



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
--	--	--	--	--	--	--	--	--	--	--	--	--	8.04	11.67	17.32	<b>24.55</b>	<b>26.45</b>	Sales per sh	<b>30.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	3.30	4.84	12.19	<b>14.30</b>	<b>16.40</b>	"Cash Flow" per sh	<b>19.90</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	2.93	4.51	6.24	<b>8.40</b>	<b>10.50</b>	Earnings per sh <sup>A</sup>	<b>14.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Div'ds Decl'd per sh	<b>Nil</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	1.26	.60	.56	<b>.50</b>	<b>.50</b>	Cap'l Spending per sh	<b>.50</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	13.08	12.23	15.71	<b>16.75</b>	<b>18.25</b>	Book Value per sh	<b>26.45</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	306.37	303.86	333.04	<b>340.00</b>	<b>340.00</b>	Common Shs Outst'g <sup>B</sup>	<b>340.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	15.7	11.6	14.2	<b>Bold figures are Value Line estimates</b>	<b>Bold figures are Value Line estimates</b>	Avg Ann'l P/E Ratio	<b>13.0</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	.98	.74	.79	<b>Bold figures are Value Line estimates</b>	<b>Bold figures are Value Line estimates</b>	Relative P/E Ratio	<b>.80</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Bold figures are Value Line estimates</b>	<b>Bold figures are Value Line estimates</b>	Avg Ann'l Div'd Yield	<b>Nil</b>

CAPITAL STRUCTURE as of 12/31/13		2011		2012		12/31/13		17-19	
Total Debt \$17368 mill. Due in 5 Yrs \$5444 mill.		2463.5		3546.6		5769.6		8350 9000	
LT Debt \$17163 mill. LT Interest \$845 mill. (77% of Capital)		53.2%		54.4%		51.5%		50.0% 52.0%	
Leases, Uncapitalized: Annual rentals \$66.1 mill.		55.8		57.3		2015.8		2000 2000	
No Defined Benefit Pension Plan Pfd Stock None		955.1		1412.0		2043.0		2855 3570	
Common Stock 334,869,413 shares as of 2/21/14		4.5%		2.8%		3.1%		5.0% 5.0%	
MARKET CAP: \$44.6 billion (Large Cap)		38.8%		39.8%		35.4%		34.2% 39.7%	
CURRENT POSITION (\$MILL.)		433.2		954.7		1373.5		1800 2200	
Cash Assets	170.4	920.5	600.3	6539.8		10535		16000 14000	
Receivables	569.3	913.8	1814.8	4007.0		3717.4		5233.3 5700 6200	
Inventory (FIFO)	355.2	531.3	883.0	9.6%		11.0%		11.0% 15.0%	
Other	262.6	411.9	587.8	23.8%		38.0%		39.0%	
Current Assets	1357.5	2777.5	3885.9	23.8%		38.0%		39.0%	
Accts Payable	157.6	227.4	327.0	38.0%		39.0%		50.0% 57.5%	
Debt Due	111.3	480.2	204.8	38.0%		39.0%		50.0% 57.5%	
Other	655.4	1115.2	1980.6	38.0%		39.0%		50.0% 57.5%	
Current Liab.	924.3	1822.8	2512.4	38.0%		39.0%		50.0% 57.5%	

**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 Corporation and Valeant Pharmaceuticals merged. Officers and directors own 8.2% of common stock; Ruane, Cundiff & Goldfarb, 11.4%; FMR LLC., 10.2%; T.Rowe Price, 5.8%; ValueAct, 5.5% (4/13 proxy) Chairman and CEO: J. Michael Pearson. Inc.: DE. Address: 2150 Saint Elzear Blvd. West Laval, QC H7L 4A8, Canada. Telephone: 514-744-6792. Internet: www.valeant.com.

**Valeant Pharmaceuticals remains active on the acquisition front.** The Canada-based drugmaker recently announced that it had entered into a definitive agreement to acquire privately-held PreCISION Dermatology for \$475 million in cash. The deal, which is scheduled to close in the second quarter, should provide a nice boost to Valeant's growing skin products business (acquired Solta Medical in December, 2013). Management expects the transaction to be immediately accretive to earnings upon closing.

**The company is well positioned for strong top- and bottom-line gains in 2014.** Based on our current model, we anticipate earnings to advance 35% this year, on revenue growth of 44%. In its last conference call, management reaffirmed its 2014 guidance ranges of \$8.25-\$8.75 a share, and \$8.2 billion-\$8.6 billion.

**Growth in emerging markets should continue to be a key driver.** Due to significant investment in this segment (primarily led by the acquisition of Bausch & Lomb), Valeant's revenues from emerging markets increased 50% in 2013. At present, they account for roughly 25% of the top line (\$1.48 billion). Investors have been well rewarded. Valeant has clearly been one of the best-performing stocks in the large-cap pharmaceutical sector of late. Following a strong 2013 showing, in which its share price nearly doubled, the stock has already advanced 14% in 2014. The company's aggressive M&A-based growth strategy has certainly gained the confidence of Wall Street, and has helped it establish strong shares in a wide array of attractive markets. Though ambitious, Valeant is at least heading in the right direction toward achieving its goal of becoming one of the world's top five pharmaceutical companies (in terms of market capitalization) by the end of 2016. The stock has been bumped up a notch for Timeliness to 2 (Above Average). The upgrade represents the second in as many reports. As a result, shares of Valeant are now ranked to outperform the broader market averages in the year ahead. For longer-term accounts, capital gains potential is relatively in line with the Value Line median.

*Michael Ratty* *April 11, 2014*

Company's Financial Strength	B
Stock's Price Stability	45
Price Growth Persistence	NMF
Earnings Predictability	NMF

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