UCD Michael Smurfit
Graduate Business School

Yale SCHOOL OF
MANAGEMENT

Pharmaceutical Preparation Industry — SIC 2834

Exelixis Inc.

Ticker: EXEL

Current Enterprise Value: $11.13 Billion Dollars
Current Share Price: $44.57 Dollars
Target Share Price: $43.63 Dollars
Implied upside/downside: -2%

Investment Recommendation: **HOLD**
28th November 2025

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About Exelixis

Exelixis is a global oncology-focused biopharmaceutical firm that develops advanced cancer treatments. The company is expanding its portfolio through ongoing R&D in small-molecule drugs and biologics, aiming to address a broader set of tumor types and clinical uses.

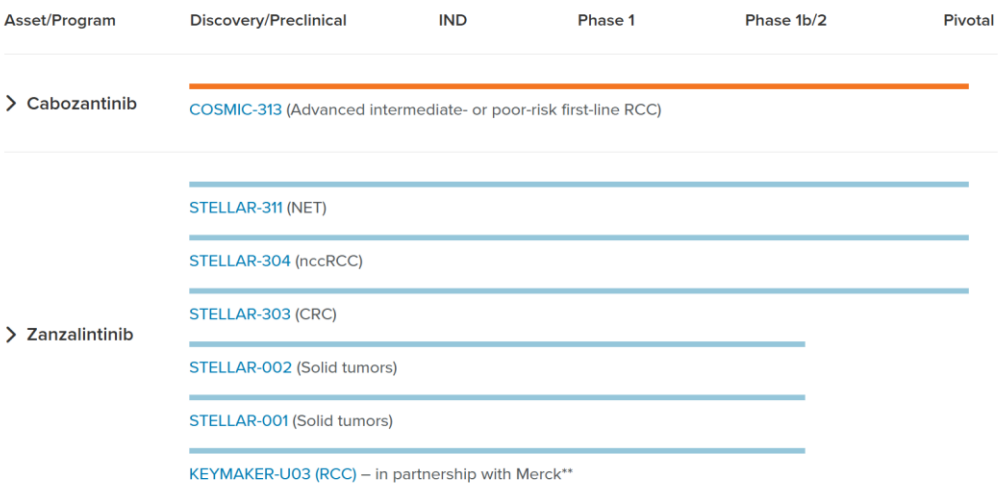
Products

Cabozantinib is an oral small-molecule multi-target tyrosine kinase inhibitor (TKI). It can inhibit multiple signalling pathways such as Vascular Endothelial Growth Factor Receptor (VEGFR), Mesenchymal-Epithelial Transition Factor (MET), AXL Receptor Tyrosine Kinase (AXL), and REarranged during Transfection (RET). This substance can be used to treat advanced renal cell carcinoma, hepatocellular carcinoma, and medullary thyroid carcinoma.

Ingredient	Products name	Dosage form	Launch time	Patent expiration	Market	Region
Cabozantinib	Cabometyx	Tablets	2016	2030	Renal Cell Carcinoma (RCC) (Main)	The U.S., Europe, and Japan (Cooperation)
					Hepatocellular Carcinoma (HCC)	
					Differentiated Thyroid Cancer (DTC)	
					Neuroendocrine Tumor (NET) (2025)	
	Cometriq	Capsules	2012	2030	Medullary Thyroid Carcinoma (MTC)	The U.S.

Pipeline portfolio

Main pipeline (Phase III)

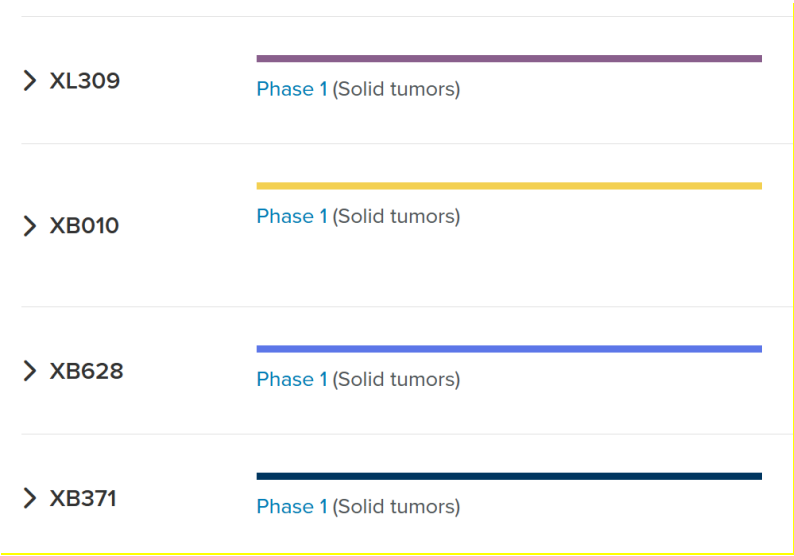


COSMIC-313 is a triple-combination regimen (cabozantinib + nivolumab + ipilimumab) for the treatment of advanced RCC. It was submitted to the FDA for approval in 2025. However, the Phase III results show that the triple therapy did not improve survival outcomes for advanced RCC patients. In addition, COSMIC-313 uses a free combination of the three agents rather than a fixed-dose combination (FDC), which

means it does not provide any benefit for patent extension. Therefore, we merge COSMIC-313 into Cabozantinib in product revenue forecasting.

Zanzalintinib is Exelixis' next-generation tyrosine kinase inhibitor and the company's most important late-stage asset. The drug is being advanced through multiple late and mid-stage programs, including STELLAR-303 (MSS metastatic colorectal cancer), STELLAR-304 (first-line non–clear cell RCC), and STELLAR-311 (advanced neuroendocrine tumors). These indications collectively target high-need, heterogeneous cancer populations where existing therapies provide limited benefit. Zanzalintinib represents the most credible revenue replacement pathway for cabozantinib post-patent expiry.

Ongoing phase 1 pipeline studies.



Revenue Forecasting

Exelixis revenue forecasting consists of three components. The first is product revenue, which includes Cometriq and Cabometyx in the U.S. market. The second is the pipeline asset Zanzalintinib. The third is Cabometyx collaboration and license revenue. Exelixis licensed Cabometyx to Ipsen for commercialization in Europe in 2016 and to Takeda for commercialization in Japan in 2017. Exelixis receives annual royalty payments, as well as upfront payments and commercial milestone payments in years.

2025 revenue percantage			
Revenue Iterm		Revenue (Million)	Revenue percentage
Product	Cometriq	11	1%
	Cabometyx	2143	91%
Collaboration & License		200	8%
Total revenue		2354	100%

The 2025 revenue is estimated using by last twelve months of data.

Cometriq

Cometriq was approved in 2012 for the treatment of medullary thyroid cancer (MTC). MTC is a rare cancer comprising 1% ~ 2% of all thyroid cancers in the United States. The MTC drugs U.S. market is estimated to be valued at 172.9 million dollars in 2025.

	Cometriq historical revenue						
Year	2013	2014	2015	2016	2017	2018	2019
Revenue (Million)	15.02	25.11	34.16	41.89	25.01	19.33	26.53
		67%	36%	23%	-40%	-23%	37%
	2020	2021	2022	2023	2024	2025	
	22.86	23.21	25.33	13.94	11.16	11.15	
	-14%	2%	9%	-45%	-20%	0%	

Since its launch, Cometriq has been at a competitive disadvantage compared with Vandetanib (Caprelsa) launched by AstraZeneca, which launched in 2011. Cometriq and Vandetanib are the only drugs in the MTC market; both are TKI treatments. By 2014, Vandetanib had already reached 48 million dollars in sales. Cometriq's revenue growth rate in the first three years is lower than typical new drug launches.

Cometriq revenue decreased in 2017 because Exelixis launched the tablet Cabozantinib product Cabometyx. Cabometyx became the company’s primary promoted product, drawing most of its attention and commercial resources away from Cometriq. Exelixis emphasized in its 2016 financial report that the company was principally focused on the opportunity in advanced RCC. It also mentioned that Cometriq net product revenues decreased approximately 40% year-over-year, primarily due to the adoption of Cabometyx in the United States market.

Cometriq is the first-generation multi-targeted therapy in the MTC market. However, since 2020, the MTC market has been rapidly taken over by the RET-selective small-molecule inhibitors Selpercatinib (Retevmo, Eli Lilly) and Pralsetinib (Gavreto, Blueprint Medicines). RET mutations are the major oncogenic drivers in MTC (accounting for 60% of total MTC patients), and the precision-targeted activity of Selpercatinib and Pralsetinib is far superior to that of legacy drugs such as Vandetanib and Cabozantinib.

After three years of development of RET-targeted therapies, the MTC market has become fully dominated by RET inhibitors. Sales of Cometriq declined 45% in 2023, and the product is going to leave the market.

The estimation of Cometriq's future revenue is based on Gleevec-Tasigna drug replacement. Gleevec (Imatinib), launched by Novartis, is a targeted therapy drug primarily used to treat specific cancers such as chronic myeloid leukemia (CML) and gastrointestinal stromal tumors (GIST). In 2007, Novartis launched Tasigna (nilotinib) as a "next-generation" BCR-ABL drug, and in its 2011 annual report, it explicitly

described Tasigna as a stronger alternative to Gleevec, repeatedly mentioning the existence of substitutes and competition in the market.

Gleevec's revenue growth rate declined since 2007, when Tasigna launched to market, from 29.3% to 8.1%. After 2011, Gleevec was gradually replaced by Tasigna, and the revenue growth rate fluctuated around 0% (-2%~2%) for around 5 years. Tasigna completed the market erosion to Gleevec in 2016; Gleevec's revenue growth rate declined from -2% (2015) to −29% (2016). Novartis stopped reporting revenue of Gleevec in 2017 because the drug was completely replaced by Tasigna.

Gleevec revenue	Million									
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue	3050	3944	4265	4659	4675	4693	4746	4658	3323	1943
Growth rate		29.31%	8.14%	9.24%	0.34%	0.39%	1.13%	-1.85%	-28.66%	-41.53%

The Gleevec revenue growth rate trend shows that the drug replacement erosion would be consistent for about 5 years, then the revenue would significantly reduce. Therefore, we employ the Gleevec revenue growth rate after 2011 as the future growth rate.

Year					
Revenue (Million)	2026E	2027E	2028E	2029E	2030E
	11.15	11.15	11.15	7.95	4.37
	0%	0%	0%	-29%	-42%

Cabometyx

Cabometyx was approved for the Renal Cell Carcinoma (RCC) market in 2016. Advanced RCC is the main market for Cabometyx. According to Exelixis Q3 financial reports, the revenue of the RCC market (518 million dollars) accounts for 87% of Q3 Cabometyx total revenue (598 million dollars) and also accounts for 45% of the RCC total prescriptions (TRx) markets.

Date	Indications
2016/4/25	Approved in advanced RCC
2019/1/14	Advanced HCC
2021/1/22	Advanced RCC，combined with nivolumab (Opdivo)
2021/9/17	Advanced DTC
2025/3/26	Advanced NET

Cabometyx has continuously been approved for other advanced cancer markets such as Hepatocellular Carcinoma (HCC) and differentiated thyroid cancer (DTC). In 2025, it was approved to be used in patients with pretreated pancreatic neuroendocrine tumors (pNET) and extra-pancreatic neuroendocrine tumors (epNET).

Cabometyx historical revenue										
Year	2016	2017	2018	**2019**	**2020**	2021	2022	2023	2024	2025
Cabometyx	93.48	324	599.95	733.42	718.69	1050.05	1375.91	1614.94	1798.24	2142.982
Growth rate		247%	85%	22%	-2%	46%	31%	17%	11%	19%

Cabometyx performed well in the beginning years in the RCC market. The growth rate decreased in 2018 ~ 2019 (22%) because the combination treatment method, Tyrosine Kinase Inhibitor (TKI) + Immune Checkpoint Inhibitor (IO), was launched in the RCC market. The TKI+OI method extends Objective Response Rate (ORR) from 20% to 50%, and Progression-Free Survival (PFS) from 11 months to 24 months.

Exelixis' financial report in 2019 pointed out that the main competitor of Cabmetyx is combination treatments. They mentioned four combinations: Merck & Co.'s pembrolizumab and Pfizer's axitinib; BMS's ipilimumab and nivolumab; Merck & Co.'s pembrolizumab and Eisai's lenvatinib; and Eisai's lenvatinib and Novartis' everolimus. That combination treatment changed the RCC market structure.

In 2020, the growth rate was -2% because of COVID-19. We treat data from this year as an outlier.

In 2021, Cabometyx launched TKI + IO (nibolumab) combination treatment products, which helped the product's growth rate increase from 22% to 46%. After 2021, the growth rate of Cabometyx decreased naturally via the drug life cycle revenue rule. Exelixis 2024 annual report still maintained that the competitive landscape for Cabometyx had not changed. We believe that this was because there had been no further structural changes to the standard treatment for RCC.

The Cabometyx growth rate increased from 2024 to 2025 because Cabometyx had been approved for use in NET treatment. Based on Exelixis Q3 10-k report, Cabometyx rapidly accounted for 35% of new patients in the advanced NET market.

	2016	2017	2018	2019	**2020**	2021	2022	2023	2024	2025
Cabometyx	93.48	324.00	599.95	733.42	718.69	1050.05	1375.91	1614.94	1798.24	2142.98
Growth rate		2.47	0.85	0.22	-0.02	0.46	0.31	0.17	0.11	0.19
Price/month	12559	12815	13077	13344	13616	13894	14178	14467	14872	15169
Price/year/dollars	150710	153786	156924	160127	163395	166729	170132	173604	178464	182033
Price/year/million	0.15	0.15	0.16	0.16	0.16	0.17	0.17	0.17	0.18	0.18
Net price/year/million	0.12	0.12	0.13	0.13	0.13	0.14	0.14	0.14	0.14	0.15
Patient number	766	2601	4720	5655	5430	7775	9984	11484	12440	14534
		2.40	0.81	0.20	-0.04	0.43	0.28	0.15	0.08	0.17
Patient number increase		1835	2119	935	-224	2345	2209	1500	955	2094
				-56%				-32%	-36%	

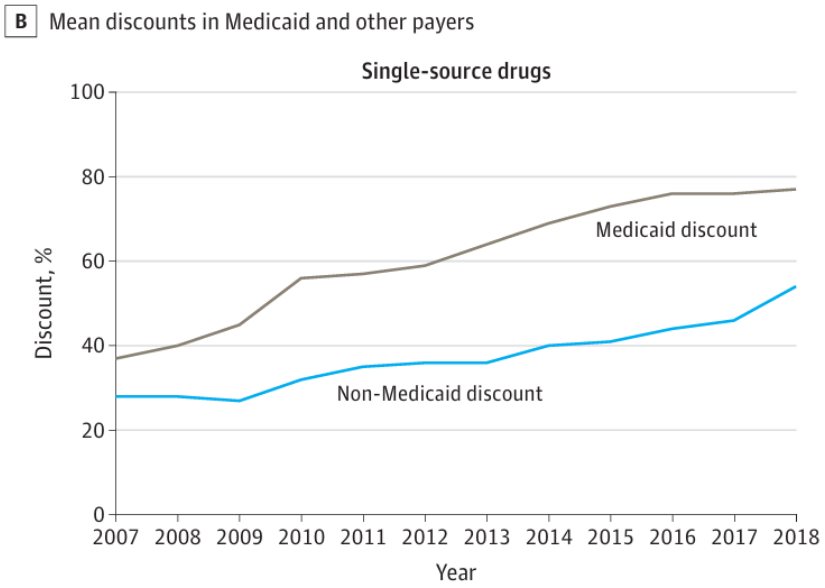
Since Cabometyx is approved in 4 markets, it is hard to obtain all the market data we need. Our forecasting is based on patient numbers. For the oncology market, the company raises the wholesale acquisition cost (WAC, the price sold to wholesale) 2%~3% each year because commercial insurers always try to drive prices down through competitive bidding. The recent list price of Cabometyx is 14,757 dollars per

year in 2024. We assume the price of Cabometyx rises follows 2% per year, following the 2024 Exelixis financial report. The patient numbers per year are calculated as:

$$Patient\ number = \frac{Revenue}{Treatment\ Cost}$$

Drug net price is the real drug price. Most cancer drug companies (including Exelixis), products net price is not publicly available. Therefore, the net price of Cabometyx is estimated based on the discounted drug price. The treatment cost is equal to the yearly Cabometyx net price.

According to I. Hernandez et al. (2020), the sample branded drug statistical results show that the branded drug net price is lower than the list price. Based on their calculation, the non-Medicaid discount has gradually increased in the past years.



Discounts are calculated as (list price − net price) / list price.

Beinfeld et.al. (2025) illustrated that rebates for cancer treatments and orphan drugs are lower (medians of 19% and 23%, respectively) and vary less (IQR of 12%-28% and 14%-29%, respectively). Drugs that face more competition from alternative options within the same therapeutic class, are self-administered, or received Food and Drug Administration approval further in the past, have higher rebates. Therefore, we estimate that the average discount rate during the drug's initial period and mature period is 19%, and the average discount rate in the last 5 years before patent expiration is 28%.

$$Net\ Price = List\ Price * Average\ Discount$$

Based on previous revenue analysis, we infer that the new treatment in the RCC market in 2019 resulted in a 50% decrease in new patients. While in 2020, the number

of patients increased number recovered to 2100 because of Cabometyx + nibolumab treatment launched. In 2025, the number of patients increased again to 2100 because the drug was approved for use for NET.

From 2025 to 2027, Cabomtyx patients increase number will grow steadily. The reasons are 1) The RCC market will continue to be led by the TKI+IO treatment method. 2) Cabometyx + nivolumab combination treatment accounts for at least 45% percentage of the TRx market of RCC. 3) The market share of Cabometyx in the NET market will continue to grow following the product life cycle. Therefore, we believe the patient number increase will maintain 2100 patients per year.

We estimate the COSMIC-313 triple combination regime will launch in 2027. It is a positive signal for extending the 2100 patient increase till 2028.

The new treatment method, HIF-2α + TKI contribution, would launch in the RCC market after 2028. Approximately 80–90% of patients with RCC have a VHL gene deletion, preventing the degradation of HIF-2α. HIF-2α overactivation is the root mechanism of RCC.

Currently, belzutifan (Merck & Co.) is the only drug focused on HIF-2α and the combination treatment with TKI, which is a strong potential competitor to Cabometyx in the future RCC market. The treatment method replacement that happened once in the RCC market in 2018， the patient number increase trend in 2029 should be similar to the patient number increase trend in 2018.

Therefore, we estimate patient numbers will decrease by 56% in 2028 as new treatment methods launch, similar to the decrease rate that we calculated from 2018 to 2019. We estimate patient numbers will follow a similar decrease rate from 2020 to 2023, decreasing by 32% in 2030.

	2026E	2027E	2028E	2029E	2030E
Revenue	2223.71	2554.54	2897.71	3086.75	3239.41
Growth rate	0.04	0.15	0.13	0.07	0.05
Price/month	15473	15782	16098	16420	16748
Price/year/dollars	185674	189387	193175	197039	200979
Price/year/million	0.19	0.19	0.19	0.20	0.20
Net price/year/million	0.13	0.14	0.14	0.14	0.14
Patient number	16634	18734	20834	21758	22386
Patient number increase	2100	2100	2100	924	628
				-56%	-32%

We use the estimated future patient increase number to calculate future revenue and growth rate.

Collaboration and Licence

	Collaboration+Licence revenue									
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	56.08	103.47	234.55	207.82	245.99	357.72	209.82	201.33	359.30	200.08

The collaboration and licence revenue are mainly based on royalty fees and milestones. Since Exelixis authorized Cabometyx to Ipsen (2016) and Takeda (2017), the collaboration revenue components include 200 million dollars in royalty fees per year and milestones when the revenue Japan or Europe market reaches milestone standards. In 2020 and 2021, Exelixis reported in its financial report that it received milestones from Ipsen (50 million dollars and 150 million dollars prospectively). In 2024, Exelixis reported that they licensed out COSMIC-313 to Ipsen (150 million dollars).

The milestones cannot be predicted. We therefore take the historical average of royalty fees as future collaboration and licence revenue.

Year	2026E	2027E	2028E	2029E	2030E
Revenue	213.38	213.38	213.38	213.38	213.38

Pipeline Forecasting

We estimate the yearly risk-adjusted revenue of pipeline as follows:

$$Pipeline\ Revenue = Potential\ Patients * Penetration\ Rate * Probability\ of\ Success * Price$$

Here is a summary of Exelixis' current pipeline make-up:

Asset	**Modality / MOA**	**Target Indications**	**Current Phase**	**Anticipated Filing/Approval**
Zanzalintinib (XL092)	Next-gen VEGFR/MET/AXL TKI	Metastatic colorectal cancer (3L+), non–clear cell RCC, NETs	Phase 3+	CRC filing in 2025, commercial entry 2026
XL309	USP1 inhibitor (synthetic lethality)	Solid tumors	Phase 1	2032+
XB010	ADC (anti-5T4)	Solid tumors expressing 5T4	Phase 1	2032+
XB628	Bispecific antibody (PD-L1 × NKG2A)	Solid tumors	Phase 1	2032+
XB371	Tissue factor–targeted ADC	TF-expressing solid tumors	Phase 1	2030+
ADU-1805	Anti-SIRPα monoclonal antibody	Solid tumors	Phase 1	2030+
XB064	Early-stage antibody/bispecific/ADC candidate	Solid tumors	Preclinical	2031+
XB773	Preclinical biologic	Solid tumors	Preclinical	2031+

Zanzalintinib

Zanzalintinib is Exelixis' next-generation tyrosine kinase inhibitor and the only late-stage pipeline asset likely to contribute meaningful commercial revenue before 2030. Three key indications have realistic approval potential within this period: metastatic colorectal cancer (mCRC), non–clear cell renal cell carcinoma (nccRCC), and neuroendocrine tumors (NETs).

Stellar-303

Zanzalintinib is furthest advanced in MSS metastatic colorectal cancer, where the current third-line treatment landscape is defined by regorafenib (Stivarga), trifluridine/tipiracil, and fruquintinib. In the STELLAR-303 Phase 3 trial, zanzalintinib + atezolizumab demonstrated superior efficacy to regorafenib, reducing the risk of death by 20% (OS HR = 0.80) relative to the market leader Stivarga. This establishes the combination as a clinically superior option in third-line MSS mCRC. In their most recent earnings call, management stated that regulatory filing is planned for December 2025.

Total eligible U.S. patient population was calculated using the following assumptions:

- Average new CRC diagnosed cases per year 2015 – 2024 (145k, American Cancer Society)
- % chance of presenting/developing Metastatic disease (20%, National Library of Medicine)
- % of CRC which is Microsatellite Stable (containing stable tumor DNA) (95%, New England Journal of Medicine)
- % of CRC patients that reach second-line and third-line treatment (47% & 45%, Journal of the European Society for Medical Oncology)
-

STELLAR-303 (CRC) - U.S. Market Size	
CRC Incidence (average last 10 years)	145000
Present with/Develop Metastatic Disease	0.25
MSS-only (No MSI-H mutation)	0.95
Receive Second-Line Therapy	0.47
Proceed to Third-line Therapy	0.45
Total Yearly Patient Population U.S.	7284

The regrorafenib mCRC market is currently valued at $500m with Stivarga accounting for $350m of total market sales. With $250m of sales in the U.S. and given a yearly treatment price of $180k and median treatment time of 2.8 months ($42k per patient), we can calculate that Stivarga treated 5,952 in the U.S. over the last 12 months. Given the yearly patient population, we can calculate a total U.S. market size of $306m.

Stivarga was the first to come to market with their regorafenib product so it would not

be appropriate to mirror their yearly penetration. Instead, we mirrored ELUNATE growth, an alternative third-line mCRC treatment that has competed with both regorafenib and trifuluridine-tipiracil since 2019. ELUNATE hit peak sales after 5 years of commercialization (2024) and it was reported that at that time they held 44% market share. Applying the same yearly penetration rate and adjusting our estimated patient population and price (42k, in-line with Stivarga), we forecast the following revenues:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
ELUNATE Yearly Sales After Launch $	62.0	118.7	250.0	329.3	378.6	405
Market Share Proportion	6.8%	13.0%	27.3%	36.0%	41.3%	44.2%
Zanzalintinib Forecasted Sales After Launch $	20.7	39.7	83.5	110.0	126.5	135.3
Market Share Proportion	6.8%	13.0%	27.3%	36.0%	41.3%	44.2%

Probability of success is estimated at 85% after phase 3 to filing based on clinical development success rate research. Given that the U.S. market makes up 71% of Stivarga sales, we assume that ROW sales will similarly account for the remaining 29% for zanzalintinib. This leaves us with risk-adjusted revenue of:

Zanzalintinib via Stellar - 303	2026	2027	2028	2029	2030
U.S. - risk adjusted revenue	17.6	33.7	71.0	93.5	107.5
ROW - risk adjusted revenue	7.2	13.8	29.0	38.2	43.9
Total risk adjusted revenue	24.8	47.5	100.0	131.7	151.4

Stellar-304

Zanzalintinib is in late-stage development for first-line advanced non–clear cell renal cell carcinoma (nccRCC). STELLAR-304 is a global, randomized phase 3 trial of zanzalintinib + nivolumab versus sunitinib in untreated advanced/metastatic nccRCC, with progression-free survival (PFS) and objective response rate (ORR) as co-primary endpoints and overall survival (OS) as a key secondary endpoint. Annual RCC incidence in the U.S. is 80k patients while nccRCC represents 20% of this total (16k patients). The national kidney foundation reports that 16% of RCC presents as advanced on diagnoses (2.56k patients) and a third of cases suffer recurrence (850 patients). This gives us a yearly pool of 3,410 patients.

Current advanced RCC treatments like lenvatinib + pembrolizumab have a median treatment period of 10 months. Given our previous price estimate for Zanzalintinib, this gives us an average revenue per treated customer of $150k. Stellar-304 is at phase 3, oncology treatments average approval is 40% at this stage.

First-line advanced nccRCC is a small, high-need market without a specialised treatment outside of more common RCC treatments. It is fair to assume that if the findings from phase 3 are promising, Zanzalintinib will become a leading first-line option and can achieve peak sales of 40% of patient population. 40% peak sales was calculated by averaging the peak market share of the last 3 dominant RCC indications following evidence of superior outcomes.

We model penetration using a standard oncology launch S-curve, calibrated to the observed ramp of lenvatinib (Lenvima), which grew 10-fold between FY2015/16 and FY2019/20. Normalised to peak sales in year 5, this implies uptake of 10%, 30%, 55%, 80%, and 100% of peak sales in years 1–5 post-launch, respectively.

	Year 1	Year 2	Year 3	Year 4	Year 5
Zanzalintinib Forecasted Sales After Launch $	20.5	61.4	112.5	163.7	204.6
Peak Sales	10%	30%	55%	80%	100%

Based off averages from the 3 other major RCC drugs, ex-U.S. sales account for 40% of total revenue. With phase 3 results of Stellar-304 expected in 2027, we begin forecasting revenue from 2028:

Zanzalintinib via Stellar - 304	2028	2029	2030
U.S. - risk adjusted revenue	8.2	24.6	45.0
ROW - risk adjusted revenue	3.3	9.8	18.0
Total risk adjusted revenue	11.5	34.4	63.0

Stellar-311

Zanzalintinib is also being evaluated in neuroendocrine tumors (NETs) through STELLAR-311, a global, randomized Phase 2/3 trial comparing zanzalintinib monotherapy with everolimus in patients with advanced, well-differentiated NETs. In the U.S., the annual incidence of NETs is approximately 12,000 cases, with an estimated 60% presenting as advanced or metastatic disease. This yields an annual treated population of 7,200 patients. Median treatment of competitors like Afinitor (everolimus) is 8 months, giving an average revenue per patient of 120k. We assume a probability of success of 24% for a phase 2 oncology treatment as reported by BIO - Clinical Development Success Rates 2016 paper. ROW revenue averaged 60% of total revenue for NETs market leaders. Evidence from market leaders Afinator and Lutathera suggest a lower peak sales as a proportion of total addressable market of 20%, due to the market being a more diverse, specialist-driven treatment landscape. We assume a 2% penetration rate in year 1 and 5% penetration in year 2.

The Stellar-311 study could contribute to revenue by 2029:

Zanzalintinib via Stellar - 311	2029	2030
U.S. - risk adjusted revenue	4.1	10.4
ROW - risk adjusted revenue	6.2	15.6
Total risk adjusted revenue	10.4	25.9

Zanzalintinib – Total Revenue

	2026	2027	2028	2029	2030
Stellar - 303 revenue	24.8	47.5	100.0	131.7	151.4
Stellar - 304 revenue			11.5	34.4	63.0
Stellar - 311 revenue				10.368	25.92
Total Revenue	24.8	47.5	111.5	176.4	240.4

Remaining Pipeline

XL309, XB010, XB628, and XB371 are early-stage oncology candidates currently in Phase 1 dose-escalation studies for solid tumors. Given standard clinical development timelines and industry success rates, none of these candidates is expected to reach commercialization before 2030. Phase 1 drugs have an 8-10 year approval timeline and according to National Library of Medicine, phase 1 oncology drugs have a 5.2% chance of reaching FDA approval.

Therefore, the forecast total revenue is below.

Forecasting Revenue	2026E	2027E	2028E	2029E	2030E	
Cabometyx	2224	2555	2898	3087	3239	
Cometriq	11.15	11.15	11.15	7.95	4.37	
Collaboration+Licence	213.38	213.38	213.38	213.38	213.38	
Pipeline	25	47	111	176	240	
Total revenue	2473	2827	3234	3485	3698	CARG
Growth rate	5%	14%	14%	8%	6%	8%
	2021	2022	2023	2024	2025	
	1434.97	1611.06	1830.21	2168.7	2354.212	CARG
		12%	14%	18%	9%	10%

COST Forecasting

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	25	37	191	452	854	968	988	1435	1611	1830	2169	2288
COGS	2	4	7	15	26	33	36	53	58	73	76	77
	8%	10%	3%	3%	3%	3%	4%	4%	4%	4%	4%	3%
SG&A	51	57	116	159	206	228	293	402	460	543	492	530
	202%	154%	61%	35%	24%	24%	30%	28%	29%	30%	23%	23%
D&A	3	1	1	1	5	8	9	14	21	26	29	30
	12%	4%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
R&D	189	96	96	112	182	337	548	694	736	841	705	861
	753%	259%	50%	25%	21%	35%	55%	48%	46%	46%	33%	38%
Capital Expenditures	0	0	-2	-21	-33	-13	-30	-64	-28	-40	-28	-11
	-2%	-1%	-1%	-5%	-4%	-1%	-3%	-4%	-2%	-2%	-1%	0%
EBIT	-224	-121	-28	166	439	369	110	287	201	171	605	800

In 2019, the main revenue product Cabometyx was affected by the TKI + IO combination treatment. Thereafter, Exelixis spent more in SG&A to promote Cabometyx in the RCC, HCC, and DTC markets. At the same time, Exelixis increased R&D percentage as the company needed to invest in the pipeline (Zanzalintinib) for future revenue. Given that Cabozanitib is the sole patented product, the research for next-generation patents is the core of the company's future strategy. Also, during this

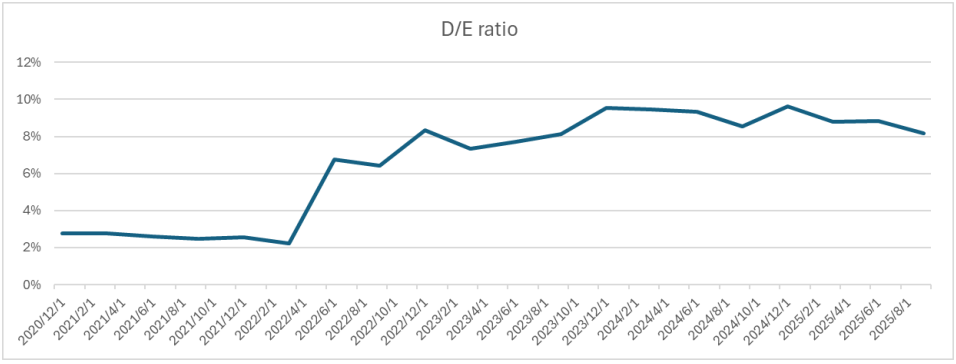
time, Exelixis was building infrastructure for its pipeline expansion. COVID is also a factor that increased the company's costs. Accordingly, from 2020 to 2023, EBIT was lower than other periods.

Therefore, we believe 2020-2023 was a capital-intensive period for Exelixis. In 2024, the company's expansionary investment for the pipeline was completed, and Zanzalintinib is expected to go commercial by 2026. The company's goal for the next five years is to maintain its current position; thus, we believe the next five-year cost forecasts are based on a fixed percentage of revenue.

		2026E	2027E	2028E	2029E	2030E
	Revenue	2448	2779	3188	3511	3751
	COGS	86	97	112	123	131
3.50%						
	SG&A	575	653	749	825	882
23.50%						
	D&A	24	28	32	35	38
1%						
	R&D	857	973	1116	1229	1313
35%						
	Capital Exp	-24	-28	-32	-35	-38
-1.0%						
	EBIT	930	1056	1212	1334	1426
	ΔNWC	491	591	678	747	798

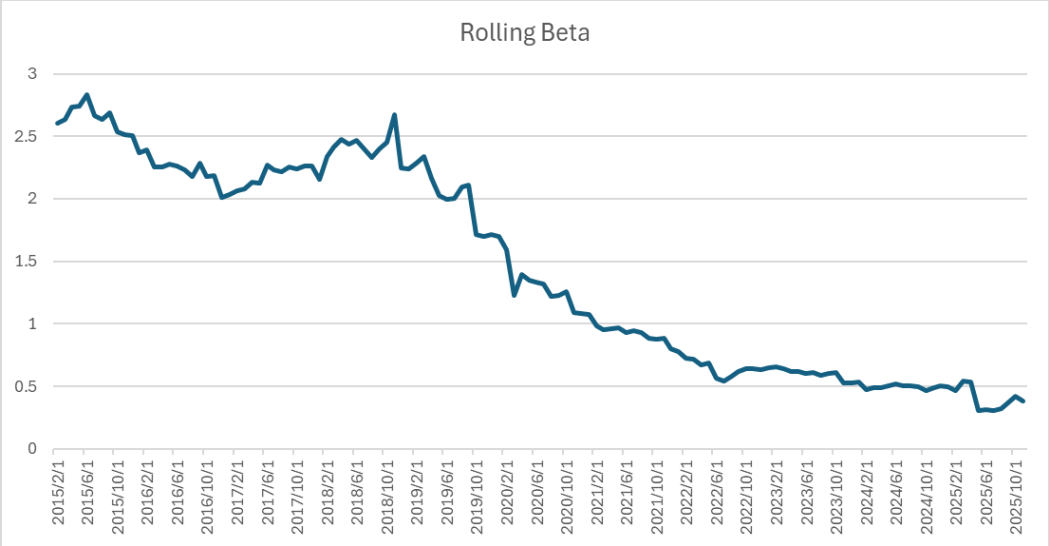
Valuation

D/E ratio



Exelixis' operations rely on self-generated cash flows. Pre-2022, total debt to equity moved sideways. After 2022, the total debt of Exelixis increased to 200 million dollars from 50 million dollars because of operational expansion. Total equity remains around 2000 million dollars in the long term. As we believe the company has entered a mature stage since 2024, we estimate that the D/E ratio will remain at 0.8 over the next 5 years.

Company beta



Based on our calculations, the current company beta as of October 2025 is 0.42. Third-party website Yahoo Finance reports the 5-year monthly beta is 0.41. Historical industry suggests a traditional pharmaceutical beta is between 0.8 and 1.0.

Exelixis' beta declined significantly from 2015 to 2025 as it gradually transformed from a small innovative biotech highly dependent on the success of a single drug to a large pharmaceutical company with stable cash flow, commercialized products, and reduced risk exposure.

Because the company is a single-product company, the company risk increased between 2016 and 2018 because the revenue growth rate of Cabomatyx was very high (247% and 89%). High growth makes investor expectations unstable, thus increasing the company's risk.

After 2021, β was essentially stable, floating between 0.6-0.4. Considering that Cabometyx is nearing a patent expiration, we estimate the company's future risks. We set it as 0.6 in the next 5 years.

WACC

WACC is calculated using the following formula:

$$WACC = (E/V \times Re) + ((D/V \times Rd) \times (1 - T))$$

We calculated WACC at 7.16% using the following assumptions:

- Debt to Equity ratio D/V=8%, E/V=92%.
- Market risk premium was taken as 5.5% (Damodaran, 2025).
- Beta was taken as 0.6 from rolling beta analysis.
- Risk-free rate was taken as 4.13% (10-year U.S. treasury yield).
- Cost of equity was calculated as 7.43%.

- Corporate effective tax rate is reported by 18% in Exelixis 2025 financial reports.
- The pre-tax cost of debt from Valueinvesting is 5%; the post-tax cost of debt is calculated as 3.9%.

NWC

$$NWC = operating\ current\ asssets - operating\ current\ liability$$

Net working capital is the balance after deducting various current liabilities from the total current assets of an enterprise. Operating current assets consist of accounts receivable, inventories, and other current assets; operating current liabilities include accounts payable and other current liabilities. The historical data show that NWC has remained a stable percentage of revenue as Exelixis has matured. Accordingly, we project NWC for the next five years based on the five-year historical average of 21% of revenue.

	2026E	2027E	2028E	2029E	2030E
Revenue	2723	3093	3476	3747	4065
ΔNWC	491	658	740	797	865

PV

We calculated EBIT via:

$$EBIT = Revenue - COGS - SG\&A - R\&D$$

We set the perpetual growth rate as 1%. By industry experience, innovative drugs perpetual growth rate would be -2% ~ 2% because of the patent cliff. We set it at 1% because Exelixis has stable product revenue.

The FCF is calculated by:

$$FCF = EBIT * (1 - Tax) + D\&A - Capex - Change\ in\ NWC$$

We use n=1, 2, 3…to calculate PV (10851 million dollars)

$$PV = \sum \frac{FCF}{(1 + WACC)^n}$$

	2025	2026F	2027F	2028F	2029F	2030F	
Revenue	2,288	2,473	2,827	3,234	3,566	3,820	
COGS	77	87	99	113	125	134	
SG&A	530	581	664	760	838	898	
D&A	30	25	28	32	36	38	
R&D	861	866	989	1,132	1,248	1,337	
EBIT	800	940	1,074	1,229	1,355	1,452	
CAPX	-11	-25	-28	-32	-36	-38	
ΔNWC	491	526	601	688	759	813	**Terminal value**
FCF	207	463	529	605	668	715	11,948
Discounted FCF		432	461	492	506	506	8,454
PV	10851						

We have the valuation result:

PV	10,884	Million
Net debt	-812	Negative
Equity Value	11,696	
Outstanding Shares	268	Million
Current Price	44.57	
Implied Price	43.63	
Upside potential	-2%	

Recommendation: **HOLD**

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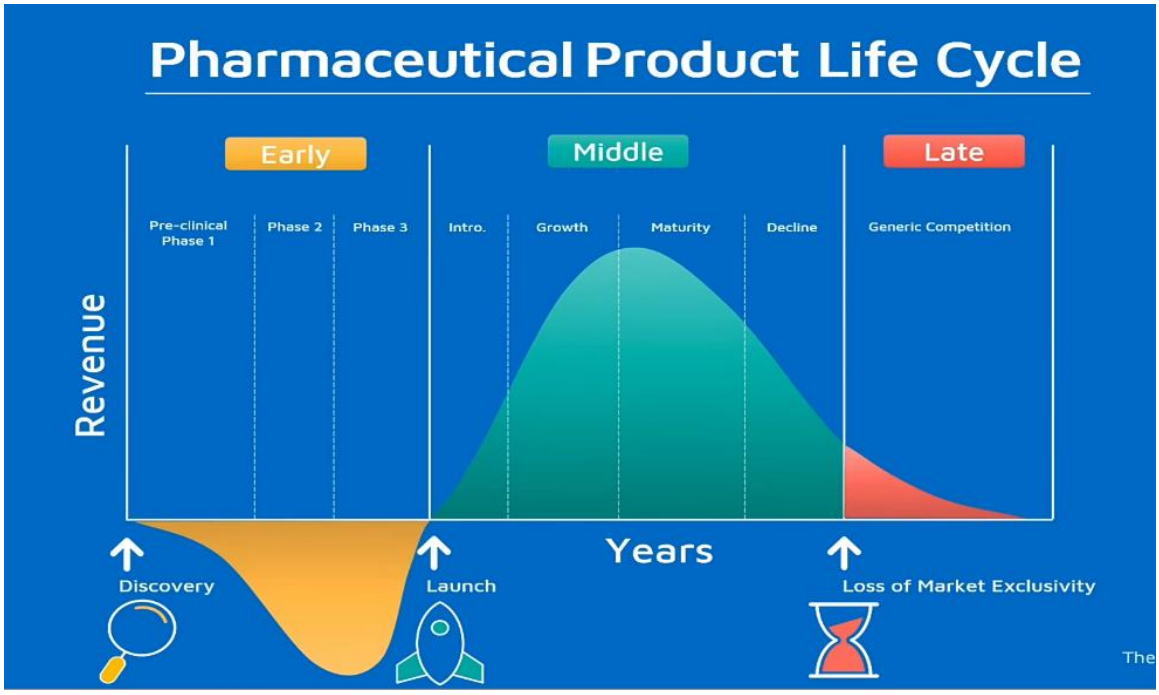
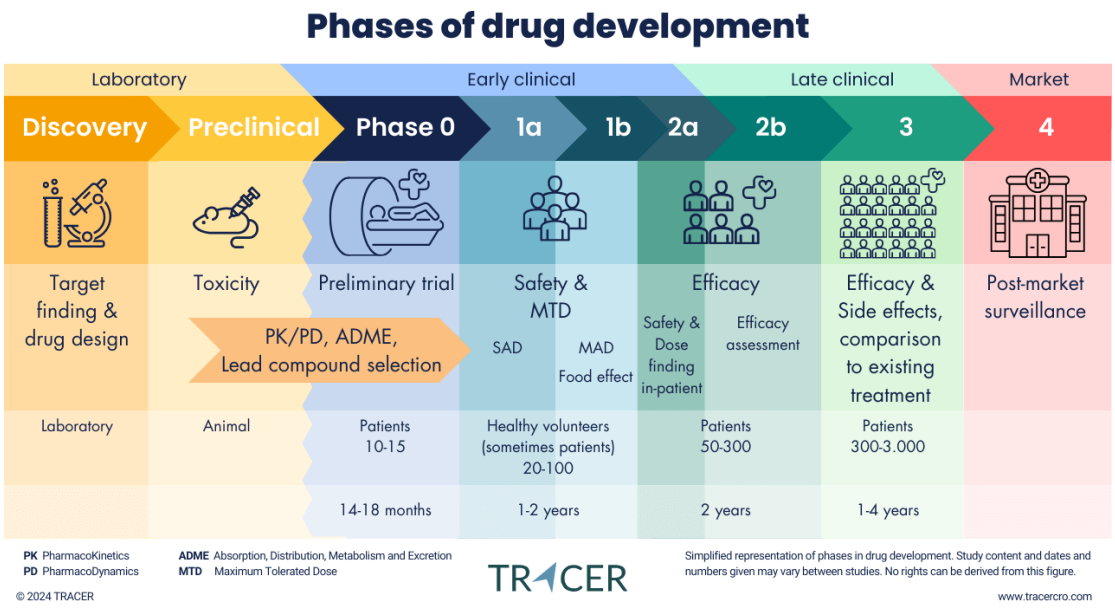
Appendix I


Pharmaceutical Product Life Cycle
Early
Middle
Late
Pre-clinical
Phase 1
Phase 2
Phase 3
Intro.
Growth
Maturity
Decline
Generic Competition
Revenue
Years
Discovery
Launch
Loss of Market Exclusivity


Phases of drug development
Laboratory
Early clinical
Late clinical
Market
Discovery
Preclinical
Phase 0
1a
1b
2a
2b
3
4
Target finding & drug design
Toxicity
Preliminary trial
Safety & MTD
Efficacy
Efficacy & Side effects, comparison to existing treatment
Post-market surveillance
PK/PD, ADME, Lead compound selection
SAD
MAD
Food effect
Safety & Dose finding in-patient
Efficacy assessment
Laboratory
Animal
Patients 10-15
Healthy volunteers (sometimes patients) 20-100
Patients 50-300
Patients 300-3.000
14-18 months
1-2 years
2 years
1-4 years
PK PharmacoKinetics
PD PharmacoDynamics
ADME Absorption, Distribution, Metabolism and Excretion
MTD Maximum Tolerated Dose
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Simplified representation of phases in drug development. Study content and dates and numbers given may vary between studies. No rights can be derived from this figure.
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