1 Canadian Stock on the TSX Today That's Falling After Earnings

Description

If you're looking towards the health sector for growth these days, you may want to be careful. As earnings reports swarm in, those that were doing well during the pandemic are showing some weakness. That was the case for Canadian stock **Bausch Health** (TSX:BHC)(NYSE:BHC) on Tuesday.

What happened?

Shares of Bausch Health fell by 6% since earnings, announcing revenue and earnings per share (EPS) *well* below analyst estimates. Revenue came in at $2.11 billion, far below the average $2.72 billion expected. As for EPS, that came in at $0.52 — a far cry from the $1.33 expected. Meanwhile, the quarter before defied expectations, coming in at an EPS of $1.66.

Management stated the Canadian stock is still a work in progress and in recovery from the pandemic. Chairman and CEO Joseph Papa stated, "We have remained steadfast in our commitment and have been working diligently to accelerate the strategic alternatives process that will enable us to unlock value in our three attractive businesses as soon as possible."

But apparently, that's not this quarter.

So what?

Shares of Bausch Health on the **TSX** are up 17% year to date. But again, that's a fraction of where it was back in 2015 at around $335 per share! The company clearly wants to get back to these levels, making significant investments that investors continue to wait to see pay off.

This includes launching new eye drops in the United States, divesting of investments in Abu-Dhabi, repaying $1.1 billion in debt, and receiving approval from the FDA for a new drug for macular edema. Further, it expects to launch the initial public offering (IPO) of Solta Medical in late December or early January.

But is this enough for the Canadian stock to make a rebound? Management remains confident. Despite coming in far below estimates, the company reaffirmed its 2021 outlook. It still expects full-year revenue to range between $8.4 and $8.6 billion, with adjusted EBITDA between $3.35 and $3.5 billion.

Now what?

The pandemic continues to wage war on companies, and that includes Bausch Health. A Canadian stock that needs support in a post-pandemic world will continue to have to either wait or find ways to expand. Motley Fool investors that believe this company can make a comeback on the TSX today can then get a steal at today's values.

However, in my view, I'd take more of a wait-and-see approach. There are several drugs in the approval range but not approved yet. The company needs money to pay down debt and will have to come up with new ways to achieve this. Furthermore, we're still waiting for other "strategic alternatives" that could attract more business.

When this Canadian stocks rebounds, analysts believe it could jump by 26% in the next year. But we're still waiting. For now, I would perhaps add this to your watchlist, and should the stock start to climb, hop on board at that point. Perhaps not any sooner. Or else you could be stuck with a volatile stuck that you can't get rid of.

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Date
2025/08/18
Date Created
2021/11/02
Author
alegatewolfe