



2 Reasons to Buy Valeant Pharmaceuticals Intl. Inc.

Description

When building a portfolio, investors try to balance adding stocks that pay dividends with stocks that are focused on growth. **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX) is clearly a candidate for the latter type of stock.

Valeant is one of the largest specialty pharmaceutical and medical device companies in the world, employing nearly 17,000 people in over 30 countries. The company is primarily focused on the development, manufacturing, licensing, and marketing of pharmaceutical products and medical devices.

Valeant's growth strategy is predominately focused on acquiring smaller drug manufacturers and acting as a distributor of those products. This has worked well, and a number of these acquisitions have sent the stock soaring to new highs, catching the attention of many investors.

Here are two reasons why Valeant should be part of your portfolio.

1. The price keeps rising

Valeant is having an explosive year so far, greatly outperforming the market. In fact, Valeant is the best performing stock on the TSX, and has now passed a number of much larger companies in terms of market cap.

Year-to-date, the stock is up 80%, and over the past year this increased to an impressive 132%. Over the past five years, this number increases further to an astronomical 1,400%. Analysts have taken note of this, and continue to reaffirm an "outperform" rating on the stock.

Impressive as these figures are, Valeant is not showing any signs of slowing down. The stock is currently creeping higher, flirting with a 52-week high of \$303.21. This comes as a welcome relief to investors watching the ongoing developments in Greece that have wreaked havoc on markets.

2. Completing the right acquisitions

Valeant has acquired more than 100 companies in the past seven years, and is in constant

negotiations to acquire more. CEO Michael Pearson reinforces this, stating in a recent interview with *Bloomberg* that, “we’re consistently looking for good deals.”

The recent acquisitions of Bausch & Lomb and Salix Pharmaceuticals come to mind as prime examples, with the latter deal in excess of \$11 billion. With each of these acquisitions, a jump in stock price follows, propelling Valeant’s market cap to over \$100 billion.

Growth primarily through acquisitions comes with its own set of risks — debt is one concern, and the vulnerability of the stock if a market correction were to cause all of the individual component stocks to drop is another. Fortunately for Valeant, neither of these are major concerns at the moment.

In my opinion, a series of well executed acquisitions, impressive results, and the continued aggressive growth all ensure that Valeant remains a great option for those investors seeking growth.

CATEGORY

1. Investing

TICKERS GLOBAL

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