

5 Healthcare Stocks Riding High Amid Buoyed COVID-19-induced Healthcare Opportunities

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Summary

- ▶ COVID-19 pandemic has created opportunities for several industries: from e-learning and online gaming to sanitiser manufacturers and food staples industry.
- ▶ The pandemic has generated prospects for the healthcare industry as well with biotech firms accelerating their R&D efforts for vaccine development, and the industry's growing focus on telehealth and other virtual care services.

▶ While Sonic Healthcare has been at the forefront for COVID-19 testing, Holista Colltech has filed a global patent for a Natshield™ nasal balm sanitiser.

▶ Zoono, the antibacterial hand sanitiser manufacturer witnessed an unprecedented surge in demand and has generated an outstanding six-month return of ~660%.

Despite several ASX-listed companies battling during these uncertain and challenging times, the [healthcare companies](#) have seen a silver lining. While the [COVID-19 pandemic](#) has negatively impacted most of the businesses, some have generated impressive revenues and profits in the present scenario.

In this article, we are underlining five [ASX-listed healthcare stocks](#) that have attained profit after the onset of the COVID-19 pandemic. Let us delve deep and discuss these stocks: HCT, SHL, MSB, ZNO, EBO.

Holista Files Global Patent For Its Nasal Sanitising Balm- Natshield™

Healthcare player Holista Colltech Limited ([ASX:HCT](#)) has extensive operations in Malaysia and appears to have earned in the wake of the virus outbreak. The Company is involved in providing high-class organic ingredients along with wellness products across the globe. Holista Colltech Limited has three major divisions- Food ingredients, Dietary supplements & personal care, and ovine collagen.

On 8 May 2020, [Holista](#) revealed that the Company had filed a global patent for a Natshield™ nasal balm sanitiser on 7 May. This balm would contain Path-Away® as the active ingredient, which is a plant-based anti-pathogenic solution. The formulation includes components that will prolong and enhance Path-Away® effects within the nasal cavity.

Path-Away® had previously been demonstrated to be a useful sanitiser against a comprehensive range of viruses, bacteria, and fungi.

Holista, On 20 April 2020, revealed that Path-Away® had been tested by a bio-safety lab in the UK. It was noticed that it was over 99.99% effective against the feline coronavirus - surrogate of SARS-CoV-2.

Notably, the Company is fast-tracking Natshield™ nasal balm sanitiser development, which will lessen the viral infection risk through the nose, (via inhalation or touch), if a person touches his hand or nose. The nose is the simplest point from where the virus can enter the body.

Moreover, the Company disclosed that the patent was to have been filed at March-end but was postponed primarily because of the ongoing lockdowns in Australia, the US and Malaysia. This patent is entirely owned by Holista.

On 12 May 2020, Holista disclosed the appointment of OOH Medical Ltd as Natshield™ sanitiser's exclusive distributor for the UK for a term of three years initially.

On 29 May 2020, HCT stock settled at AU\$0.165, up by 3.125% with a market cap of AU\$44.06 million. The stock has generated an excellent return of **97.53%** in the last six months.

Sonic Healthcare Partners with Australian Government and Minderoo Foundation for COVID-19 testing

Sydney headquartered, pathology provider Sonic Healthcare Limited ([ASX: SHL](#)) offers laboratory, imaging as well as pathology services to medical practitioners, hospitals, and community health services. Based on the services offered the Company is divided into three different divisions of radiology/diagnostic imaging, laboratory medicine /pathology and clinical services.

On 30 April 2020, [Sonic Healthcare](#) disclosed that the Company had signed a contract with the Government of Australia for offering a committed pathology facility for rapid sample collection as well as testing for COVID-19 in aged care facilities.

The Company has been at the front for testing coronavirus infection since the start of this outbreak in Australia. Additionally, [SHL](#) has recently entered a collaboration with the government of Australia and the Minderoo Foundation for substantially improve COVID-19 testing capacity in Australia.

"The partnership with Government and the Minderoo Foundation will consolidate the important role we have already played in identifying positive cases of COVID-19 and will allow us to further support Australia's flattening of the curve. A further expansion of testing capacity will consolidate Australia's position, providing immediate and long-term benefits to the entire nation."-said Dr Colin Goldschmidt, CEO Sonic Healthcare

On 29 May 2020, SHL stock closed that day's trade at AU\$28.170 down by 3.56% with a market cap of AU\$13.88 billion. The stock has generated a positive return on 9.40% in the last month.

Mesoblast Limited is Progressing well in Clinical trials of Remestemcel to Combat COVID-19

ASX-listed healthcare sector company Mesoblast Limited ([ASX:MSB](#)) is a global leader in developing off-the-shelf medicine.

On 6 May 2020, Mesoblast revealed that the first patients had been administered in the 300-patient randomised placebo-controlled Phase 2/3 trial in the US of allogeneic cellular medicine remestemcel-L in COVID-19 infected patients having moderate to severe ARDS on ventilator support.

On 13 May 2020, Mesoblast disclosed it had completed raise of AU\$138 million in capital through placement of approximately 43 million shares to its existing & new institutional investors at a per-share price of AU\$3.20. MSB stated that a significant portion of the net proceeds from this equity raising would be applied for fast-track manufacturing of remestemcel-L for treating COVID-19.

On 24 May 2020, MSB revealed that clinical outcomes of its allogeneic mesenchymal stem cell medicine RYONCIL™ (remestemcel-L) in children and adults with steroid-refractory aGVHD had been published in three peer-reviewed articles.

The Company announced its 9M FY2020 results on 28 May. Following are the key highlights:

- Revenues stood at US\$31.5 million, an increase of 113% compared to the previous corresponding period (US\$14.8 million).
- Loss after tax was US\$45.3 million, 34% lower compared to pcp (US\$ 69.1 million).
- As on 31 March, cash on hand stood at US\$60.1 million.

On 29 May 2020, MSB stock rose by 8.401% to AU\$4.000 with a market cap of AU\$2.14 billion. The Company has generated impressive returns of 64.73% and 103.31% in the last three months and last six months, respectively.

Zoono Signed Distribution agreement with RestorX Australia

New Zealand-headquartered healthcare player [Zoono Group Limited](#) is mainly focused on the development, manufacturing as well as the distribution of antimicrobials suitable for disinfection of surfaces, skincare along with mould remediation treatments. Zoono offers Z-71 Microbe Shield surface and Germ Free24 hand sanitisers, have demonstrated efficacy of more than 99.99% against feline coronavirus (a surrogate for coronavirus causing COVID-19).

Zoono Group Limited ([ASX:ZNO](#)) on 29 April 2020, revealed that it had entered an exclusive distribution agreement for the B2B (business to business) market with RestorX Australia Pty Ltd, a subsidiary of Johns Lyng Group ([ASX:JLG](#)).

On 5 May 2020, ZNO updated the market that revenues (unaudited) for the 3rd quarter ended 31 March 2020 were recorded at NZ\$15.7 million, compared with NZ\$1.715 million in the first two quarters of FY20.

- Sales across the United Kingdom increased to NZ\$3.5 million for the quarter, with significant business underway with airports, airlines, transport as well as commercial cleaning companies.
- Unaudited online sales for the quarter stood at NZ\$3.9 million.
- Available cash resources of the Company increased to NZ\$5.7 million.

ZNO shares fell 4.225% to close the market at AU\$2.040 on 29 May 2020 with a market cap of AU\$348.28 million. ZNO has generated an outstanding return of **660.71%** last six months.

EBOS Group stated its Balance Sheet and Liquidity Strengthened Amid COVID-19

ASS-listed largest and most diversified wholesaler and distributor EBOS Group Limited ([ASX:EBO](#)) is into the marketing of medical and pharmaceutical products across Australasia.

EBOS has a proven track record of value accretive investments in the last five years-



Source: Company's Presentation

On 21 April, EBOS advised of strong trading conditions to 31 March 2020 and confirmed its balance sheet strength.

The results from the first half of the fiscal year 2020 positive momentum were observed across businesses through to the end of the third quarter ended 31 March 2020. The healthcare, as well as animal care segments of EBOS, produced strong revenue due to enhanced requirement.

During the third quarter, the healthcare segment of EBOS has experienced unprecedented levels of demand. Notably, the substantial investment in the healthcare distribution network in past few years positioned the Group nicely to fulfil up the increased requirement from customers.

The Company has almost AU\$200 million of bank debt and working capital facilities was refinanced in March 2020. Moreover, due to robust bank demand, the facility was upsized to AU\$250 million.

With a robust balance sheet and liquidity, EBOS Group is set to achieve ongoing requirements of business and its development strategy.

On 29 May 2020, EBO stock closed the trading session at AU\$20.850 down by 0.191% with a market cap of AU\$3.4 billion.