



## Valeant Pharmaceuticals Intl Inc.: New Name, New Opportunity?

### Description

Few companies on the market trigger a response as memorable as that of **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX).

Once viewed as the darling of the market with a market cap exceeding some of Canada's Big Banks, its flawed business model that relied on cheap loans and a drug-pricing scandal sent the stock plunging over 90%.

Valeant has worked tirelessly to repair its flawed business model, but in the aftermath of those events, the company was left with over \$30 billion in debt.

Valeant's efforts over the past few years have included a new management team, revising its business model, divesting non-core assets to bring down its debt, and streamlining operations and investments into the core Bausch and Salix product lines.

Now Valeant is ready for its next transition: a new name.

### Why should Valeant change its name?

Valeant's epic drop in price, as well as its former flawed business model, are still on the minds of investors, particularly those who took heavy losses. A new name offers the company some hope for a fresh start, especially if the factors that led to that incredible decline in stock price have been addressed.

Valeant isn't the first company to perform this type of change. By way of example, **The Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG), was once known as Amaya Inc. That company's problems, which ranged from allegations filed against its former CEO to massive lawsuits and talk of taking the company private, weighed down its stock.

Since [changing its name](#), The Stars Group has been able to put the past behind it and emerge as a viable investment option, so it's not out of the realm of possibility that Valeant could be hoping for the same with its own name shift to Bausch Health Companies Inc.

As the new name implies, the focus of the company will remain around the Bausch and Salix line of products, which Valeant has often viewed as key to its recovery.

The change is slated to take effect in July and will also result in a change to the company's ticker symbol.

### **Is Valeant a good investment?**

Given its the problems, including its debt, the fact that the company is still here today talking about a turnaround, new products, and a revised business model is nothing short of impressive.

Valeant has paid down an impressive \$6.9 billion of its debt thus far, with an additional \$280 million payment coming in the past quarter, leaving the company with \$25 billion of debt.

The bevy of lawsuits filed against the company as a result of its former business model is also beginning to clear up. This year alone, Valeant has favourably resolved 20 lawsuits or investigations.

Then there's the recent quarterly results.

In the most recent quarter, Valeant reported revenue of \$1.995 billion, representing a 5% drop over the \$2.109 billion reported in the same quarter last year. Valeant raised its full-year revenue guidance to fall between \$8.15 billion to \$8.35 billion, representing a slight uptick from the \$8.10 billion to \$8.30 billion.

Valeant has improved immensely as an investment option and poses some potential for long-term investors, but Valeant still holds significant risk, particularly over the short-term. Investors who can't tolerate significant risk or with shorter-term investment preferences may be better served by any number of [growth options](#) available on the market.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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

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