



Up 30% in the Last Year, Bausch Health Companies (TSX:BHC) Shows Continued Progress

Description

In a year that has brought investors both financial and emotional stress, as the market has been extremely volatile, **Bausch Health Companies Inc.** ([TSX:BHC](#))([NYSE:BHC](#)) has been an [outstanding top performer](#) with a one-year return of 30%.

While Bausch Health Companies is not one we tend to consider when we talk about outperformance these days, the company has made strides in improving its business in the hopes that it can get back to the basics of driving shareholder value while delivering quality [health care](#) to patients.

And things are certainly continuing to go in the right direction.

Debt reduction

After a very difficult last few years, things are improving nicely with the new CEO at the helm and a focus on reducing the company's massive debt load and regaining investor confidence.

The net debt level remains extremely high, at \$23 billion, but it is being worked down, slowly but surely. Three years ago the company's debt levels were north of \$30 billion.

Most recently, the company announced that it will be using its cash flow generated from operations to redeem \$200 million of its outstanding 5.625% senior notes due 2021.

Better-than-expected results

The company has been performing well ahead of expectations in the last few quarters, and the stock clearly has momentum behind it.

In the latest quarter, the fourth quarter of 2018, EPS came in at \$1.03, well ahead of expectations in yet another quarter of better-than-expected results.

2018 cash flow was \$1.5 billion, and free cash flow was \$1.3 billion.

Hurdles remain

Promising news notwithstanding, this stock continues to be a comeback story, with many hurdles left, such as the company's oversized debt burden and legal issues.

The company remains the subject of various legal investigations related to pricing and accounting, placing another overhang on the stock.

But if the new product launches go as planned in 2019, and the debt continues to be worked down, this will serve to reduce the risk inherent in this stock, and it will increase investor confidence in the upside potential once again.

There are seven products that were recently launched, with another one, the psoriasis drug Duobrii, expected to be launched in 2019. So while investors will be waiting to get a better idea of what the ramp up of these new products will be, it is positive that the company has this much product development, as the threat of generics always remains a risk.

The secular growth story of the healthcare industry remains in the company's favour, and for those investors willing to have faith in this comeback story, there are definitely some good signs to latch onto.

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