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Biovail Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir; we will now take questions from the listeners. (Operator Instructions) The first question's from Randall Stanicky - Goldman Sachs.

Randall Stanicky - Goldman Sachs

Great, thanks a lot for the question. Bill, just a question first on the uses of capital, I mean you talked acquisitions, we've seen some share repurchased, obviously the dividends are the key part of the story here. How do we think about that going forward in the context of, you know, what's close to 400 million in cash that you currently have on the balance sheet?

Bill Wells

Well we're trying to take a very balanced approach to this. We've laid out our plans so that we can invest 600 million in R&D over the next five years. That's what we think is necessary to achieve our goals with our strategic focus. That, we think, will allow us to bring four to five new products into this specialty CNS pipeline that we are creating.

In addition we believe that we'll have the strength to continue paying our dividends through that time period, and to maintain the company debt free. So that's how we've built the financial model to support our strategy.

Now we're also looking at some acquisition opportunities. Those acquisition opportunities would accelerate the strategy and so we would be able to accomplish it in a timeframe, which is faster than the five years that we've been looking at. If we do some acquisitions and are successful in that, we may have to take on some debt in order to accomplish those acquisitions, but that is something that we'll just have to see as we go forward.

Randall Stanicky - Goldman Sachs

So dividend impact, share repurchase remains something that you may continue from time to time. Should we be thinking about any potential deals as part of that 600 million in R&D cash that you've put out there to 2012?

Bill Wells

The way that we laid out the 600 million is that, that would include all of our in-licensing activities and our R&D spending on the existing pipeline, and on development of the products that we end license, but it would not include acquisitions.

Randall Stanicky - Goldman Sachs

Got it, Okay, and just one follow-up – Aplenzin, what's holding up – or how do we think about the partnering for that product? I mean what are the discussion points that you're having, or what's holding back, I guess, the ability to announce a partner for that product?

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