VA	LEAI	NT P	HAR	MIN	IT'L	NYSE-	/RX	PRICE 2	20.3	P/E RATIO	20.	2 (Traili Medi	ng: 24.6) an: NMF)	RELATIVE P/E RATIO	1.0	7 DIV'D	ı	VALU LINI		
TIMELI	NESS 2	Raised 6/	12/15							High: Low:	30.8 24.1	57.2 28.1	61.1 42.5	118.3 59.3	153.1 106.0	246.0 141.6			et Price	
SAFET	γ 3	New 1/14	/11	LEGE		o Ctrongth												201	2019	2020
TECHN	IICAL 5	Lowered	7/10/15	Options:	elative Pric Yes	9														400
BETA	1.10 (1.00	= Market)		Snaaea	area indic	ates recess	ion												- +	- 320
20	18-20 PR	OJECTIC	NS													,, ¹•				200
	Price	Gain	nn'i Total Return												di. it	1				160
		+30%) (-15%)	7% -3%											. 1111						120 100
	er Decis		-3/0											1111111						
_		N D J										1.	1111	h _{ii.}						60
to Buy Options	0 0 0		0 0 0 0 0 1 0									,'''' _'	11" 11" 11"							_40
to Sell		0 0 0										l., ill.						% TOT. RETU		
ırıstıtl	ationai i 3Q2014	Decisior 4Q2014	1 S 1Q2015	Davas	t 30 -						ll _l	' ,				···		THIS STOCK	VL ARITH.* INDEX	
to Buy	217	216	282	Percen shares	20 -						- III	Hd. I			***	lı .		1 yr. 82.0 3 yr. 390.7	8.7 72.8	F
to Sell Hld's(000	232 295779 (245 289182	269 292607	traded	10 -									111111111111111111111111111111111111111		 		5 yr. —	101.1	
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE	PUB. LLC	18-20
												8.04	11.67	17.32	24.71	30.90	33.85	Sales per sh		41.2
												3.30	4.84	6.48	13.72	16.75	17.90	"Cash Flow" pe		21.90
												2.93	4.51	6.24	8.34	10.90 Nil	12.00 Nil	Earnings per sh Div'ds Decl'd pe		16.0 N
												1.26	.60	.56	.87	.90	.90	Cap'l Spending		.9
												13.08	12.23	15.71	16.25	19.70	23.55	Book Value per	•	35.3
												306.37	303.86	333.04	334.40	340.00	340.00	Common Shs C	utst'g B	340.0
												15.7	11.6	14.3	15.6	Bold figu		Avg Ann'l P/E R		15.
												.98	.74	.80	.82	Value estim		Relative P/E Ra		.9:
																/		Avg Ann'l Div'd	rieia	Ni
		CTURE a 21 mill. D			15 mill							2463.5	3546.6	5769.6	8263.5	10500	11500			1400
		mill. L						- ::				53.2% 55.8	54.4%	52.6% 113.8	46.4% 1737.6	49.0% 2000	51.0% 2000	Operating Marg Depreciation (\$		54.0% 200
				(80% of 0	Capital)							955.1	1412.0	2043.0	2849.8	3700	4080	Net Profit (\$mill		544
												4.5%	2.8%	20.2%	2.8%	5.0%	5.0%	Income Tax Rat		5.0%
Leases, Uncapitalized: Annual rentals \$44.2 mill.											38.8%	39.8%	35.4%	34.5%	35.2%	35.5%	Net Profit Margi		38.99	
No Defined Benefit Pension Plan Pfd Stock None											433.2	954.7	1373.5	1462.3	5000		Working Cap'l (500	
											6539.8	10535 3717.4	17163 5233.3	15254 5434.5	20000 6700	20000 8000	Long-Term Deb Shr. Equity (\$m		1500	
Comm	on Stack	2/12 /70	110 chor	00								4007.0 9.6%	11.0%	10.9%	16.0%	15.5%	16.5%	Return on Total		1200 22.0%
Common Stock 342,479,119 shares as of 4/27/15										23.8%	38.0%	39.0%	52.4%	55.0%	51.0%	Return on Shr. I		45.5%		
MARKET CAP: \$75.5 billion (Large Cap)										23.8%	38.0%	39.0%	52.4%	55.0%	51.0%	Retained to Cor	<u> </u>	45.5%		
CURRI	ENT POS	ITION	2013	2014	3/31/15											Nil	Nil	All Div'ds to Ne	Prof	N
(sMILL) (sMILL) Cash Assets 600.3 322.6 1864.4 Receivables 1814.8 2075.8 2108.8 Inventory (FIFO) 883.0 950.6 998.9 Other 587.8 844.1 11220.1 Current Assets 3885.9 4193.1 16192.2 Accts Payable 327.0 398.0 352.5				BUSINESS: Valeant Pharmaceuticals International is a multinational specialty pharmaceutical and medical device company that develops, manufactures, and markets a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter (OTC) products, and medical devices, which are marketed directly or indirectly in over 100 countries. Formed 9/10 when Biovail Cor-						poration and Valeant Pharmaceuticals merged. Officers and directors own 8.6% of common stock; Ruane, Cundiff & Goldfart 10.3%; Pershing Square, 5.8%; ValueAct Holdings, 5.7; T. Rowe 5.3% (4/15 proxy) Chairman and CEO: J. Michael Pearson. Inc DE. Address: 2150 Saint Elzear Blvd. West Laval, QC H7L 4A&Constant Telephone: 544.744.6703 Interest: www.useart.com.										
Debt D	Due		04.8 80.6 2	.9 331.9	122.8 2621.8			Pha						Canada. Telephone: 514-744-6792. Internet: www.valeant.com. wholesaler inventory reduction program						
Other																				

ANNUAL RATES Past Est'd '12-'14 Past to '18-'20 14.5% 17.5% 10 Yrs. of change (per sh) 5 Yrs. Sales 'Cash Flow" 16.5% Earnings Dividends Book Value Nil 15.5%

2015

Cal- endar	QU/ Mar.31	ARTERLY S Jun.30	SALES (\$ 1 Sep.30		Full Year
2012	856.1	820.1	884.1	986.3	3546.6
2013	1068.4	1095.8	1541.7	2063.7	5769.6
2014	1886.2	2041.1	2056.2	2280.0	8263.5
2015	2190.9	2500	2800	3009.1	10500
2016	2500	2800	3000	3200	11500
Cal-	EA	Full			
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2012	1.14	1.01	1.15	1.22	4.51
2013	1.30	1.34	1.43	2.15	6.24
2014	1.76	1.91	2.11	2.58	8.34
2015	2.36	2.50	2.80	3.24	10.90
2016	2.60	2.90	3.10	3.40	12.00
Cal-	QUA	Full			
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2011			-		
2012					
2013					
2014					

Valeant Pharmaceuticals could be eyeing a deal with Zoetis. On June 25th, reports surfaced that Valeant had made a preliminary approach to buy the animal health giant. While no official offer was made, the news created a buzz on Wall Street with shares of VRX advancing almost 2% and ZTS rallying nearly 12%. At this juncture, it is unclear if Zoetis would be open to a potential sale. Valeant just completed its \$11 billion acquisition of Salix Pharmaceuticals in April.

Management recently raised its 2015 guidance. The drugmaker reported earnings of \$2.36 a share in the March period, comfortably ahead of our \$2.30 estimate. The beat was driven by better-than-expected performance in U.S. Dermatology (revenue +38% year over year) and U.S. Ophthalmology Rx (+30%), which largely helped to offset the negative impact from foreign exchange. Following the release, management upped its full-year earnings guidance range from \$10.10-\$10.40 a share, to \$10.90-\$11.20 a share, and its revenue forecast from \$9.2 billion-\$9.3 billion, to \$10.4 billion-\$10.6 billion. The revisions reflect the implementation of a Michael Ratty

wholesaler inventory reduction program related to Salix. For full-year 2015, we are targeting share net of \$10.90 on revenues of \$10.5 billion.

Valeant stock continues to be one of the top performers in the large pharma space. The shares have advanced 10% in price since our April report and are up an impressive 53% year to date (this followed up a 22% gain in 2014). While some believe that the company may be overextending itself with its aggressive growth-through-M&A strategy, the investment community has clearly not shared in these feelings. The most recent acquisition of Salix has thus far been well received.

The stock has been upgraded a notch for Timeliness to 2 (Above Average). As a result, shares of VRX are now ranked to outperform the market over the six to 12 month window, making it one of the few timely selections within the industry. That said, the equity's positive performance of late has chewed into much of the upside we envision out to 2018-2020. Capital-gains potential over this time is below the *Value Line* average. July 10, 2015

Company's Financial Strength Stock's Price Stability B++ 30 Price Growth Persistence NMF **Earnings Predictability** NMF

(A) Fully-diluted earnings. Next earnings report due late July. May not sum due to change in

(B) In millions.