



FEATURED OPTIONS RADAR REPORT



Call Buyers Adjust to Ride Out Major Event-Driven Healthcare Value Unlock Play

Ticker/Price: BHC (\$25.58)

Bausch Health (BHC) has over 70,000 January \$20 calls in open interest as well as 25,000 January \$18 calls from buyers in June 2020 and this week seeing some adjustments as 20,000 April \$19 calls bought for \$17M, 30,000 February \$20 calls bought for \$19M and 18,000 February \$18 calls bought for \$15M. BHC also has 15,000 April \$27 calls in open interest from a large buyer on 12/2. BHC shares recently failed on a rally back to the 34-week moving average and filling a gap this week while back below all key daily moving averages. BHC has been in a narrow falling channel pattern since last March and late 2021 lows held right above VWAP off the 2020 lows. Bausch is a healthcare products company mainly focused in the therapeutic areas of eye-health, gastroenterology and dermatology. BHC has been divesting businesses, refocusing their core strategy and paying down debt to improve their balance sheet while an IPO of the B&L business is expected this year and the CEO is also looking to spin off the skin products business (Solta Medical) leaving three independent and publicly traded companies. BHC has a market cap of \$9B and trades 8.7X FY22 EBITDA which is expected to grow 3-5% the next few years with similar topline growth seen. BHC also is open to potentially selling the units according to the CEO's latest comments. The Xifaxan business will be very important to the Bausch Pharma business for the remaining company and the business posted 12% revenue growth last quarter. BHC is also looking to develop novel formulations of rifaximin in new indications. INFUSE is one of BHC's fastest growing products and it sees the silicone hydrogel US market at \$1B today growing to \$3B with it expected to gain market share. BHC is also launching XIPERE as the first product that uses suprachoroidal space of the eye to treat the macular edema associated with uveitis, a \$600M US opportunity. BHC mentioned dry eye disease as its largest opportunity, impacting 16M Americans, a \$3B market. Analysts have an average target of \$37 and short interest is low at 3.8% of the float. JP Morgan noted in September that BHC has 50% upside on a sum of the parts basis. Icahn, Paulson, ValueAct and Glenview all have large positions in BHC.

Hawk Vision:



Hawk's Perspective: BHC has a lot of moving parts and buying dips in the name has worked, there is clearly a lot of value to unlock and an interesting name for 2022. The Feb. \$28 calls with 14,000 bought to open recently as well, possibly see some news soon and shares back to \$30.

Confidence Ranking: \$\$