



Valeant Pharmaceuticals Intl Inc.: 2 Stories That Have Flown Under the Radar

Description

As **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX) continues to generate negative headlines, there are a couple of smaller stories that may have gotten lost in the shuffle. We'll take a closer look below.

Dying now costs double

Valeant has come under scrutiny for a drug called Seconal, which the company purchased in February of last year. The drug is used for assisted suicide, allowing patients to die painlessly.

When the state of California proposed legalizing assisted suicide last year, Valeant doubled the price of Seconal from US\$1,500 per 100 capsules to US\$3,000. Back in 2009, the price was less than \$200.

Seconal is off-patent, which ideally would invite generic competition. But demand is so low for this drug that other companies don't have sufficient incentive to develop a generic alternative.

The move has drawn the ire of assisted-suicide advocates, one of whom has stage four colon cancer that's spread to her lungs and liver. She said that whoever raised the price of this drug is a "scumbag," and would "make money off of my death." It's the kind of story that Valeant doesn't need right now.

"Female Viagra" isn't catching on

If there's one positive thing to say about Valeant, it's that the company has historically been very effective at growing through acquisitions. But even Valeant can overpay.

The latest episode involves Addyi, also known as "female Viagra." Valeant bought the drug in 2015 by acquiring Sprout Pharmaceuticals for \$1 billion. But early sales results have been disappointing for Addyi, and it now looks like Valeant severely overpaid.

There are a few possible reasons why results have been so poor. One is that Addyi showed very limited effectiveness during a clinical trial. Furthermore, the drug cannot be taken with alcohol, and since it is meant to be taken daily, it requires complete sobriety. On top of that, Valeant has doubled

Addyi's price, which may be impeding sales.

This is not sitting well with the former Sprout's former investors, who are entitled to royalties from Addyi sales, in addition to the \$1 billion in cash they have already received. These investors wrote a letter to Valeant in mid-March. It said, "As a result of [Valeant's] predatory pricing, insurance companies refused to cover the drug, which has led to the drug not being affordable for millions of women."

The Sprout investors are asking for proof that Valeant is meeting all of the deal's conditions, which includes \$200 million of annual marketing, according to *Bloomberg*. If Valeant does not comply, then the investors could sue. Once again, that's the last thing that Valeant needs.

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