



Why This Fallen Investor Darling Soared Almost 10% Yesterday

Description

Up 39% from its lows of December 2018, **Bausch Health Companies Inc.** ([TSX:BHC](#))([NYSE:BHC](#)) has certainly made a comeback of sorts.

And while it is still relatively early days, many things are going right for this [healthcare stock](#) both from a company-specific perspective and from a macro perspective.

Bausch stock rallied almost 10% yesterday after its first-quarter release, showing strong revenue growth relative to recent years, which implies that its comeback is picking up steam.

Furthermore, the company increased its full-year 2019 guidance, with revenue now expected to be between \$8.35 billion and \$8.55 billion (from between \$8.3 billion and \$8.5 billion), and EBITDA expected to be between \$3.4 billion and \$3.55 billion (from \$3.35 billion to \$3.5 billion).

So first-quarter total revenue came in at just over \$2 billion, which represents a 4% constant-currency increase as revenue inches its way back up after falling off a cliff in the years leading up to 2018.

Net debt was reduced by over \$100 million, but this is pretty insignificant relative to total debt on the books of over \$23 billion.

But this is at least progress in the right direction. Three years ago, the company's debt levels were north of \$30 billion.

My view is that the healthcare sector is one of the sectors to own heading into a future of a rapidly aging population, whose health care needs will increasingly be at the core of spending.

Bausch is Canada's biggest healthcare stock, and as such, it cannot be ignored. With a focus on developing, manufacturing, and marketing "a range of pharmaceutical, medical device, and over-the-counter products, primarily in the therapeutic areas of eye health, gastroenterology, and dermatology," Bausch has a goldmine of products and competencies that have been overshadowed by its dark history.

Valeant Pharmaceuticals, as it was formerly known as, traded as high as \$340 in 2015, when this stock was the investor darling that was loved for the growth it was able to achieve until the market looked beneath this and realized that growing via acquisitions that are debt financed cannot last forever.

And it did not.

So the stock came tumbling down to lows of \$13 and is now trading at just over \$33 at writing, a fraction of its highs.

With its 39% rally off of its December 2018 lows, is the stock still a buy?

The answer is complicated. While risks remain in the form of persistently high debt and litigation clouds, Bausch is in the right industry and it has been doing to right things under its new CEO, Joseph Papa.

While the recovery remains in early stages, the healthcare sector is booming, the company is resolving litigation that's removing that cloud, and [valuation still does not reflect much good news](#) that may be coming from this powerhouse.

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

2019/05/07

Author

karenjennifer

default watermark