAQ have helped send its share price soaring, especially over the past month.

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