Initiating Coverage:

Incyte Corporation ($INCY)

A New Incyte on Scientific Innovation

Key Takeaways: While Incyte's shares slightly declined in Q1 2025, certain drugs including Jakafi, Opzelura, and Povorcitinib demonstrate strong growth potential despite this drop in shares.

Jakafi remains the company's primary revenue driver, with rising demand and increasing treatment rates in polycythemia vera, a rare form of blood cancer. Opzelura, a topical JAK inhibitor, is experiencing rapid expansion in vitiligo and eczema despite initially struggling with market access, signaling strong potential. Povorcitinib, Incyte's oral JAK1 inhibitor, is progressing through different trial stages, representing a future growth area.

Opzelura Uptake: Opzelura demand continues to grow, with revenue increasing 38% year over year. Opzelura overcame market access challenges when it was added to Optum's preferred formulary in March 2025, increasing its commercial coverage from 86% to 94%. This expansion helped meet the rising demand for the only FDA-approved JAK inhibitor for nonsegmental vitiligo, improving affordability and accessibility. Additionally, the Phase 3 TRuE-AD3 trial for opzelura in pediatric atopic dermatitis reached its endpoint, with results showing that patients treated with ruxolitinib cream achieved Investigator's Global Assessment Treatment Success. The product launch for pediatric atopic dermatitis is expected in the second half of 2025.

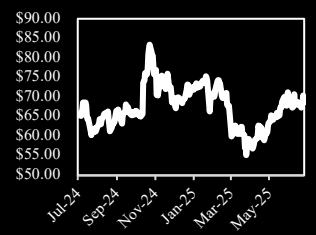
Trial Advancements: Povorcitinib, an oral small molecule JAK1 inhibitor, is positioned to drive Incyte's expansion as it advances through testing for multiple autoimmune and inflammatory conditions. Positive results from two Phase 3 studies in hidradenitis suppurativa, an inflammatory skin condition, showed both studies met their primary endpoint of HS clinical response. The drug is also entering a Phase 3 trial for nonsegmental vitiligo following positive results from a phase 2B clinical trial demonstrating total body and facial repigmentation across all treatment groups. It's expected to continue advancing through testing for asthma in 2025 as well. The planned launch of Povorcitinib for multiple diseases are expected to offset the risk coming with Jakafi's 2028 patent expiration.

Valuation: We initiate coverage with a $77 PT.

Consortium Research Group
Healthcare | Pharmaceutical
July 10th, 2025

Stock Rating:	Overweight
Price Target:	$77
Price:	$68.59
Potential Upside/Downside:	11.92%
Ticker:	$INCY

1 Year History



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Company Overview

Company Description: Since its founding in 1991, Incyte has built a strong reputation for developing therapies in oncology and dermatology. The company's business model focuses on the discovery and commercialization of innovative treatments in high-demand therapeutic areas. Its portfolio continues to expand, with a recent launch of Niktimvo for graft-versus-host disease and three additional launches planned for 2025. As the company increases its investments in research and development, Incyte continues to expand its presence across both the dermatology and oncology markets.

A Growing Leader in the Dermatology Market: Incyte Corporation has continued to expand its presence in dermatology, primarily by the success of its treatment for both eczema and vitiligo, Opzelura. Opzelura is currently the only FDA-approved JAK inhibitor on the market, as well as the only effective treatment on the market for vitiligo, differentiating Incyte from its competitors. The planned launch of Opzelura for pediatric eczema in the second half of 2025 is expected to further expand Incyte's presence in the dermatology market.

Trial Success: Incyte Corporation has consistently advanced drugs through clinical trials at an efficient pace and has experienced success in securing FDA approvals. Its ability to bring new therapies to market serves as a catalyst for future growth, as it shows the company's ability to deliver launches as scheduled, setting it apart from competitors who may struggle with securing approvals. As a result of this, the three additional launches for 2025 are likely to occur as scheduled.

Industry Overview

Market Affordability and Accessibility: The biotechnology industry has experienced struggles delivering affordable and accessible drugs to the market. Many biotech companies launch products that have high demand; however, this demand is unable to be met because the drugs are not cost effective. Patent protected drugs specifically reach very high prices. This increases the importance in companies improving drug affordability, for example, by getting their products added to pharmacy benefit managers preferred formularies. This not only makes drugs more accessible, but also more affordable to patients, allowing high demand to be met.

Growing Use of AI: AI's role in the development of biopharmaceutical products continues to grow significantly, specifically in drug discovery and clinical research. The use of AI took off during COVID-19 and has remained a catalyst for innovation across the industry. By driving the early stages of research and development, AI helps reduce the time required to bring new drugs to market. The global market for AI in drug discovery is expected to reach $13 billion by 2032, highlighting its impact and competitive advantage it offers to companies that utilize it.

Increased Emphasis on Rare Diseases: Pharmaceutical companies have increased their focus on the development of treatments for rare diseases, which have long been neglected due to high research and development costs. However, factors such as market exclusivity and limited competition are making this area more attractive. Many rare diseases face high, unmet need, which allows companies to differentiate themselves and have limited pressure from competition within the industry.

Peer Comparisons

Comparable Companies					
$mm					
Ticker	**Mkt Cap**	**EV**	**P/E LTM**	**Revenue LTM**	**EBITDA LTM**
Charles River Laboratores International Inc. (N`	$7,829	$9,875	N/A	$4,050	$227
BioMarin Pharmaceutical Inc (NMS : BMRN)	$11,142	$10,794	21.5x	$2,854	$571
Neurocrine Biosciences, Inc. (NMS : NBIX)	$13,208	$12,975	45.2x	$2,355	$689
Exelixis Inc. (NMS : EXEL)	$12,234	$12,017	20.4x	$2,169	$633
Incyte Corporation	$13,277	$11,623	274.4x	$4,241	$256

Ticker	**LTM EV/EBITDA**	**Gross Margin**	**EBITDA Margin**	**EBIT Margin**	**1 Yr Rev Growth Rate LF**
Charles River Laboratores International Inc. (N`	43.4x	32.9%	13.3%	5.6%	(1.9%)
BioMarin Pharmaceutical Inc (NMS : BMRN)	18.9x	79.7%	20.0%	16.6%	17.9%
Neurocrine Biosciences, Inc. (NMS : NBIX)	18.8x	98.6%	29.2%	24.2%	24.8%
Exelixis Inc. (NMS : EXEL)	19.0x	96.5%	29.2%	27.9%	18.5%
Incyte Corporation	45.4x	92.6%	6.0%	1.5%	14.8%
High	45.40x	98.6%	29.2%	27.9%	24.8%
75th Percentile	43.44x	96.5%	29.2%	24.2%	18.5%
Average	29.11x	80.0%	19.6%	15.2%	14.8%
Median	18.98x	92.6%	20.0%	16.6%	17.9%
25th Percentile	18.90x	79.7%	13.3%	5.6%	14.8%
Low	18.83x	32.9%	6.0%	1.5%	-1.9%

Incyte Corporation Valuation		
Implied Enterprise Value (25th Percentile)	$	4,839
Implied Enterprise Value (Median)	**$**	**4,860**
Implied Enterprise Value (75th Percentile)	$	11,119
Implied Share Price (25th Percentile)	$	25.01
Implied Share Price (Median)	**$**	**25.12**
Implied Share Price (75th Percentile)	$	57.45

Source: Mergent Online

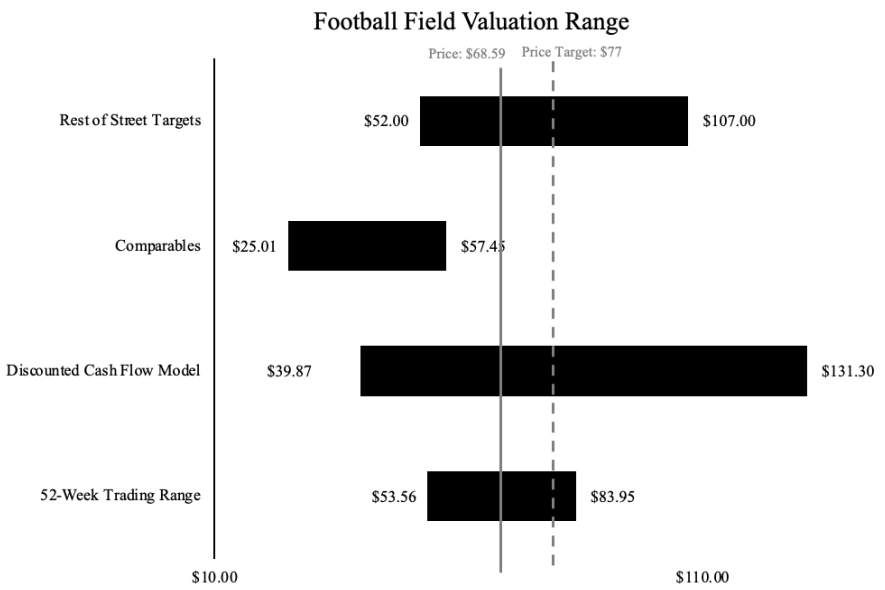
Investment Theses

FDA Approvals: Incyte's ability to rapidly advance drugs through clinical trial phases serves as a catalyst for growth. Following the successful February 2025 launch of Niktimvo, a treatment for graft-versus-host disease, Incyte has three additional product launches planned for the second half of 2025. Additionally, Povorcitinib has shown strong trial results for several different autoimmune and inflammatory conditions. These upcoming FDA approvals are expected to bring in new revenue and diversify its portfolio beyond Jakafi.

Dermatology Expansion: Incyte is expanding its presence in the rapidly growing dermatology market. It's drug, Opzelura, is the only FDA approved JAK inhibitor, treating both atopic dermatitis and vitiligo. Opzelura has experienced a dramatic increase in demand as it is the only effective treatment for vitiligo and currently has limited competition. Optum added Opzelura to its preferred formulary in March 2025, making this drug more accessible to patients. If Incyte continues to meet this high demand and expand this drug, Incyte is in good position to hold a significant share of the expanding dermatology therapeutics market.

Price Target & Valuation

Our analysis gives $INCY a price target of $77 and an Overweight rating.



Potential Downsides to Our Rating

Patent Expirations: With Incyte Corporation approaching the expiration of a key patent in the coming years, the company is expected to face competition from generic versions of its leading drug. Jakafi, Incyte's primary source of revenue, will lose its patent protection in 2028. This patent expiration could significantly reduce profitability, especially if planned launches, including five for Povorcitinib, face delays in clinical trials or FDA approval issues. These delays would give competition more time to enter the market, further diminishing Incyte's market share.

Clinical Trial Delays: Incyte relies heavily on advancing products through clinical trials and obtaining FDA approvals in a timely manner. Delays in trials, or difficulty receiving regulatory approval can hurt Incyte's ability to bring new products to the market, limiting their profitability and market share. Many of Incyte's product developments tend to be unique to the market, including its launched topical JAK inhibitors and planned launches of oral JAK inhibitors. This innovation could potentially result in unexpected trial and regulatory challenges, increasing the risk of trial delays.

Heavy Dependence on Jakafi: Incyte is currently heavily dependent on Jakafi, which makes up over 60% of total revenue. With the patent expiration approaching and expected generic competition entering the market, the company faces pressure to fill this revenue gap. Incyte has

Our Price Target: $77

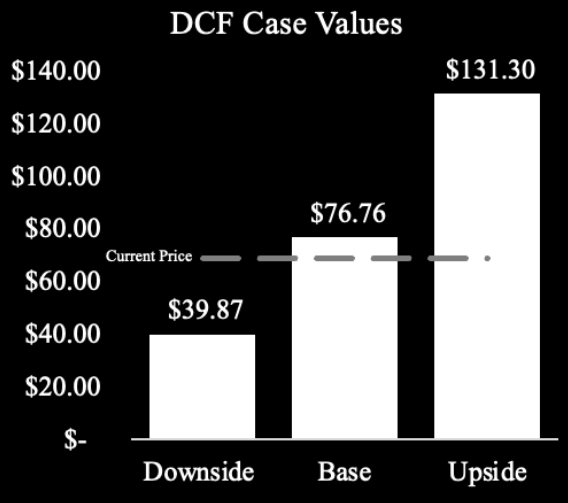
Our price target is based on a 2035 11x EV/EBIT and HSD revenue growth, moving to LSD by 2035, with margins consistently expanding throughout the period. We apply a multiple in line with peers to account for both Incyte's upcoming product launches and the risk of Jakafi's patent expiration.

Our Upside Case: $131

Our upside case assumes stronger than expected revenue growth driven by successful future product launches, including five anticipated approvals for Povorcitinib. We assume reduced impact from Jakafi's patent expiration and successful, timely product launches to drive profitability and consistent margin expansion. Our upside case is based on a 2035 12x EV/EBIT to reflect the strong growth potential from these launches.

Our Downside Case: $40

Our downside case assumes delays and regulatory issues amongst planned product launches in upcoming years. These setbacks will cause Jakafi's patent expiration to have a greater impact as generic competition will diminish market share and profitability. We apply a discount to our downside case to account for lack of margin expansion.



three product launches scheduled for the second half of 2025, as well as five planned launches for Povorctinib starting in 2028. If these launches and other products fail to fill this gap in revenue, Incyte could experience a decline in profitability.

Projections

Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	4,241	5,005	5,718	6,429	6,468	15.1%
EBITDA	151	390	400	543	640	61.9%
EBIT	61	299	286	414	510	102.6%
NOPAT	(223)	209	200	292	363	-217.7%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	3.6%	7.8%	7.0%	8.4%	9.9%	7.3%
EBIT Margin	1.4%	6.0%	5.0%	6.4%	7.9%	5.3%
Revenue Growth	14.8%	18.0%	14.2%	12.4%	0.6%	12.0%
EBIT Growth	-90.1%	386.6%	-4.3%	44.9%	23.2%	72.1%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	-37.1x	177.4x	92.9x	56.5x	42.6x	66.5x
EV/Sales	2.7x	2.3x	2.0x	1.8x	1.8x	2.1x
EV/EBITDA	0.1x	29.8x	29.0x	21.4x	18.2x	19.7x
FCF Yield	-2.7%	0.6%	1.1%	1.8%	2.3%	3.0%

About $INCY

Incyte Corporation ($INCY), founded in 1991 and headquartered in Wilmington, Delaware, operates globally with a focus on innovative therapies in oncology and inflammation. The company's primary business segments include Oncology and Inflammation & Autoimmunity, with marketed products and clinical programs in North America, Europe, and Asia. Incyte develops, manufactures, and commercializes small molecule drugs and biologics, with a strong emphasis on targeted treatments such as Jakafi and Opzelura. The company's mission is to address serious unmet medical needs through scientific innovation, a diversified pipeline, and strategic global partnerships.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Incyte Corporation
Discounted Cash Flow

Active Case:	**2 Base**
Current Share Price	$68.59

DCF Analysis ($mm)

	FY2020 12/31/20	FY2021 12/31/21	FY2022 12/31/22	FY2023 12/31/23	FY2024 12/31/24	FY2025 12/31/2025	FY2026 12/31/26	FY2027 12/31/27	FY2028 12/31/28	FY2029 12/31/29	FY2030 12/31/30	FY2031 12/31/31	FY2032 12/31/32	FY2033 12/31/33	FY2034 12/31/34	FY2035 12/31/35
Stub						0.53	1.53	2.53	3.53	4.53	5.53	6.53	7.53	8.53	9.53	10.53
Discount Period						0.23	0.97	1.97	2.97	3.97	4.97	5.97	6.97	7.97	8.97	9.97
Revenue	**2,666,702**	**2,986,267**	**3,394,635**	**3,695,649**	**4,241,217**	**5,004,765**	**5,717,559**	**6,428,541**	**6,468,447**	**6,680,648**	**7,252,943**	**7,832,634**	**8,360,855**	**8,863,633**	**9,257,134**	**9,504,014**
Revenue Growth	*0%*	*12%*	*14%*	*9%*	*15%*	*18%*	*14%*	*12%*	*1%*	*3%*	*9%*	*8%*	*7%*	*6%*	*4%*	*3%*
Jakafi	1,937,850	2,134,508	2,409,225	2,593,732	2,792,107	3,015,476	3,226,559	3,420,152	2,736,122	2,134,175	1,835,391	1,651,852	1,519,703	1,428,521	1,357,095	1,289,240
Opzelura	0	4,668	128,735	337,864	508,293	813,269	1,138,576	1,480,149	1,776,179	2,042,606	2,287,719	2,424,982	2,521,981	2,597,640	2,675,570	2,729,081
Other Revenue	728,852	847,091	856,675	764,053	940,817	1,176,021	1,352,424	1,528,239	1,956,146	2,503,867	3,129,834	3,755,801	4,319,171	4,837,472	5,224,469	5,485,693
EBIT	**(220,875)**	**622,796**	**587,413**	**620,525**	**61,366**	**298,611**	**285,878**	**414,284**	**510,289**	**623,527**	**781,706**	**957,322**	**1,142,650**	**1,339,393**	**1,532,570**	**1,710,723**
EBIT Margin	*-8%*	*21%*	*17%*	*17%*	*1%*	*6%*	*5%*	*6%*	*8%*	*9%*	*11%*	*12%*	*14%*	*15%*	*17%*	*18%*
Tax Expense	63,479	(378,137)	188,456	236,616	284,015	89,583	85,763	121,984	147,417	176,666	217,141	260,604	304,707	349,731	391,657	427,681
Effective Tax Rate	*-29%*	*-61%*	*32%*	*38%*	*463%*	*30%*	*30%*	*29%*	*29%*	*28%*	*28%*	*27%*	*27%*	*26%*	*26%*	*25%*
NOPAT	**(284,354.00)**	**1,000,933.00**	**398,957.00**	**383,909.00**	**(222,649.00)**	**209,027.34**	**200,114.58**	**292,300.20**	**362,871.91**	**446,861.14**	**564,565.52**	**696,717.64**	**837,943.51**	**989,662.94**	**1,140,913.20**	**1,283,041.91**
D&A	51,807	57,844	67,855	82,660	89,248	91,032	114,351	128,571	129,369	133,613	145,059	156,653	167,217	177,273	185,143	190,080
Capex	187,379	181,006	77,833	32,486	86,263	100,095	114,351	128,571	129,369	133,613	145,059	156,653	167,217	177,273	185,143	190,080
Changes in NWC	(71,741)	(14,569)	198,810	(248,651)	138,244	125,119	57,176	57,500	51,029	45,651	41,906	36,987	30,656	23,144	14,400	4,752
UFCF	**(348,185)**	**892,340**	**190,169**	**682,734**	**(357,908)**	**74,845**	**142,939**	**234,800**	**311,843**	**401,210**	**522,660**	**659,730**	**807,287**	**966,519**	**1,126,513**	**1,278,290**
PV of FCF						**73,596**	**133,331**	**203,834**	**251,948**	**301,678**	**365,753**	**429,668**	**489,319**	**545,219**	**591,418**	**624,575**

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	4.33%
Beta	0.71
Risk Free Rate	4.39%
Cost of Equity	**7.44%**
Weighted Average Cost of Debt	5.00%
Tax Rate	30.00%
Cost of Debt	**0.01%**
Total Equity	$13,277
Total Debt	($1,654)
Equity/Total Capitalization	99.75%
Debt/Total Capitalization	0.25%
WACC	**7.45%**

Terminal Value	
Perpetuity Growth Method	
2034 FCF	$1,278,290
Growth	2.00%
Terminal Value	$23,459,759
PV of Terminal Value	$11,467,253
PV of Projection Period	$4,011,961
PV of Terminal Value	$11,467,253
Implied TEV	$15,479,214
(-) Debt	$33,542
(+) Cash	$1,687,829
Implied Equity Value	$17,133,501
Basic Shares Outstanding	194
Implied Share Price	$88.51
Upside/Downside	26.48%

Implied Exit BF EV/EBIT	9.0x

Terminal Value	
Exit Multiple Method	
2034 EBIT	$1,710,723
EV/EBIT Exit Multiple	11.0x
Terminal Value	$18,817,948
PV of Terminal Value	$9,198,311
PV of Projection Period	$4,011,961
PV of Terminal Value	$9,198,311
Implied TEV	$13,210,272
(-) Debt	$33,542
(+) Cash	$1,687,829
Implied Equity Value	$14,864,559
Diluted Shares Outstanding	194
Implied Share Price	$76.79
Upside/Downside	9.7%

Implied PGR	-5.7%

Blended Share Price	
Perpetutity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	$76.79
Upside/Downside	11.96%