2 Forgotten Investments That You May Want to Reconsider

Description

When an investment doesn't pan out as intended, some investors have been known to adopt a scorched earth policy and completely and utterly reject everything even remotely related to the company. Over the course of the past few years, we've seen multiple examples of this across a number of different segments of the economy. One example is **BlackBerry**, which finally returned to profitability a completely changed company, but still full of opportunity.

Today let's take a look at two other forgotten investments and determine whether it may be time to revisit them.

Bausch Health Companies — is a return likely?

Bausch Health Companies (TSX:BHC)(NYSE:BHC) is perhaps one of the most widely recognized stories of collapse that comes to mind. Operating under a former name (Valeant), Bausch had amassed a huge product portfolio of existing and new to market drugs through a series of acquisitions. Those acquisitions were funded in part through what could only be referred to as cheap loans, and following the acquisition the company would hike the cost of those drugs, upsetting customers and drawing the attention of regulatory agencies on both sides of the border.

The process repeated several times, with Valeant's share price shooting upwards, culminating in a valuation matching (and even briefly surpassing) some of Canada's Big Banks. When those cheap loans came due and a series of questionable practices began to unfold, Bausch's predecessor lost over 90% of its value in a very short amount of time, leaving a colossal hole in many investors' portfolios.

Since then, the company now referred to as Bausch has a new management team led by CEO Joseph Papa, and has not only stopped the bleeding but also revamped its business model, shed non-core assets, paid down part of its massive debt obligation and has even championed a path toward growth and profitability.

Why you should reconsider Bausch

There really is only one way to say it – this is a completely different company. Don't expect to recoup the losses incurred when Valeant imploded in 2015; this is a different company, with a different mandate that is worthy of consideration, albeit being a bit of a work in progress.

In short, Bausch has a new, experienced, and successful management team, has a focused line of products that the company has dubbed the significant seven, which the company predicts should add billions in revenue, and Bausch has impressively paid down billions in debt over the past four years.

Bausch is still not without risk, but a small position in the company could appeal to investors looking to diversify that are up to taking on that risk.

High Liner foods — still a good catch?

High Liner Foods (TSX:HLF) is a stock that doesn't appear to have hit bottom yet. As one of the biggest names in the frozen seafood market, High Liner enjoys an advantage in numbers, branding, and distribution options that many of its smaller peers simply cannot compete with. Historically, that was seen as a reason to invest in High Liner, but the company's recent results paint a very different picture.

Specifically, sales saw a US$20.1 million drop in the quarter, while adjusted EBITDA also dropped by US$1.1 million when compared with the same period last year. Net income for the quarter resulted in High Liner posting a US$800,000 loss, or US$0.02 per share loss for the quarter.

The results weren't entirely unexpected, as High Liner is in the midst of an organizational realignment to not only reduce costs, but also bring forth a period of sustained growth. With only the first organizational part of that turnaround now complete, the other five steps that CEO Rod Hepponstall noted could take longer to materialize, meaning that current and potential investors shouldn't expect a turnaround to occur in the next quarter.

Why you should reconsider High Liner

High Liner is risky, but not without reward. The company has plotted out a course to what could be years of growth, a key example being the Rubicon acquisition.

Beyond that, there's High Liner's current dominant position, which is unlikely to change anytime soon, and the discounted price at which the stock currently trades at, making it an attractive play for value-minded long-term investors.

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TICKERS GLOBAL

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2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:HLF (High Liner Foods Incorporated)

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