



Valeant Pharmaceuticals Intl Inc. (TSX:VRX) Rockets Past 52-Week Highs: Time to Buy?

Description

Valeant Pharmaceuticals Intl Inc. (TSX:VRX)(NYSE:VRX) shares have been on fire of late, surging ~16% over the last two days on increased optimism over upcoming drug launches. This was sparked by an upgrade from Barclays' analyst Douglas Tsao, who believes the stock has finally hit an "inflection point." With three promising drugs in Duobrii, Bryhali and Altreno slated to launch in 2018 and more to come next year, the odds of yielding a "blockbuster" drug look to be increasing.

In many [previous pieces](#), I've been pounding the table pretty hard when it came to Valeant as the company moved away from damage control and into full-on growth mode. I even called Valeant one of my [top rebound stock for 2018](#) back in January.

The progress that CEO Joe Papa has made during his short time at the company can only be described as remarkable. Through calculated non-core asset sales, Papa has earned the company enough wiggle room to focus on earnings growth initiatives, rather than revenue-stunting asset sales in order to bring the debt-load back down to reasonable levels.

Sure, there's still over \$25 billion in debt plaguing the balance sheet, but as Papa has noted many times in the past, he's in no rush to bring the debt down to a level that would be deemed healthy by your average analyst over the near-term. While Papa could certainly continue his streak of offloading assets in order to chip away at debt further, he's chosen to roll with the punches instead and deal with debt maturities as they come.

Irina Koffler, a senior analyst at Mizuho, also added fuel to Valeant's rally by noting that the company's portfolio of drugs is "Mylan-like" thanks to the consumer-oriented nature of its offerings. Approximately ~50% of Valeant's revenues are derived from such stable products as contact lenses and various other over-the-counter offerings.

Bottom line

With many revenue-driving drugs poised to pop out of the pipeline over the near-term, it's not a

mystery as to why analysts and investors have been growing increasingly bullish on the stock. Insiders have also have eaten their own cooking over the past year, scooping up over \$6 million worth of their own shares over the last 10 months.

Given Papa's incredible track record, Valeant's incoming return to revenue growth and the stock's modest valuation, I'd encourage investors to scale into a position today before more analysts jump onto the bandwagon, which could send shares into the atmosphere.

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