Why I'm Finally Revisiting This Former Growth Investment

Description

Earlier this week, I mentioned several appealing investments that are now likely excluded from long-term portfolios owing to the fact that they were once promising investments that eventually incurred massive losses.

One of those investments is **Bausch Health Companies** (TSX:BHC)(NYSE:BHC), which saw massive losses of near 90% a few years ago under its former name of Valeant and saw a flawed business model collapse in an epic fashion. Following that collapse, there are likely many investors out there who were badly burned by Valeant's collapse and have pledged to never get anywhere the stock again, and that's fine.

If, however, you're willing to put aside the past and consider Bausch for what it really is (a different company than it was), then you might want to take a look at the compelling reasons outlined below that, at very least, make a case for a small investment.

Bausch is super-focused

One of the things that I absolutely love about Bausch is how the company put a razor-like focus on the areas where the company could bring about the type of growth that it needed to survive.

Following the epic collapse of the stock a few years ago, Bausch identified areas of focus, such as its gastrointestinal line of products as well as its namesake brand of optometry-related products, as core to the company's survival.

Everything else that was deemed non-core was jettisoned and used to pay down its staggering debt.

Bausch has massively reduced its debt in the past few years

Bausch's debt, which once stood over $30 billion, has now withered down, with the company paying down $1 billion in fiscal 2018 alone.

As of the close of 2018, Bausch's debt stood near $24.6 billion, which may sound overwhelming, but keep in mind that the company has stated in the past that the intense debt repayment was not aimed at getting completely debt free, but rather getting debt down to a manageable point where Bausch could begin to see some real growth.

Bausch has already witnessed strong growth

With a huge chunk of debt paid off and a promising line of drugs coming to market over the next few years, in some ways Bausch has moved on to grow its business.

Last month, Bausch announced its first acquisition in nearly three years, acquiring certain assets of Synergy Pharmaceuticals for $195 million.

U.S.-based Synergy, which filed or bankruptcy back in December of last year, is focused on the development of new gastrointestinal therapies, which fits nicely into Bausch's core area focus.

Adding to that product mix is the company's "Significant Seven — a group of drugs that Bausch sees contributing $1 billion or more in revenue within a few years. All of those products thankfully fall nicely into that centralized focus area the company now caters to.

Final thoughts

Bausch is not an investment for everyone; the company is still perceived as a high-risk investment over any number of other promising growth options on the market at the moment, and Bausch doesn't offer a dividend to offset some of that risk, making it an automatic non-starter for income-seeking investors.

The company does, however, have a great management team behind CEO Joseph Papa, and, in all honesty, Bausch has accomplished much to correct its path since nearly going over the cliff a few years ago.

If you can stand the risk, a small position in Bausch may be warranted for long-term investors.

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