

Is Valeant Pharmaceuticals Intl Inc a \$250 Stock?

Description

Valeant Pharmaceuticals Intl Inc. (TSX:VRX)(NYSE:VRX) has a long history of growing through acquisitions. In fact as I write this article it is rumoured to have secured financing to purchase Salix Pharmaceuticals.

Last year the company had a failed bid for **Allergan Inc.** (NYSE:AGN), but with so much pressure on the company to continue growth through successful acquisitions, would another failure spell doom for the stock? Analysts at Barclays don't think so. In fact, they are certain that Valeant is worth US\$200 (which at the current USD\$/CDN\$ exchange rate pegs the stock at over CDN\$250 per share.)

A growth story, with or without acquisitions

Barclays analysts believe that the market does not fully appreciate the growth prospects of the company. They are projecting 2015 and 2016 earnings per share of US\$10.36 and US\$12.09. These estimates do not include any acquisitions, and with Valeant's track record, an acquisition is always a possibility.

Valeant's Products

One of the strengths of Valeant has been its ability to acquire companies with mature products, saving greatly on the development risk and cost of pharma products. Many Valeant analysts have come to rely on the company to grow its revenue through a consistent stream of acquisitions, but the fact is that the company has enough products in its ownership to propel near-term growth.

Valeant is targeting growth through three avenues. First, it already has an impressive amount of products in development that it can launch over the coming years. Also, the company has recently launched products that could provide immediate-term sales increases while at the same time targeting increased sales in already existing products through improved marketing initiatives.

So, is \$250 per share in the cards?

Valeant's failed attempt to acquire Allergan Inc. put the company's business under a little more scrutiny, and the company has stepped it up by working on its own internal products and financial position. Some analysts actually cheered the failed Allergan bid as a blessing in disguise as it would encourage Valeant to strengthen its already owned products while improving its financial position.

But, in addition to the company's improved position it is apparent that Valeant is still interested in acquisitions, and through this growth it is wise to expect some upside in the company's stock value.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)

Category

1. Investing

Date

2025/09/30

Date Created

2015/02/16

Author

lklingel

default watermark

default watermark