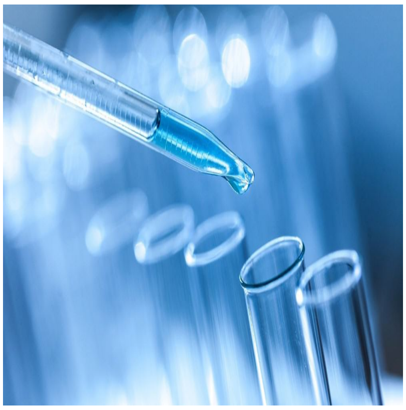

Is it Time to Reconsider Bausch Health (TSX:BHC)?

Description

Bausch Health (TSX:BHC)(NYSE:BHC) may not resonate as much with investors as its former namesake, Valeant, once did, but a slew of positive developments over the past few years now has many investors wondering whether the stock is set to finally see some breakout growth.

To be fair, I'm not suggesting that Bausch can or will hit the highs that Valeant once did, at least in any foreseeable future. The losses from the Valeant collapse several years ago are long gone, and Bausch is, in every sense, a very different company with its own opportunities.

Why now? What's different?

The first question on everyone's mind is, what exactly makes Bausch that much of a different investment at the moment? To answer that, let's spend some time looking at all the accomplishments the company has made since CEO Joe Papa has been on board.

First, there's debt. In the fallout of the Valeant debacle, the company was left straddled with an incredible amount of debt — in the area of $30 billion when factoring in everything. That's a staggering amount of debt that surpasses even what some small countries have. Adding to those woes was the fact that the business model was badly bruised, and the portfolio of drugs that the company had at the time was swelled with products that weren't in a well-defined niche but rather all over the place, from dermatology and gastro products to the much-hyped female viagra.

What Bausch did to counter all of those issues was offload those non-core assets, fix its ailing business model, slash costs across the board, and put a focus on a niche market that it could operate in, which, under its new leadership, new name, and renewed focus, was quickly cemented into the DNA of the new company.

Today, Bausch still has debt, but the $24 billion in long-term debt does not come due for several years. In fact, just under $1 billion in debt obligations are set to mature over the next few years. In other words, Bausch is doing a good job at paying down its debt, meeting its obligations, and staying current.

Bausch's Significant Seven announcement over a year ago seems finally to be coming to fruition. Earlier this month, Bausch announced results for the first quarter of fiscal 2019, which revealed what the company referred to as a strong start for several of those famed drugs, including 11% growth for Xifaxan in the quarter, the FDA approval for DuoBrii, and the launch to market of Bryhali.

Overall, Bausch reported the highest quarter of organic revenue growth in the company since fiscal 2015, and the highest organic revenue growth from the namesake Bausch + Lomb brand since its acquisition.

Also noteworthy was the fact that Bausch completed the acquisition of Synergy Pharmaceuticals in the quarter, while still managing to reduce its debt further, prompting the company to issue improved guidance for the remainder of fiscal 2019.

Should you buy?

To be clear, Bausch still holds risk, and some of that risk is understandable because of its prior incarnation and the debt that it left behind. That may be enough for some investors steer clear from the company, but for those that are purely looking at where Bausch is today and where it plans to be over the next decade, there is plenty of room for growth. A small position in the company may be warranted.

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
2019/05/26
Author
dafxentiou