

Bausch Health Companies (BHC)

Overweight

Perspectives On Generic Xifaxan And Why We Would Not Be Worried

CONCLUSION

With Bausch recently initiating litigation versus Sandoz regarding its generic filing on Xifaxan 550 mg (i.e., rifaximin), we thought it made sense to provide a quick refresher on the barriers to entry for a generic. More to the point, we would not be worried that a generic entrant will emerge prior to the January 2028 launch date outlined in BHC's settlement with Teva on its generic filing. Our view here is driven by the relatively complex nature of Xifaxan (i.e., minimally absorbed; released throughout the gastrointestinal (GI) tract) combined with what is a fairly deep intellectual property estate. We continue to believe that visibility into a durable EBITDA for BHC is high, with a longer-term CAGR reaching at least the high single digits in our view. We reiterate our Overweight rating and \$29 PT on BHC.

- One thought on barriers to generics: though Xifaxan is an oral solid, it is relatively complex.** Given that Xifaxan is BHC's top selling product (around 17% of the top-line in 2019) and given that BHC is still highly levered, the anxiety related to the durability of the product is certainly understandable. That said, there are a few considerations that make it unlikely in our view that the outcome with Sandoz will be meaningfully different than the outcome with Teva. One key consideration is that Xifaxan has minimal systemic uptake, and has an unwieldy release profile in the GI tract (i.e., not like a locally acting GI product like Lialda which is designed for release in the colon). These dynamics create inherent challenges regarding the ability of a generic to demonstrate substantial equivalence. Put another way, there is a reason why Sandoz is only the second FDA-accepted paragraph IV filer on the product even though orphan exclusivity for Xifaxan in hepatic encephalopathy (HE) expired in 2017 and the product was initially approved in 2004.
- Another thought on barriers to generics: the patent estate is deep.** We would keep in mind that there are method-of-use patents with claims surrounding both HE and diarrhea-predominant irritable bowel syndrome (IBS-D) listed in the FDA Orange Book that expire as late as the 2029/2030 timeframe (and Teva settling with BHC for a 2028 generic launch in our view speaks volumes regarding the defensibility of these patents). There are also patents in the Orange Book with claims surrounding various crystalline polymorphous forms of rifaximin that expire earlier (2025/2026). These are noteworthy since it is theoretically possible that to the extent a generics company bases its filing on a different polymorphous form that is purportedly not covered in the patent estate, that form could very well have an in vitro dissolution profile that differs from the reference drug.
- Color on the BHC agreement with Teva.** Recall that BHC and Teva settled their patent litigation in September 2018, with Teva gaining the right to distribute its FDA-approved generic starting on January 1, 2028, or the right to distribute an authorized generic (supplied by BHC) with BHC receiving royalties (also as of 1/1/28).

RISKS TO ACHIEVEMENT OF PT & RECOMMENDATION

Risks include pricing/volume pressures, and launch risks.

COMPANY DESCRIPTION

Bausch focuses on a range of specialty brands, generic and OTC products.

YEAR	REVENUE (US\$ m)						EARNINGS PER SHARE (US\$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2018A	1,995.0	2,128.0	2,136.0	2,121.0	8,380.0	0.8x	0.88	0.93	1.13	1.03	3.97	4.8x
2019E	2,016.0A	2,152.0A	2,166.4	2,196.2	8,530.6	0.8x	1.01A	1.04A	1.06	1.06	4.18	4.5x
2020E	2,023.2	2,197.5	2,219.8	2,246.6	8,687.0	0.8x	0.85	1.15	1.20	1.28	4.48	4.2x

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PRICE: US\$18.89

Price as of the close October 2, 2019

TARGET: US\$29.00

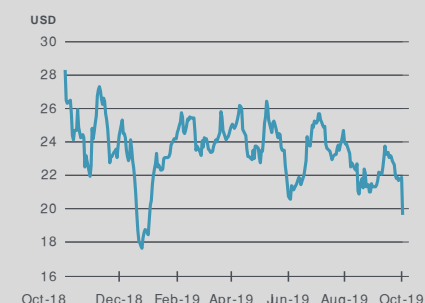
7x 2021E EPS of \$4.99, discounted at 10%

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Changes	Previous	Current
Rating	—	Overweight
Price Tgt	—	US\$29.00
FY19E Rev (mil)	—	US\$8,530.6
FY20E Rev (mil)	—	US\$8,687.0
FY19E EPS	—	US\$4.18
FY20E EPS	—	US\$4.48
52-Week High / Low	US\$28.45 / US\$17.20	
Shares Out (mil)		356.5
Market Cap. (mil)		US\$6,734.3
Avg Daily Vol (000)		2,908
Book Value/Share		US\$15.34
Net Cash Per Share		US\$0.00
Debt to Total Capital		67.0%
Div (ann)		0.00
Fiscal Year End		Dec

Price Performance - 1 Year



Source: Bloomberg

Exhibit 1

Summary of Xifaxan Prescription Data

Date	TRx	Weekly % Growth	QTD Seq. Growth	YTD Annual Growth	Pills Dispensed			TRx per dose		Pills per dose		Pills per TRx at dose		WAC Per Pill		Sales per Dose (\$M)	
					EUTRx	Weekly Growth	QTD Seq. Growth	550mg	200mg	550mg	200mg	550mg	200mg	550mg	200mg	550mg	200mg
9/20/2019	18881	1.1%	2.7%	8.5%	905,725	1.7%	3.4%	18458	423	884307	21418	48	51	\$35.35	\$18.54	\$31.3	\$0.4
9/13/2019	18682	11.5%	2.6%	8.5%	890,632	11.4%	3.3%	18229	453	871964	18668	48	41	\$35.35	\$18.54	\$30.8	\$0.3
9/6/2019	16748	-10.6%	2.5%	8.5%	799,478	-11.0%	3.2%	16363	385	781798	17680	48	46	\$35.35	\$18.54	\$27.6	\$0.3
8/30/2019	18744	-0.2%	3.9%	8.6%	898,052	-0.1%	4.7%	18333	411	878208	19844	48	48	\$35.35	\$18.54	\$31.0	\$0.4
8/23/2019	18789	0.4%	2.8%	8.6%	898,871	1.3%	3.5%	18348	441	879561	19310	48	44	\$35.35	\$18.54	\$31.1	\$0.4
8/16/2019	18715	-1.1%	2.8%	8.6%	887,176	-1.6%	3.4%	18265	450	869533	17643	48	39	\$35.35	\$18.54	\$30.7	\$0.3
8/9/2019	18924	-0.8%	3.1%	8.6%	901,215	0.3%	3.7%	18509	415	883399	17816	48	43	\$35.35	\$18.54	\$31.2	\$0.3
8/2/2019	19086	1.5%	3.3%	8.5%	898,173	0.1%	3.9%	18683	403	879892	18281	47	45	\$35.35	\$18.54	\$31.1	\$0.3
7/26/2019	18808	0.6%	3.3%	8.4%	897,443	0.0%	4.4%	18414	394	878513	18930	48	48	\$35.35	\$18.54	\$31.1	\$0.4
7/19/2019	18704	-0.2%	1.7%	8.4%	897,850	0.0%	2.7%	18262	442	876528	21322	48	48	\$35.35	\$18.54	\$31.0	\$0.4
7/12/2019	18739	12.5%	-0.3%	8.4%	897,732	13.7%	0.8%	18298	441	877662	20070	48	46	\$35.35	\$18.54	\$31.0	\$0.4
7/5/2019	16657	-8.3%	-7.6%	8.3%	789,691	-9.4%	-7.2%	16286	371	774198	15493	48	42	\$35.35	\$18.54	\$27.4	\$0.3
6/28/2019	18173	-0.9%	4.6%	8.3%	871,625	-0.1%	5.2%	17775	398	850748	20877	48	52	\$39.47	\$20.71	\$33.6	\$0.4
6/21/2019	18332	1.9%	4.9%	8.4%	872,079	1.9%	5.4%	17876	456	853129	18950	48	42	\$39.47	\$20.71	\$33.7	\$0.4
6/14/2019	17991	-2.5%	5.0%	8.3%	855,551	-2.8%	5.5%	17603	388	836432	19119	48	49	\$39.47	\$20.71	\$33.0	\$0.4
6/7/2019	18459	11.0%	5.4%	8.3%	880,572	12.8%	5.8%	18069	390	864382	16190	48	42	\$39.47	\$20.71	\$34.1	\$0.3
5/31/2019	16632	-8.8%	5.7%	8.4%	780,393	-9.7%	6.0%	16255	377	765360	15033	47	40	\$39.47	\$20.71	\$30.2	\$0.3
5/24/2019	18233	-1.6%	7.1%	8.4%	863,930	-1.2%	7.4%	17830	403	844297	19633	47	49	\$39.47	\$20.71	\$33.3	\$0.4
5/17/2019	18533	0.0%	7.0%	8.5%	874,310	-0.1%	7.1%	18085	448	855885	18425	47	41	\$39.47	\$20.71	\$33.8	\$0.4
5/10/2019	18527	0.5%	6.6%	8.5%	874,896	-0.5%	6.5%	18065	462	856070	18826	47	41	\$39.47	\$20.71	\$33.8	\$0.4
5/3/2019	18429	5.9%	6.2%	8.3%	879,638	7.5%	5.9%	18026	403	860692	18946	48	47	\$39.47	\$20.71	\$34.0	\$0.4
4/26/2019	17395	-1.7%	5.4%	8.3%	818,509	-3.0%	4.3%	16977	418	801804	16705	47	40	\$39.47	\$20.71	\$31.7	\$0.3
4/19/2019	17703	1.3%	5.4%	8.5%	843,665	2.4%	4.0%	17312	391	823595	20070	48	51	\$39.47	\$20.71	\$32.5	\$0.4
4/12/2019	17476	-3.1%	6.9%	8.7%	823,601	-3.2%	4.7%	17099	377	808011	15590	47	41	\$39.47	\$20.71	\$31.9	\$0.3
4/5/2019	18033	1.1%	14.2%	8.9%	851,091	0.8%	11.1%	17638	395	833742	17349	47	44	\$39.47	\$20.71	\$32.9	\$0.4
3/29/2019	17834	0.7%	-1.1%	8.6%	843,987	0.7%	-3.3%	17384	450	819841	24146	47	54	\$39.47	\$20.71	\$32.4	\$0.5
3/22/2019	17718	-0.6%	-2.4%	8.8%	837,787	0.6%	-4.5%	17284	434	816405	21382	47	49	\$39.47	\$20.71	\$32.2	\$0.4
3/15/2019	17824	-0.6%	-2.2%	8.7%	833,083	-0.9%	-4.4%	17371	453	814430	18653	47	41	\$39.47	\$20.71	\$32.1	\$0.4
3/8/2019	17931	2.2%	-2.4%	8.6%	840,281	2.1%	-4.3%	17507	424	822387	17894	47	42	\$39.47	\$20.71	\$32.5	\$0.4
3/1/2019	17537	4.0%	-2.5%	8.3%	823,018	4.6%	-4.3%	17149	388	808021	14997	47	39	\$39.47	\$20.71	\$31.9	\$0.3
2/22/2019	16862	-0.5%	-2.1%	8.5%	786,928	-0.3%	-3.6%	16499	363	768507	18421	47	51	\$39.47	\$20.71	\$30.3	\$0.4
2/15/2019	16940	-1.1%	-3.6%	8.8%	789,240	-1.3%	-4.9%	16523	417	771011	18229	47	44	\$39.47	\$20.71	\$30.4	\$0.4
2/8/2019	17133	1.8%	-3.3%	9.4%	799,981	2.3%	-4.2%	16698	435	782518	17463	47	40	\$39.47	\$20.71	\$30.9	\$0.4
2/1/2019	16824	2.0%	-3.3%	9.8%	782,153	0.4%	-3.9%	16437	387	766661	15492	47	40	\$39.47	\$20.71	\$30.3	\$0.3
1/25/2019	16493	-4.5%	-3.2%	10.8%	778,765	-5.3%	-3.3%	16116	377	762251	16514	47	44	\$39.47	\$20.71	\$30.1	\$0.3
1/18/2019	17267	-1.0%	-2.4%	12.9%	822,762	-1.2%	-2.2%	16802	465	803522	19240	48	41	\$36.58	\$19.19	\$29.4	\$0.4
1/11/2019	17434	10.4%	-3.8%	11.9%	833,019	8.7%	-3.3%	16956	478	813318	19701	48	41	\$36.58	\$19.19	\$29.8	\$0.4
1/4/2019	15793	2.8%	-8.8%	11.5%	766,064	2.6%	-8.1%	15423	370	749861	16203	49	44	\$36.58	\$19.19	\$27.4	\$0.3

Source: IQVIA and PJC Research

Bausch Health Companies - Quarterly and Annual Income Statement

Fiscal Year Ends December 31
(\$ In millions, except for EPS)

	2018A					2019E					2020E				2020E	2021E	2022E	2023E	
	2017A	1QA	2QA	3QA	4QA	2018A	1QA	2QA	3QE	4QE	2019E	1QE	2QE	3QE	4QE	2020E	2021E	2022E	2023E
Revenues																			
Bausch & Lomb / International	\$4,795.0	\$1,103.0	\$1,209.0	\$1,147.0	\$1,205.0	\$4,664.0	\$1,118.0	\$1,208.0	\$1,187.5	\$1,251.4	\$4,764.9	\$1,177.6	\$1,293.8	\$1,260.0	\$1,291.0	\$5,022.4	\$5,169.0	\$5,330.1	\$5,492.7
Salix	1,566.0	422.0	441.0	460.0	426.0	1,749.0	445.0	509.0	534.8	495.1	1,983.9	429.8	484.4	532.9	524.0	1,971.0	2,109.0	2,178.1	2,258.8
Ortho Dermatologics	725.0	141.0	142.0	177.0	165.0	625.0	138.0	122.0	129.8	138.9	528.7	126.7	131.2	141.2	150.0	549.1	599.2	643.4	686.1
Diversified products	1,638.0	329.0	336.0	352.0	325.0	1,342.0	315.0	313.0	314.3	310.8	1,253.1	289.1	288.1	285.7	281.5	1,144.5	1,062.6	1,013.0	965.1
Total Revenue ⁽¹⁾	\$8,724.0	\$1,995.0	\$2,128.0	\$2,136.0	\$2,121.0	\$8,380.0	\$2,016.0	\$2,152.0	\$2,166.4	\$2,196.2	\$8,530.6	\$2,023.2	\$2,197.5	\$2,219.8	\$2,246.6	\$8,687.0	\$8,939.7	\$9,164.6	\$9,402.7
Cost of sales ⁽¹⁾	2,548.0	573.0	594.0	582.0	602.0	2,351.0	536.0	590.0	622.8	636.9	2,385.7	574.6	619.7	621.5	623.9	2,439.7	2,494.2	2,538.6	2,585.7
Gross Profit	\$6,176.0	1,422.0	1,534.0	1,554.0	1,519.0	\$6,029.0	1,480.0	1,562.0	1,543.5	1,559.3	6,144.9	1,448.6	1,577.8	1,598.2	1,622.7	6,247.3	6,445.5	6,626.0	6,816.9
Selling, general & administrative	2,538.0	587.0	627.0	599.0	610.0	2,423.0	575.0	637.0	623.9	632.5	2,468.4	611.0	626.3	632.6	629.0	2,499.0	2,547.8	2,566.1	2,595.1
Research & development	361.0	92.0	94.0	107.0	120.0	413.0	117.0	117.0	113.7	116.4	464.1	113.3	113.2	112.3	112.3	452.0	406.8	403.2	404.3
Amortization and other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenses	\$2,899.0	\$679.0	\$721.0	\$706.0	\$730.0	\$2,836.0	\$692.0	\$754.0	\$737.7	\$748.9	\$2,932.6	\$724.3	\$739.5	\$745.8	\$741.4	\$2,951.0	\$2,954.6	\$2,969.3	\$2,999.5
Operating income (loss)	\$3,277.0	\$743.0	\$813.0	\$848.0	\$789.0	\$3,193.0	\$788.0	\$808.0	\$805.9	\$810.4	\$3,212.3	\$724.3	\$838.3	\$852.4	\$881.3	\$3,296.4	\$3,491.0	\$3,656.7	\$3,817.5
Net interest and other	(1,722.0)	(388.0)	(442.0)	(416.0)	(409.0)	(1,655.0)	(406.0)	(403.0)	(388.5)	(388.5)	(1,586.0)	(383.5)	(378.5)	(373.5)	(368.5)	(1,504.0)	(1,469.0)	(1,419.0)	(1,369.0)
Income (loss) before taxes	\$1,555.0	\$355.0	\$371.0	\$432.0	\$380.0	\$1,538.0	\$382.0	\$405.0	\$417.4	\$421.9	\$1,626.3	\$340.8	\$459.8	\$478.9	\$512.8	\$1,792.4	\$2,022.0	\$2,237.7	\$2,448.5
Income tax provision	(206.0)	(43.0)	(44.0)	(29.0)	(12.0)	(128.0)	(24.0)	(32.0)	(37.6)	(38.0)	(131.5)	(34.1)	(46.0)	(47.9)	(51.3)	(179.2)	(222.4)	(268.5)	(318.3)
Net income (loss)	\$1,349.0	\$312.0	\$327.0	\$403.0	\$368.0	\$1,410.0	\$358.0	\$372.0	\$379.8	\$383.9	\$1,494.8	\$306.7	\$413.9	\$431.0	\$461.5	\$1,613.1	\$1,799.5	\$1,969.1	\$2,130.2
Cash EPS, basic	\$3.85	\$0.89	\$0.93	\$1.14	\$1.04	\$3.99	\$1.01	\$1.04	\$1.06	\$1.06	\$4.18	\$0.85	\$1.15	\$1.20	\$1.28	\$4.48	\$4.99	\$5.46	\$5.91
Cash EPS, diluted	\$3.83	\$0.88	\$0.93	\$1.13	\$1.03	\$3.97	\$1.01	\$1.04	\$1.06	\$1.06	\$4.18	\$0.85	\$1.15	\$1.20	\$1.28	\$4.48	\$4.99	\$5.46	\$5.91
Shares outstanding, basic ⁽²⁾	350.2	351.5	351.6	354.1	355.1	353.1	354.6	356.5	358.5	360.5	357.5	360.5	360.4	360.4	360.3	360.4	360.5	360.6	360.7
Shares outstanding, diluted ⁽²⁾	351.8	353.1	353.2	355.7	356.7	355.0	356.2	356.5	358.5	360.5	357.9	360.5	360.4	360.4	360.3	360.4	360.5	360.6	360.7
Expenses as (% of product sales):																			
COGS	29.2%	28.7%	27.9%	27.2%	28.4%	28.1%	26.6%	27.4%	28.8%	29.0%	28.0%	28.4%	28.2%	28.0%	27.8%	28.1%	27.9%	27.7%	27.5%
SG&A	29.1%	29.4%	29.5%	28.0%	28.8%	28.9%	28.5%	29.6%	28.8%	28.8%	28.9%	30.2%	28.5%	28.5%	28.0%	28.8%	28.5%	28.0%	27.6%
R&D	4.1%	4.6%	4.4%	5.0%	5.7%	4.9%	5.8%	5.4%	5.3%	5.3%	5.4%	5.6%	5.2%	5.1%	5.0%	5.2%	4.6%	4.4%	4.3%
Margins (% of total revenue):																			
Gross margin	70.8%	71.3%	72.1%	72.8%	71.6%	71.9%	73.4%	72.6%	71.3%	71.0%	72.0%	71.6%	71.8%	72.0%	72.2%	71.9%	72.1%	72.3%	72.5%
Operating margin	37.6%	37.2%	38.2%	39.7%	37.2%	38.1%	39.1%	37.5%	37.2%	36.9%	37.7%	35.8%	38.2%	38.4%	39.2%	37.9%	39.1%	39.9%	40.6%
Net income	15.5%	15.6%	15.4%	18.9%	17.4%	16.8%	17.8%	17.3%	17.5%	17.5%	17.5%	15.2%	18.8%	19.4%	20.5%	18.6%	20.1%	21.5%	22.7%
Income Tax	13.2%	12.1%	11.9%	6.7%	3.2%	8.3%	6.3%	7.9%	9.0%	9.0%	8.1%	10.0%	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%	13.0%
Y-Q-Y Growth rates:																			
Total revenue	-9.8%	-5.4%	-4.7%	-3.8%	-1.9%	-3.9%	1.1%	1.1%	1.4%	3.5%	1.8%	0.4%	2.1%	2.5%	2.3%	1.8%	2.9%	2.5%	2.6%
R&D	-10.6%	-4.2%	0.0%	32.1%	33.3%	14.4%	27.2%	24.5%	6.3%	-3.0%	12.4%	-3.2%	-3.3%	-0.5%	-3.5%	-2.6%	-10.0%	-0.9%	0.3%
SG&A	-5.9%	-9.8%	-2.9%	-1.6%	-3.5%	-4.5%	-2.0%	1.6%	4.2%	3.7%	1.9%	6.3%	-1.7%	1.4%	-0.5%	1.2%	2.0%	0.7%	1.1%
Operating income	-18.4%	-2.9%	-4.0%	-2.6%	-0.6%	-2.6%	6.1%	-0.6%	-5.0%	2.7%	0.6%	-8.1%	3.8%	5.8%	8.8%	2.6%	5.9%	4.7%	4.4%
Net Income	-29.6%	14.3%	-9.7%	9.8%	6.1%	4.5%	14.7%	13.8%	-5.7%	4.3%	6.0%	-14.3%	11.3%	13.5%	20.2%	7.9%	11.6%	9.4%	8.2%
Cash EPS	-29.9%	13.5%	-10.3%	8.3%	4.6%	3.6%	13.7%	12.7%	-6.5%	3.2%	5.1%	-15.3%	10.0%	12.9%	20.3%	7.2%	11.5%	9.4%	8.1%

* Some actuals may reflect BHC restated financial results

(1) Actuals may be slightly varied due to BHC GAAP to non-GAAP reconciliations. Quarterly results and estimates may not fully add to FY numbers (due to non-GAAP adjustments in individual line-items)

(2) May reflect PJC estimates if an actual share count was not disclosed

(3) Reflect PJC estimates in 2Q18 given that BHC has re-classified its revenue categories, but has not yet provided historical reconciliations for the new segments

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BHC: David Amselem; 212.284.9455

Current disclosure information for this company is located at <http://www.piperjaffray.com/researchdisclosures>.

Bausch Health Companies, Inc. - Annual Cash Flow Statement

(\$ in millions)

	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019E
Beginning Cash & Equivalents	\$164.1	\$916.1	\$600.2	\$322.6	\$597.3	\$542.3	\$797.0	\$723.0
Operating Activities								
Net Income (Loss)	\$1,364.5	\$863.6	\$879.4	(\$287.8)	(\$2,408.0)	\$2,404.0	(\$4,144.0)	\$1,494.8
Depreciation & Amortization ⁽¹⁾	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	(\$1,507.1)	\$511.2	\$1,966.5	\$3,170.3	\$4,440.0	(\$1,045.0)	\$5,540.0	(\$200.0)
Stock-based Compensation	\$66.2	\$45.5	\$78.2	\$140.1	\$165.0	\$87.0	\$87.0	\$50.0
Net Change in Assets and Liabilities	(\$253.3)	(\$378.3)	(\$629.4)	(\$822.2)	(\$110.0)	\$844.0	\$18.0	\$33.4
Cash From Operations	(\$329.6)	\$1,042.0	\$2,294.7	\$2,200.4	\$2,087.0	\$2,290.0	\$1,501.0	\$1,378.1
Investing Activities								
Capital Expenditures	(\$107.6)	(\$115.3)	(\$291.6)	(\$235.2)	(\$235.0)	(\$171.0)	(\$157.0)	(\$275.0)
Short-Term Investments	\$617.6	(\$18.2)	(\$72.0)	\$109.0	\$17.0	(\$5.3)	(\$7.0)	\$0.0
Acquisition of Intangibles	(\$73.5)	(\$69.6)	(\$179.0)	(\$68.1)	(\$56.0)	(\$165.0)	(\$78.0)	\$0.0
Other	(\$3,402.2)	(\$5,177.2)	\$442.9	(\$15,383.1)	\$149.0	\$3,228.0	\$46.0	\$0.0
Cash From Investing Activities	(\$2,965.7)	(\$5,380.4)	(\$99.7)	(\$15,577.4)	(\$125.0)	\$2,886.7	(\$196.0)	(\$275.0)
Financing Activities								
Debt Issuance	\$6,005.8	\$8,412.8	\$1,649.0	\$17,825.0	\$1,223.0	\$9,424.0	\$8,944.0	\$0.0
Debt Repayments	(\$1,933.1)	(\$6,401.3)	(\$3,916.4)	(\$5,185.8)	(\$2,439.0)	(\$14,203.0)	(\$10,104.0)	(\$1,000.0)
Dividends	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Share Repurchases	(\$280.7)	(\$55.6)	\$0.0	(\$72.4)	\$0.0	\$0.0	\$0.0	\$0.0
Stock and Option Issuances	\$35.6	\$2,317.4	\$17.2	\$1,463.0	\$33.0	\$0.0	\$2.0	\$0.0
Other, Net	(\$770.1)	(\$245.6)	(\$193.5)	(\$348.0)	(\$780.0)	(\$184.0)	(\$195.0)	\$0.0
Cash From Financing Activities	\$3,057.4	\$4,027.7	(\$2,443.7)	\$13,681.8	(\$1,963.0)	(\$4,963.0)	(\$1,353.0)	(\$1,000.0)
Currency Translation Differences	\$3.8	(\$5.2)	(\$29.0)	(\$30.1)	(\$54.0)	\$41.0	(\$26.0)	\$0.0
Net Change In Cash	(\$234.2)	(\$315.9)	(\$277.7)	\$274.7	(\$55.0)	\$254.7	(\$74.0)	\$103.1
Year End Cash & Equivalents	(\$70.1)	\$600.2	\$322.5	\$597.3	\$542.3	\$797.0	\$723.0	\$826.1

(1) Historicals grouped Depreciation and Amortization in "Other" line

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BHC: David Amsellem; 212.284.9455

Bausch Health Companies, Inc. - Annual Balance Sheet

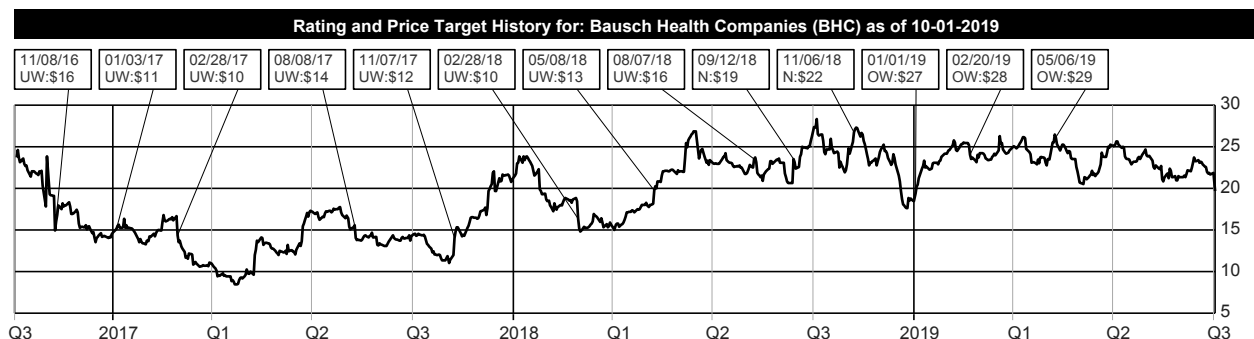
(\$ in millions)

	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019E
Current Assets								
Cash & Equivalents	\$916.1	\$600.2	\$322.6	\$597.3	\$542.3	\$797.0	\$723.0	\$826.1
Short-term investments	\$4.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accounts Receivable, net	\$913.8	\$1,814.8	\$2,075.8	\$2,686.9	\$2,517.0	\$2,130.0	\$1,865.0	\$2,103.4
Inventories	\$531.3	\$883.0	\$889.2	\$1,256.6	\$1,061.0	\$1,048.0	\$934.0	\$1,045.8
Other Current Assets	\$411.9	\$587.8	\$844.1	\$966.4	\$957.0	\$771.0	\$689.0	\$723.5
Total Current Assets	\$2,777.5	\$3,885.7	\$4,131.7	\$5,507.2	\$5,077.3	\$4,746.0	\$4,211.0	\$4,698.8
Property, Plant & Equipment, Net								
Property, Plant & Equipment, Net	\$462.7	\$1,234.2	\$1,312.3	\$1,441.8	\$1,312.0	\$1,403.0	\$1,353.0	\$1,628.0
Goodwill	\$5,141.4	\$9,752.1	\$9,361.4	\$18,552.8	\$15,794.0	\$15,593.0	\$13,142.0	\$13,142.0
Intangible Assets, Net	\$9,308.7	\$12,848.2	\$11,277.9	\$23,083.0	\$18,884.0	\$15,211.0	\$12,001.0	\$12,001.0
Other Assets	\$260.2	\$250.4	\$221.4	\$379.7	\$2,462.0	\$544.0	\$1,785.0	\$1,785.0
Total Assets	\$17,950.4	\$27,970.7	\$26,304.7	\$48,964.5	\$43,529.3	\$37,497.0	\$32,492.0	\$33,254.8
Liabilities & Equity								
Current Liabilities	\$1,822.8	\$2,307.6	\$2,708.4	\$5,312.6	\$3,609.0	\$4,268.0	\$3,836.0	\$4,219.6
Long-Term Debt	\$10,535.4	\$17,367.7	\$15,228.0	\$30,265.4	\$29,845.0	\$25,235.0	\$24,077.0	\$23,077.0
Other Liabilities	\$1,874.8	\$3,062.1	\$2,966.6	\$7,356.7	\$6,817.0	\$2,050.0	\$1,764.0	\$1,764.0
Equity	\$3,717.4	\$5,233.2	\$5,401.7	\$6,029.8	\$3,258.3	\$5,944.0	\$2,815.0	\$4,194.2
Total Liabilities & Equity	\$17,950.4	\$27,970.7	\$26,304.7	\$48,964.5	\$43,529.3	\$37,497.0	\$32,492.0	\$33,254.8

Proprietary to Piper Jaffray & Co., Inc. October 1, 2019

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IMPORTANT RESEARCH DISCLOSURES



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- I: Initiating Coverage
- R: Resuming Coverage
- T: Transferring Coverage
- D: Discontinuing Coverage
- S: Suspending Coverage
- OW: Overweight
- N: Neutral
- UW: Underweight
- NA: Not Available
- UR: Under Review

Distribution of Ratings/IB Services Piper Jaffray				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OW]	385	64.71	94	24.42
HOLD [N]	203	34.12	15	7.39
SELL [UW]	7	1.18	0	0.00

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Analyst Certification — David Amsellem, Sr. Research Analyst

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Underweight (UW): Anticipated to underperform relative to the median of the group of stocks covered by the analyst.

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