



Valeant Pharmaceuticals Intl Inc. Gets a Facelift! Time to Load Up?

Description

New CEO Joe Papa has done an impeccable job of turning the **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX) ship around. Valeant stock surged ~9% in a single trading session following the release of its solid Q1 2018 results, which saw organic revenue growth of 2% on a year-over-year basis and a solid beat on the earnings front.

Management raised its guidance and announced a much-anticipated company name change to Bausch Health Companies in order to further distance itself from the scandal during the Pearson-era.

Enter Bausch Health Companies

There's no question that there's still a stigma surrounding the name *Valeant*. Although the scandal occurred many years ago, the debt and greed-fuelled acquisition spree under Pearson and the Philidor scandal have not been forgotten by the public. In fact, the fraud will likely be remembered for decades as a prime example of what not to do in any ethics-related lesson.

Although Valeant is clearly on a new trajectory with a new management team, the stigma behind the company's name is definitely enough to turn off any investor who may have been more compelled to buy shares if it weren't for the cringe-worthy name that immediately brings back memories of destroyed shareholder value.

As such, I believe a new logo and name will do wonders for the stock as investors give the turnaround play a second look. The name change will take effect this July. Although I don't expect any rallies due to the simple name change, the positive implications on investor psychology will only serve to enhance interest in the name as the turnaround story continues.

The name *Bausch* comes from the company's promising eye care subsidiary, Bausch + Lomb, which is poised for strong organic growth and will play a huge role in the company's return to organic growth.

Positive implications from the name change aside, Valeant continues to show signs that a full recovery is inevitable with Joe Papa at the helm. He's already done wonders for the firm that was a sinking ship when he came onboard, and with his continued expertise, I'm confident that the company is not just

investible, but it may actually be one of the biggest winners over the next five years as the main story shifts from [debt levels](#) to organic growth from promising new drugs.

Solid Q1 2018 results could spark a sustained rally past 52-week highs

The big takeaway from the quarter was that the Bausch + Lomb and GI businesses clocked in promising organic growth on a year-over-year basis. Valeant's GI business clocked in 40% organic growth year-over-year thanks in part to Xifaxan and Relistor.

Valeant's 2018 guidance was raised with revenues expected to come in between \$8.15-8.35 billion and adjusted EBITDA expected to be between \$3.15-3.30 billion. With promising new drugs popping out of the pipeline, there are many reasons to remain optimistic, as a blockbuster hit could be enough to send shares through the roof as fears over the debt-load gradually diminish.

Valeant still appears to be a great buy after popping 9% in a day, and I think shares could be on a sustained rally to the high \$20 levels as investor confusion turns into confidence. Over the next five years, Valeant (or Bausch Health Companies) could emerge as one of Canada's [biggest turnaround stories](#). At this stage, I think the risk/reward trade-off is very attractive to investors seeking market-beating long-term growth.

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