



Is Bausch Health Companies (TSX:BHC) a Buy?

Description

Just a few short years ago, **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)) transitioned from being known as a market darling with massive long-term potential to a [stock that badly bruised investors](#) with losses in excess of 90%. Bausch was known under a different name back then, and the company has turned itself around impressively over the years, raising the question on every investor's mind: Is Bausch is finally a good investment?

Let's try to answer that question by taking a closer look.

Let's be clear: this is not the old Valeant

There are those investors that refuse to acknowledge Bausch's former name. Whether this is because the losses from that epic collapse are still fresh or that those investors prefer to not acknowledge that past doesn't matter.

Bausch is a completely different company today. Bausch no longer has a business model based on acquisitions and fueled on cheap loans. The company is also no longer the subject of countless lawsuits ranging from price gouging to misrepresenting financial data.

Finally, while Bausch does have a substantial amount of debt of \$23 billion, it pales in comparison to the mammoth \$30 billion debt the company was straddled with a few years ago.

Bausch itself has plenty to look forward to. Apart from continuing to chew away at its debt, the company has just \$1.5 billion in debt obligations for fiscal 2020. While that number will swell to over \$4.5 billion by 2022, Bausch has strong growth projects in line today that will significantly add to its revenue stream.

By way of example, take the company's namesake, Bausch & Lomb. The segment has quietly outperformed other areas of the company, by posting solid organic revenue growth for 12 consecutive quarters. In the most recent quarter, this amounted to \$1,175 million in revenue, or just over 50% of the company's total \$2,209 million in revenue for the quarter.

Another rising star is Bausch's gastro segment, Salix. Strong growth and new products have allowed Salix to flourish in recent quarters. In the most recent quarter, the segment brought in \$551 million in revenue, representing a 20% hike over the same period last year.

Where does this leave investors?

There's a compelling case to be made for investing in Bausch as a small part of a larger long-term growth portfolio, but investors should know that Bausch is not without risk. Specifically, Bausch's debt levels remain of key concern, despite the company noting that it had a goal of getting its debt down to a manageable level rather than completely eliminating it.

In my opinion, Bausch is an intriguing investment for investors with an appetite for risk. The fact that the company has seen its stock price surge by nearly 60% is also encouraging, especially considering that Bausch still has more products coming to market and continues to forecast strong growth.

Those investors with less of a tolerance for risk might prefer investing in a more [defensive holding](#) that can also provide income-earning potential.

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Date

2025/07/06

Date Created

2020/02/11

Author

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