



## This Unloved Drug Stock Could Have Massive Upside

### Description

Not all drug stocks are pot stocks on the TSX! Here's a pharmaceutical stock (remember those?) that's currently overlooked, but that could have massive upside.

It's one that value investors have been giving some serious side-eye, but the fact is that the following stock is a [high-growth superstar stock](#) that anyone looking to make some serious capital gains on the TSX might want to check out.

**Aurinia Pharmaceuticals Inc.** (TSX:AUP)([NASDAQ:AUPH](#))

Overvalued by almost eight times its future cash flow value, Aurinia Pharmaceuticals isn't what you might call a value purchase right now. As it's currently loss making, its forward-looking multiples are somewhat opaque, though we are able to see from its P/B ratio that Aurinia Pharmaceuticals is trading at 3.1 times its book price.

While past performance has been poor, Aurinia Pharmaceuticals has a whopping 71.7% expected annual growth in earnings ahead of it.

It's also an extremely healthy stock, with very little in the way of unsold physical assets and no debt at all. If you're looking for high growth and want a flawless balance sheet to go with it, Aurinia Pharmaceuticals delivers the goods.

### TSX and drugs and rock 'n' roll

Talk about your high-growth rockstars: Aurinia Pharmaceuticals is it. It's not a dividend payer yet, but looking at a huge growth spurt, Aurinia Pharmaceuticals is the biggest clinical stage biopharmaceutical stock you haven't heard of. It's active in the research, development, and sales of therapeutic solutions for treating autoimmune diseases.

Servicing markets in Canada, the U.S., China, and Switzerland, Aurinia Pharmaceuticals is geographically diversified, although potential investors should see this stock as a pure play autoimmune disease drug stock.

With a focus on the worldwide immunology drugs market, Aurinia Pharmaceuticals is currently undertaking second phase trials to evaluate Aurinia Pharmaceuticals' Voclosporin ophthalmic solution as a treatment for dry eye syndrome. Once accepted on the market for DES, Voclosporin would add large swathes of revenue for Aurinia Pharmaceuticals.

There's all kinds of overvaluation going on for Aurinia Pharmaceuticals, however, which is something of a shame for patient investors who have been waiting for share price to improve. Unfortunately, buying Aurinia Pharmaceuticals at today's price would be a bitter pill to swallow.

### **The bottom line**

Let's go back to that overvaluation. Is it realistic to think that Aurinia Pharmaceuticals will ever drop below a dollar a stock? In the past five years, its lowest point was \$2.70, after which it [leaped to almost \\$12](#). If you were to get in at its current price of \$7.51, you could still see a massive income once that +70% annual growth in earnings starts rolling in.

Analysts are giving a moderate to strong buy signal, and given that still fairly cheap stock price and he growth curve, it's easy to see why. If you're light on pharma stocks and want a serious contender outside all of these speculative small-cap biotech shares, Aurinia Pharmaceuticals is a good choice to stash and hold for long-term gains.

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1. Investing

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