



Why Bausch Health Stock Has Risen 44% in the Last Month

Description

What happened?

Shares of **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)) have seen a sharp rally in the last month. After falling for seven months in a row, BHC stock jumped by 33.6% in August, posting its best monthly performance since November 2017. With this, Bausch Health's stock price has risen by about 44% in the last month against a 1.2% decline in the [TSX Composite Index](#).

So what?

BHC stock started August on a solid note, as it popped by nearly 23% in the first week of the month. Investors' high expectations from its second-quarter results could be one of the reasons for this rally. However, Bausch Health's quarterly results, [released](#) on August 9, largely disappointed investors.

The company's total revenue fell by 6.3% year over year in the June quarter to US\$1.97 billion due to foreign exchange headwinds of around US\$64 million and the impact of divestitures and discontinuations of US\$74 million. Similarly, Bausch Health's adjusted net profit for the quarter fell by 42.9% from a year ago to US\$201 million, missing analysts' estimate of around US\$325 billion by a big margin. Its earnings miss clearly disappointed investors, as its stock dived by 10.7% on the day of its earnings event.

Nonetheless, BHC stock rallied sharply by more than 18% in the next couple of sessions. This rally came after the company announced its intentions to appeal the U.S. District Court of Delaware's decision regarding the XIFAXAN patent in the U.S. Court of Appeals for the Federal Circuit.

On August 22, Bausch Health revealed that it has transferred about **Bausch + Lomb's** 38.6% issued and outstanding shares to one of its existing wholly owned unrestricted subsidiaries. With the separation of its eye health business, the company continues to increase its focus on Bausch Pharma and Solta businesses. The rally in BHC stock gained further steam last week after announcing exchange offers and consent solicitations for certain existing senior notes.

Now what?

Despite its solid recovery in the last month, BHC stock continues to trade with massive 75.7% year-to-date losses against a 9.2% decline in the TSX Composite benchmark. While its sales growth might improve in the coming quarters with the help of its intensified focus on the pharma business, Bausch Health stock's extreme [volatility](#) and macroeconomic uncertainties make its stock risky for investors with a low-risk appetite at the moment.

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