

Seamus Fernandez

seamus.fernandez@guggenheimpartners.com
617 859 4637

Vamil Divan, M.D.

vamil.divan@guggenheimpartners.com
212 823 6543

Alana Lelo, Ph.D.

alana.lelo@guggenheimpartners.com
212 518 9955

Colleen Garvey, Ph.D.

colleen.garvey@guggenheimpartners.com
617 859 4664

Arseny Shabashvili

arseny.shabashvili@guggenheimpartners.com
212 699 1971

Daniel Krizay, Ph.D.

daniel.krizay@guggenheimpartners.com
212 823 6561

2Q23 Aesthetics Survey Highlights Sustained Neurotoxin and Filler Growth; RVNC's Daxi and EOLS's Jeuveau Gain Share

Key Message: We are publishing our second survey report in our series, "New Entrants, Entrenched Competitors, and the Economy: Guggenheim's Quarterly Proprietary Survey on Neurotoxin and Filler Use." We expanded our survey to include a total of 50 aesthetic medicine providers, with ~75% repeat participants from our [first survey](#) (published in May), allowing us to gauge sequential market trends, particularly as we monitor RVNC's Daxxify launch. New to this survey are pricing, re-ordering, and glabellar line dosing information. Results highlight: (1) aesthetic practice growth remains and is expected to continue in the mid- to upper-single digits among these participants; (2) while Daxi is still poised to capture #3 market share, Jeuveau shouldn't be discounted as our data shows a directionally positive trend for the EOLS asset; (3) Daxi's duration is a crucial factor for provider adoption and, in our view, 2H23 - and our subsequent surveys - will bring greater clarity on patient response variability and reorder plans, along with pricing and dosing. More details below.

Aesthetic practice growth remained strong in 2Q23. Consistent with prior results, the results of this survey also suggest mid-to-upper-single digit growth for the overall number of aesthetic medicine patients, botulinum toxin procedures, and facial filler procedures. Macroeconomic concerns still appear largely overblown as practitioners surveyed continue to see little negative impact on their practices due to the current economic environment. More specifically, our survey suggests a slight improvement in toxin growth expectations, although we note a modest downshift in filler use vs. 1Q23 results.

Our survey continues to point to Daxi for the bronze in a shifting neurotoxin marketplace. 2Q23 survey results suggest ABBV's Botox will face greater pressure from both Daxi and EOLS's Jeuveau in the near future compared to 1Q23 results: our data now suggests Daxi and Jeuveau will capture 17% and 12%, respectively, of the market in 3 years vs. 14% and 8% from our prior survey. Estimated future Jeuveau use was especially increased among repeat participants, whose results now predict a Daxi/Jeuveau battle for third in the market. Of note, Daxi projections did not alter significantly in this sub-group from last quarter.

2H23 will bring greater clarity on the market's assessment of Daxi's longevity and potential shifts in reordering plans. Consistent with 1Q23 survey results, ~half of participants recommend follow-up in < 6 months, frequently cited the desire to monitor results, in part due to skepticism over Daxi's duration and longevity as a top reason for their recommendation. When compared to 1Q23, there was a modest increase of participants who would not reorder Daxxify, there also was a slight increase in the large fraction of participants who plan to reorder Daxi. We note that a large subset of participants is still evaluating Daxi and we anticipate greater clarity on repurchasing plans in our future surveys.

First data on price and dosing suggest higher-than-expected-premium and lower-than-recommended dosing. A survey participant subset suggests Daxi is priced at ~50%-100% premium to Botox, above the 10%-40% figure cited by RVNC, although we note there is substantial variability in our small dataset that also does not take tiered and/or bundled pricing into account. On glabellar line dosing, our survey suggests providers administer 34U of Daxi (vs. the recommended 40U) vs. 20U for Botox and Jeuveau. While we are not surprised to see a wider dosing range for Daxi as injectors gain experience and familiarity with the product, subtherapeutic dosing may negatively impact views on durability of effect, in our view.

New Entrants, Entrenched Competitors, and the Economy in Aesthetic Medicine - Guggenheim's Quarterly Survey on Neurotoxin and Filler Use: 2Q23

Guggenheim Securities, LLC

Seamus Fernandez

Global Pharmaceuticals Analyst

617 859 4637

Seamus.Fernandez@GuggenheimPartners.com

Vamil Divan, MD

Global Pharmaceuticals Analyst

212 823 6543

Vamil.Divan@GuggenheimPartners.com

Alana Lelo, PhD

Associate

212 518 9955

Alana.Lelo@GuggenheimPartners.com

Colleen Garvey, PhD

Associate

617 859 4635

Colleen.Garvey@GuggenheimPartners.com

Arseniy Shabashvili

Associate

212 699 1971

Arseniy.Shabashvili@GuggenheimPartners.com

Daniel Krizay, PhD

Associate

212 651 9756

Daniel.Krizay@GuggenheimPartners.com

Survey Demographics: 2Q23 Survey Expanded to Include 50 Facial Aesthetic Providers

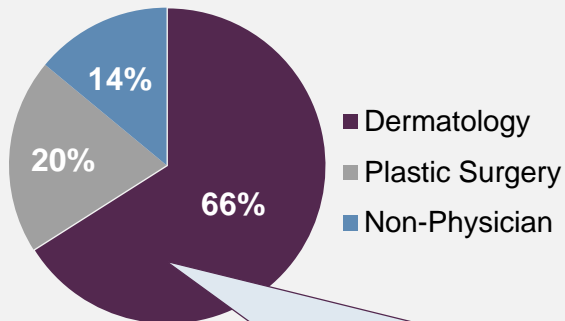
Purpose

- Following our first post-Daxi-launch aesthetic survey published in May, we continue to monitor **aesthetic providers' current usage, planned usage, and willingness to try Daxxify** in a dynamic macroeconomic environment.
- In this 2Q23 follow-up report, we commissioned a web survey of 50 aesthetic medicine providers fielded July 13-20, 2023, including 30 returning participants from our first survey, to gauge evolving trends.
- Furthermore, new to this survey, we have collected pricing, re-ordering, and glabellar line dosing information.

Screening Criteria / Target Survey Sample

Dermatologist, Plastic Surgeon, or other Non-Physician Clinician who currently administers neurotoxins and fillers	Sample Size
Returning participants from first survey	30-40 (out of 40)
Additional participants	10-20
Total Sample Size	50

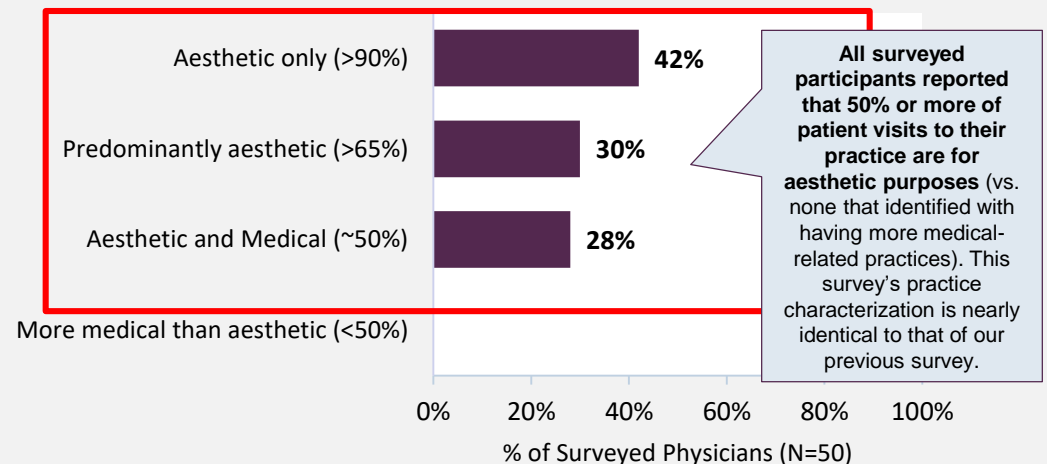
What is your specialty?



The breakdown of survey participant specialty is roughly in line with our previous survey, although we note there is a slightly higher representation of dermatologists in this survey. Of note, 30/50 participants in our second quarter survey are repeat respondents from our first survey published in May.

Practice Characterization (Aesthetic vs. Medical)

Described by split % of patient visits for aesthetic (vs. medical)



All surveyed participants reported that 50% or more of patient visits to their practice are for aesthetic purposes (vs. none that identified with having more medical-related practices). This survey's practice characterization is nearly identical to that of our previous survey.

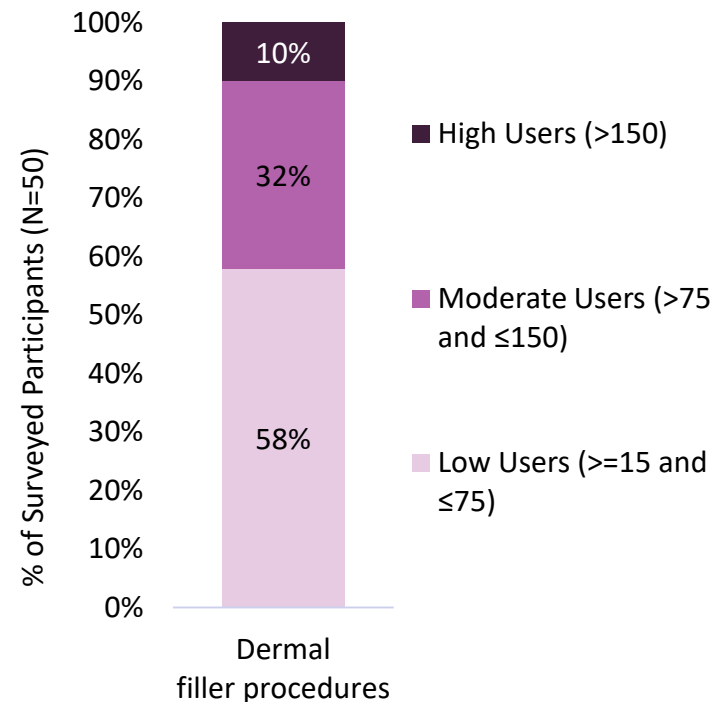
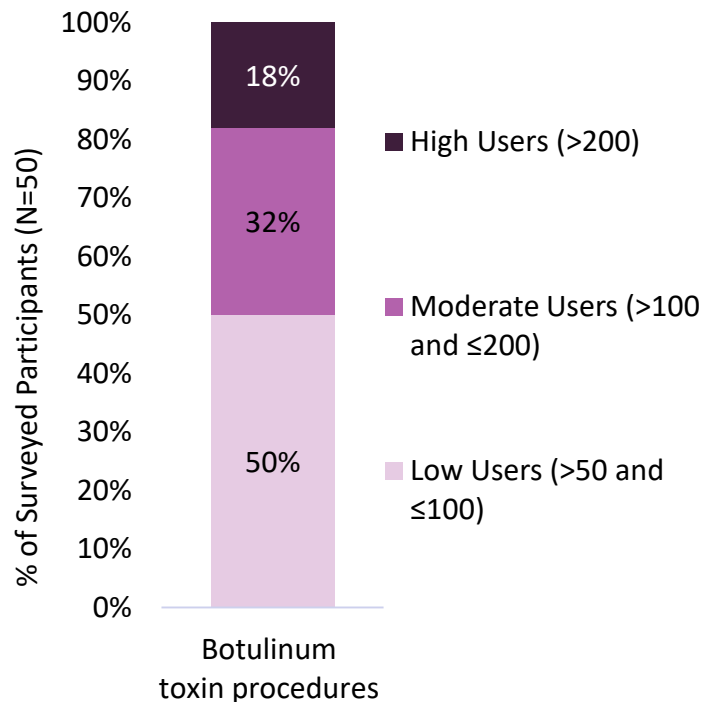
Participants Administer Botulinum Toxin to 165 Patients/Month and Dermal Fillers to 101 Patients/Month, Similar to our 1Q23 Survey

Please estimate the number of your patients per month who undergo the following procedures

Average Number of Patients* (on a monthly basis) who receive:

165 Botulinum Toxin Procedures

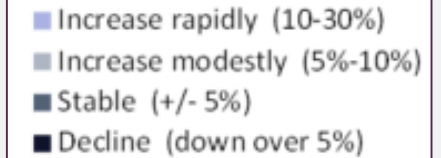
101 Dermal Filler Procedures



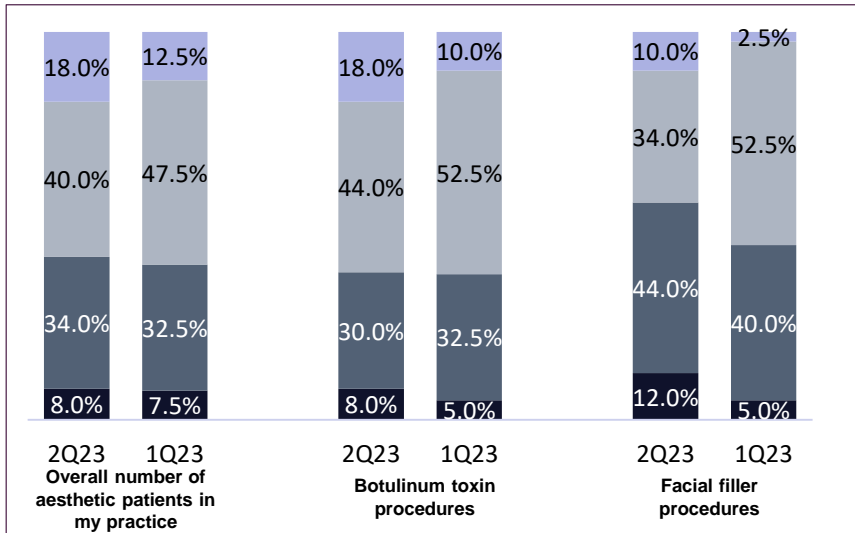
Note: Respondents who reported less than 50 patients who receive BoNT injection(s) and/or less than 15 patients who receive dermal fillers on a monthly basis were excluded from our survey. We note in our 1Q survey, the average number of patients per month who received botulinum toxin and dermal filler procedures, respectively, was 145 and 99. For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]
 Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23])

In 2Q23, Aesthetic Practice Growth Remained Strong with Mid- to Upper-Single-Digit Growth Predictions Unchanged

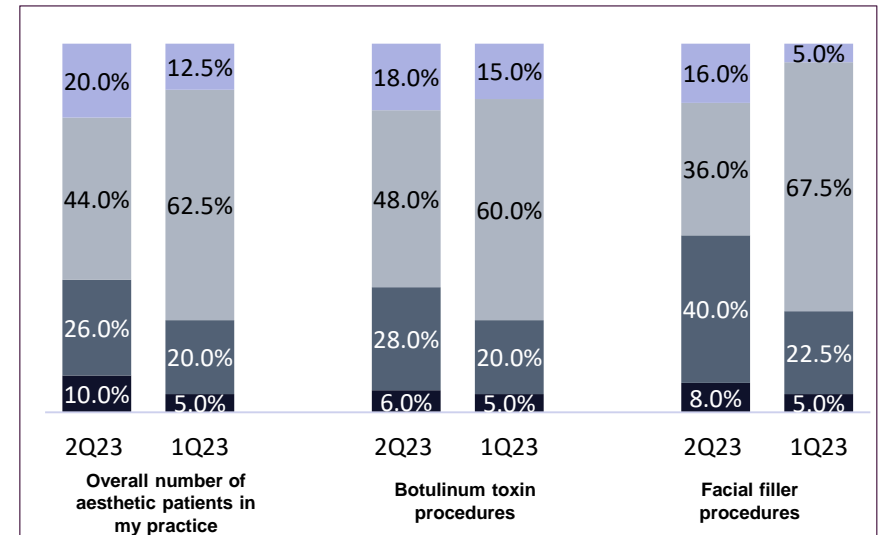
Please describe the ***growth characteristics*** of your practice and related aesthetic procedures in the last 12 months and in the next 12 months:



Last 12 Months



Next 12 Months



REPORTED WEIGHTED AVERAGE GROWTH (%)*

	Overall number of aesthetic patients		Botulinum toxin procedures		Facial filler procedures	
	2Q23	1Q23	2Q23	1Q23	2Q23	1Q23
LAST 12 MONTHS	+6.2	+5.7	+6.5	+5.7	+4.0	+4.2
NEXT 12 MONTHS	+6.8	+6.9	+6.9	+7.3	+5.5	+5.8

Post 1Q23 Debrief: What are the companies saying?

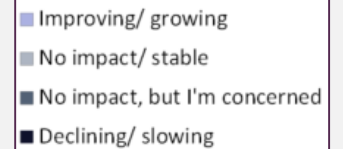
- Providing a hint of its full commercial launch, 1Q23 Daxi sales of \$15.4M beat both our and Street's estimates.
- ABBV has stated the US aesthetic market is stabilizing and an earlier market recovery this year would be an upside to the co's assumption of market recovery next year.
- EOLS saw 23% Y/Y revenue growth in 1Q23, driven by higher volumes and a modestly higher ASP.

*For stable growth, modest growth, rapid growth, and decline, values of 0%, 7.5%, 20%, and -5% were used, respectively.

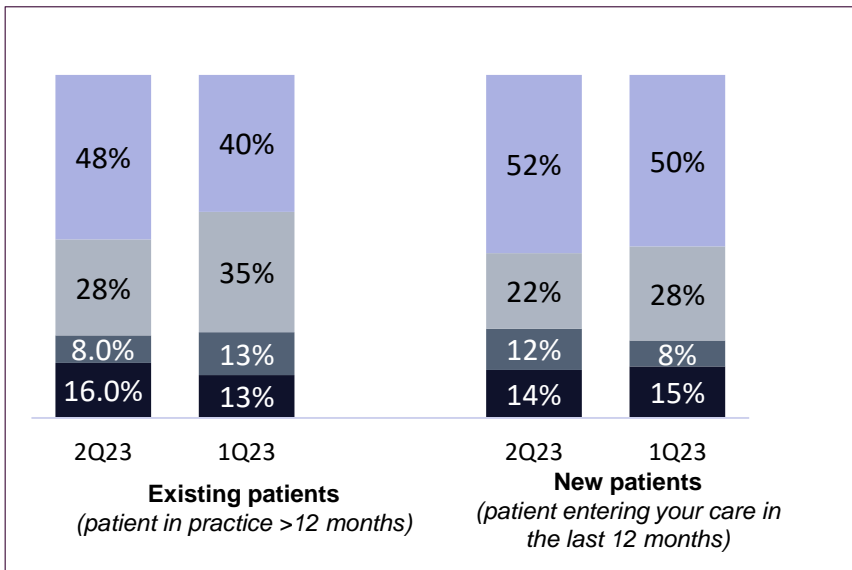
Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23]); For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]

2Q23 Survey Suggests a Slight Improvement in Toxin Growth Expectations, with a Modest Downshift in Filler Use vs. 1Q23 Results

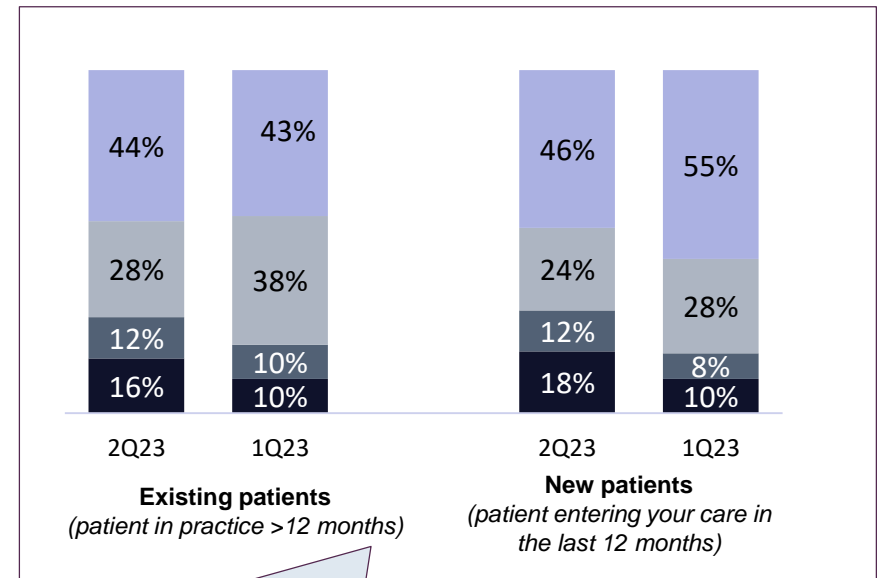
How would you characterize the *impact of the current economic environment* on your practice among existing patients and new patients?



Neurotoxin



Filler

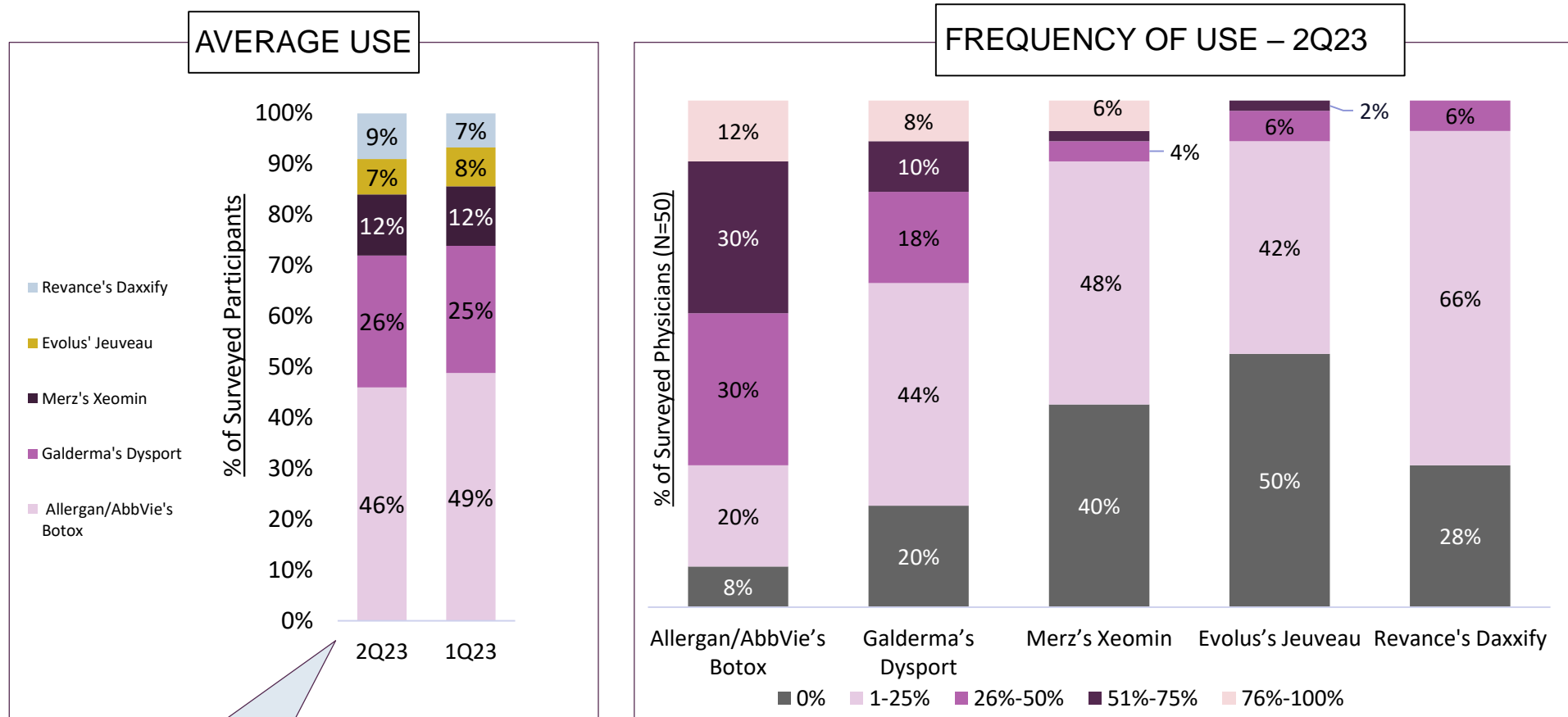


While ABBV cited inflationary pressure impacting both their Botox cosmetic and dermal filler portfolios during the 1Q23 earnings call, our survey suggests stable to improving neurotoxin use with fillers implying a modest slowdown in demand. Given the high/higher cost per procedure for fillers, and the lack of a “wrinkle prevention” argument embraced by many patients, this could be an early indication of a slowdown even in these likely higher end practices.

Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23]); For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]

2Q23 Survey Results Suggest Botulinum Toxin Market Shares Broadly Consistent with our 1Q23 Survey

How often do you currently use the following botulinum toxin products for your patients? (0-100% scale)



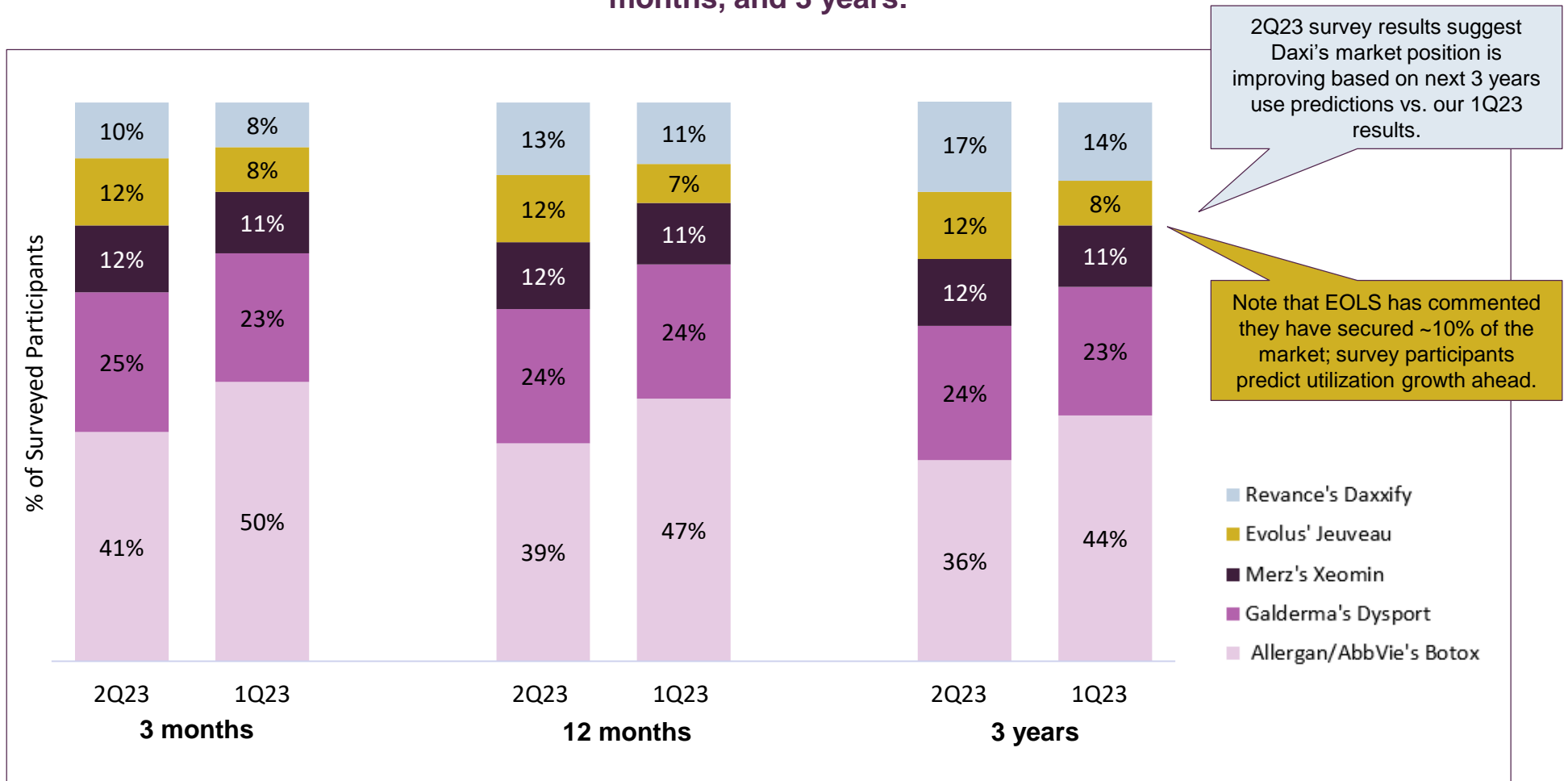
ABBV has estimated Botox captures 67% of the US aesthetic toxin market, while EOLS has stated it has captured 10%.

	Allergan/AbbVie's Botox		Galderma's Dysport		Merz's Xeomin		Evolus's Jeuveau		Revanche's Daxxify	
	2Q23	1Q23	2Q23	1Q23	2Q23	1Q23	2Q23	1Q23	2Q23	1Q23
AVG	46%	49%	26%	25%	12%	12%	7%	8%	9%	7%
MEDIAN	50%	50%	15%	10%	3.5%	1%	1%	0%	5%	5%
MIN	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
MAX	95%	95%	95%	90%	96%	100%	65%	60%	50%	40%
RANGE	0-95%	0-95%	0-95%	0-90%	0-96%	0-100%	0-65%	0-60%	0-50%	0-40%

Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23]); For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]

RVNC's Daxi and EOLS's Jeuveau Are Expected to Pressure Botox Share Most During the Next 3 Years; Daxi's Positioned as #3 Toxin

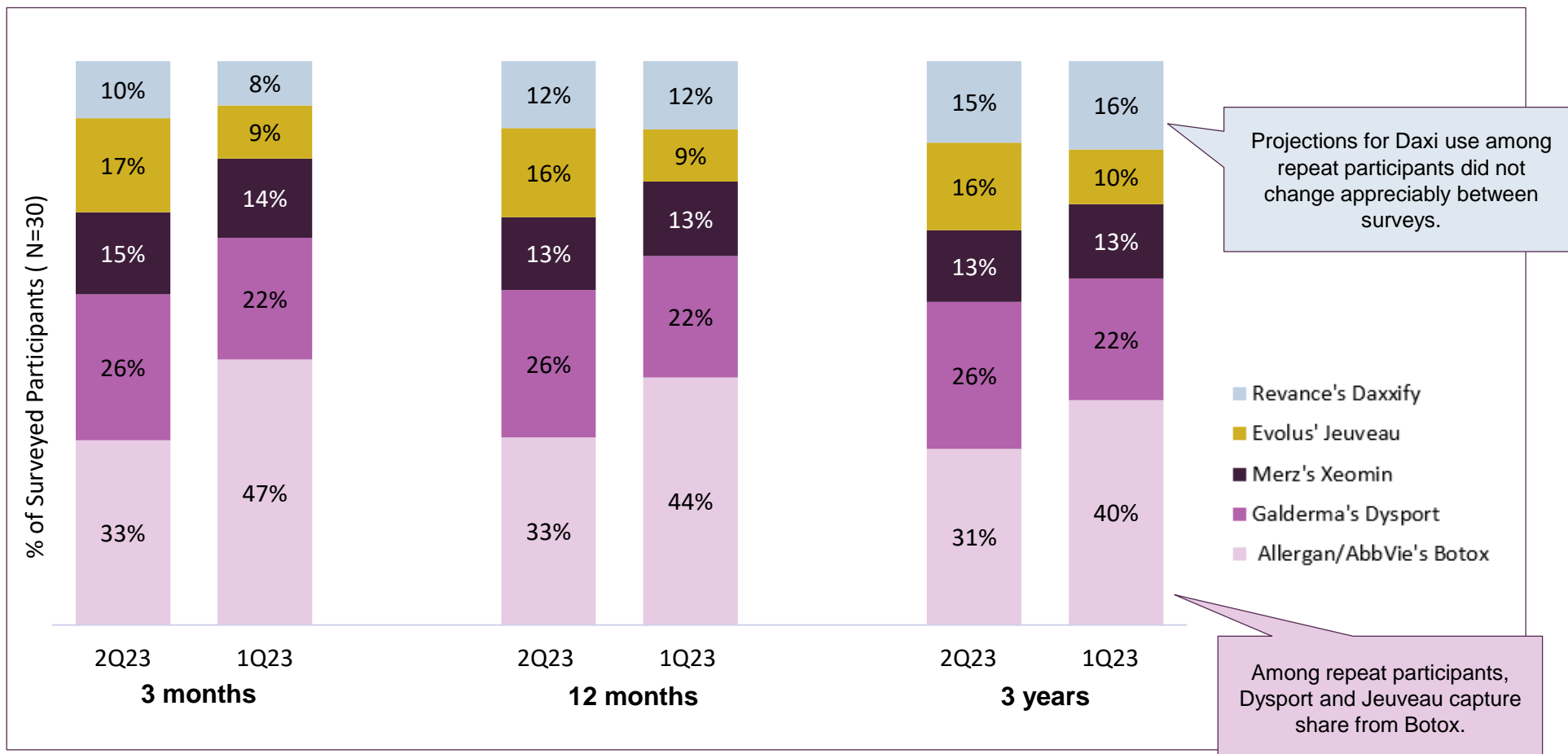
Please estimate your planned use of the following botulinum toxin products in the next 3 months, 12 months, and 3 years:



Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23]); For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]

2Q23 vs. 1Q23 Repeat Participants Saw the Biggest Change in Jeuveau Use, Battling Daxi for the #3 Slot – Dysport Use Bears Watching Too

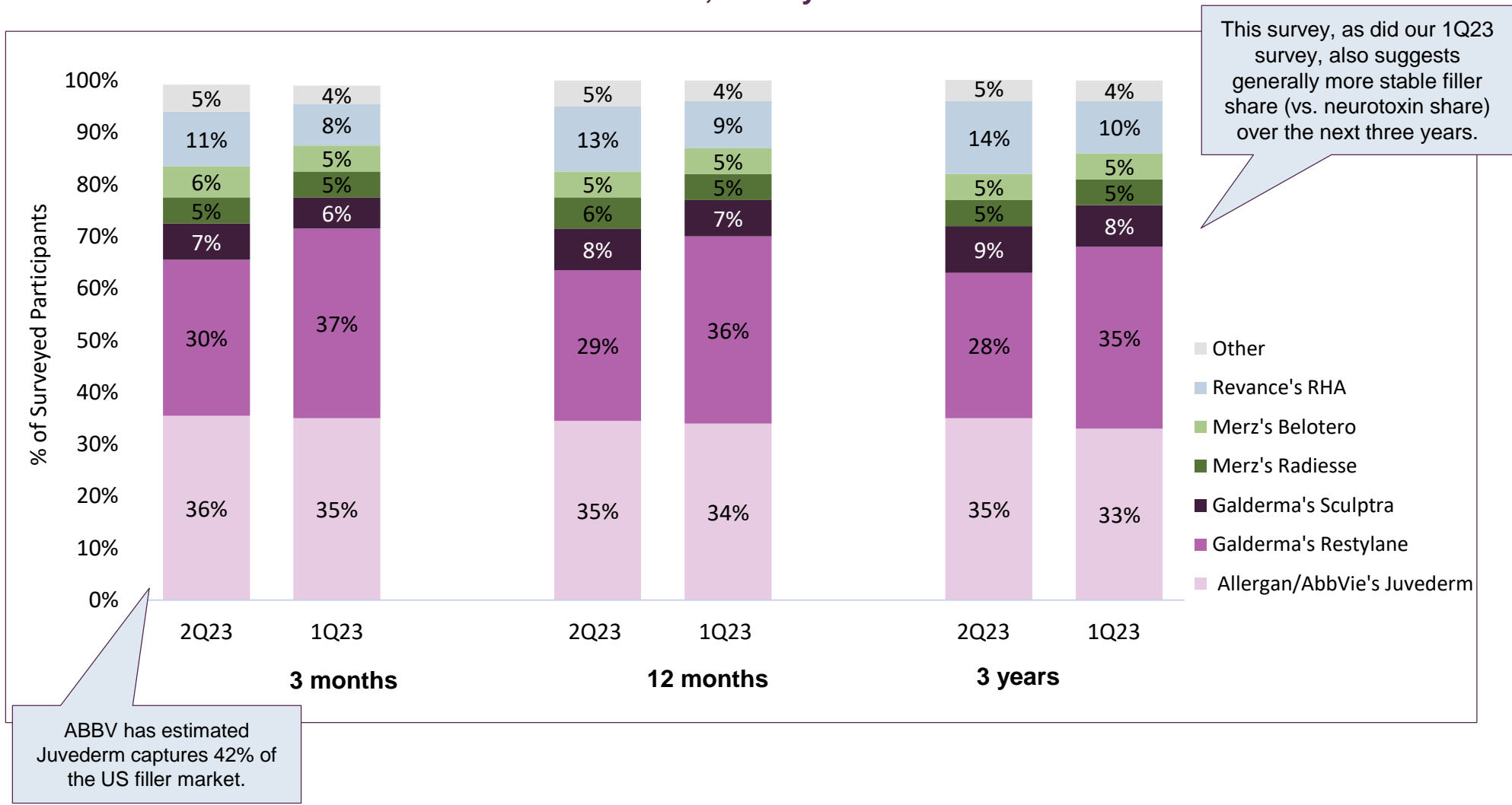
Please estimate your planned use of the following botulinum toxin products in the next 3 months, 12 months, and 3 years:



Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23]); For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]; a total of 30 survey respondents participated in both our 1Q23 and 2Q23 surveys.

RVNC's RHA Appears to be Making Gains at the Expense of Galderma's Restylane

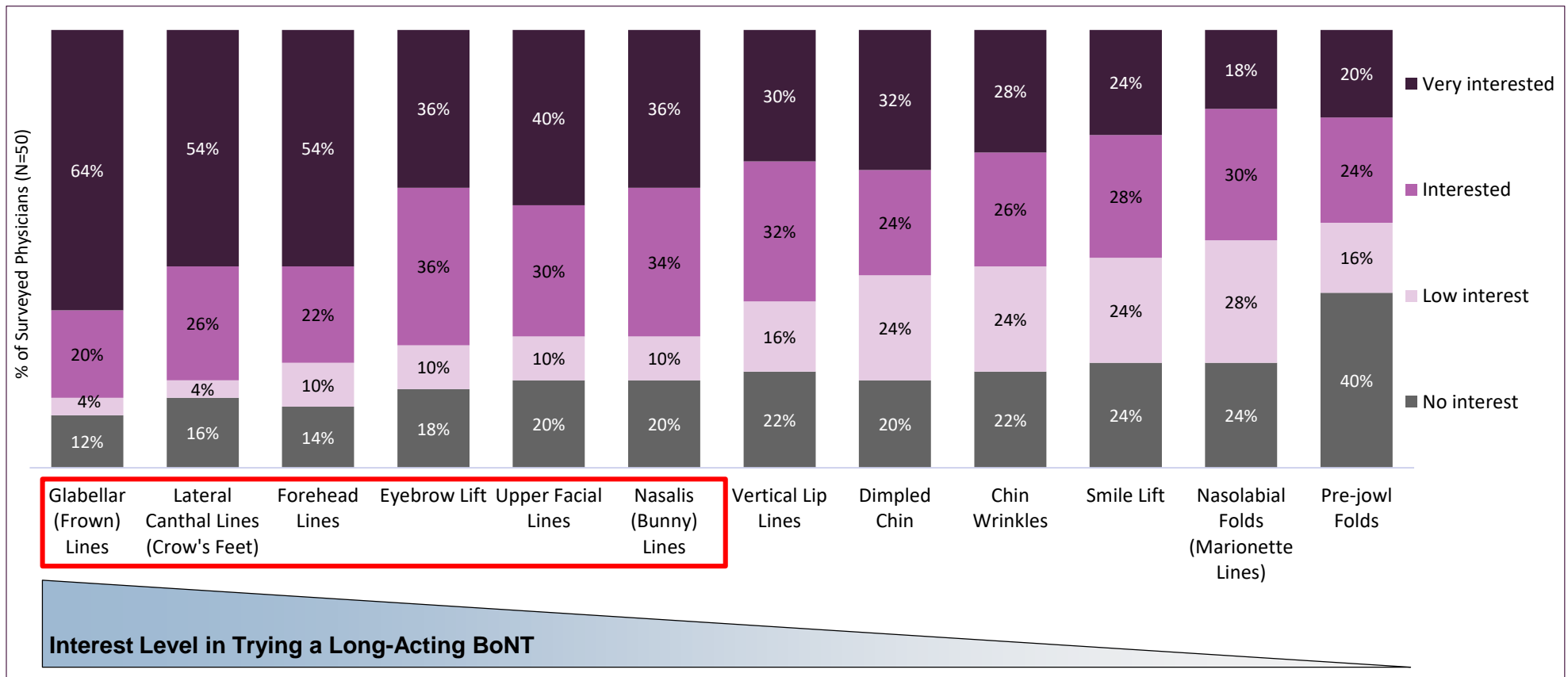
Please estimate your planned use of the following facial filler lines of products in the next 3 months, 12 months, and 3 years:



Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23]); For 1Q23 Survey, N=40; Fielded April 2023 [4/5/23-4/6/23]

2Q23 Results Continue to Suggest a Long-Acting BoNT is Best Targeted to the Upper Face

Of the following areas of the face, where are you least interested and where are you most interested to try a longer-acting botulinum toxin?



While rank order* has shifted modestly, overall, the same six areas of the face that were rated highest in 1Q23 – i.e. the upper face locations – were also rated highest in this survey for a long-acting toxin.

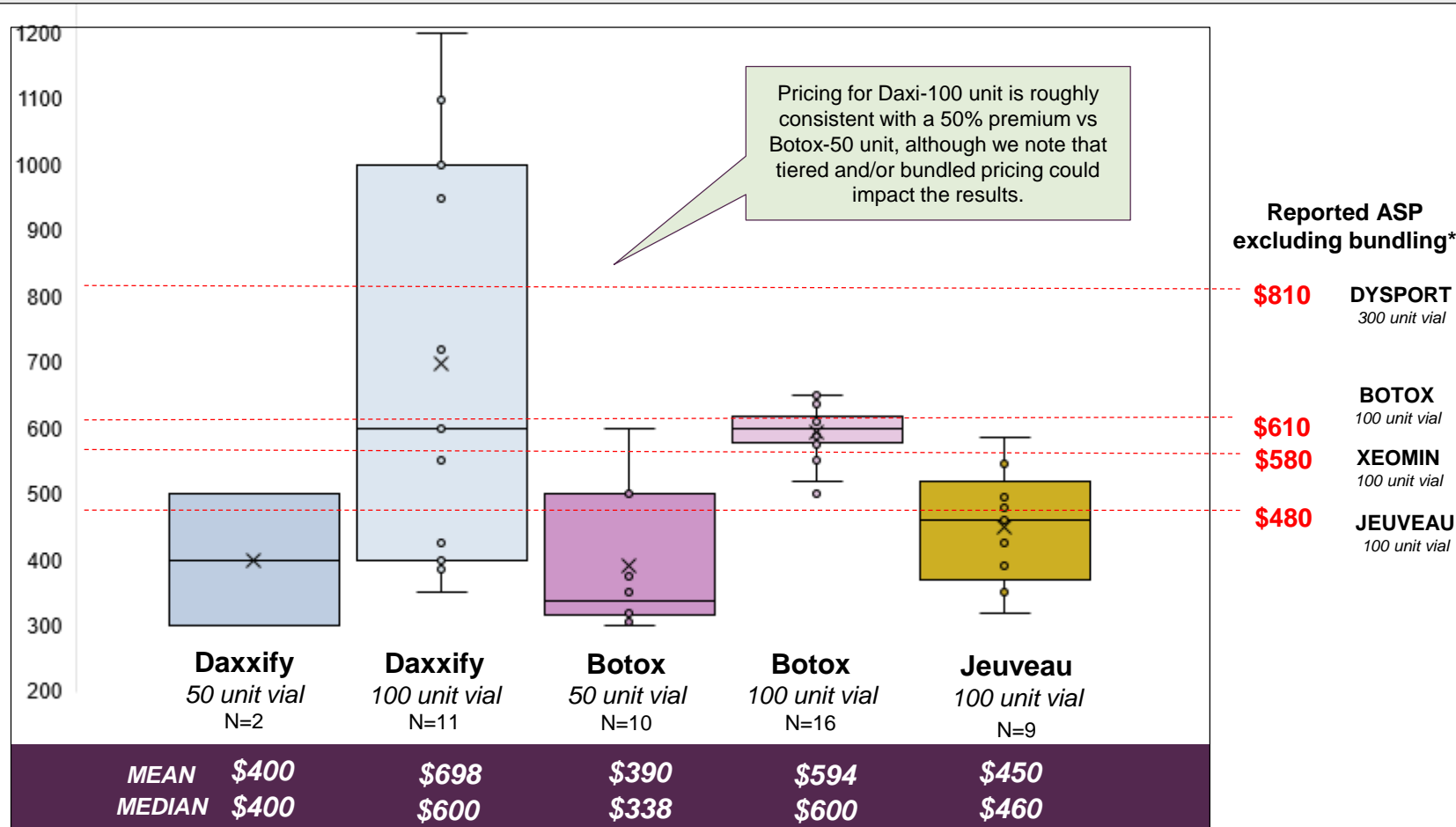
*Ranked by combined "very interested" and "interested" percentage.

Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23])

2Q23 Survey Participant Subset (n=11) Estimate Daxxify Pricing is at 50-100% Premium to Botox, Above the 10-40% Premium RVNC Highlights

What has RVNC said recently on ASP?

“...it's our belief that we're 10% to 40% more than competitor, than **BOTOX**. And the reason we have a range is part of it's our buying program where you can buy any one of four tiers based on how much you purchase at that given time... right now, we're on average hearing from our accounts that they're charging about 1.5 times the price for **DAXXIFY** that they are for **BOTOX**...” - Mark Foley, competitor conference, June 2023



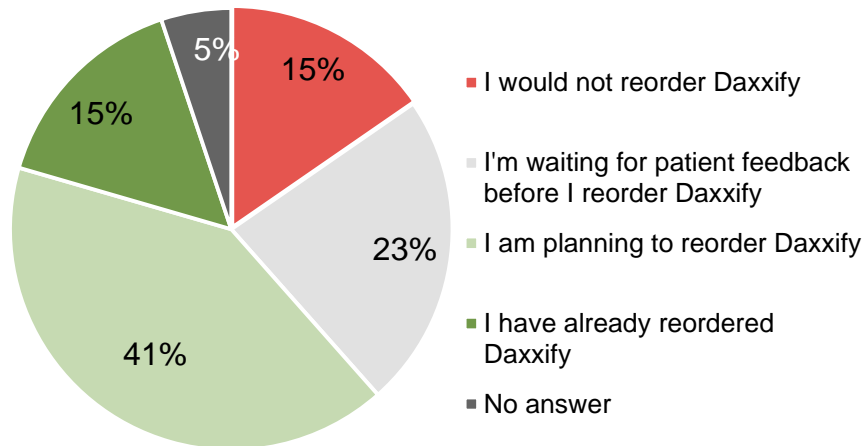
*ASP values provided by RVNC IR. Pricing for Botox, Xeomin, and Dysport do not account for physician contracts, promos, or other programs that extend a reduced acquisition price. | Jeuveau refers to the standard list price for cosmetic use of Jeuveau only, but we note the price decreases based on volume-based discounting/tiered agreements (more information [here](#)).
Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23])

What Are You Waiting For? Daxi Duration Assessments Are a Bottleneck to Deciding Reordering Plans

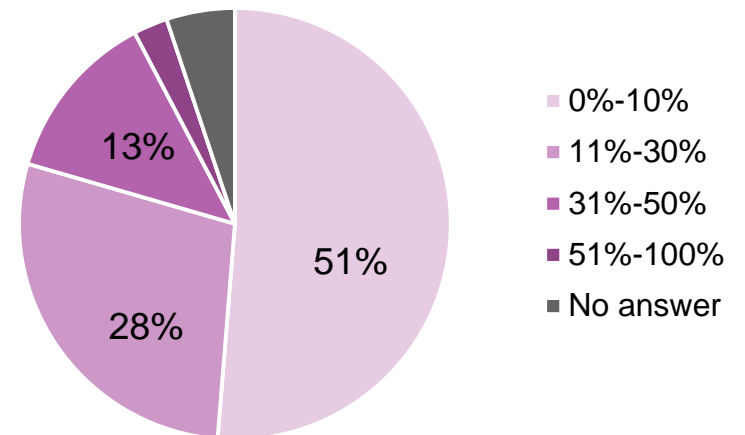
Participants who already have or plan on reordering Daxi largely anticipate quarterly or every-6-mo shipment frequency. Respondents who have offered Daxi in their practice have already received an average of just under 3 shipments since its launch.

We note that RVNC has four pricing tiers based on purchase volume, although the details of the program are not known.

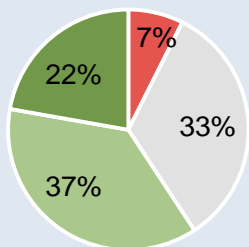
How likely are you to reorder Daxxify? (2Q23)



By what amount did volume-based pricing impact your Daxxify order volume? (2Q23)

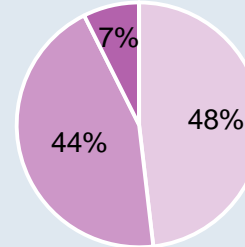


1Q23



Compared to 1Q23, a smaller fraction of participants have already reordered Daxxify, while the fraction of participants who would not reorder Daxi has increased. In our view, as many participants are still waiting to assess Daxi results, surveys in upcoming quarters may provide a more accurate reflection.

1Q23

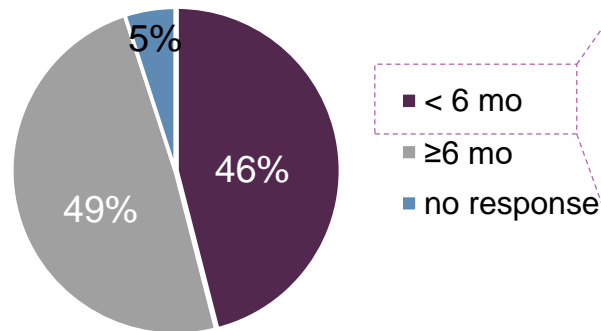


Compared to 1Q23 results (left) volume-based pricing appears to be positively impacting order volume, with 13% of participants citing a 31%-50% impact in 2Q23 vs. ~7% in 1Q23.

2Q23 Survey Participants are Still Assessing Daxi's Performance After 4-6 Months; Response Variability Should Become More Clear in 2H23

Consistent with 1Q23 survey results, ~half of participants who have offered Daxi in their practice (n=39) recommend follow-up in less than 6 months, while the rest are recommending 6 months. The substantial majority recommend patients come in for follow-up in either 4 (n=11) or 6 months (n=17).

When are you telling your patients to come back in/expect to see the majority of your Daxxify patients?



Providers recommending follow-up in <6 months frequently cited the desire to monitor results, in part due to skepticism over the longevity of the Daxi results, as a top reason for their recommendation, similar to reasoning provided in our last survey.

“Check in”....“Checking on quality of treatment”...“Monitor results”....“Want to check on res[p]onse”

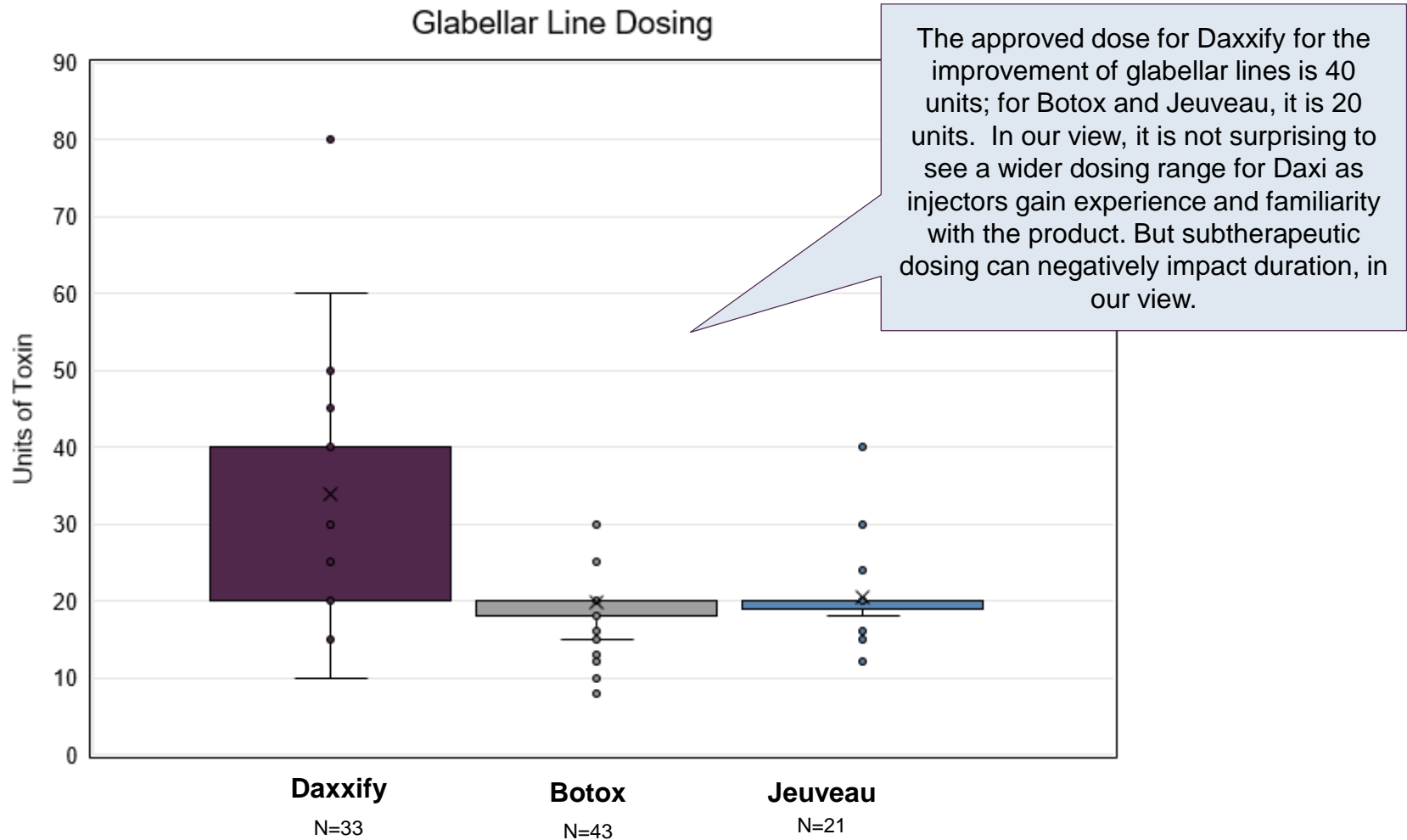
“Does not last”.....“Don’t last as long as company promised”....“Have not seen the dramatically longer response as expected”...“It just doesn’t last based on our initial results”

“I have found a variable response in patients at equivalent dosing. Some people it lasts longer, some the same, some shorter than Botox/ Xeomin/ Dysport/ J[e]uveau”

“To see how long it is actually lasting! There has been so much variability among patients. They are often in for other things too so I see them earlier and I am able to check”

“We are seeing people who have less than 6 months of efficacy from Daxxify, so we want to evaluate our Daxxify patients at an earlier time frame”

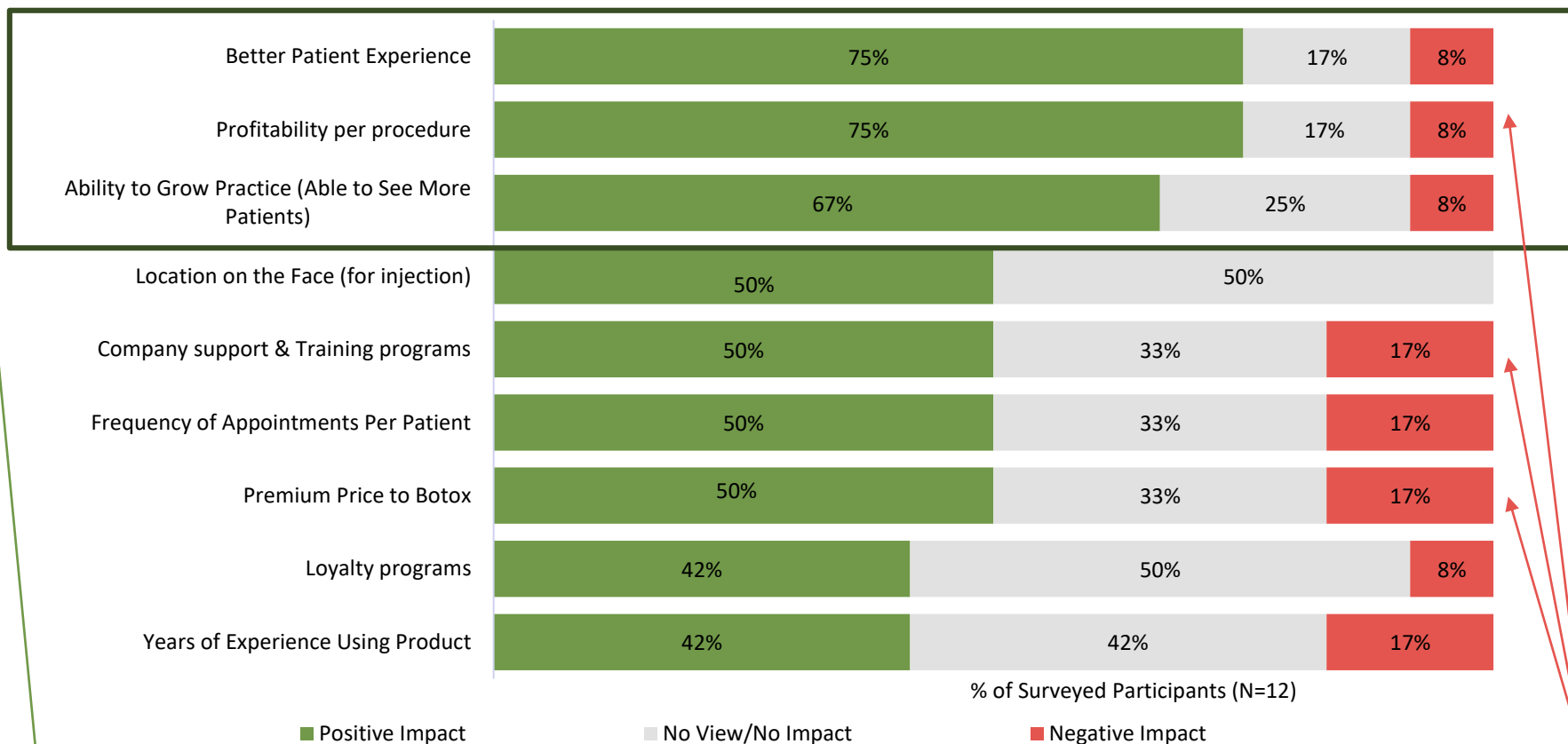
2Q23 Survey Suggests 34 Units (vs. Recommended 40U) of DAXI Administered on Average for Glabellar lines vs. 20U for Botox or Jeuveau



Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; Fielded July 2023 [7/13/23-7/23/23])

Patient Experience, Procedure Profitability, and Practice Growth are Key Drivers of Providers' Interest in Using a long-acting BoNT

Which factors would most influence your decision to use a long-acting botulinum toxin product?



These factors (better patient experience, profitability per procedure, and ability to grow practice) also ranked as the top 3 key influencers in our 1Q23 survey.

In our last survey, lower frequency of appointments, premium pricing relative to Botox, and reduced profitability per procedure were the top-3 negative influences with 38%, 23%, and 23% of respondents, respectively, viewing these factors negatively. This survey suggests those factors may now be less concerning.

BoNT: botulinum toxin
 Source: Guggenheim Securities, LLC Research Proprietary Survey (N=50; (N=12 for this sub-analysis) Fielded July 2023 [7/13/23-7/23/23])

Appendix

ABBV P&L

ABBVIE

Income Statement (Non-GAAP)	2020	2021	2022	1Q23	2Q23E	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
(\$ in millions, except per-share figures)																		
Net revenues	45,784	56,122	58,054	12,225	13,514	13,286	13,245	52,385	51,671	54,431	57,800	61,065	63,782	62,995	63,529	62,971	61,914	62,526
Operating costs and expenses																		
Cost of products sold	8,175	9,425	8,613	1,931	2,173	2,212	2,060	8,376	8,254	8,012	8,079	8,329	8,561	8,776	8,888	8,626	8,058	8,106
Selling, general and administrative	9,803	11,964	12,126	2,984	3,041	3,056	3,178	12,258	12,091	12,519	12,832	13,068	13,394	12,914	12,706	12,279	11,764	11,880
Research and development	5,830	6,518	6,435	1,657	1,757	1,701	1,643	6,758	6,614	6,913	7,109	7,328	7,654	7,559	7,623	7,557	7,430	7,503
Acquired IPR&D and milestones	0	719	697	150	280	0	0	430	0	0	0	0	0	0	0	0	0	0
Other operating income	0	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating costs and expenses	23,808	29,126	27,871	6,722	7,250	6,969	6,881	27,822	26,959	27,444	28,020	28,724	29,609	29,249	29,218	28,462	27,251	27,489
Operating earnings	21,976	26,996	30,183	5,503	6,264	6,317	6,364	24,563	24,712	26,987	29,780	32,340	34,173	33,746	34,311	34,509	34,663	35,037
Interest and other income																		
Interest expense, net	2,006	2,384	2,044	454	452	452	452	1,810	1,732	1,627	1,415	1,293	1,286	1,205	1,016	1,016	1,006	1,006
Net foreign exchange loss (gain)	80	51	148	35	0	0	(35)	0	0	0	0	0	0	0	0	0	0	0
Other expense (income), net	(142)	(166)	(279)	(69)	0	0	69	0	0	0	0	0	0	0	0	0	0	0
Total interest and other income	1,944	2,269	1,913	420	452	452	486	1,810	1,732	1,627	1,415	1,293	1,286	1,205	1,016	1,016	1,006	1,006
Earnings before income tax expense	20,032	24,727	28,270	5,083	5,811	5,865	5,878	22,753	22,980	25,360	28,366	31,048	32,887	32,541	33,296	33,493	33,656	34,030
Taxes and non-controlling interest (Non-GAAP)																		
Income tax expense	2,245	3,236	3,664	696	895	938	940	3,470	3,677	4,058	4,680	5,123	5,591	5,532	5,827	5,861	5,890	5,955
Net earnings attributable to noncontrolling interest	6	7	9	2	0	0	(2)	0	0	0	0	0	0	0	0	0	0	0
Total taxes and non-controlling interest	2,251	3,243	3,673	698	895	938	938	3,470	3,677	4,058	4,680	5,123	5,591	5,532	5,827	5,861	5,890	5,955
Net earnings attributable to AbbVie Inc	17,781	21,484	24,597	4,385	4,916	4,927	4,939	19,284	19,303	21,303	23,685	25,925	27,296	27,009	27,469	27,632	27,766	28,075
Earnings (loss) per share attributable to AbbVie Inc. (Non-GAAP)	\$2.72	\$6.45	\$13.77	\$2.46	\$2.77	\$2.77	\$2.78	\$10.86	\$10.87	\$12.01	\$13.37	\$14.66	\$15.46	\$15.33	\$15.62	\$15.74	\$15.85	\$16.05
Basic weighted-average shares outstanding	1,667	1,770	1,771	1,770	1,771	1,770	1,770	1,770	1,769	1,767	1,765	1,762	1,759	1,756	1,753	1,750	1,746	1,743
Effect of dilutive securities	6	7	7	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Diluted weighted-average shares outstanding	1,673	1,777	1,778	1,776	1,777	1,776	1,776	1,776	1,775	1,773	1,771	1,768	1,765	1,762	1,759	1,756	1,752	1,749
Margin Analysis																		
Gross margin	82.1%	83.2%	85.2%	84.2%	83.9%	83.3%	84.4%	84.0%	84.0%	85.3%	86.0%	86.4%	86.6%	86.1%	86.0%	86.3%	87.0%	87.0%
SG&A (% of product sales)	21.4%	21.3%	20.9%	24.4%	22.5%	23.0%	24.0%	23.4%	23.4%	23.0%	22.2%	21.4%	21.0%	20.5%	20.0%	19.5%	19.0%	19.0%
R&D (% of product sales)	12.7%	11.6%	11.1%	13.6%	13.0%	12.8%	12.4%	12.9%	12.8%	12.7%	12.3%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Operating margin	48.0%	48.1%	52.0%	45.0%	46.4%	47.5%	48.0%	46.9%	47.8%	49.6%	51.5%	53.0%	53.6%	53.6%	54.0%	54.8%	56.0%	56.0%
Pre-tax margin	43.8%	44.1%	48.7%	41.6%	43.0%	44.1%	44.4%	43.4%	44.5%	46.6%	49.1%	50.8%	51.6%	51.7%	52.4%	53.2%	54.4%	54.4%
Tax-rate	11.2%	13.1%	13.0%	13.7%	15.4%	16.0%	16.0%	15.2%	16.0%	16.0%	16.5%	16.5%	17.0%	17.0%	17.5%	17.5%	17.5%	17.5%
Net margin	38.8%	38.3%	42.4%	35.9%	36.4%	37.1%	37.3%	36.8%	37.4%	39.1%	41.0%	42.5%	42.8%	42.9%	43.2%	43.9%	44.8%	44.9%
Year/Year Change																		
Total revenues	37.6%	22.6%	3.4%	(9.7%)	(7.3%)	(10.3%)	(12.4%)	(9.8%)	(1.4%)	5.3%	6.2%	5.6%	4.5%	(1.2%)	0.8%	(0.9%)	(1.7%)	1.0%
Gross profit	37.2%	24.2%	5.9%	(10.0%)	(8.2%)	(12.4%)	(14.0%)	(11.0%)	(1.3%)	6.9%	7.1%	6.1%	4.7%	(1.8%)	0.8%	(0.5%)	(0.9%)	1.0%
R&D	16.9%	11.8%	(1.3%)	12.0%	9.3%	5.8%	(5.6%)	5.0%	(2.1%)	4.5%	2.8%	3.1%	4.5%	(1.2%)	0.8%	(0.9%)	(1.7%)	1.0%
SG&A	46.6%	22.0%	1.4%	4.6%	0.2%	(1.1%)	0.9%	1.1%	(1.4%)	3.5%	2.5%	1.8%	2.5%	(3.6%)	(1.6%)	(3.4%)	(4.2%)	1.0%
Operating income	39.7%	22.8%	11.8%	(20.9%)	(15.8%)	(20.1%)	(19.2%)	(18.6%)	0.6%	9.2%	10.3%	8.6%	5.7%	(1.3%)	1.7%	0.6%	0.4%	1.1%
Pre-tax income	37.4%	23.4%	14.3%	(20.9%)	(16.3%)	(21.8%)	(20.7%)	(19.5%)	1.0%	10.4%	11.8%	9.5%	5.9%	(1.1%)	2.3%	0.6%	0.5%	1.1%
Net income	33.5%	20.8%	14.5%	(22.3%)	(18.1%)	(24.5%)	(23.1%)	(21.6%)	0.1%	10.4%	11.2%	9.5%	5.3%	(1.1%)	1.7%	0.6%	0.5%	1.1%
Diluted EPS	(48.5%)	137.1%	113.5%	(22.2%)	(17.9%)	(24.2%)	(22.8%)	(21.2%)	0.1%	10.5%	11.3%	9.6%	5.5%	(0.9%)	1.9%	0.8%	0.7%	1.3%

Source: Company reports, Guggenheim Securities, LLC estimates

RVNC P&L

Income Statement	2023E															
	2019	2020	2021	2022	1Q23	2Q23E	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
	(\$ in millions, except per-share figures)				Mar	Jun	Sep	Dec								
Revenues:																
RT002 (DAXI)	0	0	0	11	15	20	25	35	95	245	435	585	725	870	1,010	1,125
RHA (Dermal fillers)	0	13	71	107	30	35	35	44	145	199	215	224	232	241	250	267
Product Revenue	0	13	71	118	46	55.0	60	79	240	444	650	809	957	1,111	1,260	1,392
Collaboration Revenue	0	2	6	7	0	2	2	3	7	7	7	7	7	7	7	7
HintMD (Service) Revenue	0	0	1	7	4	5	7	8	23	51	89	116	128	141	155	170
Other sales	0	2	7	14	4	7	9	11	30	59	97	124	135	148	162	178
Total Revenue	0	15	78	133	49	62.0	69	90	269.7	502	747	932	1,093	1,259	1,422	1,570
Cost of Revenue																
Total Cost of Product Revenue (reported)	0	5	23	44	12	14	15	19	60	97	175	232	258	288	315	336
% of sales	na	37%	33%	38%	27%	26%	25%	24%	25%	22%	27%	29%	27%	26%	25%	24%
Total Cost of HintMD (Service) Revenue (reported)	0	0.0	0.3	7.3	4	4	5	5	18.2	25.6	31.3	34.9	35.8	36.6	38.7	39.2
% of sales	na	2%	22%	104%	100%	85%	80%	66%	80%	50%	35%	30%	28%	26%	25%	23%
Total Cost of Revenue (calculated)	0	5	23	52	16	18	20	24	78	123	207	267	294	325	354	375
% of sales	0%	31%	30%	39%	33%	30%	29%	26%	29%	24%	28%	29%	27%	26%	25%	24%
Gross Profit	0	11	54	81	33	44	49	66	191	379	540	666	799	934	1,069	1,195
% of sales	100%	69%	70%	61%	67%	70%	71%	74%	71%	76%	72%	71%	73%	74%	75%	76%
R&D:																
Total R&D (reported)	103	126	116	101.29	23	15	15	17	70	85	105	112	109	101	98	96
% of sales	NM	821%	149%	76%	47%	30%	45%	19%	26%	17%	14%	12%	10%	8%	7%	6%
SG&A:																
Total SG&A (reported)	62	152	199	224	66	75	80	114	335	400	410	440	470	500	530	560
% of sales	NM	NM	256%	169%	134%	121%	117%	127%	124%	80%	55%	47%	43%	40%	37%	36%
Operating Income	(164)	(273)	(275)	(342)	(58)	(53)	(53)	(77)	(242)	(134)	(2)	86	192	306	413	511
% of sales	NM	NM	NM	NM	-118%	-86%	-78%	-85%	-90%	-27%	0%	9%	18%	24%	29%	33%
Adjusted Operating Income	(147)	(237)	(237)	(296)	(50)	(36)	(40)	(59)	(185)	(97)	20	103	204	313	420	518
% of sales	NM	NM	NM	NM	-100%	-58%	-58%	-66%	-68%	-19%	3%	11%	19%	25%	30%	33%
Non-Operating Income/Expenses:																
Other (Income)/Expense	5	(12)	(7)	(14)	(2)	(3)	(3)	(4)	(12)	(12)	(12)	(12)	4	5	5	5
% of sales	NM	-75%	-9%	-10%	-3%	-5%	-4%	-4%	-4%	-2%	-2%	-1%	0%	0%	0%	0%
Pretax Income	(159)	(285)	(281)	(356)	(60)	(57)	(56)	(81)	(253)	(146)	(14)	74	196	311	418	516
% of sales	NM	NM	NM	NM	-121%	-91%	(1)	(1)	-94%	-29%	-2%	8%	18%	25%	29%	33%
% tax rate	0%	1%	0%	0%	0%	0%	(0)	0	0%	0%	0%	20%	20%	20%	20%	20%
Net Income (Adjusted)	(159)	(282)	(281)	(356)	(60)	(57)	(57)	(80)	(253)	(146)	(14)	59	157	249	334	413
% of sales	NM	NM	NM	NM	-121%	-91%	-83%	-89%	-94%	-29%	-2%	6%	14%	20%	23%	26%
Non-GAAP Op Ex				343					340							
Share Information:																
Diluted EPS (GAAP)	(\$3.67)	(\$4.86)	(\$4.17)	(\$4.90)	(\$0.74)	(\$0.70)	(\$0.70)	(\$0.91)	(\$3.05)	(\$1.65)	(\$0.16)	\$0.56	\$1.36	\$2.15	\$2.89	\$3.57
NOL CarryForwards																
Non-Expiring NOLs from Jan 1, 2018	306	588	869						203	319	330	271	114	0	0	0
Listed NOLs in 10-Ks for December 31, 2019	1,415															

Source: company reports, Guggenheim Securities, LLC estimates

Valuations and Risks

ABBV (BUY) - Valuation: Our ABBV PT of \$167/share is based on cash flows forecasted until 2033, 2% terminal growth from 2033 on, and an 8.25% discount rate, assumptions in line with the rest of our large cap biopharma coverage. **Risks: (1)** Disappointing commercial execution on key assets, including Skyrizi, Rinvoq, Botox, Juvederm, Vraylar, Imbruvica, and Ubrelyv; **(2)** Disappointing clinical data or regulatory setbacks for line extension on important marketed products such as for Skyrizi and Rinvoq or pipeline assets such as epcoritamab, Teliso-V, and navitoclax; **(3)** Continued macroeconomic challenges and volatility could particularly impact AbbVie's aesthetics business, which represented ~9.2% of AbbVie's sales in FY 2022 and is reliant on discretionary consumer spending.

RVNC (BUY) - Valuation: Our DCF valuation for RVNC of \$44/share is based on a WACC of 10%; we also assume 2% terminal growth from 2030. Our PT is based on a fully diluted share count of ~97M shares. **Risks:** (1) Economic conditions affect RHA and Daxi sales more than expected.

Companies Mentioned

Company Name	Ticker	Rating	Price*
AbbVie, Inc.	ABBV	BUY	\$141.63
Allergan	AGN (Subsidiary of ABBV)	-	-
Evolus, Inc.	EOLS	Not Covered	\$7.49
Galderma SA	Private	-	-
Merz Pharma	Private	-	-
Revance Therapeutics, Inc.	RVNC	BUY	\$22.62

* Pricing as of 7/25/2023.

Source: Guggenheim Securities, LLC estimates; FactSet

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Rating and Price Target History for: Revance Therapeutics, Inc. (RVNC) as of 07-25-2023



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NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

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Rating and Price Target History for: AbbVie Inc. (ABBV) as of 07-25-2023



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			Count	Percent
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NEUTRAL	114	30.65%	7	6.14%
SELL	9	2.42%	0	0.00%

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Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias	212.381.7573	Jonathan.Elias@guggenheimpartners.com
Ron Jewsikow	212.823.6581	Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel	212.381.4135	John.Heinbockel@guggenheimpartners.com
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Hardlines Retail

Steven Forbes, CFA, CPA	212.381.4188	Steven.Forbes@guggenheimpartners.com
--------------------------------	--------------	--------------------------------------

Restaurants

Gregory Francfort, CFA	212.518.9182	Gregory.Francfort@guggenheimpartners.com
-------------------------------	--------------	--

Retailing/Department Stores & Specialty Softlines

Robert Drbul	212.823.6558	Robert.Drbul@guggenheimpartners.com
---------------------	--------------	-------------------------------------

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman	504.299.3424	Carey.Kaufman@guggenheimpartners.com
----------------------	--------------	--------------------------------------

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA	415.852.6468	Joseph.Osha@guggenheimpartners.com
-------------------------	--------------	------------------------------------

Power & Utilities

Shahriar Pourreza, CFA	212.518.5862	Shahriar.Pourreza@guggenheimpartners.com
-------------------------------	--------------	--

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
Boston	617.859.4626
San Francisco	415.852.6451
Richmond	804.253.8052

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D.	212.823.6584	Debjit.Chattopadhyay@guggenheimpartners.com
Kelsey Goodwin	617.859.4621	Kelsey.Goodwin@guggenheimpartners.com
Eddie Hickman, Ph.D.	212.518.9904	Eddie.Hickman@guggenheimpartners.com
Michael Schmidt, Ph.D.	617.859.4636	Michael.Schmidt@guggenheimpartners.com
Yatin Suneja	212.518.9565	Yatin.Suneja@guggenheimpartners.com
Charles Zhu, Ph.D.	212.518.9501	Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D.	212.823.6543	Vamil.Divan@guggenheimpartners.com
Seamus Fernandez	617.859.4637	Seamus.Fernandez@guggenheimpartners.com
Evan Wang	212.651.9756	Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA	404.926.1021	Sandy.Draper@guggenheimpartners.com
Jack Wallace	212.518.9620	Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe	212.518.9630	Whitney.Wolfe@guggenheimpartners.com
----------------------	--------------	--------------------------------------

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA	804.253.8025	Michael.Morris@guggenheimpartners.com
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Media & Live Entertainment

Curry Baker	804.253.8029	Curry.Baker@guggenheimpartners.com
--------------------	--------------	------------------------------------

Software

John DiFucci	212.518.9670	John.DiFucci@guggenheimpartners.com
Howard Ma	512.354.3458	Howard.Ma@guggenheimpartners.com
Raymond McDonough, CFA	212.518.9704	Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie	212.518.9547	Seth.Ostrie@guggenheimpartners.com
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