

Harmony Biosciences (HRMY): EV/EBITDA 7.2x and EV/FCF 4.9x Price a Single-Asset Overhang Despite 21.5% Revenue Growth and 16.6% FCF Yield

HRMY | Harmony Biosciences Holdings, Inc. | Healthcare | Biotechnology | FY 2025 | 2026-06-28T12:28:02.692Z

At EV/EBITDA of 7.2x and EV/FCF of 4.9x, the market is discounting Harmony's single-product concentration and 25% revenue beat rate, despite 21.5% revenue growth, 59.1% free cash flow growth, and a 16.6% FCF yield supported by net cash of -1.6x Net Debt/EBITDA.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Mixed but researchable candidate	66 / 100	72 / 100	53 / 100	0 / 100
Value / Quality Candidate			Derived from growth, expectations and execution evidence	

PRIMARY DEBATE — The investable debate is whether a commercial-stage rare neurology company with one flagship product can sustain double-digit growth and high cash conversion. Evidence: revenueGrowth 21.5% and freeCashFlowGrowth 59.1% versus revenueBeatRate 25%. Interpretation: operating trend exists, but revenue execution has been inconsistent. Implication: if beat rates stabilize while growth remains near 21.5%, the low EV/FCF of 4.9x may not reflect the cash profile; if misses persist, concentration risk remains central.

INVESTMENT NARRATIVE

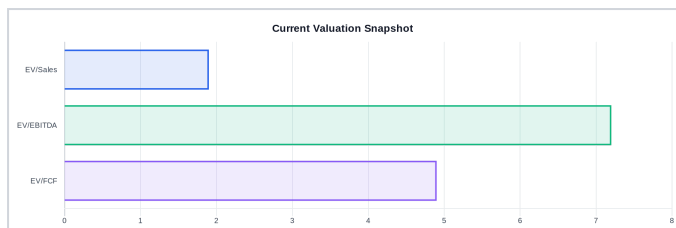
Archetype	Controversy/overhang value: cash-generative grower priced for a cliff	<p>Core Tension: Is durable double-digit growth and supported FCF from WAKIX sustainable (warranting valuation reassessment), or is the low multiple justified by execution misses, product concentration, and regulatory/legal uncertainty?</p> <p>Market Assumption: Growth durability and earnings quality are fragile due to single-product concentration, guidance/analyst revision risk, and regulatory/legal overhang; therefore, earnings/FCF are discounted with limited multiple expansion potential.</p> <p>Trajectory: Show-me phase: if revenue execution stabilizes (improving beat rate/guidance) and regulatory/legal noise subsides, multiple can rerate from value to GARP; persistent misses or new legal/regulatory setbacks keep it range-bound despite cash flow.</p> <p>Mispricing Hypothesis: The market is over-discounting concentration and regulatory/legal risks; with sustained ~20% revenue growth, supported by supplied metrics FCF (16.6% yield), and net cash, normalized beats and steady guidance could drive multiple expansion from EV/FCF ~4.9 and EV/EBITDA ~7 to a higher-quality peer range.</p>
Company Type	Commercial-stage rare neurology pharma with a single flagship product (WAKIX) in the U.S.	
Key Monitoring Metric	Revenue beat rate (trend vs prior quarters/consensus)	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Low valuation despite growth: EV/EBITDA 7.16 and EV/FCF 4.89.	supported cash generation: FCF yield 16.6% with FCF growth 59.1%.
Revenue beat rate only 25%, pointing to execution/guidance risk.	Healthy growth: latest revenue growth 21.5%; 5Y revenue growth 42.4%.
Coverage clusters include earnings_guidance and analyst_revision, consistent with skeptical revisions dynamic.	Attractive returns: ROE 17.19% and ROIC 12.50%.
Coverage also includes regulatory_legal, indicating perceived legal/regulatory overhang.	Balance sheet strength: Net Debt/EBITDA -1.64 (net cash).
Single flagship product emphasis (WAKIX) and product_strategy focus imply concentration risk.	EPS beat rate 50% and positive latest EPS growth (7.8%) indicate ongoing profitability.
Latest EPS growth (7.8%) lags revenue growth (21.5%), suggesting margin pressure or investment needs vs 5Y EPS growth comps.	

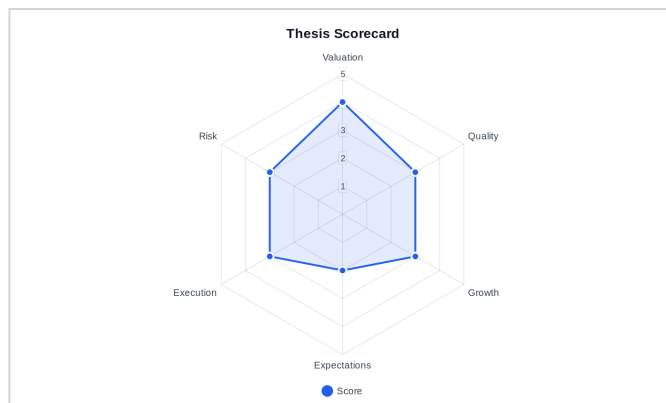
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	3	3	2	3	3	3
SUPPORTED	MIXED	MIXED	CHALLENGED	MIXED	MODERATE	MIXED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THEESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
7.2x	4.9x	16.6%	12.5%	21.5%	7.8%	59.1%	50.0%

EXECUTIVE SUMMARY

Core Tension	Is durable double-digit growth and supported FCF from WAKIX sustainable (warranting valuation reassessment), or is the low multiple justified by execution misses, product concentration, and regulatory/legal uncertainty?
Market Assumption	Growth durability and earnings quality are fragile due to single-product concentration, guidance/analyst revision risk, and regulatory/legal overhang; therefore, earnings/FCF are discounted with limited multiple expansion potential.
Current Pricing	At a price of \$35.47 and EV/Sales of 1.9x, the market is pricing a mature asset with limited multiple expansion despite earnings yield of 7.1% and FCF yield of 16.6%.
Valuation	Current EV/EBITDA of 7.2x is below the 3Y average of 7.2x and well below the 5Y average of 14.7x, while current EV/FCF of 4.9x is below the 3Y average of 6.9x.
Quality	Return metrics show ROE of 17.2% and ROIC of 12.5%, both below 3Y averages of 22.6% and 17.5%, respectively.
Growth	Latest revenue growth of 21.5% is below the 3Y average of 25.7% and far below the 5Y average of 42.4%, while EPS growth is 7.8% versus a 3Y average of -1.2%.
Cash Flow	Operating cash flow growth of 58.4% and free cash flow growth of 59.1% exceed the 3Y averages of 36.8% and 36.9%, respectively.
Execution	Over 8 quarters, EPS beat rate is 50% while revenue beat rate is 25%, with average revenue surprise of -2.2%.
Primary Monitor	Can revenueGrowth sustain 21.5% given avgRevenueGrowth5Y of 42.4%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	FCF Growth	59.1%	1	EPS Dispersion	22.1%
2	EPS Beat Rate	50.0%	2	Revenue Beat Rate	25.0%
3	FCF Yield	16.6%			
4	Revenue Growth	21.5%			
5	ROIC	12.5%			
6	EPS Growth	7.8%			

COMPANY & BUSINESS MODEL

Harmony Biosciences Holdings, Inc. is a commercial-stage pharmaceutical firm dedicated to developing and marketing therapies for individuals in the United States who suffer from rare neurological conditions. Their flagship product, WAKIX, is a prescription medication designed to treat excessive daytime sleepiness in adult patients diagnosed with narcolepsy. The company, which was founded in 2017, was formerly known as Harmony Biosciences II, Inc. before adopting its current name in February 2020. Harmony Biosciences Holdings, Inc. operates out of Plymouth Meeting, Pennsylvania.

INVESTMENT THESIS

Harmony Biosciences, with a market cap of \$2.1B and enterprise value of \$1.7B, trades at EV/EBITDA of 7.2x and EV/FCF of 4.9x while generating a free cash flow yield of 16.6% and revenue growth of 21.5%. Evidence: evToEbitda 7.16, evToFreeCashFlow 4.89, freeCashFlowYield 16.6%, revenueGrowth 21.5%. Interpretation: the valuation implies skepticism that WAKIX-driven cash flows are durable given single-product concentration and execution variability. Implication: the core debate centers on whether 59.1% free cash flow growth and net cash of -1.6x Net Debt/EBITDA offset a 25% revenue beat rate and regulatory/legal overhang themes.

INVESTABLE DEBATE

The investable debate is whether a commercial-stage rare neurology company with one flagship product can sustain double-digit growth and high cash conversion. Evidence: revenueGrowth 21.5% and freeCashFlowGrowth 59.1% versus revenueBeatRate 25%. Interpretation: operating trend exists, but revenue execution has been inconsistent. Implication: if beat rates stabilize while growth remains near 21.5%, the low EV/FCF of 4.9x may not reflect the cash profile; if misses persist, concentration risk remains central.

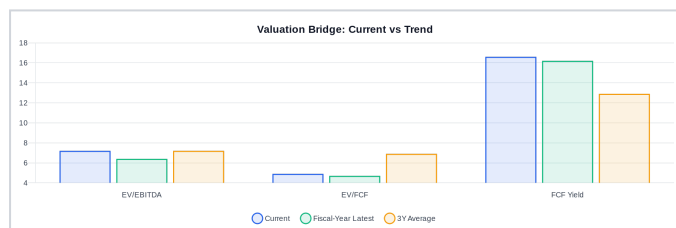
MARKET EXPECTATIONS

At a price of \$35.47 and EV/Sales of 1.9x, the market is pricing a mature asset with limited multiple expansion despite earnings yield of 7.1% and FCF yield of 16.6%. Evidence: price 35.47, evToSales 1.86, earningsYield 7.1%, freeCashFlowYield 16.6%. Interpretation: the spread between earnings yield and FCF yield implies cash conversion is high but earnings durability is questioned. Implication: expectations embed fragility in earnings quality and growth persistence.

CURRENT VALUATION VS HISTORICAL TREND

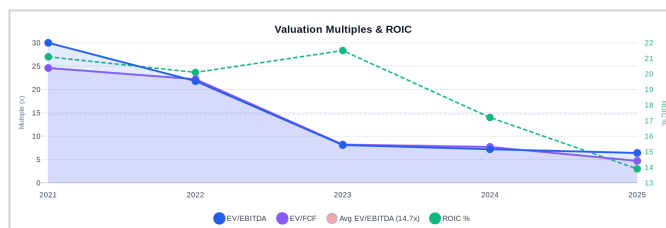
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	7.2x	6.4x	7.2x	14.7x
EV/FCF	4.9x	4.7x	6.9x	13.5x
FCF Yield	16.6%	16.2%	12.9%	9.4%

Current EV/EBITDA is 7.2x, while fiscal-year trend data shows latest EV/EBITDA of 6.4x versus a 3Y average of 7.2x. Current EV/FCF is 4.9x, while fiscal-year trend data shows latest EV/FCF of 4.7x versus a 3Y average of 6.9x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 7.2x, while fiscal-year trend data shows latest EV/EBITDA of 6.4x versus a 3Y average of 7.2x.



VALUATION MULTIPLES & ROIC OVERLAY

Current EV/EBITDA of 7.2x is below the 3Y average of 7.2x and well below the 5Y average of 14.7x, while current EV/FCF of 4.9x is below the 3Y average of 6.9x.

VALUATION ANALYSIS

Current EV/EBITDA of 7.2x is below the 3Y average of 7.2x and well below the 5Y average of 14.7x, while current EV/FCF of 4.9x is below the 3Y average of 6.9x. Evidence: evToEbitda 7.16, avgEvEbitda3Y 7.2, avgEvEbitda5Y 14.7, evToFreeCashFlow 4.89, avgEvFcf3Y 6.9. Interpretation: multiples are compressed relative to history even as latest FCF yield is 16.2% versus a 3Y average of 12.9%. Implication: valuation is not aligned with current cash generation, but requires confidence in sustainability.

QUALITY & CAPITAL EFFICIENCY

Return metrics show ROE of 17.2% and ROIC of 12.5%, both below 3Y averages of 22.6% and 17.5%, respectively. Evidence: roe 17.19%, roic 12.50%, avgROE3Y 22.6%, avgROIC3Y 17.5%. Interpretation: capital efficiency has moderated from prior levels. Implication: while net cash of -1.6x Net Debt/EBITDA and current ratio of 3.6 reduce balance sheet risk, declining ROIC versus history supports some valuation discount.



QUALITY & RETURN PROFILE

Return metrics show ROE of 17.2% and ROIC of 12.5%, both below 3Y averages of 22.6% and 17.5%, respectively.

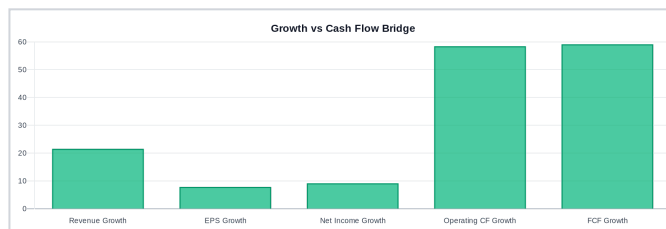
GROWTH TRAJECTORY

Latest revenue growth of 21.5% is below the 3Y average of 25.7% and far below the 5Y average of 42.4%, while EPS growth is 7.8% versus a 3Y average of -1.2%. Evidence: latestRevenueGrowth 21.5%, avgRevenueGrowth3Y 25.7%, avgRevenueGrowth5Y 42.4%, latestEPSGrowth 7.8%, avgEPSGrowth3Y -1.2%. Interpretation: growth is decelerating from high historical levels but has stabilized at positive mid-teens to low-20s rates. Implication: the company resembles a maturing compounder rather than a hyper-growth profile.



HISTORICAL GROWTH TRENDS

Latest revenue growth of 21.5% is below the 3Y average of 25.7% and far below the 5Y average of 42.4%, while EPS growth is 7.8% versus a 3Y average of -1.2%.



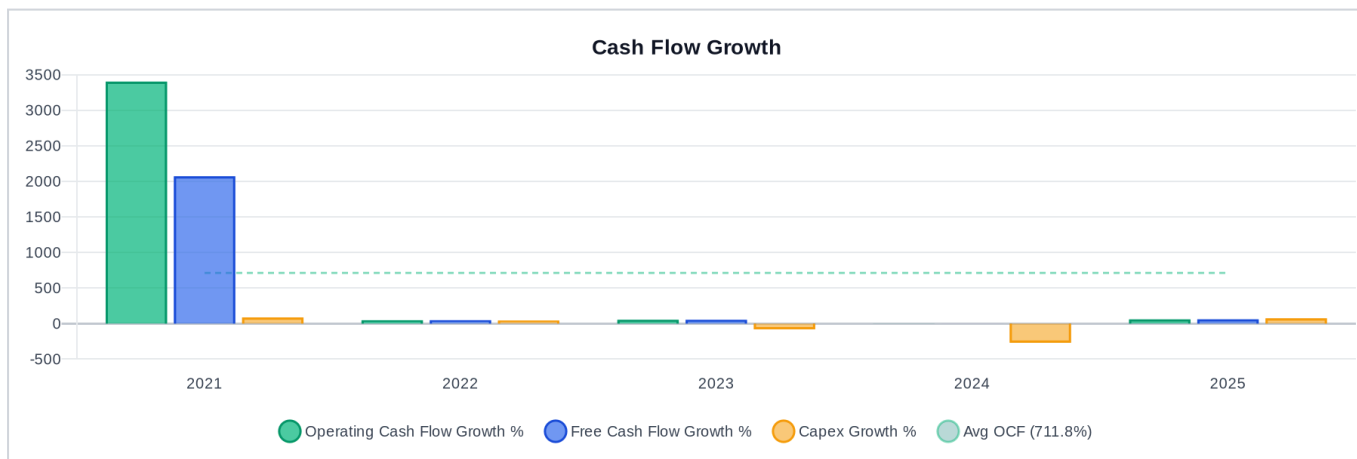
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth of 21.5% is below the 3Y average of 25.7% and far below the 5Y average of 42.4%, while EPS growth is 7.8% versus a 3Y average of -1.2%.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth of 58.4% and free cash flow growth of 59.1% exceed the 3Y averages of 36.8% and 36.9%, respectively. Evidence: latestOperatingCashFlowGrowth 58.4%, latestFreeCashFlowGrowth 59.1%, avgOperatingCashFlowGrowth3Y 36.8%, avgFreeCashFlowGrowth3Y 36.9%. Interpretation: cash-flow trend accelerated in the latest year. Implication: the 16.6% FCF yield is supported by recent growth rather than contraction.

Free cash flow growth of 59.1% closely tracks operating cash flow growth of 58.4%, while capex growth of 73.1% did not prevent FCF expansion. Evidence: latestFreeCashFlowGrowth 59.1%, latestOperatingCashFlowGrowth 58.4%, latestCapexGrowth 73.1%. Interpretation: conversion from operating cash to free cash flow remains intact despite higher capex. Implication: cash conversion does not currently signal erosion.



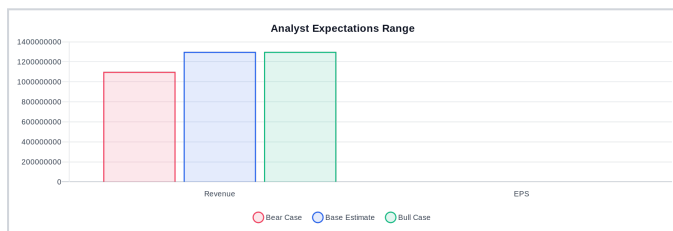
CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth of 58.4% and free cash flow growth of 59.1% exceed the 3Y averages of 36.8% and 36.9%, respectively.

ANALYST EXPECTATIONS

Next Revenue Estimate	\$1.3B
Revenue Bull Case	\$1.3B
Revenue Bear Case	\$1.1B
Next EPS Estimate	5.41
EPS Bull Case	5.83
EPS Bear Case	4.64
Revenue Dispersion	17%
EPS Dispersion	22.1%
Revenue Coverage	5
EPS Coverage	4

Next revenue estimate of \$1.26B versus bull case of \$1.34B and bear case of \$1.12B implies dispersion of 17.0%, while EPS dispersion is 22.1% across 4 analysts. Evidence: nextRevenueEstimate \$1.3B, revenueBullCase \$1.3B, revenueBearCase \$1.1B, revenueDispersionPct 17.0%, epsDispersionPct 22.1%, analystCoverageEps 4. Interpretation: limited coverage and wide dispersion indicate high uncertainty. Implication: expectations are Demanding relative to a 25% revenue beat rate.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$1.26B versus bull case of \$1.34B and bear case of \$1.12B implies dispersion of 17.0%, while EPS dispersion is 22.1% across 4 analysts.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 50% while revenue beat rate is 25%, with average revenue surprise of -2.2%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	50.0%
Revenue Beat Rate	25.0%
Avg EPS Surprise	49.7%
Avg Revenue Surprise	-2.1%
EPS Beats / Misses	4 / 4
Revenue Beats / Misses	2 / 6

Over 8 quarters, EPS beat rate is 50% while revenue beat rate is 25%, with average revenue surprise of -2.2%. Evidence: quartersAnalysed 8, epsBeatRate 50%, revenueBeatRate 25%, averageRevenueSurprisePct -2.15%. Interpretation: bottom-line execution has been more reliable than top-line delivery. Implication: estimate credibility at the revenue line is challenged.

The most recent quarter showed EPS surprise of -27.6% and revenue surprise of -2.5%, reinforcing variability. Evidence: epsSurprisePct -27.63%, revenueSurprisePct -2.47%. Interpretation: recent misses challenged the near-term forecast confidence. Implication: dispersion of 22.1% in EPS estimates reflects execution uncertainty.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
<p>If revenue reaches the bull case of \$1.34B and EPS approaches \$5.83 while EV/FCF remains near 4.9x, then sustained 59.1% FCF growth would support the cash durability narrative despite a 25% revenue beat rate.</p> <p>Revenue Bull Case \$1.34B EPS Bull Case \$5.83</p> <p>EV/FCF 4.9x</p>	<p>If revenue tracks the next estimate of \$1.26B and EPS approximates \$5.41 while EV/EBITDA remains near 7.2x, then 21.5% revenue growth and 16.6% FCF yield would frame the company as a stable single-asset cash generator.</p> <p>Revenue Estimate \$1.26B EPS Estimate \$5.41</p> <p>EV/EBITDA 7.2x</p>	<p>If revenue trends toward the bear case of \$1.12B and EPS falls toward \$4.64 while revenue beat rate remains at 25%, then EV/Sales of 1.9x would reflect concentration and execution risk.</p> <p>Revenue Bear Case \$1.12B EPS Bear Case \$4.64</p> <p>Revenue Beat Rate 25%</p>

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
24%	52%	24%	50 / 100

12-24 MONTH CONDITIONAL OUTLOOK

Revenue growth of 21.5% versus 3Y average of 25.7% suggests deceleration but continued expansion if estimates of \$1.26B are met.

EPS growth of 7.8% and next EPS estimate of \$5.41 indicate moderated earnings expansion relative to historical 5Y EPS growth of 112.4%.

EV/FCF of 4.9x relative to 3Y average of 6.9x implies valuation remains below historical norms if cash flow persists.

Revenue beat rate of 25% versus EPS beat rate of 50% suggests execution monitoring should focus on top-line delivery.

If free cash flow growth remains near 59.1% and revenue beat rate improves above 25%, the valuation case would be supported by sustained cash generation.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can revenueGrowth sustain 21.5% given avgRevenueGrowth5Y of 42.4%?	If revenueBeatRate rises above 25% while revenueGrowth remains at 21.5%, then execution credibility would improve.	If revenueGrowth falls below 21.5% and trends below the 3Y average of 25.7%, then growth durability challengedens.
Will freeCashFlowGrowth remain near 59.1% if capexGrowth continues at 73.1%?	If ROIC increases above 12.5% and approaches the 3Y average of 17.5%, then capital efficiency would align with historical levels.	If freeCashFlowGrowth falls below the 3Y average of 36.9%, then cash-flow trend deteriorates.
Can ROIC recover from 12.5% toward avgROIC3Y of 17.5%?	If freeCashFlowGrowth remains at or above 59.1% while EV/FCF stays near 4.9x, then the cash durability case strengthens.	If ROE declines below 17.2% and remains below the 3Y average of 22.6%, then return compression persists.



RISK & THESIS MONITOR

Can revenueGrowth sustain 21.5% given avgRevenueGrowth5Y of 42.4%?

RISK ASSESSMENT

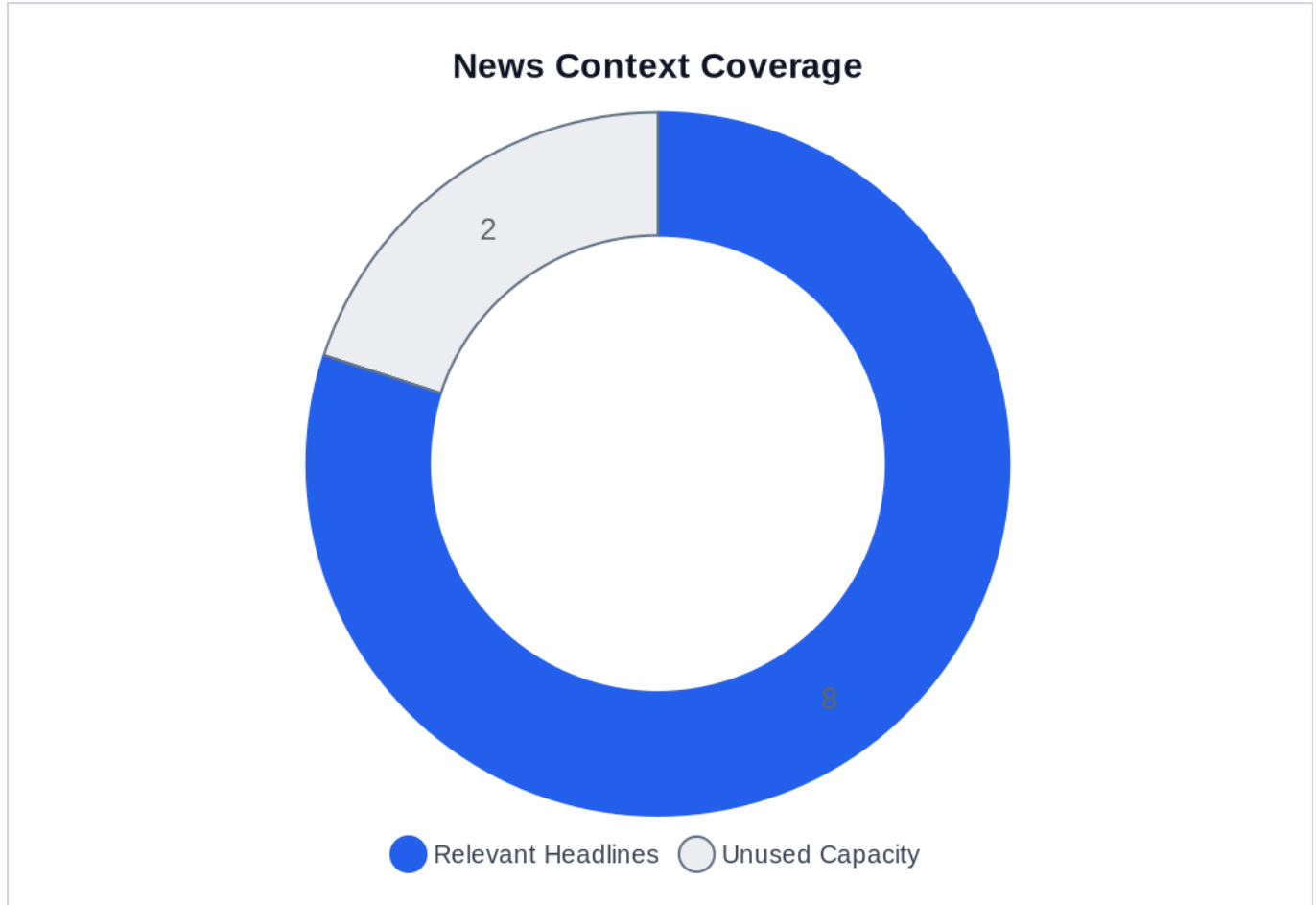
DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	3 / 5	Moderate
Forecast Risk	4 / 5	Elevated
Quality Risk	3 / 5	Moderate
Overall Risk	3 / 5	Moderate

Composite Risk Score 3.0 / 5

- NetDebtToEbitda -1.6x indicates balance sheet flexibility.
- CurrentRatio 3.6 supports liquidity coverage.
- WorkingCapital \$561.5M provides operational buffer.

NEWS NARRATIVE

The headline "Harmony Biosciences Reports Q1 Financial Results and Confirms 2026 Net Revenue Guidance of Over \$1 Billion" is relevant to monitoring revenue durability against nextRevenueEstimate of \$1.26B, but additional evidence is required to determine financial impact. The headline "Harmony Biosciences Appoints Glenn Reicin as Chief Financial Officer" is relevant to monitoring execution consistency given revenueBeatRate of 25%, but additional evidence is required to determine financial impact.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, analyst_revision, product_strategy, ai_technology, regulatory_legal.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Mixed evidence balance	Medium	Moderate	Value / Quality Candidate

Core Thesis: At EV/EBITDA of 7.2x and EV/FCF of 4.9x, the market is discounting Harmony's single-product concentration and 25% revenue beat rate, despite 21.5% revenue growth, 59.1% free cash flow growth, and a 16.6% FCF yield supported by net cash of -1.6x Net Debt/EBITDA.

Primary Risk: Revenue concentration risk reflected in revenueBeatRate 25%.

Monitor: Can revenueGrowth sustain 21.5% given avgRevenueGrowth5Y of 42.4%?