A Top Growth Stock You Can Buy Right Now

Description

Investors in search for growth stocks in today's investing landscape may naturally be attracted to the tech and marijuana sectors. However, those sectors aren't the only ones with a strong growth potential. Excellent opportunities might be hiding elsewhere, and astute investors will know to look for them. Let's look at a pharmaceutical company that may be able to deliver market-beating returns over the next few years: **BioSyent** (TSXV:RX).

BioSyent's business model

Companies can benefit immensely — both from a financial and name-recognition perspective — from having the exclusive rights to sell an innovative drug. However, the process that leads to acquiring said rights is often gruesome. Never mind that the drug has to be developed in the first place, which can take years and the combined intellect of various scientists (who don't work for free). It then has to be approved by the relevant governmental authorities.

To do so, the drug has to pass a series of clinical trials that weigh its benefits against its potential side effects, among other things. In short, pharmaceutical companies invest small fortunes getting their products on the market. Whether they reap the financial profits of this depends on how the market responds to the drug.

BioSyent circles around some of this process, though. The Ontario-based firm scans the globe for innovative pharmaceutical products that already have a proven track record. The company then acquires the exclusive rights to these products and manages the approval process in Canada. Recently, BioSyent announced that Health Canada had approved Tibella, a drug designed for the short-term treatment of vasomotor symptoms due to estrogen deficiency in postmenopausal women.

This product has been used in other parts of the world for many years and has a proven track record; in particular, it presents fewer side effects than many of its competitors. According to René Goehrum, president and CEO of BioSyent, “This product complements and enhances the existing portfolio of women’s health products in our Community and Women’s Health Business and we are looking forward to launching a proven product for a large and growing patient population.”

The acquisition of the exclusive right to Tibella is a textbook example of BioSyent’s business model.

Should you buy?

Over the past five years, BioSyent has increased its number of marketed products in Canada from three to eight. Over the same period, the firm’s revenues have increased by about 175%, while its earnings before taxes and diluted earnings per share have both soared by 200%. Further, BioSyent’s available cash has skyrocketed by about 450%, and the company currently has no debt.

BioSyent is currently priced relatively high, trading at about 18 times past and 14 times future earnings. Though the firm’s revenue and earnings growth has been commendable in recent years, it is doubtful whether this valuation is justified. BioSyent is certainly an interesting prospect, though, and investors who don’t mind taking on a little more risk should seriously consider jumping aboard this train.

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