



Should You Buy Bausch Health (TSX:BHC)?

Description

The importance of diversifying your portfolio is something that can't be understated. Too often, investors will focus on a few well-known and covered segments of the market, while neglecting others. One such area worthy of consideration is the pharmaceutical segment. Specifically, let's take a look at if you should buy **Bausch Health** ([TSX:BHC](#))([NYSE:BHC](#)).

Out with the old and in with the new

Bausch is well known to some investors. Several years ago, the company operating, under its former name of Valeant, came to the brink. In short, the company had a failing business model that was propped up on increasingly larger acquisitions and cheap loans.

Once the acquisitions dried up and the loans came due, the business came to a screeching halt. The stock tumbled over 90%, leaving investors to run as fast as they could away from the former market darling.

Left with billions of debt and a failing business model, Valeant undertook a very painful and public clean-up process. The company brought in an experienced management team to the C-Suite, sold off assets it no longer needed, and paid down its staggering debt.

Fast forward to today, and the company now known as Bausch is an impressive option that has nothing in common with its former self.

That new is pretty impressive

One of the most impressive aspects of Bausch is the ability of the company to pay back its debt. That debt was a staggering US\$30 billion at one point. Today, the company is much healthier and continues to pay down that balance.

By way of example, in the most recent quarter, Bausch repaid a whopping US\$1.1 billion in debt.

Bausch used a combination of cash on hand, cash generated from operations, as well funds from a divestiture to finance that payment. That factor alone makes a unique case for investors to buy Bausch, but there's still more.

Another area where Bausch has made significant progress is with its product portfolio. The company is not only more focused on core areas of specialty, such as eye care, but Bausch is also churning out new products. Some examples from the most recent quarterly update include XIPIRE, NOVO3, and VYZULTA.

XIPIRE, which is used to treat macular edema issues, just received approval from the FDA. This means that a launch could come in early 2022. NOVO3, which is used to treat dry eye disease, recently announced results from its phase-three trials. This could spell an NDA (new drug application) being filed with the FDA in early 2022. Finally, VYZULTA, an ophthalmic solution, received regulatory approval in Thailand.

In short, Bausch has a profitable line of existing and planned products while it continues to pay down debt. If that isn't enough, Bausch is in the process of launching a few IPOs later this year or in early 2022. Those IPOS will be for Solta Medican and the company's namesake Bausch + Lomb.

Final thoughts: Should you buy Bausch Health?

I often remind investors that every single investment carries at least some risk. That's certainly true when it comes to considering Bausch as an investment. That being said, there's another phrase just as important as that first one. That phrase is a simple one: avoid emotional investing.

That statement usually applies to investors that underestimate risks, but the opposite is also true. Potential investors looking squarely at the past may be missing out on a superb long-term opportunity.

Speaking of opportunities, the weakness stemming from Bausch's recent quarterly update provides a unique opportunity. Prospective investors can buy Bausch at a bit of discounted rate.

In my opinion, Bausch is an [intriguing investment](#) to consider as (a small) part of a [well-diversified portfolio](#).

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Date

2025/07/21

Date Created

2021/11/10

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