



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	25.79	<b>28.25</b>	<b>31.15</b>	Sales per sh	<b>38.25</b>
--	--	--	--	--	--	--	--	--	--	--	--	3.30	4.84	6.48	13.72	<b>16.45</b>	<b>17.95</b>	"Cash Flow" per sh	<b>21.90</b>
--	--	--	--	--	--	--	--	--	--	--	--	2.93	4.51	6.24	8.34	<b>10.50</b>	<b>12.00</b>	Earnings per sh <sup>A</sup>	<b>16.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Div'ds Decl'd per sh	<b>Nil</b>
--	--	--	--	--	--	--	--	--	--	--	--	1.26	.60	.56	.87	<b>.90</b>	<b>.90</b>	Cap'l Spending per sh	<b>.90</b>
--	--	--	--	--	--	--	--	--	--	--	--	13.08	12.23	15.71	16.25	<b>19.35</b>	<b>23.75</b>	Book Value per sh	<b>35.30</b>
--	--	--	--	--	--	--	--	--	--	--	--	306.37	303.86	333.04	334.40	<b>336.00</b>	<b>337.00</b>	Common Shs Outst'g <sup>B</sup>	<b>340.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	15.7	11.6	14.3	15.6	<b>15.0</b>	<b>15.0</b>	Avg Ann'l P/E Ratio	<b>15.0</b>
--	--	--	--	--	--	--	--	--	--	--	--	.98	.74	.80	.81	<b>.95</b>	<b>.95</b>	Relative P/E Ratio	<b>.95</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Avg Ann'l Div'd Yield	<b>Nil</b>

CAPITAL STRUCTURE as of 12/31/14		2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14
Total Debt \$15255 mill. Due in 5 Yrs \$10205 mill.		--	--	--	--	--	--	--	--	--	2463.5	3546.6	5769.6	8623.5	<b>9500</b>	<b>10500</b>	Sales (\$mill)	<b>13000</b>	
LT Debt \$15254 mill. LT Interest \$970 mill. (74% of Capital)		--	--	--	--	--	--	--	--	--	53.2%	54.4%	52.6%	50.0%	<b>52.0%</b>	<b>54.0%</b>	Operating Margin	<b>54.0%</b>	
Leases, Uncapitalized: Annual rentals \$44.2 mill.		--	--	--	--	--	--	--	--	--	55.8	57.3	113.8	1737.6	<b>2000</b>	<b>2000</b>	Depreciation (\$mill)	<b>2000</b>	
No Defined Benefit Pension Plan Pfd Stock None		--	--	--	--	--	--	--	--	--	955.1	1412.0	2043.0	2849.8	<b>3530</b>	<b>4045</b>	Net Profit (\$mill)	<b>5440</b>	
Common Stock 336,202,718 shares as of 2/18/15		--	--	--	--	--	--	--	--	--	4.5%	2.8%	20.2%	16.5%	<b>5.0%</b>	<b>5.0%</b>	Income Tax Rate	<b>5.0%</b>	
MARKET CAP: \$67.7 billion (Large Cap)		--	--	--	--	--	--	--	--	--	38.8%	39.8%	35.4%	33.0%	<b>37.2%</b>	<b>38.5%</b>	Net Profit Margin	<b>41.8%</b>	
CURRENT POSITION (\$MILL.)		2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14	2012	2013	12/31/14
Cash Assets		920.5	600.3	322.6	433.2	954.7	1373.5	1462.3	1600	1800	Working Cap'l (\$mill)	2500							
Receivables		913.8	1814.8	2075.8	6539.8	10535	17163	15254	14000	13000	Long-Term Debt (\$mill)	10000							
Inventory (FIFO)		531.3	883.0	950.6	4007.0	3717.4	5233.3	5434.5	6500	8000	Shr. Equity (\$mill)	12000							
Other		411.9	587.8	844.1	9.6%	11.0%	10.9%	16.0%	19.5%	21.5%	Return on Total Cap'l	26.5%							
Current Assets		2777.5	3885.9	4193.1	23.8%	38.0%	39.0%	52.4%	54.5%	50.5%	Return on Shr. Equity	45.5%							
Accts Payable		227.4	327.0	398.0	23.8%	38.0%	39.0%	52.4%	54.5%	50.5%	Retained to Com Eq	45.5%							
Debt Due		480.2	204.8	.9	23.8%	38.0%	39.0%	52.4%	54.5%	50.5%	All Div'ds to Net Prof	Nil							
Other		1115.2	1980.6	2331.9	--	--	--	--	Nil	Nil									
Current Liab.		1822.8	2512.4	2730.8															

**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 9.4% of common stock; Ruane, Cundiff & Goldfarb, 10.3%; FMR LLC., 8.0%; ValueAct Holdings, 5.7%; BlackRock, 5.5% (4/14 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 completed its acquisition of Salix Pharmaceuticals on April 1st.** There had been a lot of speculation of how the Canadian drugmaker would bounce back following its failed attempt to buy Allergan last year. On February 22nd, Valeant put the questions to rest when it announced its \$158-a-share offer to acquire North Carolina-based Salix. After a brief bidding war with Endo International, Valeant upped its all-cash offer to \$173 a share (\$11.1 billion) in mid-March to get the deal done. The big prize here for Valeant is *Xifaxan*, Salix's gastrointestinal drug that many analysts believe has blockbuster potential. Management indicated that it is counting on *Xifaxan* to receive U.S. FDA approval by May. **There is a lot to like with this deal.** The purchase of Salix greatly enhances Valeant's capabilities in the gastrointestinal space and provides some nice diversity to its product portfolio. Besides *Xifaxan*, the company also gains access to *Apriso*, *Uceris*, and *Relistor* (Salix has 22 products in total of which they actively promote 13). On the financial side, management estimates that combining the two companies will result in cost savings of about \$500 million within the first six months after close. It further noted that the transaction will be minimally accretive to earnings per share this year, and give a 20% boost in 2016. **Management is guiding for first-quarter earnings of \$2.30 a share.** The figure reflects same-store organic growth of 10%-15%, driven by continued out-performance in several of its U.S. businesses, including dermatology, contact lens, consumer, and dentistry, partially offset by foreign exchange headwinds. Continued momentum in the 2014 product launches of *Jublia*, *Ultra*, and *Retin-A Micro* should also provide some support, in addition to the first-quarter debut of *Onexton*, which management says is off to a great start. **The stock has been downgraded a notch for Timeliness, to 3 (Average).** While we are encouraged with the company's prospects in the year ahead, a 40%+ surge in the equity's price since January has discounted much of the near-term upside. *Michael Ratty* April 10, 2015

(A) Fully-diluted earnings. Next earnings report due early May. May not sum due to change in share count.	(B) In millions.	Company's Financial Strength	B++
		Stock's Price Stability	30
		Price Growth Persistence	NMF
		Earnings Predictability	NMF