



The Turnaround That Everyone Was Waiting for May Finally Be Occurring for This Company

Description

When the company formerly known as Valeant Pharmaceuticals came crashing down in 2015 as a result of a flawed business model, investors were left in awe as the once darling of the market lost over 90% of its value and was left with a broken business, substantial debt of US\$30 billion, and few prospects for how to fix those problems.

Fortunately, the company, now known as **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)), has done a phenomenal job under CEO Joe Papa, and the company is beginning to improve in the eyes of many investors.

Let's take a look at what Bausch has done so far, and how the company can complete its incredible turnaround and return to profitability.

Bausch's debt situation is finally under control

Few companies can attest to coming back from the brink, especially with a US\$30 billion debt load. Over the past few years, Bausch has paid off an incredible US\$7 billion of that debt and is on track to continue paying it down further.

An interesting point worth noting with respect to Bausch's debt is that the company has stated in the past that its debt-reduction targets are not to make Bausch completely debt free, but rather get the debt down to a manageable level, which, in the past, was touted as being in the US\$10-15 billion range.

Until recently, much of that debt reduction came in the form of selling off non-core assets, but Papa recently noted that the company had reached a point whereby it will no longer need to sell assets to pay down debt and that the best way to reduce debt going forward would be to grow earnings.

Earlier this month, Bausch announced a series of payments made to pay down senior secured loans, putting the total debt repayment in the quarter to approximately US\$240 million.

Growing business and settling past disputes

Another key update this month came in the form of a major legal settlement over the intellectual property rights of Bausch's Xifaxan drug.

The settlement reached will keep competitors from producing and bringing to market copies of the popular IBS drug for the next decade.

This is significant for two reasons. First, keeping Bausch's hold over Xifaxan for another decade permits the company to continue investing in R&D programs and advance other drugs, while maintaining a competitive advantage in the marketplace.

The second point is more related to investor confidence. Bausch inherited a number of legal disputes and Xifaxan was one of the biggest in terms of potential for the company, which is steadily growing, as witnessed by the nearly 110% gain the stock has made year to date.

Some of that gain can also be attributed to impressive gains in other drug markets. Bausch's Lumify eyedrops, for instance, have approached a nearly 20% hold on the market in recent months, and the dermatology drug Altreno that was approved earlier this year by the FDA is showing promise.

What about results?

Last month, Bausch announced results for the second fiscal quarter, which continued to showcase that the company's very public turnaround is progressing well, albeit slowly. Bausch saw sales of US\$2.128 billion, which, while lower than the same period last year, constituted the second consecutive quarter of organic growth since before the collapse in 2015.

An encouraging point worth noting was that [growth](#) from both Bauch + Lomb / international segments as well as the Salix product lines provided a huge boost, with the former accounting for 78% of all business.

The results were also strong enough for Bausch to announced updated adjusted EBITDA guidance for the remainder of the year.

While Bausch's turnaround is still a work in progress, the company has made impressive progress over the past year, which could be the catalyst for investors to finally [consider an investment](#).

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/09/11

Date Created

2018/09/25

Author

dafxentiou

default watermark

default watermark