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# Research Summary

Bausch Health Companies Inc.



# TABLE OF CONTENTS

03

- Overview
- Industry Analysis

04

- Key Financial Highlights for 3Q21

05

- Outlook

06

- SWOT Analysis

07

- Business Segment Analysis

08

- Strategic Drivers





# Bausch Health Companies Inc.

NYSE: BHC

Bausch Health Companies Inc. (NYSE: BHC) is a leading healthcare company that manufactures and markets a range of pharmaceutical, medical device and over-the-counter products mainly in the therapeutic areas of eye health, gastroenterology and dermatology. The company is based in Quebec, Canada.

## C-Level Executives

- Joseph C. Papa, Chairman of the Board and Chief Executive Officer
- Sam Eldessouky, Executive Vice President and Chief Financial Officer
- Christina M. Ackermann, Executive Vice President, General Counsel, Head of Commercial Operations

## Industry Analysis

Within the eye health market, Bausch is witnessing an increase in the rate of myopia. The company is seeing demand for products that address eye health issues brought on by factors such as increased screen time, lack of outdoor activities and academic pressures. In addition, the population is aging as more baby-boomers reach the age of 65, which in turn drives demand for eye health.

Within the dermatology market, there appears to be a growing demand for products that tackle psoriasis, atopic dermatitis and acne. Patients tend to prefer topical products to treat skin conditions rather than injectable biologics. The company sees ample growth opportunity in these markets.



## Key Financial Highlights 3Q21



**\$2.11 billion**

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Revenues totaled \$2.11 billion, down 1% year-over-year



**\$885 million**

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Adjusted EBITDA was \$885 million



**\$188 million**

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Net income amounted to \$188 million, or \$0.52 per share



**\$1.53 billion**

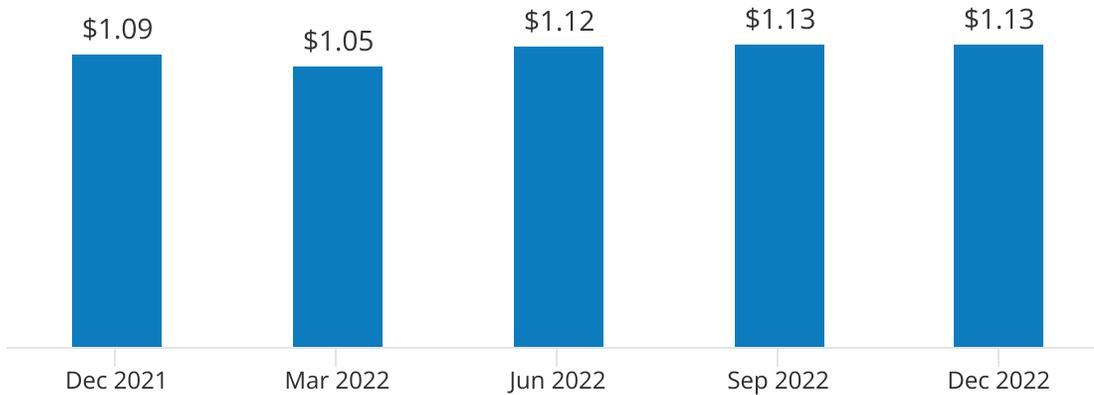
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Total expenses dropped 8% to \$1.53 billion



# Outlook

## Quarterly Earnings Forecast (Consensus EPS Forecast)



For the full year of 2021:

- Revenue is expected to range between \$8.40-8.60 billion
- Adjusted EBITDA is estimated to range between \$3.35-3.50 billion



Sam Eldessouky,  
EVP and CFO

“While we expect our businesses will continue to grow and overcome the pandemic challenges, it’s important to point out that the rate and duration of recovery is different by business. We’re not yet fully recovered, and we expect that the recovery will continue in Q4 and into 2022.”



# SWOT Analysis

## Strength

- Has leadership position in the eye health market
- Well-established product portfolio provides a sustainable revenue stream to fund operations

## Weakness

- A large portion of its vision care products, medical devices and surgical systems are dependent on elective medical procedures and are thereby subject to revenue fluctuations
- Operates in a highly competitive market and faces loss of exclusivity for products

## Opportunities

- Has opportunity to grow revenue in the eye health market through the launch of new products
- Has opportunity to expand its product portfolio for conditions such as psoriasis and acne in the dermatology market

## Threat

- Sales of products could be impacted by the postponement of elective medical procedures
- The pricing and sales of its products could be negatively impacted by the launch of rival products



# Business Segment Analysis

**Bausch + Lomb** – This segment covers the company’s eye health business and includes pharmaceutical, OTC and medical device products related to vision care, surgical and ophthalmology. In the third quarter of 2021, revenues in this division increased 4% year-over-year to \$949 million.

**Bausch Pharma** – The remainder of the Bausch Health business is classified as Bausch Pharma and includes four divisions – Salix, International Rx, Ortho Dermatologics, and Diversified Products. In Q3, total revenue for Bausch Pharma declined 5% to \$1.16 billion.

- **Salix:** This segment consists of sales of the company’s gastroenterology products in the US. In Q3, revenues increased 6% to \$527 million.
- **International Rx:** This segment consists of sales of the company’s pharmaceutical and OTC products outside the US and Puerto Rico and excludes the sales of Bausch + Lomb products and Solta aesthetic medical devices. Revenues in this division fell 12% to \$271 million in Q3.
- **Ortho Dermatologics:** This division covers the US sales of Bausch’s dermatological products and global sales of Solta aesthetic medical devices. Q3 revenues dropped 2% to \$140 million.
- **Diversified Products:** This division includes the US sales of pharmaceutical products in neurology and other therapeutic areas as well as generic products and dentistry products. Revenues in Q3 fell 19% to \$224 million.

Bausch operates through five operating segments:

- Bausch + Lomb
- Salix
- International Rx
- Ortho Dermatologics
- Diversified Products

“ We have now completed the internal objectives necessary for spin of Bausch & Lomb to be achieved. We intend to use the proceeds of the proposed Solta IPO to pay down debt and we expect to launch a Bausch & Lomb IPO approximately 30 days after the launch of the Solta IPO, again, subject to market conditions, regulatory and other necessary approvals. ”

**Joseph C. Papa,**  
Chairman and CEO



# Strategic Drivers

- Focusing on core therapeutic classes and prioritizing durable products will help drive growth and generate strong operating margins
- Investments in building the product portfolio for medical conditions with high growth opportunity within the dermatology business could prove beneficial
- Has opportunities to drive greater volumes and generate better margins through the development of topical products within dermatology

## Competitors

- GlaxoSmithKline
- Merck & Co.
- Novartis
- Pfizer
- Sanofi

## Stock & Stockholders

Bausch Health trades on the New York Stock Exchange. The major stockholders of Bausch Health include:

- Icahn Associates Holding LLC
- Paulson & Co., Inc.
- ValueAct Capital Management LP
- Glenview Capital Management LLC
- GoldenTree Asset Management LP
- T. Rowe Price Associates, Inc.



Bay Area, San Francisco, CA