



# ***GROWTH*** **RECOMMENDATION**



**TLX:ASX**  
**November 2024**

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## GROWTH RECOMMENDATION

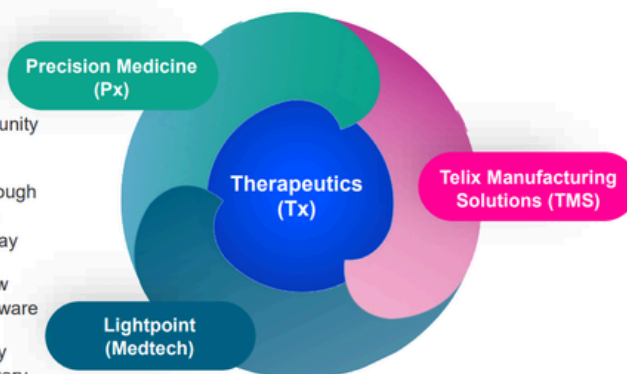
### Telix Pharmaceuticals Limited TLX:ASX

Telix Pharmaceuticals is a commercial-stage biopharmaceutical company specializing in the development and commercialization of diagnostic and therapeutic radiopharmaceuticals. The company's primary focus is on oncology and rare diseases, leveraging its innovative "theranostic" approach that combines diagnostic imaging and targeted radiation therapy. Telix's lead product, Illuccix, is a prostate cancer imaging agent that has gained regulatory approval in key markets including the U.S., Australia, and Canada. This product has been driving significant revenue growth for the company. Beyond Illuccix, Telix boasts a robust pipeline of radiopharmaceutical assets targeting multiple cancer types. The company is preparing to launch several new imaging agents, including TLX250-CDx (Zircaix) for kidney cancer, TLX101-CDx (Pixclara) for brain cancer, and TLX007-CDx for prostate cancer. On the therapeutic front, Telix is advancing several promising candidates, including TLX591 for prostate cancer therapy, TLX250 for kidney cancer therapy, and TLX101 for brain cancer therapy. The company's global presence, with operations in Australia, the United States, Europe, and Japan, positions it to address markets worldwide and capitalize on the growing demand for precision oncology solutions

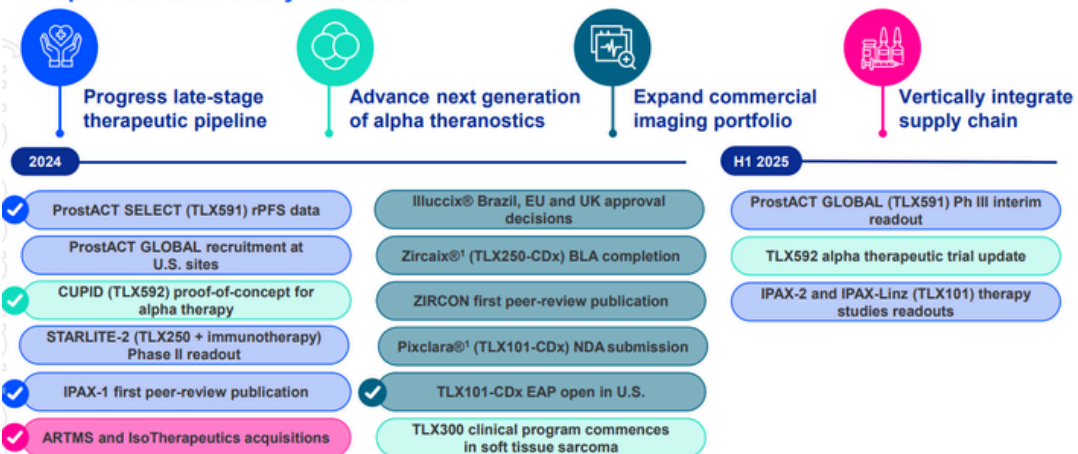
#### Optimised for radiopharma development and commercialisation

Four business units, aligned to core mission of delivering therapeutic radiopharmaceuticals, underpinned by precision oncology

- **Therapeutics:** Core focus, major growth opportunity - drives the development strategy
- **Precision Medicine:** Diagnostics enable Tx through informing treatment, patient selection, indication scouting. Commercialisation engine of Telix, today
- **Lightpoint:** Enhancing personalisation, workflow and treatment through medical devices and software
- **Telix Manufacturing Solutions:** Self-sufficiency across supply chain through to global dose delivery, excellence in manufacturing technology and scale-up



#### Multiple near-term catalysts ahead



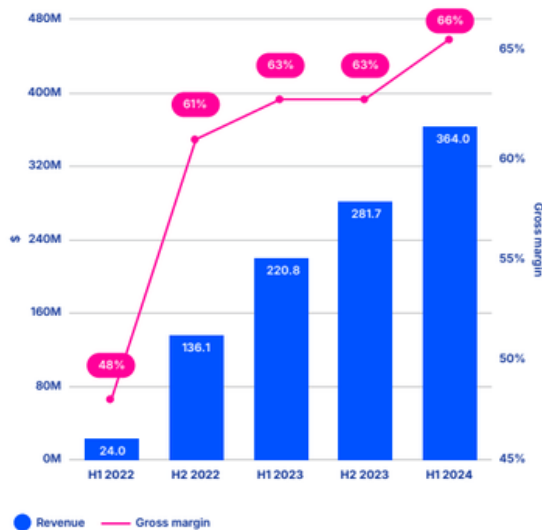
## INVESTMENT CONSIDERATIONS

### Leadership

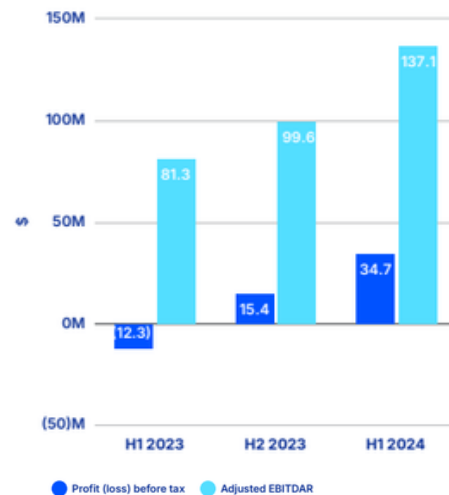
Telix Pharmaceuticals is led by an experienced management team with a strong track record in the pharmaceutical and biotechnology industries. Dr. Christian Behrenbruch serves as the Managing Director and Group CEO, bringing over 20 years of healthcare and biotech experience to the role. His leadership has been instrumental in guiding Telix through its commercial growth phase and advancing its pipeline of radiopharmaceutical assets. The company's board is chaired by Kevin McCann, who provides extensive public company governance experience. This combination of operational expertise and seasoned corporate governance has been crucial in Telix's successful transition from a development-stage company to a commercial entity with a global footprint. The leadership team has demonstrated its ability to execute on the company's strategic objectives, as evidenced by the strong commercial performance of Illuccix and the progress made across multiple clinical programs. Their focus on building a vertically integrated radiopharmaceutical company, including investments in manufacturing capabilities and supply chain management, underscores the long-term vision for Telix's growth and sustainability in the competitive biopharmaceutical landscape.

### Financial Performance

Total revenue and gross margin by half-year



Profit/(loss) before tax and Adjusted EBITDAR by half-year



<b>\$364.0M</b>	<b>66%</b>	<b>\$29.7M</b>	<b>\$137.1M</b>
Total Group revenue	Gross margin	Net profit after tax	Adjusted EBITDAR
Up \$143.2M or 65% from H1 2023	Compared to 63% in H1 2023	Improved by \$44.0M from a loss of \$14.3M in H1 2023	Up \$55.8M or 69% from \$81.3M in H1 2023

INTERIM REPORT 2024

## INVESTMENT CONSIDERATIONS

### Valuation

Telex Pharmaceuticals currently trades at a valuation multiple of 5.5x 2024 estimated revenue, which represents a discount compared to other radiopharmaceutical companies trading at 7-9x forward revenue. This valuation gap appears unwarranted given Telex's superior growth profile and deep pipeline. The company's strong commercial execution with Illuccix, coupled with its potential to launch multiple new products in the coming years, supports a premium valuation. Telex's Q3 2024 results demonstrated continued robust growth, with unaudited total revenue reaching approximately US\$135 million (AU\$201 million), representing a 55% increase year-over-year and a 9% increase quarter-over-quarter.

The company has reaffirmed its full-year 2024 revenue guidance of US\$490 million to US\$510 million, indicating strong confidence in its commercial trajectory.

The company's recent successful capital raise of AU\$650 million through convertible bonds further strengthens its financial position and provides resources for accelerating key clinical development programs and pursuing strategic M&A opportunities.

Given Telex's growth prospects, pipeline depth, and potential as an M&A target in the consolidating radiopharmaceutical sector, a target price implying a multiple of 8x 2024 estimated revenue appears justified



### Sociological Factors

Telex work in radiopharmaceuticals has significant societal implications for cancer diagnosis and treatment. Their "theranostic" approach combines diagnostic imaging with targeted radiation therapy, potentially revolutionizing cancer care through personalized treatment strategies. This could improve patient outcomes, reduce side effects, and enhance quality of life. Telex's products, like Illuccix for prostate cancer imaging, address unmet needs in oncology by providing more accurate diagnoses, leading to earlier interventions and better-informed treatment decisions. The company's focus on rare diseases alongside major cancer types demonstrates commitment to underserved patient populations. As Telex expands its product portfolio and global reach, its innovations could impact cancer care worldwide, contributing to improved health outcomes.

# RISKS

## Risks

*Investing in Telix Pharmaceuticals carries several risks that potential investors should carefully consider.*

**Regulatory risks** - Regulation is a significant risk, as the company's growth is dependent on obtaining approvals for its pipeline products in various jurisdictions. Any delays or setbacks in the regulatory process could impact the company's revenue projections and market position.

**Clinical trial risks** - Clinical trial risks are also present, particularly for Telix's therapeutic candidates. Failure to meet primary endpoints or unexpected safety issues in ongoing trials could negatively affect the company's valuation and future prospects.

**Competition** - Competitive pressures in the radiopharmaceutical market, especially in prostate cancer imaging where Telix has established a strong position with Illuccix, could impact market share and pricing power. The company faces potential competition from both established pharmaceutical companies and emerging biotech firms developing novel radiopharmaceuticals.

**Manufacturing and supply chain risks** - also notable, given the complex nature of producing and distributing radiopharmaceuticals. Any disruptions in isotope supply or manufacturing processes could affect Telix's ability to meet market demand.

**Financial risks** - include the potential need for additional capital in the future, despite the recent successful bond offering, particularly if the company pursues aggressive expansion or faces unexpected setbacks.

**Currency Risk** - as a global company, Telix is exposed to currency fluctuations and geopolitical risks that could impact its international operations and financial performance



## WHY HOLD THE COMPANY?

### Why hold the Company?

**Rapidly expanding sector** - the company offers exposure to the rapidly growing radiopharmaceutical sector, which is at the forefront of precision medicine in oncology. Telix's strong commercial execution with Illuccix demonstrates its ability to successfully bring products to market and capture significant market share. The company's robust revenue growth and expanding margins indicate the scalability of its business model and the strong demand for its products.

**Pipeline** - Telix boasts a deep pipeline of diagnostic and therapeutic radiopharmaceuticals, providing multiple potential value drivers in the coming years. The company is poised to launch several new imaging agents and is advancing promising therapeutic candidates, which could significantly expand its addressable market and diversify revenue streams.

	Prostate	PSMA <sup>1</sup>	PHASE 1	PHASE 2	PHASE 3	COMMERCIAL		
Small molecule	68Ga	TLX591-CDx (68Ga-PSMA-11, Illuccix®)					Imaging	
		Antibody	177Lu	TLX591 (177Lu rosopatumab tetraxetan)			Therapy	
				TLX592 (alpha-RADmAb®)			Therapy 2 <sup>nd</sup> Gen	
Kidney	CAIX <sup>2</sup>	PHASE 1				PHASE 2	PHASE 3	COMMERCIAL
		Antibody	89Zr	TLX250-CDx (89Zr-girentuximab, Zircaix™)				Imaging
				TLX250 (177Lu-girentuximab)				Therapy
Brain	LAT-1 <sup>3</sup>	PHASE 1				PHASE 2	PHASE 3	COMMERCIAL
		Small molecule	18F	TLX101-CDx (18F-floretyrosine)				Imaging
				TLX101 (131I-IPA)				Therapy
STS <sup>4</sup>	PDGFR $\alpha$ <sup>5</sup>	PHASE 1				PHASE 2	PHASE 3	COMMERCIAL
		Antibody	89Zr	TLX300-CDx (89Zr-olaratumab)				Imaging
				TLX300 (-olaratumab)				Therapy
BMC <sup>6</sup>	CD66 <sup>7</sup>	PHASE 1				PHASE 2	PHASE 3	COMMERCIAL
		Antibody	99mTc	TLX66-CDx (99mTc-besilesomab, Scintimun®)				Imaging
				TLX66 (90Y-besilesomab)				Therapy

**Commercial** - Telix's scarcity value as one of the few profitable, commercial-stage pure-play radiopharmaceutical companies enhances its appeal to investors and potential acquirers. The radiopharmaceutical sector is attracting increased interest from large pharmaceutical companies, positioning Telix as a potential M&A target. Furthermore, the company's strong financial position, bolstered by recent capital raising, provides flexibility to pursue growth initiatives and weather potential challenges.

**Vertically Integrated** - Telix's global presence and vertically integrated approach, including investments in manufacturing capabilities, position it well for long-term value creation in the evolving landscape of precision oncology

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