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HEALTHCARE TEAM

CATALYST

PHARMACEUTICALS

Stock Pitch presented by Alex Page, Isaac Williams, Itonas Vaitekunas, Skye Farrant

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WHO ARE CATALYST PHARMACEUTICALS?

Catalyst Pharmaceuticals, Inc. is a commercial stage biopharmaceutical company, focused on development and commercialisation of treatments targeting neuromuscular diseases.

The company's core operations consist of the manufacturing and supply of 3 drugs: Firdapse, Fycompa and AGAMFREE. These drugs are all patented by Catalyst and form the basis of all their earnings. Firdapse is used to treat Lambert Eaton myasthenic syndrome. FYCOMPA is a drug catered to treat epilepsy. AGAMFREE is a drug to treat a rare neurological disorder by the name of Duchenne Muscular Dystrophy.

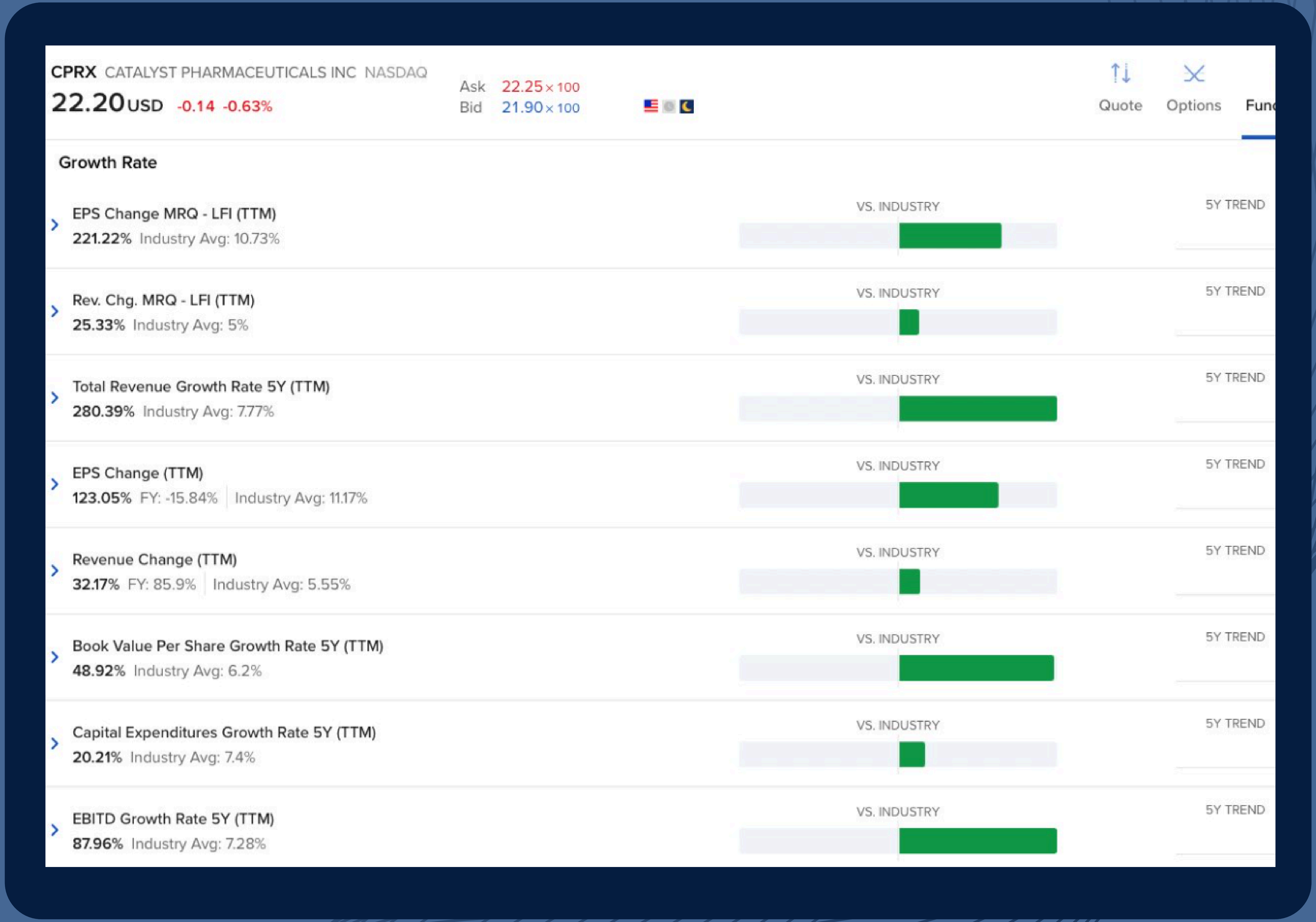
Key geographical areas include:
North America: US market is currently the sole area of business.
Japan: Dydo (Catalyst's) partner rolling out Firdapse this quarter.
Canada: Kye pharmaceuticals pursuing first quarter Canadian Health approval of AGAMFREE.

Capital structure: Catalyst boasts an exemplary balance sheet with negligible debt and cash reserves for acquisition and flexible partner ventures.
The important KPI's in monitoring Catalyst's expansion is the Q1 sales numbers of Firdapse in Japan, how well it's new drug AGAMFREE carries on performing in the state and finally how quickly Kye can obtain approval to sell in Canada.

Company Overview

Catalyst’s strong earnings and revenue growth paired with the manufacturing and supply of their products has allowed them to outperform market competitors. With a well-established presence in the US and push for global expansion alongside their new products, the company exhibits further growth potential. Key competitors like Intra-cellular Therapies (ITCI), Roivant Sciences (ROIV), Revolution Medicines (RVMD) all fail to outperform Catalyst on profitability, growth and earnings.

The current stock price sits at $21.97, and we have set a two-stage target price of $25.00, and $30.00 with a stop loss at $19.00 to mitigate excessive risk.



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INVESTMENT THESIS

We believe this stock exhibits extremely strong financial opportunity with a Value, Growth and Momentum score of "A" proposed by Zacks.

Catalyst also outperforms its competitors with an ROA value of 9.64% ahead of 96.30% of companies, and ROE of 11.19% also ahead of 95.94% of the industry. Earnings Per Share has grown by 63.89% over the past year. Revenue growth has also been strong increasing 25.33% YTD.

Catalyst Pharmaceuticals presents a balanced opportunity for growth-oriented investors. Strong financial performance and favourable analyst targets provide confidence in the stock's longer-term growth potential.

CPRX CATALYST PHARMACEUTICALS INC NASDAQ

22.20 USD -0.14 -0.63%

Ask 22.25 × 100
Bid 21.90 × 100

Quote | Options | Fundamentals | New

Overview | Company Profile | Key Ratios | Dividends | Impact | Financials | Analyst Ratings | Analyst Forecast | Ownership | Social Sentiment | Short Selling | Securities Lend

Refinitiv Disclosure

Income | Balance Sheet | Cash Flow

Annual | Quarterly

Total Revenue	Gross Profit	Operating Income	Net Income bf/Tax	Net Income After Taxes
128.69M	109.42M	50.91M	57.2M	43.88M
+25.33%	+23.61%	+236.9%	+250.46%	+242.65%

IN MILLIONS OF USD	SEP 30, 24	Y/Y %CHANGE	TREND	SEP 30, 23	DEC 31, 23	MAR 31, 24	JUN 30, 24
Revenue	128.69	25.33%		102.69	110.57	98.51	122.71
Total Revenue	128.69	25.33%		102.69	110.57	98.51	122.71
Cost of Rev.	19.28	36.07%		14.17	15.81	12.52	15.4
Gross Profit	109.42	23.61%		88.52	94.76	85.99	107.3
Selling/General/Admin. Expenses, Total	45.88	36.71%		33.56	42.04	46.94	40.73
Rsrch and Dev. Exp.	3.28	-96.07%		83.66	1.97	2.58	2.98
Depreciation/Amortization	9.34	10.11%		8.49	9.06	9.34	9.34
Total Operating Expense	77.79	-44.39%		139.88	68.88	71.38	68.46

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RISK & ESG RATINGS

Key strengths is cash flow, up 186.8% this year.

Catalyst Pharmaceuticals also operates on minimal debt ($3.2million) and large cash reserves ($740million)

Operating in a niche market with patents on products results in minimal competition risk.

The company has a current MSCI rating of ‘BBB’ up from its previous ‘CCC’ rating the year prior and is in an upward trajectory.

With the recent introduction of their ESG program and annual ESG reports, Catalyst Pharmaceuticals is continually trying to improve their ESG status and impact of the world.

FINANCIALS & DCF

Label	Value (MM)
Enterprise value	2687
Net debt	-134
Equity Value	2821
Shares Outstanding	118
Equity value per share, (USD)	23.90
Premium to current price (%)	8.6

FINANCIAL **PERFORMANCE**

In Q3 2024, the company reported revenue of $128.7 million, a 25.3% increase YoY, driven by strong demand for their lead product, FIRDAPSE, and the successful U.S. launch of AGAMREE.

Net income improved to $45.6 million, compared to $35.2 million in the same period last year.

Valuation continued

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The current discount of 8.6% is negligible but this only reflects the current base case and there are more variables to discuss within the fundamentals.

FIRDAPSE has 6 "orange book" patents in the US with IP until 2032-2037 giving it strong protection against competitors.

As the company has only just gained approval of the sale of FIRDAPSE in Japan via Dydo Pharmaceuticals in September these revenues cannot be estimated or added into the model making the DCF challenging to project.

AGAMREE, has sold well in US markets since its launch in Q2 and will be filed for Canadian Health approval in early 2025 adding extra revenue growth onto the already promising performance to date.

A notable benefit of this international expansion is it would hedge against a Trump drug price cut campaign if it ever came in action. Therefore, a diverse group of countries is now more valuable than ever in protecting the top line.

With the current strong portfolio of drugs and further desire for expansion & acquisition internationally, there is a bullish case present however it would be advisable to build into the position as we must remain intuitive in motion as the first quarter of FIRDAPSE's performance in Japan will set a precedent on future success

The Structure

•Due to the implied volatility of Japan's earnings in the first quarter we can use this to our advantage; a 5% position size will leave exposure to the company's upside on earnings day in Q1, moreover there is very little point in a full 10% allocation with no immediate fundamental catalysts or meaningful news releases. From Q1's performance, as will be reflected in the share price, we can either cut or add to the position to make it a full 10% as positive news will increase our conviction of successful expansion.

•As mentioned before, setting a 10% moving stop loss (effectively only 5% drawdown). Seeing a fundamental move on earnings, and then if positive scaling up to a full allocation with a price target of $25 and then allocation can be increased further - 12.5% to our target of 30$.

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THANK YOU

ANY QUESTIONS

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References

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