



1 TSX Healthcare Stock Could Be the Next Buyout Target

Description

A COVID-19 vaccine manufacturer is preparing to expand its pipeline, as evidenced by the definitive agreement with a Canadian clinical-stage immuno-oncology company. **Pfizer** will acquire **Trillium Therapeutics** (TSX:TRIL)(NASDAQ:TRIL) for \$2.26 billion — a 118% premium to the 60-day weighted average price for the healthcare stock.

Meanwhile, another [growth stock](#), **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)), is due for a [breakout in 2021](#). The Laval-based company that is dedicated to advancing global health could be a buyout target. Bausch sells a broad range of products in more than 90 countries on nearly all continents.

Favourable deal

Trillium shares jumped 185% to \$22.22 on August 23, 2021, when news about the Pfizer deal broke out. The \$2.29 billion company from Mississauga has two lead drug candidates, TTI-622 and TTI-621. These drugs hope to enhance the ability of patients' innate immune systems to detect and destroy cancer cells.

According to Andy Schmeltz, Global president & general manager, Pfizer Oncology, the acquisition should enhance Pfizer's hematology portfolio. For Trillium's CEO, Dr. Jan Skvarka, the proposed acquisition by Pfizer reflects the firm's potentially best-in-class SIRP?–CD47 status and contribution to immuno-oncology.

Last year in September, Pfizer already invested \$25 million in Trillium as part of the Pfizer Breakthrough Growth Initiative (PBGI). Since then, Jeff Settleman, SVP and chief scientific officer of Pfizer's Oncology R&D Group, was a Trillium's Scientific Advisory Board member.

The Pfizer-Trillium deal will only close pending regulatory approval and necessary closing conditions. Once the transaction is complete, Pfizer plans to fast-track the clinical development of the SIRP?fusion proteins. It will also test combinations within its portfolio and with new drugs for hematological malignancies.

Trillium is happy because Pfizer's global reach and deep capabilities can advance its programs with patients more quickly. Besides the good outcome for patients, Dr. Skvarka believes the deal favours shareholders.

IPO of medical aesthetics leader

Bausch Health manufactures and markets branded and generic pharmaceuticals, over-the-counter (OTC) products, and medical devices. Among the popular devices are contact lenses, intraocular lenses, and ophthalmic surgical equipment.

This \$13.1 billion specialty pharmaceutical company focuses on eye health, gastroenterology (gastrointestinal diseases), and dermatology. Apart from North America, Bausch caters to markets in Latin America, Europe, Africa, the Middle East, and the Asia Pacific region.

While revenue in Q2 2021 grew 26% versus Q2 2020, Bausch's net loss increased 83% to \$595 million. Nonetheless, cash from operations increased 98% to \$395 million. Despite the higher losses, the stock continues to [outperform](#). Also, at \$36.53 per share, the trailing one-year price return is 60.78%.

Before the presenting the quarterly results, Bausch Health announced in early August 2021 that it would reduce debt by \$350 million. The company will use cash on hand and cash from operations plus redemption of outstanding senior notes.

Management plans to pursue the IPO for its Solta Medical business to raise more capital to pay down debt. Solta is a leading global provider in medical aesthetics with innovative and effective skin rejuvenation and body contouring solutions. Bausch targets the IPO date on Q4 2021 or the first half of 2022, subject to market conditions.

Top TSX healthcare stocks

Trillium Therapeutics is a prize catch. The deal with Pfizer is beneficial to both parties and shareholders. Bausch Health has a long product pipeline. It may or might not need a buyer to accomplish its commitment to developing more innovative products.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2021/09/01

Author

cliew

default watermark

default watermark