This Unstoppable Non-Cannabis Stock Soared 215% in Under 2 Years — and It's Just Getting Started!

Description

What if I told you that you could get the upside potential of a cannabis stock while taking on a lesser magnitude of risk than your average Canadian growth stock?

High reward, low risk?

Alarm bells are probably going off for you right now, and rightfully so! But before you hit the *back* button on your browser, consider the opportunity at hand in **Bausch Health Companies** (TSX:BHC)(NYSE:BHC), the new and improved company formerly known as Valeant Pharmaceuticals which now has a new management team, a new strategy, and a balance sheet that's not nearly as ugly as it used to be.

Making Valeant-turned-Bausch great again

Just a few years ago, Valeant was a sinking ship destined for bankruptcy. The business model was flawed, with fraud behind the scenes and an unfathomable amount of debt weighing down its balance sheet. With little wiggle room to turn things around, most investors assumed that the company was unsalvageable.

Valeant brought Joseph Papa on board the sinking ship, and after a few years of burning the midnight oil, Papa has not only improved the company's probability of surviving, but he's also transformed the company into a legitimate organic growth engine that could be one of the best long-term rebound plays not only on the TSX, but also in North America.

Last year, I pounded the table on Bausch, claiming that it was one of the best rebound plays with Joseph Papa at the helm and that Bill Ackman was making a huge mistake by throwing in the towel at what I believed was the bottom.

"Joseph Papa has done a fantastic job with Valeant so far. He's the right man for the job, and I think he'll lead Valeant to a rebound over the next five years and beyond. Valeant is now a legitimate business, so smart contrarians would be wise to buy shares today, as the momentum could start to pick up in 2018," I said last December.

Fast-forward to today and shares are now up 215% since their April 2017 lows, which isn't bad for a return in just under two years' time! In spite of the incredible rally, shares are still cheap – dirt cheap, at 6.8 times forward earnings and 1.1 times sales.

While there's still the burden of $25.2 billion in debt as of the end of 2017, Papa is continuing to chip away at the debt every opportunity he's given.

Now, a company with twice as much debt as its market cap is obscene by anyone's standards, but given that there's no long-term debt coming due anytime soon, Papa has bought himself enough time to unlock the full potential of Bausch's strong portfolio of solid assets (like Bausch + Lomb). It's these core businesses that have the potential to cover future debt payments, as they come due without the need for additional divestitures.

Joseph Papa brought R&D back to the company after it had been stripped away by the infamous ex-CEO Michael Pearson. With a promising drug pipeline, Bausch's financial health is just one blockbuster drug launch away from silencing the skeptics who keep touting the company's massive debt as a reason not to buy Bausch stock.

Bausch isn't done yet: it's just getting started

Looking ahead, Papa and his team are committed to further enhancing its drug pipeline. New launches are coming up, and should they show promise, Bausch could easily triple up again over the next year. The stock's unsustainably undervalued given what Bausch is capable of, and as the company continues to cut ties with its troubled past, I suspect investors will slowly, but inevitably come rushing back.

Bausch has been winning big lately, which is all thanks to Joseph Papa, who's turned a train wreck into a bullet train whose momentum seems unstoppable.

Simply put, Bausch is a genius bet if you've got an investment horizon of at least three years.

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