



Valeant Pharmaceuticals Intl Inc. Surges ~12% in a Day: Why the Stock Could Easily Double in 2018

Description

Valeant Pharmaceuticals Intl Inc. (TSX:VRX)(NYSE:VRX) skyrocketed nearly 12% in a single trading session on reports that management is expecting to further improve the health of its balance sheet by cutting debt through a beefed-up cash flow stream.

These reports are nothing new to investors who've been following the company under the new management team led by Joseph Papa, who's done an incredible job of cutting debt and regaining investor confidence thus far — something that activist investor Bill Ackman had been unable to do, as shares lost most of their value just two years ago.

I've been pushing Valeant numerous times in many of my previous pieces over the last few months. The company is trading at a gigantic discount to its underlying assets, and I believe investors are unfairly avoiding the stock due to events that occurred in the past. With such a high book value relative to its market cap, many deep-value investors have indeed taken notice of late, and I think it's just a matter of time before the general public starts piling into the stock.

Valeant shares are [up ~34% since my buy recommendation earlier last month](#), but don't fret if you haven't gotten the chance to load up yet. Shares are still dirt cheap, and I wouldn't be surprised if shares doubled next year, as the company's promising new drug Vyzulta readies for launch. The drug is FDA approved and has shown promise in the treatment of glaucoma, a horrible disease that's in dire need of a blockbuster drug that can deliver.

Bausch and Lomb has been an absolutely fantastic business for Valeant in the last quarter, and with Vyzulta in the portfolio, it'll become even stronger. In addition to Vyzulta, Siliq, and Relistor Oral, two other drugs could boost cash flow and reduce the debt load quicker than anticipated.

Bottom line

Many investors haven't forgotten the Valeant crisis that happened a few years ago, and that's the main reason why the stock is still absurdly undervalued today, despite Papa's outstanding progress to

reinvigorate the company that was on the brink.

It's important to realize that Valeant has a clean slate with Joseph Papa, a leader with a wealth of experience who has all the tools to make the company great again. The once uninvestible stock is now [one of the best rebound bets on the entire TSX](#) today for those seeking next-level returns over the next five years.

Ultimately, the quarterly reports will dictate the direction of the stock, and given the promising portfolio of drugs that will ignite organic growth, I'm pretty confident shares will be a lot higher a year from now.

Forget Bitcoin and cryptocurrencies!

Valeant is a fairly low-risk play for those looking to maximize their capital gains over a short period of time. The stock is severely undervalued with numerous catalysts heading into 2018.

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