



## Is it Time to Revisit These 2 Former Greats?

### Description

When the markets retreat as they have in recent weeks, an opportunity to revisit certain underperforming stocks emerges. This is particularly true for those stocks that recently completed a turnaround and haven't fully proven themselves in the eyes of investors.

Two such investment options are **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)) and **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)). Let's take a look at both of these companies and determine if the recent market pullback translates into a buying opportunity.

### You might be surprised how healthy this company is

There are few companies still on the market today that have endured a turnaround on the scale that Bausch has. Following a failed business model that was built on cheap loans and successive acquisitions, Bausch has finally amassed a nicely sized portfolio of products with [significant earnings potential](#) (which the company has rightfully referred to as the Significant Seven). Adding to that appeal is the fact that Bausch has clawed away at its massive debt and is nearing a return to profitability.

Why would you want to consider Bausch for your portfolio? Apart from the growing number of profitable products in its portfolio, Bausch is finally a viable option to consider. That may leave a bitter taste to one-time investors under the company's former incarnation, but this really is a different company.

In the most recent quarter, Bausch registered 3% organic growth — the company's sixth successive quarter of growth. The company also managed to generate US\$339 million in cash from operations while paying down US\$100 million in debt in the most recent quarter.

If you have an appetite for risk and are a long-term investor, a small position in Bausch may be justified.

### Will this stock finally go nuclear?

Unlike Bausch, Cameco isn't suffering from a broken business model but rather a lack of growth. As

one of the largest uranium miners on the planet, Cameco provides fuel to nuclear reactors around the globe under long-term contracts, not unlike the PPA contracts that utilities use. While this shields Cameco from immediate fluctuations in the market price of uranium, it's still dependent on there being demand for uranium on the market.

Following the Fukushima disaster in 2011, demand for nuclear power, and, by extension, the uranium the Cameco mines, dropped significantly. This resulted in the market price for a pound of uranium dropping from near US\$60 to the low US\$20s. This left the company mining a product that was decreasing in value and nobody was buying. Adding to those woes was the fact that Cameco didn't reduce production to match that much lower demand, which resulted in a glut of uranium hitting the market. A longstanding dispute with the CRA also weighed in on Cameco, with a potential \$2 billion tax bill driving the stock even lower.

So, what has changed, and why now?

There are three factors that point to a better future for Cameco. First, we have Cameco's steep production cuts. Cameco shuttered many of its higher-quality facilities, which slashed costs significantly. The company also began fulfilling orders from its existing supply reserves, buying excess uranium off the market itself, which has helped to kickstart demand, as did an influx of new reactors under construction around the world. Finally, a favourable decision in the CRA dispute removed a massive cloud over the company's delicate finances.

Whether or not this makes the company a viable investment remains to be seen. Cameco is not without risk, and while nuclear power is steadily making a renaissance in some markets, it could be a few more quarters before the production cuts provide the jolt the market needs.

Investors with an appetite for risk may want to consider a small position in the stock, while others with shorter timelines or who want an [income stream](#) may be better off looking elsewhere.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. NYSE:CCJ (Cameco Corporation)
3. TSX:BHC (Bausch Health Companies Inc.)
4. TSX:CCO (Cameco Corporation)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

## 1. Investing

**Date**

2025/07/22

**Date Created**

2019/08/26

**Author**

dafxentiou

default watermark

default watermark