



Healthy Competition: Valeant Pharmaceuticals Intl Inc. vs. Jamieson Wellness Inc.

Description

Health expenditures as a percentage of GDP passed the 10% mark in 2010, and with an aging population, it is projected to grow in the coming decades. Individual consumer spending has also increased over time and, as expected, shows a marked uptick with advanced age. In the United States, state and individual spending is even higher, and biotechnology stocks have been some of the best-performing stocks since the 2008 Financial Crisis.

Pharmaceuticals, supplements, and vitamin markets show no signs of slowing down. Today, we are going to take a look at two stocks in the Canadian market to determine which is better to target moving forward.

Valeant Pharmaceuticals Intl Inc (TSX:VRX)(NYSE:VRX) is a Laval-based multinational that develops and manufactures pharmaceutical products across a broad range of categories. The company saw its stock price rise to impressive heights before a drug-price-hike controversy sunk the stock; it has retreated over 90% from its all-time highs. Now, the company is doing its best to claw back from a large debt hole.

Valeant released its second-quarter results on August 8. Revenue fell 8% to \$2.23 billion from \$2.42 billion in Q2 2016. The company reported a decline in volume and price in U.S. product segments and weakness in the dermatology business. Valeant was happy to project that it will be able to pay down \$5 billion in debt before the February 2018 deadline. Operating income climbed to \$175 million compared to \$81 million in the second quarter of 2016. Adjusted EBITDA was down \$136 million due to the weaknesses experienced in the past quarter.

Jamieson Wellness Inc. ([TSX:JWEL](#)) is a manufacturer and distributor of vitamin and health products. The company recently had its initial public offering on the Toronto Stock Exchange on July 7. Since the IPO, the stock has increased 8.5%. Jamieson has touted its long-term growth outlook on the basis that an aging population will drive business expansion. There is no doubt that the market for health supplements has exploded, as people look to live healthier and longer lives. Jamieson has hundreds of products in over 10,000 stores in Canada alone and is looking to expand into Asia, the Middle East,

and eastern Europe.

Jamieson released its second-quarter results on August 9. Revenue experienced growth of 6.3% to \$71.3 million. Adjusted EBITDA climbed 25% to \$15.1 million and adjusted net income was reported at \$7.9 million. Gross profit jumped 18.4% to \$25.3 million compared to \$21.4 million in Q2 2016. Jamieson still expects to see revenue in the range of \$303-310 million in 2017.

Which should you buy?

Valeant continues to face big challenges in the shadow of the controversies that erupted in 2015. Jamieson is the better buy now and moving forward after a very solid second-quarter report. Pending third-quarter results that yield similar success, I could see Jamieson stock reach above the \$20 mark before 2017 comes to an end.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:JWEL (Jamieson Wellness Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/28

Date Created

2017/09/26

Author

aocallaghan

default watermark

default watermark