Zacks Small-Cap Research
Sponsored – Impartial – Comprehensive
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RVL Pharmaceuticals plc (RVLP: NASDAQ)

Year Closes on a Strong Note

We apply an 18.0x multiple to 2027 earnings and a 15.0x multiple to 2027 EBITDA, then discount the result to present using a 20% factor to generate our target price.

Current Price (2/2/2023)	$1.28
Valuation	**$3.60**

OUTLOOK

RVL Pharmaceuticals commercializes Upneeq for the treatment of acquired blepharoptosis, or low-lying eyelids. While its primary use is for a medical condition that limits vision, the benefits extend to the aesthetics market where it improves appearance, avoiding a sleepy look.

Following successful pivotal trials measuring superior visual field deficits and upper eyelid elevation, RVL launched Upneeq in late 2020 to eye care professionals. Commercialization efforts later expanded to ophthalmology, optometry and oculoplastic specialties. RVL began pursuing the aesthetics market in early 2022 driving rapid growth off of a small base.

RVL controls its own pharmacy which can either distribute directly or maintain virtual inventory allowing providers to buy product and dispense directly to patients. Future efforts may pursue digital marketing and online pharmacy to improve relationships with customers.

Further growth may come from the Santen agreement for ex-US development of Upneeq, especially in Asia. Several milestones have been paid and upon approval in designated territories royalties will be owed to RVL. Pivotal trials are underway and first sales may take place in 2025.

SUMMARY DATA

52-Week High	**$2.99**
52-Week Low	**$0.99**
One-Year Return (%)	**19.6**
Beta	**1.05**
Average Daily Volume (sh)	**58,093**
Shares Outstanding (mil)	**99.2**
Market Capitalization ($mil)	**127**
Short Interest Ratio (days)	**2.5**
Institutional Ownership (%)	**49.8**
Insider Ownership (%)	**26.2**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	$0.9 A	$11.5 A	$2.2 A	$2.9 A	$17.5 A
2022	$21.4 A	$8.4 A	$10.0 A	$12.1 E	$52.0 E
2023					$73.6 E
2024					$106.8 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-$0.22 A	-$0.35 A	-$0.42 A	-$0.24 A	-$1.23 A
2022	-$0.08 A	-$0.14 A	-$0.16 A	-$0.16 E	-$0.55 E
2023					-$0.49 E
2024					-$0.27 E

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WHAT'S NEW

Fourth Quarter Preliminary Results

Following our initiation of RVL Pharmaceuticals, plc (NASDAQ: RVLP) with a valuation of $3.60 per share, management provided an update on fourth quarter revenues which are expected to be $12.1 million, a 21% sequential increase over third quarter levels and a 323% year over year increase. We update our model to reflect this.

To get a sense of what others are experiencing in asethetics, we scanned the newswire for what others are reporting in the space. Peer Revance (NASDAQ: RVNC) which offers a portfolio of aesthetic offerings, anticipates a ~45% year over year increase for its RHA[1] revenue in the fourth quarter. Colleague Cutera (NASDAQ: CUTR) reported a ~15% year over year revenue increase in 2022. The aesthetic and dermatology solutions company is substantially more mature than RVL. Evolus (NASDAQ: EOLS), a dermatologic-focused aesthetics company, achieved an annual 26% increase in its fourth quarter, substantially increasing the number of purchasing accounts.

Based on this limited review, the aesthetics industry experienced a strong 2022 and finished on a strong note. RVL, with its recent launch and untapped market is seeing much higher growth than more established peers. We also note that Upneeq is a complementary product rather than a competing product which allows it to leverage traffic into dermatologic practices. See our initiation for additional details on the growth dyanamics in the aesthetics industry.

Key Milestones:

- Acceptance of NDA for RVL-1201 (Upneeq) – November 2019
- FDA approval granted for Upneeq – July 2020
- Exclusive international license agreement executed with Santen for Upneeq – July 2020
- Launch of Upneeq to eye care practices – September 2020
- RVL Pharmacy becomes active – September 2020
- Expansion of Upneeq to ophthalmology, optometry & oculoplastic specialties - 2021
- Sale of legacy businesses to Alora Pharmaceuticals – August 2021
- Corporate name change to RVL Pharmaceuticals from Osmotica – January 2022
- Receipt of multiple milestone payments – 1Q:22
- Expansion of commercialization activities into medical aesthetics market – February 2022
- Amendment to Santen agreement expanding into additional territories – March 2022
- Financing agreement executed with Athyrium/Avista - August 2022
- Strategic partnership launched with Revision Skincare - August 2022
- Launch of e-commerce platform – 1Q:23

Summary

We recently initiated coverage of RVL Pharmaceuticals with a valuation of $3.60 per share and recognize the continued revenue strength in the aesthetics space. RVL's lead and only marketed asset is Upneeq®, a product developed to treat acquired blepharoptosis, or low-lying eyelids. Following approval for Upneeq in July 2020, RVL embarked on a structured commercialization effort for the product, initially targeting eye care, then later ophthalmology, optometry, and oculoplastic specialties. In early 2022 the company launched its expansion into the medical aesthetics market and has now begun to penetrate aligned practices.

Upneeq is able to address acquired blepharoptosis otherwise known as ptosis, a condition where the eyelid does not fully raise. RVL's predecessor company conducted clinical trials to evaluate the safety and efficacy of RVL-1201, later branded Upneeq. The clinical studies demonstrated statistically significant improvement in visual field and in Marginal Reflex Distance (MRD) vs. baseline. Safety was exceptional for Upneeq with a profile similar to vehicle as evidenced in the three Phase III studies that were conducted. The favorable performance supports long term use of the product with no expected negative drug-related side effects. We maintain our valuation of $3.60 per share.

[1] RHA consists of hyaluronic acid dermal fillers.

PROJECTED FINANCIALS

RVL Pharmaceuticals plc. - Income Statement

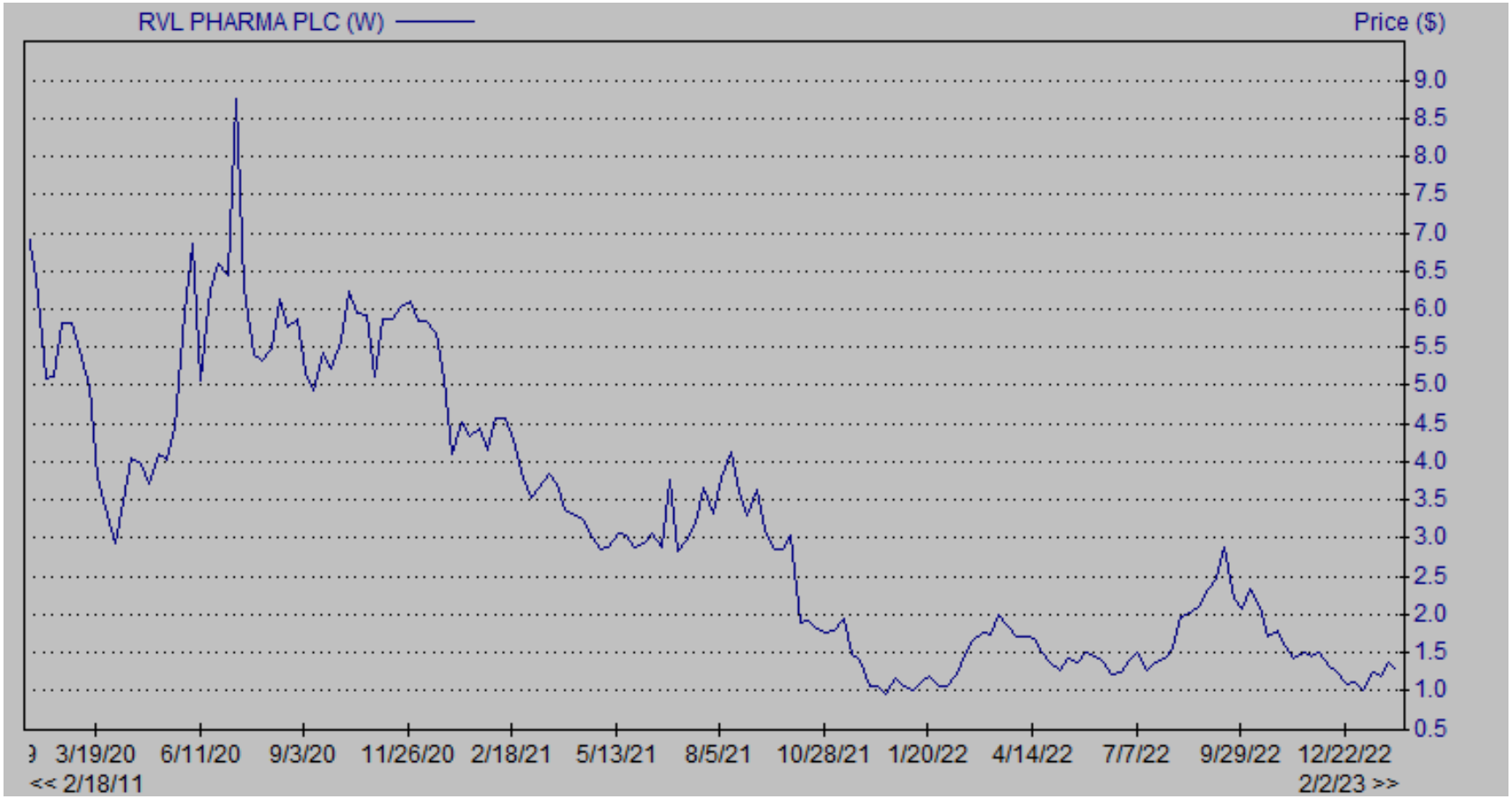
RVL Pharmaceuticals plc	2021 A	Q1 A	Q2 A	Q3 A	Q4 E	2022 E	2023 E	2024 E
Total Revenues ($US)	**$17,501**	**$21,444**	**$8,448**	**$10,022**	**$12,100**	**$52,014**	**$73,629**	**$106,762**
YOY Growth	*-37%*	*2193%*	*-27%*	*356%*	*323%*	*197%*	*42%*	*45%*
Cost of Goods Sold	$3,618	$2,144	$2,227	$2,525	$3,509	$10,405	$22,089	$32,029
Gross Margin-Product Sales Only	52%	64%	74%	75%	71%	72%	70%	70%
Gross Profit	$13,883	$19,300	$6,221	$7,497	$8,591	$41,609	$51,540	$74,733
Selling, General & Administrative	$87,463	$23,834	$20,169	$20,375	$21,550	$85,928	$87,647	$90,276
Research and Development	$6,930	$862	$1,176	$1,044	$950	$4,032	$4,000	$3,000
Other Expenses	$2,244	$0	$0	$0	$0	$0	$0	$0
Income from operations	($82,754)	($5,396)	($15,124)	($13,922)	($13,909)	($48,351)	($40,106)	($18,543)
Net Interest Expense	$3,036	$985	$978	$1,132	$2,250	$5,345	$9,000	$9,000
Other Income	($3,256)	$515	($4,273)	($671)	$0	($4,429)	$0	$0
Pre-Tax Income	($82,534)	($6,896)	($11,829)	($14,383)	($16,159)	($49,267)	($49,106)	($27,543)
Provision for Income Tax	$315	($75)	$277	$63	$0	$265	$0	$0
Tax Rate	*-0.4%*	*1.1%*	*-2.3%*	*-0.4%*	*0.0%*	*-0.5%*	*0.0%*	*0.0%*
Net Income	**($82,849)**	**($6,821)**	**($12,106)**	**($14,446)**	**($16,159)**	**($49,532)**	**($49,106)**	**($27,543)**
Reported EPS	**($1.23)**	**($0.08)**	**($0.14)**	**($0.16)**	**($0.16)**	**($0.55)**	**($0.49)**	**($0.27)**
Basic Shares Outstanding	67,354	83,490	83,581	92,756	99,900	89,932	101,000	102,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

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HISTORICAL STOCK PRICE

RVL Pharmaceuticals plc. – Share Price Chart[2]



[2] Source: Zacks Research System

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