



## Why Bausch Health Companies (TSX:BHC) Is up Over 30% in 2021

### Description

**Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)) continues to climb in the last year, up about 30% year to date as of writing and 54% in the last year. Health companies like Bausch stock have been doing well with the end of the pandemic hopefully near. And as of writing, shares of the company exploded 7% overnight. So, let's dig into why Bausch stock specifically continues to climb.

### What happened?

Bausch stock continues to see positive momentum thanks to a strong quarter that included updated 2021 guidance. Earnings beat analyst [expectations](#), reporting increased year-over-year revenue of 26%, repaying debt of US\$500 million, with plans to further pay down another US\$350 million in debt. Bausch stock also announced earnings per share (EPS) of \$1.66, almost double the \$0.92 made in 2020 and far ahead of analyst expectations. But furthermore, the company also announced some strong notes for the future. Its Solta Medical business should soon announce its initial public offering.

However, the company also revised its annual guidance, bringing down expected revenue range to between \$8.4 and \$8.6 billion from \$8.6 and \$8.8 billion. This came down to a few problems that management believes are merely one-offs. Plus, the sale of its Amoun Pharmaceutical Company S.A.E for US\$740 million will certainly help in the near future.

But investors should also be aware of a recent drop in Bausch stock. This came from a lawsuit where Bausch agreed to pay US\$300 million to settle an antitrust lawsuit. The company was accused of "illegally maintaining a monopoly on the diabetes drug Glumetza." This led to a price hike of 800% back in 2015.

### So what?

The company has changed since 2015 — even changing its name from Valeant Pharmaceuticals — but the sting is still there. And this could lead to further losses and bad press leading to poorer financial outcomes. The deal, if approved, has already been dubbed the second-largest, or even, indeed, the

largest, recovery ever for a case such as this. Shares of Bausch stock dropped when the announcement was made, falling for five consecutive days straight.

And then suddenly, it wasn't.

Shares of Bausch stock suddenly exploded overnight after Monday's trading. Bausch stock climbed about 7% after an analyst conducted a sum-of-the-parts analysis. The analyst believes the stock is worth at minimum \$40 per share. That is still below where it trades at writing at \$36 per share and far away from the \$33 trading on Monday.

## Now what?

If you're looking to invest in Bausch stock, I would look at the company's fundamentals. It has a solid [pipeline](#) in the future and remains weighed down by short-term financial fallbacks. The sale of Amoun and the Solta IPO will be strong for the company's business moving forward. Furthermore, it offers a valuable EV/EBITDA of 10.71 as of writing and price-to-sales ratio of 1.56.

Before the fallout of 2015, shares of the company exploded. And with new medications on the rise, that company is still far away from those numbers. It might be a solid time for investors to jump on this stock on the back of positive reports, especially now that the 2015 settlement is complete. Bausch stock may finally be able to move on, so investors may want to get on board while they can.

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