



2 Top Health Stocks for 2020

Description

Healthcare is a major industry and certainly one of the most important given that human survival depends on it. It's therefore an industry that's generally recession proof. As such, it's always growing amid new discoveries and research.

As the population continues to age, the demand for healthcare products and services will continue to increase, making healthcare stocks one of the best investments you can make today.

Wellness companies will also be poised for growth. As the trend in healthy eating and exercising continues to impact society, it's driving more people to think about their choices and choose healthy alternatives. This trend will continue to grow and compound, impacting companies in that space in a positive way.

The two top health and wellness companies are **Jamieson Wellness Inc** ([TSX:JWEL](#)) and **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)).

Jamieson Wellness

Jamieson is a health and wellness company that sells items such as vitamins and supplements. Its brand is one of the oldest in the country and a consumer favourite that can be found in many households across Canada.

Jamieson is directly benefitting from the trend to move to healthier alternatives. As consumers continue to care more about what they are putting in their body, vitamin and supplement companies are seeing a lot of new consumption.

It's been growing its revenue continuously and is now also looking internationally. Roughly a third of Jamieson's growth stems from international markets. The company continues to put a lot of effort into its international rollout and is seeking to have 15 to 20 products launched in China by the end of 2019.

The company has seen consistent growth for 30 years. Going forward, 2019 guidance suggests total

revenue growth of between 5% and 9% and adjusted earnings per share growth of between 5.9% and 11.8%.

The company is in a very sound financial position, with net debt just over \$150 million compared to a market cap of ~\$930 million.

According to company guidance, earnings before interest, taxes, depreciation and amortization (EBITDA) this year are expected to be between \$73 to \$76 million, giving the company a net debt to EBITDA number of just over two times earnings. In addition, its dividend yields ~1.6%.

Bausch Health

Bausch Health, formerly Valeant Pharmaceuticals, is a pharmaceutical company that develops, manufactures, and markets a broad range of products. It operates through its main brands, Bausch & Lomb and Salix Pharmaceuticals. More than 80% of revenues comes from these two companies.

Bausch & Lomb is one of the world's largest suppliers of eye healthcare products. Its strategy in China has been fantastic, and it continues to see a ton of growth there and is now the number one contact lens producer in China.

Salix, its other major company, is an American pharmaceutical company — the largest in the world — focusing on intestinal problems. It primarily produces drugs and devices to treat a variety of intestinal diseases.

In total, [Bausch](#) has a large number of products, giving its revenue streams solid diversification on top of the fact that many of its products face little or no competition.

It's been in a turnaround since 2015, when it had its infamous fall from glory. Bausch has done an incredible job rebranding itself, however, and is now mostly complete on the turnaround. Its new strategy of organic growth and a strong development pipeline has certainly been paying off.

Investors who remember Bausch's past may be fearful of the company's residual debt levels. While the debt is still high, it's becoming a lot more manageable, with more than \$8 billion paid back since the beginning of 2016.

Currently, the debt level sits at a net debt to EBITDA of 6.6 times earnings, which is much more manageable.

If Bausch can continue to reduce its debt while having the funds to grow organically, it will truly be the best company in the industry.

Bottom line

Both companies are leaders in their respective industries. Jamieson is a top stock that is poised to benefit from the growing trend in health and wellness. Bausch is an incredible stock with strong brands and many products earning stable cash flows.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:JWEL (Jamieson Wellness Inc.)

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