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VKTX

Equity Research

Mar 2025

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VIKING THERAPEUTICS

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Viking Therapeutics
NYSE: VKTX

Investment Summary

Stock Information

Exhibit 1: VKTX Share Price, 5 Years (Source: Google Fin)

Position	BUY
Stock Price	$29.73
Target Price	▲ $101.35
Target Price Upside	▲ 240.9%
Investment Horizon	Short to Medium
Market Cap	$3.22 billion

Recommendation: Buy VKTX

Summary of Catalysts

Clinical Trial Milestones
The release of high-dose VK2735 Phase 1 trial data at ObesityWeek showcased strong efficacy (up to 8% weight loss) and favorable tolerability, exceeding expectations and solidifying market confidence in the product. Phase 2 trials for oral VK2735 started in January 2025, with results potentially driving valuation

Earnings Reports and Forecasts
Significant increases in weight-loss percentages and reduced adverse events compared to competitors strengthen the short-term growth potential for the company

Regulatory and Development Approvals
Moving towards Phase 3 trials or securing fast-track designations for VK2735 could act as direct triggers for valuation increases

Partnership or Licensing Opportunities
Viking's need for a partner to scale manufacturing and commercialization might result in high-impact licensing deals or collaborations

Competitive Differentiation in the Market
Oral VK2735 shows a potentially best-in-class efficacy and tolerability trade-off, which positions Viking well in the growing oral obesity treatment market. This could result in a sustained competitive advantage

Pipeline Progress

The company's dual GLP-1/GIP combination therapy (used in both oral and subcutaneous forms) shows synergistic benefits. This innovative approach has the potential to capture market share over time

Broader Market Potential

The obesity market for oral GLP-1s is expanding, with expectations of significant growth. Viking's oral drug aims to capture a notable market share despite being a late entrant

Investor Sentiment

There is growing investor enthusiasm around obesity-related therapies, supported by successful trials and market forecasts. Viking's positive trial outcomes contribute to this sentiment, potentially boosting stock prices even before revenue materialization

Company Overview

Company Background

Viking Therapeutics is a clinical-stage biopharmaceutical company based in San Diego, California. The company focuses on developing novel first-in-class or best-in-class therapies for the treatment of metabolic and endocrine disorders. Viking Therapeutics has several promising drug candidates in its pipeline, including VK2735 for obesity, VK2809 for non-alcoholic steatohepatitis (NASH) and fibrosis, and VK0214 for type 2 diabetes.

Product and Strategic Overview

Exhibit 2: VKTX Product Pipeline Overview (Source: Annual Report)

Development Programs	Indication	Stage of Development				Status
		Preclin	Phase 1	Phase 2	Phase 3	
VK2735 Subcutaneous (Dual GLP-1/GIP agonist)	*Obesity*					Phase 3 planned 1H25
VK2735 Oral (Dual GLP-1/GIP agonist)	*Obesity*					Phase 2 underway
VK2809 (TRβ agonist)	*NASH/MASH*					Phase 2b VOYAGE trial successfully completed
VK0214 (TRβ agonist)	*X-ALD*					Phase 1b study demonstrated PoC

Key: TRß, thyroid receptor beta; NASH/MASH; GLP-1, glucagon-like peptide 1, GIP, glucose-dependent insulinotropic polypeptide; X-ALD, X-linked adrenoleukodystrophy.

VKTX has built a comprehensive metabolic and endocrine disorders-focused pipeline, anchored by several promising therapeutic candidates. The company's lead asset, VK2735, is a novel dual agonist targeting both GLP-1 and GIP receptors for obesity treatment. This program demonstrates Viking's strategic positioning in the rapidly growing weight loss market, with both injectable and oral formulations under development. The injectable formulation has recently completed its Phase 2 VENTURE study, Phase 3 is planned to start in 1H25 while the oral formulation has progressed through Phase 1 trials with Phase 2 studies initiated in January, potentially offering a more convenient administration option for patients.

In the liver disease space, Viking is advancing VK2809, a selective thyroid hormone receptor beta agonist, to treat NASH and metabolic disorders. The compound has recently completed its Phase 2B VOYAGE trial, building upon previous successful Phase 2A results in NAFLD, demonstrating significant reductions in LDL-C and liver fat content. This positions VK2809 as a promising candidate in the NASH market, where there remains a substantial unmet medical need with no currently approved treatments.

The company has also expanded into rare diseases with VK0214, another thyroid hormone receptor beta agonist specifically designed for X-linked adrenoleukodystrophy (X-ALD). The compound has recently completed Phase 1B studies in patients with the adrenomyeloneuropathy (AMN) form of X-ALD. This development program showcases Viking's ability to leverage its metabolic pathways expertise to address large market opportunities and rare diseases with significant unmet needs. The company's strategic approach of developing first-in-class or best-in-class therapies, combined with its focus on

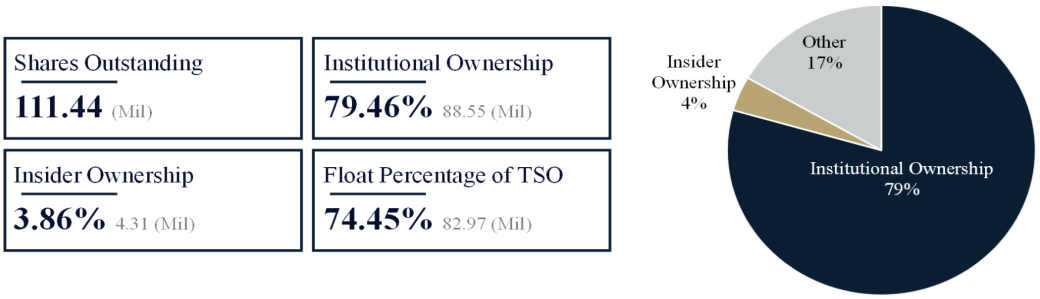
both oral and injectable formulations, positions Viking competitively in the evolving metabolic therapeutics landscape.

Senior Management

Brian Lian, Ph.D. *President and Chief Executive Officer*	**Marianne Mancini** *Chief Operating Officer*	**Greg Zante** *Chief Financial Officer*
Dr. Brian Lian serves as Viking Therapeutics' President and CEO, as well as a member of the board of directors. Before founding Viking, he held leadership roles in equity research at SunTrust Robinson Humphrey and CIBC World Markets, focusing on biotechnology companies. Earlier, Dr. Lian worked as a research scientist at Amgen and Microcide Pharmaceuticals. He holds a Ph.D. in organic chemistry from The University of Michigan, an MBA from Indiana University, and a BA from Whitman College.	Ms. Marianne Mancini serves as Viking's COO with over 30 years of experience in clinical operations and drug development. She previously held senior roles at Ambit Biosciences, Aires Pharmaceuticals, and Arena Pharmaceuticals, where she oversaw the clinical program for BELVIQ®. Ms. Mancini also led global clinical trials at Baxter BioSciences and held roles at Genentech and Procter & Gamble. She holds an MBA from the University of Phoenix and a BS from McGill University.	Mr. Greg Zante, Viking's CFO, oversees the company's financial strategy and operations. He previously served as CFO at Dance Biopharm and held senior finance roles at Sangamo Therapeutics, Calyx Therapeutics, and Matrix Pharmaceuticals. Mr. Zante is a certified public accountant (CPA) and earned his bachelor's degree in business-economics from UCLA.

Shareholder Composition

Exhibit 3: % Breakdown of Viking Therapeutics's Shareholder Composition (Source: GuruFocus)



Over two-thirds (⅔) of Viking Therapeutics's shares are held by institutional investors, such as asset managers, pension funds and sovereign wealth funds. This represents a greater

stability in funding as institutional investors tend to be less reactive to market news and fluctuation cycles than retail investors, hence a greater focus is placed on fundamental factors instead.

Industry Analysis

Market Overview and Growth Forecasts

The weight-loss drugs industry has witnessed strong growth since 2020. According to Morgan Stanley Research, the industry's global revenue is estimated to reach US$77 billion, up from US$15 billion in 2024, marking a 32% CAGR. The World Obesity Federation expects that 25% of the global population will be obese by 2035. The rising number of people struggling with the obesity problem brings growth opportunities for pharmaceutical companies manufacturing obesity drugs to scale their businesses.

Exhibit 4: Weight-loss drugs industry revenue (Source: Morgan Stanley Research)

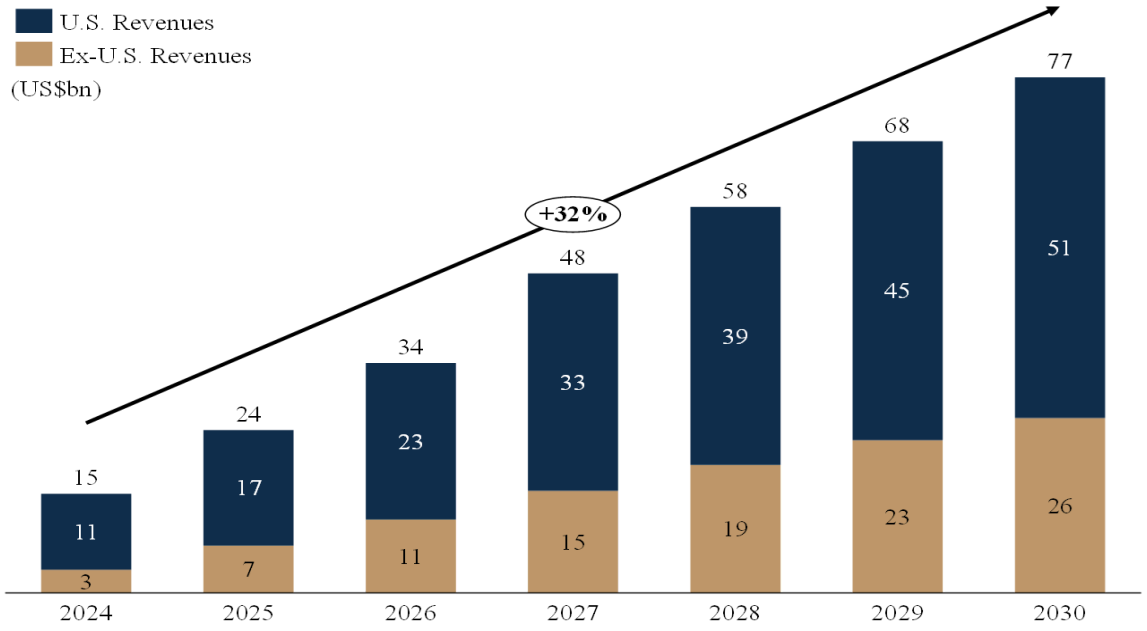
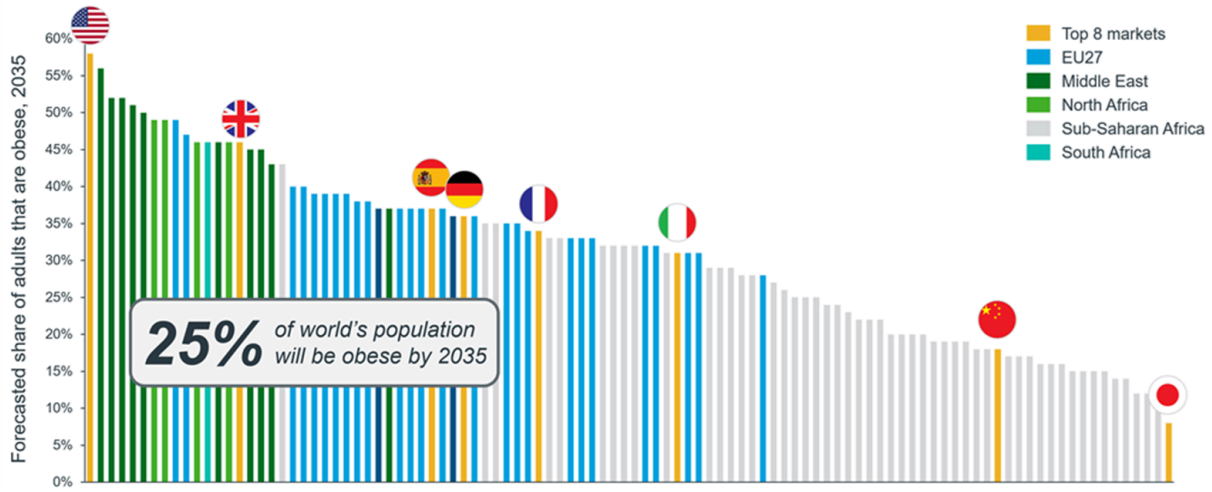
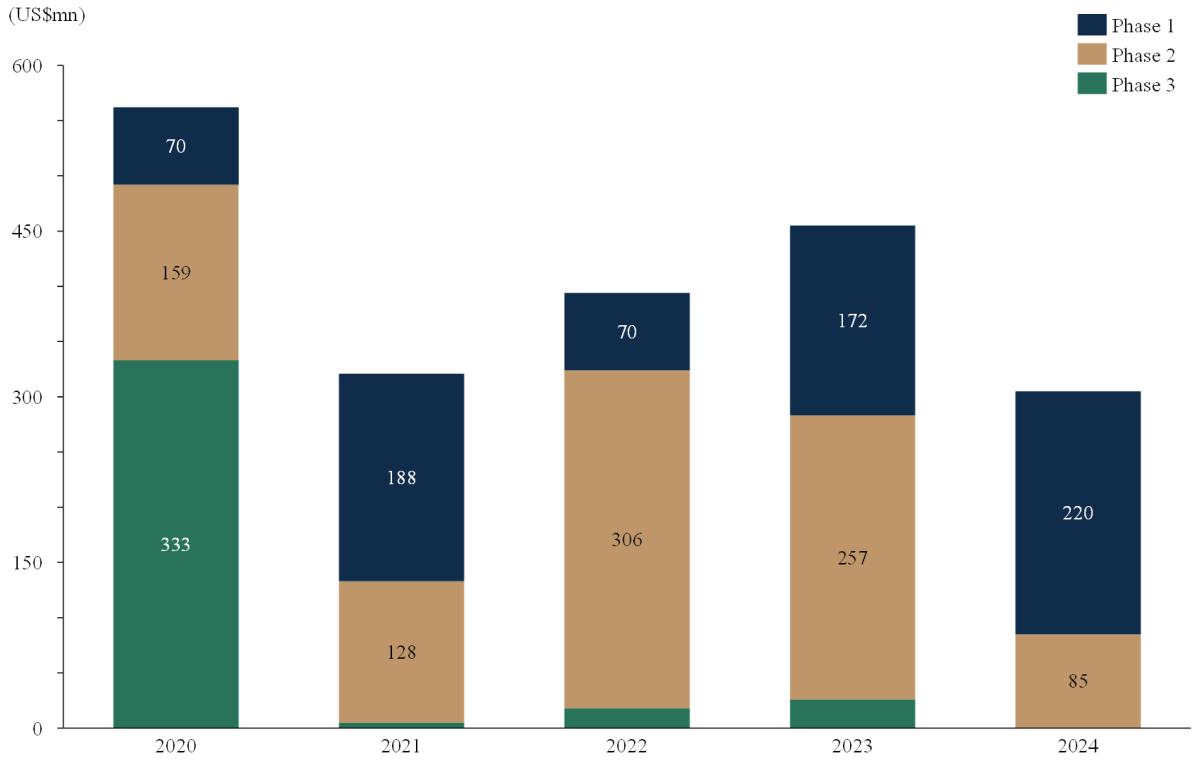


Exhibit 5: Estimated share of obese adults (>=20 year old) by 2035 (Source: IQVIA Thought Leadership; World Obesity Federation, World Obesity Atlas 2023)



Capital Expenditure Trends

Exhibit 6: Amount of investments in the obesity treatment sector by phase (Source: Morningstar, PitchBook)



According to PitchBook, investments in the obesity treatment sector startups reached US$562 million in 2020. Leading pharmaceutical companies have committed over $50 billion by 2028 to scale production and meet the soaring demand. While leaders such as Novo Nordisk and Eli Lilly keep investing in the next generation of approved drugs, challengers such as Viking Therapeutics, Boehringer Ingelheim, Structure Therapeutics, etc. are also chasing up with promising data in efficacy and tolerability.

Catalysts for Market Growth

The increasing demands driven by rising obese populations

According to the latest data from the Centers for Disease Control and Prevention, in 23 states of the U.S., more than one in three adults (35%) has obesity. According to the World Health Organization, the global population of obese has almost tripled around the world since 1975, and it is projected to increase further. Nowadays, obesity is already the fifth-leading risk factor for causes of death. The rising demands will keep driving the market growth, with the current companies with approved weight-loss drugs, Novo Nordisk and Eli Lilly, experiencing a jump in sales after the market launches of Wegovy and Zepbound respectively. The imbalance between supply and demand can be discovered through the shortage of the GLP-1 medications, and we expect the increasing demands will keep driving market growth further in the near future.

FDA approval of Byetta and Victoza: increasing accessibility

GLP-1 drugs are expensive, but with more FDA approvals of GLP-1 receptor agonists, which improve glycemic control by mimicking the effects of naturally occurring GLP-1 and are cheaper than GLP-1 drugs, the accessibility of obesity drugs, it marks a significant milestone in expanding treatment options for patients. The approval of generic versions signals a shift towards more affordable treatment options, potentially unlocking a broader patient base. For instance, individuals previously unable to afford branded treatments may now have access to effective alternatives, driving higher adoption rates and expanding the overall market.

Porter's 5 Forces Analysis of the Obesity Drug Industry

Competitive Rivalry

Competitive rivalry in the obesity drug market is intensifying as the industry experiences rapid growth and heightened innovation. Currently, the market is dominated by two major players, Novo Nordisk and Eli Lilly, which have established themselves as leaders through their highly effective GLP-1 receptor agonist drugs. These companies have successfully positioned their products as transformative treatments for obesity and related health conditions, leveraging strong clinical trial results and robust supply chains to capture significant market share.

However, the competitive landscape is poised to shift dramatically over the next five years. Biopharmaceutical companies are investing heavily in research and development to introduce new treatments that could challenge the incumbents. These new entrants aim to capture a share of the projected $200 billion GLP-1 receptor agonist market by 2031, creating a more fragmented and competitive environment.

Supplier Power

The supplier power in the obesity drug market is high. The production of these drugs involves specialized ingredients and proprietary processes, which limit the pool of available suppliers. This dynamic has compelled major drugmakers to invest billions in scaling their supply chains. While such investments reduce dependency on external suppliers, the power imbalance still favors the latter due to the complexity and exclusivity of production materials.

Buyer Power

Buyer power in the obesity drug industry varies depending on the scale of the buyer. Buyers in this market include governments, insurance providers, and individual consumers, whose purchasing power and preferences vary widely. High costs of obesity drugs make affordability a critical factor, especially in regions where insurance coverage is limited. Payers, particularly large-scale insurers, hold significant leverage in negotiating prices and reimbursement terms. As the market becomes more competitive, buyers are likely to exert greater influence to secure cost-effective solutions.

Threat of Substitution

The threat of substitutes in the obesity drug market is relatively low. Alternative treatments such as bariatric surgery and lifestyle interventions exist but are often less effective or accessible. The proven efficacy of GLP-1 receptor agonists in both weight loss and the management of obesity-related conditions makes them the preferred choice for many patients. However, technological advancements in alternative therapies could pose a future risk, though this remains speculative in the near term.

Threat of New Entrants

The threat of new entrants is moderate due to the high barriers to entry. Developing effective obesity drugs requires significant R&D investment, and regulatory approvals are both stringent and time-intensive. While dominant players like Novo Nordisk and Eli Lilly currently lead the market, the anticipated launch of 16 new drug candidates over the next five years indicates growing competition. However, the high costs and expertise needed to innovate in this space make it challenging for new entrants to disrupt established positions.

Viking Therapeutics
NYSE: VKTX

Investment Catalysts

Hard Catalysts

1. Clinical Trial Milestones

As a hard core pillar, the clinical trial data for Viking's VK2735, especially from Phase 1 trials and anticipated Phase 2 trials, serves as a catalyst. The placebo-adjusted weight loss of between 6.8% and 8.2% in 4 weeks, as presented by a dose of 100 mg during ObesityWeek, was beyond expectations. This value gives VK2735 a high efficacy range among GLP-1 rivals (usually 4% to 7% weight loss) used orally, and it reflects the steep efficacy curve on the cut-off point at 4 weeks. This indicates the possibility of continued weight loss over an extended period of time, which should be examined in order to be confirmed in forthcoming trials.

The Phase 1 trials show that the drug is tolerated and supports VK2735. Although the therapy regimen was extremely aggressive (patients in the 100 mg arm were on 80 mg in Week 1 and reached a target dose in Week 2), it maintained an outstanding safety profile. Only 11% of patients experienced diarrhea or vomiting when they were on the 100 mg dose, which is significantly better than the 15-65% rates usually noted in competitor trials. There were no severe nausea cases, discontinuations because of tolerability issues, nor liver enzyme elevations. Apart from these, all of these are major safety metrics for regulatory and commercial success.

Phase 2 trials for VK2735 are anticipated to begin in Q4 2024. During the 13-week trials, protocol improvements will be made to address tolerance issues, such as a longer dose titration to further reduce GI side effects like nausea and constipation. Phase 2 data will be the final inflection point for the valuation of VK2735. It will lock up its clinical profile and serve as a basis for later-stage trials, notably Phase 3. If Phase 2 trials turn out like Phase 1 results, this would build investor confidence and factor into a substantial increase in the VKTX stock.

Moreover, as higher doses may appear in further studies, as substantiated by the Phase 1 studies with a favorable safety profile, this will probably lead to a mitigation of worsening symptoms. These milestones do not only bear a validating effect in VK2735's clinical potential but also categorize the company as an upcoming major player in the heated market of combating obesity.

2. Earnings Reports and Forecasts

The company's financial and operational outlook can be shaped by how VK2735 is clinically performing. The Phase 1 results can already be used for upward guidance on the earnings outlook. VK2735's clinical results may contribute up to 10% of the US oral obesity market. Thus, with the explosively growing obesity market, the prevalence of this disease suggests considerable growth prospects. Analysts estimated global sales of VK2735 to be 1.5 billion

by the year 2035, of which there is a probability of further, and even quicker, growth as demand increases.

Broader investor excitement in the GLP-1 signal pathway, on the other hand, has been augmented by the presence of successful competing syndicates such as Novo Nordisk and Eli Lilly (Mounjaro). Positive clinical data only could be a super short-term stock booster for VKTX, even unlike other ways, before drug inclusion gains revenue. For example, the Big Obesity Conference during Phase 1 readout at ObesityWeek was beyond expectations and improved VK2735's competitive profile. Thus, there is an indication of positive catalysts for the stock.

Moreover, further weight loss data from Phase 2 might improve forecasts for earnings as it confirms VK2735 will be competing not only with oral GLP-1 drugs but also with subcutaneous anti-diabetic injectables. The dual action GLP-1/GIP mechanism, which showed synergistic effects, provides extra differentiation that might support higher prices for VK2735.

Short-term earnings forecasts will also depend on investor sentiment or the broadening acceptance of new GLP-1 drugs, which is currently reshaping the obesity pharmaceuticals market. Other GLP-1 players (Viking Therapeutics) such as Novo Nordisk and Eli Lilly have vying characteristics, which tend to lead to a growth of the demand for a safer and more tolerable weight control formulation.

3. Regulatory and Development Approvals

The approval of VK2735 by the regulatory authority is a key success factor that mainly affects certain developments. Viking shows distinct signs of acceleration to enjoy these approvals of both oral and subcutaneous formulations. The safety profile by Phase 1, particularly the absence of severe GI side effects, lack of liver enzyme elevations, and a low dropout rate, positions VK2735 in a favorable position for regulatory scrutiny. These data pointers enable an alignment with regulators' concerns over safety and tolerability, more so for weight loss drugs, which are largely used for prolonged periods.

The success of Viking in its effort for Phase 3 and onward studies will depend mainly on the balance between effectiveness and tolerability. The dual GLP-1/GIP mechanism with subcutaneous formulations, which has shown some synergistic advantages, is yet another differentiator that can strengthen VK2735's case for approval.

Viking can pursue the opportunity of regulatory designations that can expedite the approval process. For instance, the Fast Track or Breakthrough Therapy designations could be sought if VK2735 continues to demonstrate usefulness relative to presently available obesity treatments. Such designations will not only speed up the regulatory process for investors but also enhance their confidence with respect to VK2735's commercial viability.

Apart from that, the Phase 2 trial plans will allow the company to assess the potential of the drug to be offered on the scale on which it targets, as well as the unique design features of the trials. Tailoring titration schedules and the participation of broader patient groups will ensure that Viking earns an extensive data package for regulatory submissions. Success in Phase 2 and 3 trials leads to NDA applications aiming for market entry, with a planned period of 2029–2030.

Overall, the regulatory environment for obesity drugs is rigorous, requiring demonstration of significant weight loss and long-term safety. FDA typically expects at least 5% weight loss from baseline compared to placebo, alongside a favorable safety profile for chronic use. Recent approvals from competitors provide insight into timelines: Wegovy was approved in June 2021, its phase 3 trials (STEP program, e.g., NCT03548935) started in June 2018 and completed in July 2020, taking 3 years from phase 3 start to approval. The trial involved 1,961 participants, showing a 14.9% weight loss at 68 weeks compared to 2.4% with placebo. Zepbound was approved in November 2023, its phase 3 trials (SURMOUNT program, e.g., NCT04184622) started in December 2019 and completed in February 2022, taking about 4 years from phase 3 start to approval. The SURMOUNT-1 trial, with 2,539 participants, showed weight loss of up to 22.5% at 72 weeks. As seen with Wegovy and Zepbound, we expect VKTX2735 to align with industry standards of 3-4 years from phase 3 start to FDA approval given its promising clinical data and dual mechanism.

4. Partnership or Licensing Opportunities

Partnerships or licensing agreements have a key role to play as a competition leverage measure for Viking Therapeutics. Since VK2735's peptide formulation is very complex and entangled with advanced manufacturing, Viking is likely to require technical partnerships for commercialization. This will ensure timely production of medicines, which is very important for market entry. Players in the field like Eli Lilly and Novo Nordisk, more dedicated to small molecule GLP-1 medication, have the advantage of easily achieving chemical compound production scalability. Nevertheless, the admission record and dual action of GLP-1/GIP will appeal to huge pharma enterprises that may wish to extend their positions in the obesity and diabetes marketplace.

Such exchanges can take several shapes like licensing deals, co-development agreements, or direct acquisition. All of these would at first stage provide Viking with financial resources and knowledge needed to get VK2735 on the market. The reports highlight investor interest in announcements of the prospects of the deals that could result in market valuation capitalization for VKTX.

What is more, the feature of the same active ingredient in oral and subcutaneous formulations that Viking possesses adds to its attractiveness as a licensing candidate. The oral version of VK2735 may have a role as a weight-maintaining option for patients, while the subcutaneous version could be used as an induction weight-loss.

This dual-use strategy results in the risk of widening the market opportunities for VK2735 and boosting its commercial interest to prospective partners. To conclude, partnership or licensing determines the adequacy of the planned production and commercialization for VK2735.

Such arrangements will not only minimize the risks of development ventures of VK2735 but also grant it competitive edge by providing the funding and effectiveness needed to compete in the competitive and fast-changing field of the weight control market.

Soft Catalysts

1. Competitive Differentiation in the Market

Viking Therapeutics (VKTX) is well-positioned to distinguish itself in the competitive market of oral obesity treatment by using VK2735. Specifically, the high-dose regimen used for VK2735 that was assessed during the ObesityWeek conference exhibits a notable efficacy and side effect profile balance. It is known that patients who received 100 mg of VK2735 lost approximately 6.8%–8.2% of their body mass when adjusted for placebo. The typical improvement in this category currently being trialed by oral GLP-1 therapies ranges from 4%–7%. Further, while the increased efficacy suggests that a patient may lose more weight at weeks 4–6, the steep efficacy curves at this cutoff further support this conclusion. It is the tolerability profile that really distinguishes VK2735. Only 11% of patients receiving the dose at its highest point reported vomiting, while another 11% reported diarrhea. This is quite different from the typical range of 15%–65% noted in competitors' trials. There were no severe cases of nausea or elevated liver enzymes, which are known to be safety issues for this class of medication. This particular set of properties, not only of clinical value in VK2735 but also of safety and tolerability, brings it close to the trial results of Zepbound, whose gastrointestinal adverse event rates are in the range of 10%–30%. In addition, it was noted that GLP-1/GIP dual mechanism action had been used in VK2735 with synergistic effects, which are developed in the subcutaneous formulation. This is one aspect that positively contributes to the value of VK2735 in both the efficacy and tolerability fields.

2. Pipeline Progress

The progress made by VK2735, evidence of robust pipeline development, also consolidates its place as the potential soft catalyst. On the one hand, VK2735 is distinct from the majority of oral GLP-1 competitors, which target solely the GLP-1 pathway. Consequently, the only oral GLP-1/GIP combination therapy entitled VK2735 is currently under clinical development. This double effect not only gives the medication more efficacy but also offers a relatively high level of safety, thanks to the Phase 1 results. VKIN also showed the power of VK2735 through a fast course of titration that reached the target 100 mg dose. In comparison for the other similar products tested, the Structure Therapeutics' 1290 took 6 weeks and the Eli Lilly's orforglipron took 12 weeks. Meanwhile, titration with the medication was quick.

Yet VK2735 was able to preserve the good tolerability profile shown in the Phase 1 trial, which indicated the dual mechanism of this medicine is truly strong. For the near future, Viking plans a study of higher doses and optimization of titration protocols as another factor to strengthen VK2735's market benefits. The firm's capability to utilize the identical active ingredients for both oral and subcutaneous formulations not only provides strategic flexibility but also makes them interwoven strategically. The oral version of VK2735 is being positioned as an attractive maintenance option. Usage of low doses of this medication could practically be used to treat weight regain, while significant weight loss is first achieved via the subcutaneous formulation. By being able to treat two cases with one medication, the presence of VK2735 in clinical practice is widened, and the consequent demand for its sales is maximized.

3. Broader Market Potential

The very market itself gives VK2735 an opportunity for growth. Its enlargement is predicted to grow quickly. Meanwhile, some competition from Novo Nordisk's semaglutide and Eli Lilly's oral GLP-1 receptor agonist orforglipron is expected in 2026–2027. Although VK2735 is expected to enter the market later, its unique clinical profile makes it possible to gain a notable share in the market, which is already quite dense. J.P. Morgan projects that this drug could attain a 5%–10% share of the oral obesity market in the U.S., which is an impressive result considering the competition. And, since the clinical data for VK2735 shows that it has not only the ability to challenge oral therapies but also injectable ones, which broadens the sales territory for VK2735, it only shows that the market for this drug is greater. The medication's unique selling point about being a therapy for both weight loss and chronic maintenance of weight conditions, i.e., further extending its commercial search, is encouraging. Viking leads the industry in addressing both initial weight reduction and long-term weight stabilization as the standard of care. Such an approach makes VK2735 more valuable and enhances the patients' and providers' expectations for the treatment of the disease with this vision of the treatment.

4. Investor Sentiment

The investors' views on the drug are yet another key factor among VK2735's weak catalysts. Particular attention is paid to the obese market, and more specifically the GLP-1 segment, which attracts a lot of attention from investors. This has been spurred by the extensive results of clinical studies and large unfulfilled market potential. The highly successful Phase 1 results for their VK2735 also serve to hype it, making Viking one of the biggest players in the obesity therapy market. It is noted that VKTX shares are watched as one of the upcoming projects with term significance. Moreover, the company claims that as the drug progresses in its clinical stages, double-digit gains can be expected in value terms. This positive sentiment proves the mentality of the investors toward VK2735. The oral obesity therapy market is comparatively untouched. Disrupting such a market would lead to most of the procedures, including the patients, switching to the new treatments. The unique approach of Viking-Traversa, which combines the elements of GLP-1 and GIP pathways that are under

discussion in the oral dosage form, led to the opinion that the company is a top player in the area of development of new products for the treatment of obesity. As a subsequent Stage 2 trial is expected to be launched at the end of Q4 2024, it will be the focus of much of the market and likely result in stronger investor interest. To this end, the company must get closer to the implementation of the long-term and scalable version of the drug efficiency and growth.

Viking Therapeutics
NYSE: VKTX

Financial Analysis and Quantitative Benefits from the Catalysts

Exhibit 7: Laidlaw & Company Research on VKTX as of February 2025

Viking Therapeutics – Income Statement

($',000)	2019	2020	2021	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25E	2Q25E	3Q25E	4Q25E	2025E	2026E
Revenue																
Product revenue	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Other revenue	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Total revenue	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Costs of goods	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	7,028
Gross sales	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	(7,028)
Research and development	(23,559)	(31,931)	(44,981)	(54,234)	(63,806)	(24,103)	(23,769)	(22,785)	(30,987)	(101,644)	(32,536)	(37,417)	(44,526)	(50,760)	(165,239)	(197,626)
General and administrative	(9,128)	(10,731)	(10,701)	(16,121)	(37,021)	(9,970)	(10,285)	(13,771)	(15,251)	(49,277)	(15,709)	(15,394)	(16,010)	(16,458)	(63,571)	(66,750)
Marketing and sales		0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Total Operating Expenses	(32,687)	(42,662)	(55,682)	(70,355)	(100,827)	(34,073)	(34,054)	(36,556)	(46,238)	(150,921)	(48,245)	(52,811)	(60,536)	(67,218)	(228,810)	(264,376)
Operating Incomes (losses)	(32,687)	(42,662)	(55,682)	(70,355)	(100,827)	(34,073)	(34,054)	(36,556)	(46,238)	(150,921)	(48,245)	(52,811)	(60,536)	(67,218)	(228,810)	(264,376)
Change in fair value of accrued license fees	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Change in fair value of debt conversion features	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Amortization of debt discount	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Amortization of financing costs	(146)	(106)	(19)	(59)	(88)	(28)	(18)	(24)	(24)	(94)	(28)	(20)	(24)	(25)	(97)	(119)
Interest income (expense)	7,050	3,233	704	1,589	15,020	6,745	11,820	11,531	10,844	40,940	12,000	11,850	11,729	11,709	47,288	520
Realized loss on investments	4	40	0	(42)	0	-	2	109	1.0	112	-	-	-	-	0	0
Forgign exchange gain			7	(258)	(29)	(85)	26	2	(168)	(225)	80	(55)	(60)	10	(25)	(25)
Total other (income) expenses	6,908	3,167	692	1,230	14,903	6,632	11,830	11,618	10,653	40,733	12,052	11,775	11,645	11,694	47,166	376
Loss before tax	(25,779)	(39,495)	(54,990)	(69,125)	(85,924)	(27,441)	(22,224)	(24,938)	(35,585)	(110,188)	(36,193)	(41,036)	(48,891)	(55,524)	(181,644)	(264,000)
Tax	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	0
Net Income (Loss)	(25,779)	(39,495)	(54,990)	(69,125)	(85,924)	(27,441)	(22,224)	(24,938)	(35,585)	(110,188)	(36,193)	(41,036)	(48,891)	(55,524)	(181,644)	(264,000)
Unrealized gain on securities	435	(66)	(495)	(258)	742	(1,125)	(699)	3,902	(2,252)	(174)	(1,100)	(865)	(750)	950	(1,765)	530
Net Income (Loss) Applicable to Common Shareholders	(25,344)	(39,561)	(55,485)	(69,383)	(85,182)	(28,566)	(22,923)	(21,036)	(37,837)	(110,362)	(37,293)	(41,901)	(49,641)	(54,574)	(183,409)	(263,470)
Net Earnings (Losses) Per Share—Basic	($0.36)	($0.54)	($0.71)	($0.90)	($0.90)	($0.26)	($0.20)	($0.22)	($0.32)	($1.01)	($0.31)	($0.36)	($0.43)	($0.49)	($1.58)	($2.34)
Net Earnings (Losses) Per Share—Diluted	($0.36)	($0.54)	($0.71)	($0.90)	($0.90)	($0.26)	($0.20)	($0.22)	($0.32)	($1.01)	($0.31)	($0.36)	($0.43)	($0.49)	($1.58)	($2.34)
Shares outstanding—basic	71,959	72,596	77,198	76,837	94,347	103,457	110,390	110,911	111,344	109,037	111,544	111,744	111,944	112,144	111,844	112,544
Shares outstanding—diluted	71,959	72,596	77,198	76,837	94,347	103,457	110,390	110,911	111,344	109,037	111,544	111,744	111,944	112,144	111,844	112,544
Margin Analysis (% of Sales/Revenue)																
Costs of goods	12%	12%	12%	12%	12%					12%					12%	12%
R&D	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SG&A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Operating Income (loss)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net Income	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Financial Indicator Growth Analysis (YoY%)																
Total Revenue	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
R&D	24%	36%	41%	21%	18%	119%	71%	24%	51%	59%	35%	57%	95%	64%	63%	20%
SG&A	28%	18%	0%	51%	130%	5%	5%	55%	74%	33%	58%	50%	16%	8%	29%	5%
Marketing and sales																5%
Operating Income (Losses)	25%	31%	31%	26%	43%	66%	43%	34%	58%	50%	42%	55%	66%	45%	52%	16%
Pretax Income	17%	53%	39%	26%	24%	40%	16%	10%	45%	28%	32%	85%	96%	56%	65%	45%
Net Income	13%	56%	40%	25%	23%	50%	17%	-6%	57%	30%	31%	83%	136%	44%	66%	44%
EPS	-6%	52%	30%	27%	0%	2%	4%	-1%	25%	12%	23%	77%	90%	52%	56%	48%

Exhibit 8: J.P. Morgan Research on VKTX as of February 2025

Viking Therapeutics: Summary of Financials

Income Statement - Annual	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	**0**	**0**	**0**	**0**	**0**
COGS	0	0	0	0	0
Gross profit	**0**	**0**	**0**	**0**	**0**
SG&A	(16)	(37)	(39)	(41)	(43)
Adj. EBITDA	**0**	**(101)**	**(134)**	**(160)**	**(182)**
D&A	0	0	(0)	(1)	(10)
Adj. EBIT	**0**	**(101)**	**(135)**	**(161)**	**(193)**
Net Interest	2	15	22	25	25
Adj. PBT	**(69)**	**(86)**	**(113)**	**(136)**	**(168)**
Tax	0	0	0	0	0
Minority Interest	-	-	-	-	-
Adj. Net Income	**(69)**	**(86)**	**(113)**	**(136)**	**(168)**
Reported EPS	(0.90)	(0.91)	(1.09)	(1.30)	(1.53)
Adj. EPS	**(0.90)**	**(0.91)**	**(1.09)**	**(1.30)**	**(1.53)**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	77	94	104	104	109
Balance Sheet & Cash Flow Statement	**FY22A**	**FY23A**	**FY24E**	**FY25E**	**FY26E**
Cash and cash equivalents	37	56	274	234	476
Accounts receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	12	5	8	9	11
Current assets	**167**	**367**	**900**	**761**	**954**
PP&E	1	1	4	52	242
LT investments	0	0	0	0	0
Other non current assets	0	0	0	0	0
Total assets	**169**	**368**	**903**	**813**	**1,196**
Short term borrowings	0	0	0	0	0
Payables	9	8	8	9	11
Other short term liabilities	13	12	22	26	31
Current liabilities	**22**	**19**	**30**	**35**	**42**
Long-term debt	0	0	0	0	0
Other long term liabilities	1	1	1	1	1
Total liabilities	**23**	**20**	**31**	**36**	**43**
Shareholders' equity	145	348	873	777	1,153
Minority interests	-	-	-	-	-
Total liabilities & equity	**169**	**368**	**903**	**813**	**1,196**
BVPS	**1.89**	**3.69**	**8.42**	**7.45**	**10.54**
y/y Growth	-	*95.3%*	*127.9%*	*(11.5%)*	*41.5%*
Net debt/(cash)	(155)	(362)	(892)	(751)	(943)
Cash flow from operating activities	**(48)**	**(73)**	**(75)**	**(90)**	**(108)**
o/w Depreciation & amortization	0	0	0	1	10
o/w Changes in working capital	10	4	8	4	5
Cash flow from investing activities	**55**	**(179)**	**(313)**	**50**	**(150)**
o/w Capital expenditure	0	0	(3)	(50)	(200)
as % of sales	-	-	-	-	-
Cash flow from financing activities	**11**	**19**	**219**	**(40)**	**242**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	-	-	-	-	-
Net change in cash	**17**	**(234)**	**(169)**	**(81)**	**(17)**
Adj. Free cash flow to firm	**(170)**	**(552)**	**(822)**	**(290)**	**(308)**
y/y Growth	-	*224.8%*	*48.9%*	*(64.6%)*	*6.1%*

Income Statement - Quarterly	1Q24A	2Q24A	3Q24E	4Q24E
Revenue	**0A**	**0A**	**0**	**0**
COGS	0A	0A	0	0
Gross profit	**0A**	**0A**	**0**	**0**
SG&A	(10)A	(11)A	(10)	(9)
Adj. EBITDA	**(34)A**	**(29)A**	**(32)**	**(39)**
D&A	0A	(0)A	(0)	(0)
Adj. EBIT	**(34)A**	**(29)A**	**(32)**	**(39)**
Net Interest	7A	5A	5	5
Adj. PBT	**(27)A**	**(24)A**	**(27)**	**(34)**
Tax	0A	0A	0	0
Minority Interest	-	-	-	-
Adj. Net Income	**(27)A**	**(24)A**	**(27)**	**(34)**
Reported EPS	(0.26)A	(0.23)A	(0.26)	(0.33)
Adj. EPS	**(0.26)A**	**(0.23)A**	**(0.26)**	**(0.33)**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	103A	104A	104	104

Ratio Analysis	FY22A	FY23A	FY24E	FY25E	FY26E
Gross margin	-	-	-	-	-
EBITDA margin	-	-	-	-	-
EBIT margin	-	-	-	-	-
Net profit margin	-	-	-	-	-
ROE	(94.8%)	(34.8%)	(18.5%)	(16.5%)	(17.4%)
ROA	(81.7%)	(32.0%)	(17.8%)	(15.8%)	(16.7%)
ROCE	0.0%	(295.1%)	(90.8%)	(62.5%)	(40.8%)
SG&A/Sales	-	-	-	-	-
Net debt/equity	NM	NM	NM	NM	NM
P/E (x)	NM	NM	NM	NM	NM
P/BV (x)	17.7	9.1	4.0	4.5	3.2
EV/EBITDA (x)	-	NM	NM	NM	NM
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.0	0.0	0.0	0.0	0.0
Interest cover (x)	0.0	6.7	6.2	6.4	7.3
Operating leverage	-	-	-	-	-
Revenue y/y Growth	-	-	-	-	-
EBITDA y/y Growth	-	-	33.4%	18.7%	14.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%
Adj. Net Income y/y Growth	-	24.7%	31.9%	19.9%	23.5%
EPS y/y Growth	-	1.6%	20.0%	19.2%	17.7%
DPS y/y Growth	-	-	-	-	-

VKTX's Profitability Analysis

Revenue and Net Income
VKTX, being pre-revenue, currently generates no profit, with losses driven by research and development (R&D) and general administrative (G&A) expenses for its pipeline.

VKTX's Liquidity Analysis

Current Ratio
The company's ability to meet short-term obligations, drastically improved from 19.19 in 2023, which calculated as Current assets (USD 367.2 million) / Current liabilities (USD 19.1 million), to 33.09 in 2024 - Current assets (USD 907.2 million) / Current liabilities (USD 27.4 million).

Cash and Cash Equivalents
For healthcare stocks, cash sufficiency is a primary concern, as it determines whether reserves can cover net losses and obligations. VKTX has no reported debt since 2018, there is no need to allocate cash toward debt repayment. Net loss in 2024 was $110 million with cash reserve of $903 million, VKTX can sustain operations for several years at its current cash burn rate.

VKTX's Solvency Analysis

Debt-to-equity ratio
Debt-to-equity ratio measures the proportion of a company's total liabilities to its shareholders' equity. It indicates how leveraged the company is in terms of using debt versus equity for financing. VKTX had a debt-to-equity ratio of 0 in 2024 because the company has been debt-free since 2018, which can eliminate leverage-related solvency risk.

Equity Ratio
The equity ratio is calculated by dividing total shareholders' equity by total assets, which indicates how much of a company's assets are financed by shareholders' equity. The equity ratio improved from 94.6% in 2023 to 96.9% in 2024, showing an increased proportion of VKTX's assets being financed by equity rather than debt.

Conclusion for VKTX's Financials
Viking Therapeutics (VKTX) is in excellent financial health, with a current ratio of 33.09, reflecting ample liquidity to cover short-term obligations. The company is debt-free and holds $903 million in cash and equivalents, providing a robust buffer to sustain operations despite its net loss of $110 million in 2024 and ongoing negative free cash flow due to high R&D expenses. VKTX's cash position is sufficient to cover losses for over three years, ensuring financial stability as it advances its key pipeline products like VK2735 and VK2809 toward commercialization.

Valuation

DCF Model

By using a 10-year discounted cash flow model, we have determined a target price of USD101.35 for VKTX. This indicates a potential upside of 260.8% from its current share price of USD 28.09 (as of 4/3/2025).

FDA Approval Assumptions

Exhibit 9: VKTX Current Development Pipeline (10-K)

Development Programs	Indication	Stage of Development	Status
		Preclin / Phase 1 / Phase 2 / Phase 3	
VK2735 Subcutaneous (Dual GLP-1/GIP agonist)	*Obesity*		Phase 3 planned 1H25
VK2735 Oral (Dual GLP-1/GIP agonist)	*Obesity*		Phase 2 underway
VK2809 (TRβ agonist)	*NASH/MASH*		Phase 2b VOYAGE trial successfully completed
VK0214 (TRβ agonist)	*X-ALD*		Phase 1b study demonstrated PoC

Key: TRß, thyroid receptor beta; NASH/MASH; GLP-1, glucagon-like peptide 1, GIP, glucose-dependent insulinotropic polypeptide; X-ALD, X-linked adrenoleukodystrophy.

Viking Therapeutics (VKTX) is developing four key products: VK2735 oral and subcutaneous for obesity, VK2809 for Non-Alcoholic Steatohepatitis (NASH), and VK0214 for X-linked Adrenoleukodystrophy (X-ALD). Based on the current clinical trial stages, we assumed FDA approval timelines are as follow:

- **VK2735 Sub**: Phase 2 completed with positive results; likely approval by 2028, assuming Phase 3 starts in 1H2025 and takes 2–3 years
- **VK2735 Oral**: In Phase 2, with data expected in H2 2025; likely approval by 2028, following Phase 3 starting in 2026
- **VK2809**: Phase 2b completed for NASH; likely approval by 2029, with Phase 3 starting in 2025
- **VK0214**: Phase 1b completed for X-ALD; likely approval by 2030, with Phase 2 in 2026 and Phase 3 in 2027, considering its rare disease status might allow accelerated pathways

Pricing Strategy Assumptions

VKTX, as a new market entrant, must adopt a competitive pricing strategy to capture market share from established players like Novo Nordisk (Wegovy) and Eli Lilly (Zepbound). We assume that VKTX set price for its products at a discount to gain traction:

Product	Indication	Assumed Price	Competitor	Competitor Prices
VK2735 Oral/Sub	Obesity	$900/month each	Zepbound (Eli Lilly) Wegovy (Novo Nordisk)	$1,060/month $1,349/month
VK2809	NASH	$13,500/year	Obeticholic acid (OCA, Intercept, off-label)	$10,000–$18,000/year
VK0214	X-ALD	$270,000/year	Spinraza (Biogen) for SMA	$375,000/year post-first year ($750,000 first year)

Revenue Forecast

Exhibit 10: VKTX Revenue Forecasts

Revenue by product	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Obesity - VKTX2735 (Oral and Sub)											
Market size	47,300	66,400	93,400	131,000	140,400	150,200	157,500	165,400	173,600	182,400	191,500
Market share	0%	0%	0%	1%	5%	10%	10%	10%	10%	10%	10%
	0	0	0	1,310	7,020	15,020	15,750	16,540	17,360	18,240	19,150
Nash - VKTX2809											
Market size	9,900	12,700	16,200	20,800	26,700	34,100	37,500	41,300	45,400	49,900	54,900
Market share	0%	0%	0%	0%	1%	5%	5%	5%	5%	5%	5%
	0	0	0	0	267	1,705	1,875	2,065	2,270	2,495	2,745
X-ALD -VKTX0214											
Market size	500	550	605	666	732	805	886	974	1,072	1,179	1,297
Market share	0%	0%	0%	0%	0%	50%	60%	70%	70%	70%	70%
	0	0	0	0	0	403	532	682	750	825	908
Total Revenue	**0**	**0**	**0**	**1,310**	**7,287**	**17,128**	**18,157**	**19,287**	**20,380**	**21,560**	**22,803**

Revenue forecasts are derived from market sizes, growth rates, and VKTX's market share for each product, assuming gradual penetration post-launch. Market sizes for obesity, NASH and X-ALD are obtained from World Obesity Federation, Grand View Research and IMARC Group. The obesity market is projected at $47 billion in 2025, growing to $192 billion by 2035. NASH, a market with no FDA-approved therapies, is expected to reach $55 billion by 2035. As a rare disease, X-ALD's market is expected to expand from $0.5 billion in 2025 to $1.3 billion by 2035. Market shares for each product are considered from various factors: FDA approval assumptions, clinical trial outcomes, competitive landscape and pricing strategy. VK2809 (NASH) starts at 1% and increases to 5% in 2027 and remain stabilized afterwards; VK2735 Oral and Subcutaneous (Obesity) begins at 1% and jumps to 5% in 2029, expects to reach its peak at 10% in 2030; VKTX0214 (X-ALD) kicked off at 50% upon launch in 2030 and expected to become the market leader. We came up with a cautious initial penetration for VK2809 and VK2735 Subcutaneous due to competitive markets, with VK2735 Oral's faster growth driven by patient convenience, and VK0214's rapid rise reflecting the high unmet need and limited competition in the rare X-ALD market, though the sharp increase to 70% by 2032 introduces an element of optimism that may hinge on first-mover advantage and regulatory success.

Our revenue forecast for VKTX is validated by robust clinical trial data, a strategic lower pricing approach, the unique bispecific antibody (BsAb) mechanism of VK2735, and enhanced patient convenience. Clinical trials demonstrate VK2735's superiority, with Phase 2 data showing a 13.1% placebo-adjusted weight loss in 13 weeks—outpacing Eli Lilly's Zepbound (7–8%) and Novo Nordisk's Wegovy—while VK2809's Phase 2b VOYAGE study reported a 47% liver fat reduction, positioning it strongly in the NASH market. We expect VKTX's competitive pricing strategy enhances market accessibility and penetration, driving higher adoption rates. Additionally, VK2735's BsAb design, targeting both GLP-1 and GIP receptors, offers potential efficacy advantages, further supported by the oral formulation's 8.2% weight loss in 28 days, which provides significant patient convenience by eliminating the need for injections—a key differentiator over Zepbound and Wegovy—addressing patient preference and expanding its market share despite fierce competitions.

Exhibit 11: Comparison between VK2735, Wegovy and Zepbound

Aspect	**VK2735 (Viking Therapeutics)**	**Wegovy (Novo Nordisk)**	**Zepbound (Eli Lilly)**
Mechanism of Action	Dual GLP-1/GIP receptor agonist (BsAb); targets both GLP-1 and GIP receptors	GLP-1 receptor agonist; targets only GLP-1 receptor, focusing on appetite suppression	Dual GLP-1/GIP receptor agonist (BsAb); targets both GLP-1 and GIP receptors
Clinical Data (Weight Loss)	Subcutaneous: 13.1% placebo-adjusted (14.7% absolute) at 13 weeks; Oral: 8.2% at 28 days	STEP-1: ~12.4% placebo-adjusted (14.9% absolute) at 68 weeks; SURMOUNT-5: 13.7% at 72 weeks	SURMOUNT-1: 13–21% placebo-adjusted (15–22.5% absolute) at 72 weeks; SURMOUNT-5: 20.2% at 72 weeks
Secondary Endpoint	Not reported for ≥25% in Phase 2; 57% achieved ≥5% in oral Phase 1	16.1% achieved ≥25% in SURMOUNT-5	31.6% achieved ≥25% in SURMOUNT-5
Tolerability/Safety	Subcutaneous: Well-tolerated, mild/moderate TEAEs; Oral: Mostly mild AEs, no SAEs	Higher GI side effects, known to lead to discontinuation	Better tolerability than Wegovy, lower nausea/vomiting, GI side effects common
Administration	Subcutaneous (weekly) and oral (daily) formulations	Weekly injection only	Weekly injection only
BsAb Advantage	Dual targeting may offer superior efficacy, 13.1% weight loss at 13 weeks	Not a BsAb, may limit efficacy compared to dual agonists, 13.7% at 72 weeks	Dual targeting enhances efficacy, 20.2% weight loss at 72 weeks, less rapid than VK2735

Model Assumptions

Exhibit 12: DCF model assumptions

Yoy assumptions	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Net income (loss)		-236.8%	-232.2%	-229.3%	488.9%	594.3%	141.4%	6.0%	6.2%	5.7%	5.8%	5.8%	3.0%
Adjustments		0.0%	0.0%	0.0%	-10200%	25.0%	123.3%	5.3%	5.7%	5.3%	5.6%	5.6%	2.6%
Cash (used in)/generated before operations		41.6%	35.3%	31.3%	20.0%	15.0%	-250.0%	30.0%	20.0%	15.0%	10.0%	10.0%	10.0%
Working capital		-79.0%	50.0%	50.0%	20.0%	-528.6%	-250.0%	-49.3%	215.3%	247.3%	125.9%	93.4%	68.2%
Total CFO		54.5%	35.0%	31.0%	20.0%	25.0%	-250.0%	25.0%	25.0%	30.0%	30.0%	35.0%	35.0%
Interest, net		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Taking the assumptions calculated above as well as cross checking with Bloomberg analyst consensus as projected individual factors, we calculated different profit and earnings figures, eventually leading to the level of total FCF.

Exhibit 13: Base case VKTX FCF calculation (10-K, Bloomberg)

DCF valuation													
USD'mn	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Net income (loss)	-109.96	-150.42	-198.93	-257.27	1,000.59	6,946.68	16,769.85	17,780.80	18,892.00	19,965.71	21,124.78	22,345.56	23,015.93
Adjustments	12.8	12.8	12.8	12.8	-1,293.9	-7,284.0	-16,263.8	-17,123.0	-18,102.6	-19,057.9	-20,126.2	-21,247.1	-21,807.6
Cash (used in)/generated before operations	-97.15	-137.61	-186.12	-244.46	-293.35	-337.35	506.03	657.83	789.40	907.81	998.59	1,098.45	1,208.30
Working capital	9.36	1.96	2.94	4.42	5.30	-22.71	34.07	17.28	54.49	189.25	427.59	826.90	1,390.92
Total CFO	-87.79	-135.65	-183.18	-240.04	-288.05	-360.06	540.09	675.12	843.90	1,097.06	1,426.18	1,925.35	2,599.22
Interest, net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capex	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total FCF	-87.79	-135.65	-183.18	-240.04	-288.05	-360.06	540.09	675.12	843.90	1,097.06	1,426.18	1,925.35	2,599.22

WACC Estimate

Exhibit 14: WACC calculation inputs

Weighted Average Cost of Capital (WACC)	
Equity	880
Debt	0
Cost of Debt	0.00%
Tax Rate	0.00%
D/(D+E)	0.0%
After Tax Cost of Debt	0.00%
Risk-Free Rate	4.63%
Expected Market Return	9.17%
Market Risk Premium	4.54%
Adjusted Beta	1.37
E/(D+E)	100.0%
Cost of Equity	10.86%
WACC	10.86%

We took the debt from company filing and equity from market value. The cost of debt and tax rate are treated as 0% because VKTX had no current debt obligations and minimal taxable income. Next, we take a 30-year US T-bill rate as the risk-free rate and the CRP US market return from Bloomberg. The adjusted beta is taken from a regression of monthly VKTX prices versus the S&P 500 with reference to Bloomberg. Multiplying and accounting for the weight of debt and equity in VKTX, we derived the Weighted Average Cost of Capital as 10.86%.

DCF Analysis

Discounting the free cash flows of the ten projection years, we obtain the present value of future cash flows. The perpetual growth rate of 3% is derived from VKTX's long term growth rate and forecasted industry growth of obesity drugs. We then calculated the terminal value of DCF and its present value. Summing the PV of FCF and PV of terminal value gives the enterprise value, adjusting with cash and debt gives the equity value. Dividing by the outstanding shares, we came up with an implied share price of USD 101.35 with an upside of 240.9% as of 14 March 2025.

Exhibit 15: Implied share price calculation

Perpetuity growth rate	3.0%
WACC	10.9%
Terminal Value	33,270
Enterprise Value (USD'mn)	10,167
less debt	-
add cash	902.61
Equity Value (USD'mn)	11,070
Number of shares	109
Target price	101.35
Current price	*29.73*
Upside (%)	240.9%

Sensitivity Analysis

		WACC						
	101.35	14%	13%	12%	11%	10%	9%	8%
Perpetuity growth rate	1.50%	53.45	62.60	74.11	88.59	107.97	133.53	168.68
	2.00%	54.96	64.62	76.85	92.36	113.36	141.43	180.75
	2.50%	56.61	66.83	79.88	96.59	119.48	150.57	195.07
	3.00%	58.41	69.27	83.26	101.35	126.49	161.27	212.35
	3.50%	60.39	71.97	87.03	106.76	134.61	173.98	233.60
	4.00%	62.56	74.98	91.30	112.96	144.11	189.30	260.37
	4.50%	64.97	78.35	96.14	120.14	155.40	208.15	295.13

We present our sensitivity analysis of the impact on our DCF fair value of various WACC and long-term growth rate assumptions for VKTX.

Risk Assessment and Mitigations

Clinical Study Failure

Despite promising aspects of the company's lead products, thyroid-ßagonists (VK2809) in NASH, it remains too early to predict the safety and efficacy from the current Phase II and possible future Phase III studies. Since clinical POC for these programs (VK2809 and VK2735) has been established, it would be critical for these studies also to demonstrate a positive clinical outcome in order to increase the asset and shareholder value.

Product Disapproval

Although Viking's current pipeline products have exhibited the potential to generate positive clinical outcomes from current and future trials, it remains too early to project whether any of these products would be approved by regulatory agencies. Even if the products were to enter the market, sales could be significantly below projections due to the specific product label under approval, physician consensus for prescribing the drug, changes of treatment paradigms, entrance of competitors, and possibly the changes in pricing flexibility and payer reimbursement.

Intense Competition

VKTX faces stiff competition from Eli Lilly and Novo Nordisk. Eli Lilly’s Zepbound has been approved by the FDA while Novo Nordisk’s Wegovy is the only obesity medicine proven to reduce the risk of major cardiovascular events such as death, heart attack, or stroke. The weight loss drug market is highly competitive with established players dominating the field, VKTX will need to carve out a significant market share to be successful.

Dilution of Shareholder Value

Although the company ended in 2024 with $903 million cash, VKTX could need more financial resources going forward if they want to expand and further develop its pipeline. If the products are not receiving FDA approval, or product revenue does not reach expectations; the company might need to issue new equity to raise additional cash. Under such a scenario, the share value of existing shareholders could be diluted.

Conclusion

VKTX faces a range of risks, from clinical study failures, product disapprovals, fierce competitions to shareholder value dilution. However, the company has implemented robust mitigation strategies—including heavy R&D investment, product diversification, and strategic partnerships with Ligand—ensuring its capabilities to step into the drug industry. As a result, VKTX remains a strong candidate for long-term investment despite these risks.

Viking Therapeutics
NYSE: VKTX

ESG Analysis

Environmental Aspect

In today's corporate landscape, Environmental, Social, and Governance (ESG) factors have become increasingly important, particularly in addressing the challenges of climate change. As a leader in healthcare, VKTX is committed to transparency, collaboration, and sustainability in its environmental efforts. The company has prioritized key initiatives, including net-zero emissions, renewable energy adoption, water stewardship, waste management, air pollution control, biodiversity preservation, supply chain sustainability, and technological innovation. These efforts not only reinforce VKTX's leadership in corporate sustainability but also set a benchmark for the industry.

Over the past year, VKTX has made significant strides in two key areas: carbon reduction and water management. According to its 2023 Sustainability Report, VKTX has implemented comprehensive climate initiatives aimed at reducing greenhouse gas (GHG) emissions and accelerating its transition to renewable energy. The company has set ambitious targets, including achieving net-zero emissions by 2050 and increasing renewable energy usage from 40% to 60% by 2030. Additionally, VKTX aims to reduce unit GHG emissions by 30% from 2020 levels by 2030, despite expanding production capabilities. In 2023 alone, the company implemented 822 energy-saving measures, leading to a reduction of 830 GWh in energy consumption. To further amplify its impact, VKTX is collaborating with suppliers to establish a joint procurement model for renewable energy, promoting green energy adoption across its supply chain.

Water conservation is another key focus for VKTX. The company aims to reduce water consumption by 30% by 2030 compared to 2010 levels by enhancing reclamation and circular usage strategies. In 2023, VKTX achieved a 14% replacement rate through reclaimed water usage. Notable initiatives include the JASM project, which restored 2 million cubic meters of groundwater through rainwater collection and conservation ponds. Moreover, VKTX adheres to the Alliance for Water Stewardship (AWS) standards and has attained platinum-level certification across multiple facilities, reinforcing its commitment to responsible water management.

Social Aspect

VKTX places a strong emphasis on fostering a supportive workplace and making a meaningful impact on the communities it serves. The company actively promotes inclusivity, talent development, and employee well-being while also spearheading social initiatives that contribute to broader societal progress.

Internally, VKTX has prioritized diversity, equity, and inclusion. In 2023, the company launched its first "Diversity and Inclusion Campaign" to raise awareness among employees. Additionally, it introduced the "Mentoring Her Bootcamp," a specialized program aimed at developing female leaders in management positions. VKTX also supports underrepresented groups through Employee Resource Groups (ERGs), which provide networking opportunities and professional growth resources.

Externally, VKTX is deeply invested in social impact initiatives through the VKTX Charity Foundation and the VKTX Education and Culture Foundation. These organizations support various causes, including education, rural development, disaster relief, and cultural preservation. The "Teach and Learn Program" is a key initiative providing educational opportunities for underserved youth, while the company's volunteer programs engage employees in impactful social projects. Aligning its efforts with the United Nations Sustainable Development Goals (SDGs), VKTX actively contributes to quality education, gender equality, and the reduction of inequalities.

Governance Aspect

A strong governance framework is fundamental to VKTX's long-term sustainability. The company employs an Enterprise Risk Management (ERM) framework to identify, assess, and mitigate risks across its operations, covering areas such as cybersecurity threats, operational hazards, and climate-related risks. By integrating sustainability risks into its ERM process, VKTX remains well-prepared to navigate the evolving regulatory landscape, particularly concerning carbon emissions and human rights protection.

VKTX maintains stringent compliance with international regulations related to anti-bribery, anti-corruption, and data privacy. The company's internal audit system rigorously monitors compliance, and governance policies are regularly updated to align with global standards. Transparency is a key priority, as demonstrated by VKTX's publication of detailed ESG reports, including the Climate and Nature Report and the Sustainability Impact Valuation Report, providing stakeholders with comprehensive insights into the company's sustainability performance.

To further enhance oversight, VKTX has established an independent Nominating, Corporate Governance, and Sustainability Committee. This committee ensures that the company's governance framework aligns with stakeholder expectations and international best practices, including the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD).

Overall Assessment

VKTX has positioned itself as an industry leader in sustainability, demonstrating significant progress across environmental, social, and governance dimensions. The company has made notable advancements in renewable energy adoption, water conservation, human rights protection, and ethical business practices. In recognition of its achievements, VKTX received an outstanding 95% score in the S&P Global Corporate Sustainability Assessment (CSA), outperforming industry peers.

While VKTX continues to set benchmarks in corporate sustainability, there are areas for further improvement. In particular, the company should focus on enhancing talent attraction and retention, as its workplace environment currently lags behind industry leaders. By continuing its commitment to ESG excellence and reinforcing its efforts toward net-zero emissions, VKTX is well-positioned to lead the healthcare industry towards a more sustainable, equitable, and responsible future.

Comparison with Industry Peers

Exhibit 16: VKTX ESG Performance (Source: Sustainalytics)

Company	ESG Risk Rating		Industry Rank
PharmaEssentia Corp.	25.2	Medium	198 out of 851
Cytokinetics, Inc.	27.6	Medium	318 out of 851
Changchun High-Tech Industry (Group) Co., Ltd.	27.9	Medium	341 out of 851
Beijing Tiantan Biological Products Corp. Ltd.	31	High	484 out of 851
Viking Therapeutics, Inc.	38.7	High	792 out of 851

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