

# CATALYST PHARMA. NDQ-CPRX

RECENT PRICE **12.62** P/E RATIO **10.2** (Trailing: 12.4 Median: NMF) RELATIVE P/E RATIO **0.62** DIV'D YLD **Nil** VALUE LINE **1608**

<b>TIMELINESS</b> 2 Raised 9/1/23	High: 2.3 3.7 3.5 5.8 2.4 4.5 4.1 7.7 5.3 7.6 19.8 22.1	LEGENDS --- Relative Price Strength Options: Yes Shaded area indicates recession	Target Price Range 2026 2027 2028
<b>SAFETY</b> 4 Lowered 6/30/23	Low: 0.4 0.4 1.7 2.3 0.5 1.0 1.9 1.9 2.6 3.3 5.2 11.1		
<b>TECHNICAL</b> 2 Raised 9/22/23			48
<b>BETA</b> 1.15 (1.00 = Market)			40
<b>18-Month Target Price Range</b>			32
Low-High Midpoint (% to Mid)			24
\$10-\$40 \$25 (100%)			20
<b>2026-28 PROJECTIONS</b>			16
Price Gain Ann'l Total			12
High 35 (+175%) 28%			8
Low 20 (+60%) 11%			6
<b>Institutional Decisions</b>			
4Q2022 1Q2023 2Q2023	Percent shares traded	45 30 15	
to Buy 149 135 116			
to Sell 100 124 127			
Hld's(000) 84369 89141 82439			

Founded in Coral Gables, Florida, Catalyst Pharmaceuticals went public on November 13, 2006. The company sold 52 million shares at \$6 a share. Traded on the Nasdaq, under the ticker symbol CPRX, the stock was taken public by Goldman Sachs, BMO, Armistice Capital, and J P Morgan Chase. The company has licence agreements and collaborations with BioMarin Pharma. and Endo Ventures. It markets *Firdapase* for LEMS and spinal muscular atrophy.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
Revenues per sh	--	--	d.24	d.22	d.18	d.33	.31	.73	.39	.75	1.20	1.20	Revenues (Smill)	4.95
"Cash Flow" per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Operating Margin	37.0%
Earnings per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Depreciation (Smill)	1.5
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Net Profit (Smill)	190
Cap'l Spending per sh	.40	.51	.67	.47	.79	.49	.85	1.63	2.01	2.82	3.75	4.85	Income Tax Rate	23.0%
Book Value per sh	54.13	69.12	82.85	82.97	102.55	102.74	103.40	103.78	102.99	103.21	107.00	110.00	Net Profit Margin	33.5%
Common Shs Outst'g	--	--	--	--	--	--	14.4	5.6	14.3	16.6	<b>390</b>	<b>420</b>	Working Cap'l (Smill)	310
Avg Ann'l P/E Ratio	--	--	--	--	--	--	14.4	5.6	14.3	16.6	<b>390</b>	<b>420</b>	Long-Term Debt (Smill)	150.0
Relative P/E Ratio	--	--	--	--	--	--	.77	.29	.77	.97	<b>32.5%</b>	<b>22.5%</b>	Shr. Equity (Smill)	720.0
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	<b>32.5%</b>	<b>24.5%</b>	Return on Total Cap'l	22.0%
Revenues (Smill)	--	--	--	--	5	102.3	119.1	140.8	214.2	390	420	420	Return on Shr. Equity	26.5%
Operating Margin	--	--	--	--	NMF	31.4%	35.4%	37.3%	40.5%	40.0%	41.0%	41.0%	Retained to Com Eq	26.0%
Depreciation (Smill)	--	--	--	--	.1	.3	.9	2	4	8	10	10	All Div'ds to Net Prof	Nil
Net Profit (Smill)	d12.2	d15.5	d20.2	d18.1	d18.4	d34.0	31.9	75.0	39.5	77.4	130	130		
Income Tax Rate	--	--	--	--	--	--	4.6%	--	25.0%	24.1%	24.0%	24.0%		
Net Profit Margin	--	--	--	--	--	NMF	31.2%	63.0%	28.0%	36.1%	33.3%	31.0%		
Working Cap'l (Smill)	23.2	37.9	56.5	39.4	80.9	45.7	87.3	136.4	183.0	231.6	190	190		
Long-Term Debt (Smill)	--	--	--	--	--	--	--	--	--	--	Nil	50.0		
Shr. Equity (Smill)	21.4	35.2	55.5	39.3	81.0	50.8	87.6	169.6	206.8	291.2	400.0	535.0		
Return on Total Cap'l	NMF	NMF	NMF	NMF	NMF	NMF	36.4%	44.2%	19.1%	26.6%	32.5%	22.5%		
Return on Shr. Equity	NMF	NMF	NMF	NMF	NMF	NMF	36.4%	44.2%	19.1%	26.6%	32.5%	24.5%		
Retained to Com Eq	NMF	NMF	NMF	NMF	NMF	NMF	36.4%	44.2%	19.1%	26.6%	32.5%	24.5%		
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil		

**CAPITAL STRUCTURE as of 6/30/23**  
Total Debt None. Due in 5 Yrs None.

LT Debt None. LT Interest None.

Leases, Uncapitalized: \$1.2 mill.

No Defined Benefit Pension Plan

Common Stock 106,582,000 shs. as of 8/8/23 (100% of capital)

MARKET CAP: \$1.3 billion (Small Cap)

CURRENT POSITION (\$MILL.)	2021	2022	6/30/23
Cash Assets	191.3	256.1	178.8
Receivables	6.6	9.3	42.8
Inventory	7.9	7.1	10.8
Other	4.3	3.8	8.6
Current Assets	210.1	276.3	241.0
Accts Payable	2.8	2.5	4.4
Debt Due	--	--	--
Other	24.3	42.2	48.1
Current Liab.	27.1	44.7	52.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22 to '26-'28
Revenues	--	--	23.0%
"Cash Flow"	--	--	19.5%
Earnings	--	--	20.0%
Dividends	--	--	Nil
Book Value	21.5%	23.0%	22.5%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	29.2	29.6	29.3	31.0	119.1
2021	30.2	36.4	35.9	38.3	140.8
2022	43.1	53.1	57.2	60.8	214.2
2023	85.4	99.6	100	105	390
2024	90.0	100	110	120	420

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.10	.09	.41	.11	.71
2021	.07	.11	.10	.09	.37
2022	.12	.20	.20	.23	.75
2023	.26	.33	.29	.32	1.20
2024	.30	.30	.30	.35	1.25

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	--	--	--	--	--
2020	--	--	--	--	--
2021	--	--	--	--	--
2022	--	--	--	--	--
2023	--	--	--	--	--

**BUSINESS:** Catalyst Pharmaceuticals, Inc. develops and commercializes drugs for rare neuromuscular and neurological diseases (orphan drugs). Its primary product is *Firdapase*, which is used to treat Lambert-Eaton myasthenic syndrome (LEMS). Acquired the rights to market *Fycompa* from Eisai Pharma. in January, 2023. As of March 31st, 67% of sales stem from *Fidapase*, 33% from

*Fycompa*. In 2022, R&D was 6.2% of sales. Has about 80 employees. Off. and dir. own 6.3% of stock; State Street, 7.4%; Black-Rock, 14.7%; Vanguard, 6.4%; Patrick McEnamy, 5.8% (7/23 proxy). Chairman, CEO. and Pres.: Patrick J. McEnamy, Inc. DE. Address: 355 Alhambra Circle, Suite 801, Coral Gables, FL 33134. Telephone: 305-420-3200. Internet: www.catalystpharma.com

**For long-term investors, Catalyst Pharma. stock is a diamond in the rough.** This equity is relatively thinly traded by a few large institutional investors, and is only covered by three other research firms beside ourselves. This means that it flies under the radar, and can therefore be picked up at a very reasonable price at opportune moments. Such a moment is now. In our opinion, given the company's earnings growth potential to 2024-2026, it's stock deserves a much higher P/E multiple than it currently sports. Firstly, Catalyst has a great business model. It acquires the rights to commercialize drugs used to cure/control rare (orphan) diseases from small pharmaceutical start-ups or larger biotechs. Catalyst does all the leg work for them, and in return, gets royalties on products sold. Second, CPRX has no debt, ample cash on the books, and robust cash-flow generation. This means it has a great deal of financial heft to invest in the acquisition of more assets, collaborations, product rights, joint ventures, and licenses. Third, the dollar amount for a share is low. As such, the average retail investor can afford to buy a

thousand shares, giving him/her a lot of capital gains leverage. **What does Catalyst already have in its portfolio?** It currently has *Firdapase*, used to treat Lambert Myasthenic Syndrome (LEMS), which is expected to generate 2023 sales of \$240 million. Then comes *Fycompa*, an epilepsy treatment acquired from Eisai Pharma., that should post 2023 revenue of \$140 million. And in July, the company obtained the North American rights to sell *Vamorolone*, used to treat Duchenne muscular dystrophy. This ought to post sales of around \$10 million before yearend. **The beauty of the company's strategy is as follows.** It buys the rights to orphan drugs, then places them under strong patent protection to prevent generic competition. And because these drugs are the only medicines available to treat their respective ailments, Catalyst can charge as much as the market (read health insurance companies and CMS) will pay for them. The one drawback is that patient populations are small and finite, so CPRX must keep making more deals to grow.

(A) Diluted earnings. Next earnings report due late October.	(B) In millions.	(C) No dividends currently being paid.	Company's Financial Strength	B
			Stock's Price Stability	10
			Price Growth Persistence	60
			Earnings Predictability	35