| IMELII SAFETY | , | NIP | <u>Hak</u> | AN IN | ll'L | NYSE- | VRX | RECENT 1 | 33.2 | 5 RATI | ∘ 16. [°] | 7 (Medi | ng: 21.4 an: NMF <i>)</i> | P/E RATIO | 0.8 | 8 DIV'D YLD | | VAL LIN | | |
|---|---|-------------------------|--------------------------------|---|---|---|--|---|--|--|--|--|--|---|--|---|---|---|--|-----------------------------|
| | vess 2 | Raised 4/ | 11/14 | | | | | | | | High: Low: | 30.8 24.1 | 57.2 28.1 | 61.1 42.5 | 118.3 59.3 | 153.1 112.3 | | | et Price | |
| AFEI | / 3 | New 1/14 | /11 | LEGE | NDS | | | | | | LOW. | 2-1.1 | 20.1 | 12.0 | 00.0 | 112.0 | | 201 | 7 2018 | |
| ECHN | ical 4 | Lowered | 1/31/14 | Options: | Yes | e Strength | . – | | | | | | | | | | | | | 320 |
| | .05 (1.00 | | | Shaded | area indic | ates recess | sion | | | | | | | | | | | | | 200 |
| 201 | 7-19 PR | OJECTIO | | | | | | | | | | | | | | | | | | 160 |
| | Price | | nn'i Total Return | | | | | | | | | | | | 1.1 | • | | | -1 | 120 |
| ligh 2 | 220 (+ | -65%) | 13% 2% | | | | | | | | | | | | 1011111 | | | | | 100 80 |
| | l 45 (⊦ r Decisi | +10%) | 2% | | | | | | | | | | | | 111 11 11 11 11 11 11 11 11 11 11 11 11 | | | | | $\frac{1}{60}$ |
| iisiue | | ASO | N D J | | | | | | | | | | 199 | ייי' _{ווו} וייון | | | | | | |
| Buy options | 0 0 0 | 5 1 0 1 0 1 0 1 0 | | | | | | | | | | | | 11,1,11 | | | | | | 40 |
| | | Decision | | | | | | | | | | 11, | | | | | | % TOT. RET | JRN 3/14 VL ARITH. | . |
| | 2Q2013 | 3Q2013 | 4Q2013 | Percen | t 30 - | | | | | | | | | | **** | <u>-</u> | | 1 yr. 75.7 | INDEX 26.1 | <u></u> 18 |
| o Buy o Sell | 192 146 | 172 169 | 215 179 | shares traded | 20 - 10 - | | | | | | | | 1.111.111 | 1 | ••• | | | 3 yr. 164.7 | 46.4 | E |
| | | | 276599 | | | | | | | | | | | | | | 0045 | 5 yr. — | 245.1 | J |
| 998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | _ | 2012 | 2013 | | 2015 | © VALUE LINI | PUB. LLC | |
| | | | | | | | | | | | | | 8.04 | 11.67 | 17.32 | 24.55 | 26.45 | Sales per sh | | 30. |
| | | | | | | | | | | | | | 3.30 | 4.84 4.51 | 12.19 6.24 | 14.30 8.40 | 16.40 10.50 | "Cash Flow" p Earnings per s | | 19.: 14. |
| | | | | :: | :: | :: | | | | | | :: | 2.93 | 4.51 | 0.24 | 0.40 Nil | Nil | Div'ds Decl'd p | | 14. |
| | | | | | | | | | | | | | 1.26 | .60 | .56 | .50 | .50 | Cap'l Spending | | |
| | | | | | | | | | | | | | 13.08 | 12.23 | 15.71 | 16.75 | 18.25 | Book Value pe | sh | 26. |
| | | | | | | | | | | | | | 306.37 | 303.86 | 333.04 | 340.00 | 340.00 | Common Shs | | 340. |
| | | | | | | | | | | | | | 15.7 | 11.6 | 14.2 | Bold fig | | Avg Ann'l P/E I | | 13 |
| | | | | | | | | | | | | | .98 | .74 | .79 | Value estin | | Relative P/E Ra | | |
| | | | | | | | | | | | | | | | | | | Avg Ann'l Div'o | rieia | |
| CAPITAL STRUCTURE as of 12/31/13 Total Debt \$17368 mill. Due in 5 Yrs \$5444 mill. | | | | | | | | | | | 2463.5 | 3546.6 | 5769.6 | 8350 | 9000 | | | 102 | | |
| LT Debt \$17368 mill. LT Interest \$845 mill. | | | | | | | | | | | 53.2% 55.8 | 54.4% 57.3 | 51.5% 2015.8 | 50.0% 2000 | 52.0% 2000 | Operating Marg | | 52.0 20 | | |
| | | | | (77% of 0 | Capital) | | | | | | | | 955.1 | 1412.0 | 2013.0 | 2855 | 3570 | Net Profit (\$mi | , | 47 |
| | | | | | | | | | | | | | 4.5% | 2.8% | 3.1% | 5.0% | 5.0% | Income Tax Ra | <u>, </u> | 5.0 |
| .eases | , Uncapi | talized: A | nnual rer | ntals \$66 | .1 mill. | | | | | | | | 38.8% | 39.8% | 35.4% | 34.2% | 39.7% | Net Profit Marg | | 46.7 |
| | | | | | | | | | | | | | 433.2 | 954.7 | 1373.5 | 1800 | 2200 | Working Cap'l | (\$mill) | 25 |
| No Defined Benefit Pension Plan Pfd Stock None | | | | | | | | | | | 6539.8 | 10535 | 17163 | 16000 | 14000 | . 5 | . , | 100 | | |
| | | | | | | | | | | | | | 4007.0 | 3717.4 | 5233.3 | 5700 | 6200 | - 17 (| | 90 |
| Common Stock 334,869,413 shares | | | | | | | | | | | 9.6% | 11.0% | 11.0% | 15.0% | 19.5% | Return on Tota | | 26.5 | | |
| as of 2/21/14 MARKET CAP: \$44.6 billion (Large Cap) | | | | | | | | | | | 23.8% | 38.0% | 39.0% 39.0% | 50.0% 50.0% | 57.5% 57.5% | Return on Shr. Retained to Co | | 53.0 53.0 | | |
| | NT POS | | 2011 | 2012 1 | 2/31/13 | | | | | | | | 23.0% | 36.0% | 39.0% | Nil | | All Div'ds to No | | 33.0 |
| Cash A Receivento Other Curren | assets ables ory (FIFO t Assets Payable | 5) 3 2 13 1 | 69.3 55.2 62.6 57.5 2 | 920.5 913.8 531.3 411.9 777.5 227.4 480.2 | 600.3 1814.8 883.0 587.8 3885.9 327.0 204.8 | tional s develop generic (OTC) | specialty ps, mar and b product | 'aleant Ph pharmachufactures, pranded control s, and me over 100 | eutical a and ma generic p edical dev | nd medio rkets a b harmace rices, whi | cal device proad rar uticals, d ich are m | e compa nge of br over-the-c narketed | ny that anded, counter directly | tors ow 11.4%; (4/13 pr dress: 2 | n 8.2% FMR LL oxy) Cha 150 Sair | of comi C., 10.29 irman an nt Elzear | mon sto %; T.Ro d CEO: Blvd. W | icals merged. (ck; Ruane, Cuwe Price, 5.8%) J. Michael Pealest Laval, QC lt: www.valeant. | ndiff & 0; ValueAoson. Inc.: 17L 4A8, | Goldfar et, 5.5 DE. A |

ANNUAL RATES Past Est'd '11-'13 Past to '17-'19 NMF NMF 10 Yrs. of change (per sh) 5 Yrs. Sales 'Cash Flow" NMF Earnings Dividends Book Value - -NMF

| Cal- endar | QU/ Mar.31 | ARTERLY : Jun.30 | SALES (\$1 Sep.30 | | Full Year | | | |
|---------------|-------------------------------|---------------------|----------------------|--------|--------------|--|--|--|
| 2011 | 565.0 | 609.4 | 600.6 | 688.5 | 2463.5 | | | |
| 2012 | 856.1 | 820.1 | 884.1 | 986.3 | 3546.6 | | | |
| 2013 | 1068.4 | 1095.8 | 1541.7 | 2063.7 | 5769.6 | | | |
| 2014 | 2000 | 2050 | 2100 | 2200 | 8350 | | | |
| 2015 | 2150 | 2200 | 2250 | 2400 | 9000 | | | |
| Cal- | EA | Full | | | | | | |
| endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Year | | | |
| 2011 | .62 | .73 | .66 | .92 | 2.93 | | | |
| 2012 | 1.14 | 1.01 | 1.15 | 1.22 | 4.51 | | | |
| 2013 | 1.30 | 1.34 | 1.43 | 2.15 | 6.24 | | | |
| 2014 | 1.70 | 1.90 | 2.25 | 2.55 | 8.40 | | | |
| 2015 | 2.20 | 2.40 | 2.80 | 3.10 | 10.50 | | | |
| Cal- | Cal- QUARTERLY DIVIDENDS PAID | | | | | | | |
| endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year | | | |
| 2010 | | | · | | | | | |
| 2011 | | | | | | | | |
| 2012 | | | | | | | | |
| 2013 | | | | | | | | |
| | | | | | | | | |

tive 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

tive on the acquisition front. The

nounced that it had entered into a defini-

Canada-based drugmaker recently

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

Investors have been well rewarded. Valeant has clearly been one of the best-performing stocks in the large-cap phar-maceutical 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 mar-kets. 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

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

Company's Financial Strength Stock's Price Stability Price Growth Persistence **Earnings Predictability**

45 NMF NMF

(B) In millions.