obefazimod

*In the U.S., the treatable ulcerative colitis (UC) population is estimated at 776K as of 2025. The market CAGR is typically between 4-5%, but assuming a 3% CAGR and a 6% peak market penetration, the potential market size translates into approximately $4.4B in revenue. Using a 1% ROIC (significantly lower than the sector average of ~3%) and applying an 11% discount rate, the implied stock value is around $92.*

*In this scenario, Obefazimod would generate less revenue than Entyvio (implied value $111), given Entyvio’s peak sales of $5.9B. Takeda Oncology and Entyvio are actually a close scenario match here—both are outsiders expanding into the U.S. market. If Obefazimod replicates a similar trajectory, the valuation could reach $111. Even with the stock currently at $70, and assuming a ~20% miss in execution, the model still implies a value of around $92.*

*By comparison, Rinvoq a riskier drug targeting JAK inhibitors but with stronger commercial execution (AbbVie) is projected to achieve peak sales roughly double those of Obefazimod in 2038E, with better year-over-year growth. While efficacy remains a concern for Obefazimod, its safety profile has stronger potential. If marketed effectively, even achieving half of Rinvoq’s peak sales would still imply a stock value close to $92.*

*Similarly, Skyrizi is among the best-selling drugs, with a 2035E peak of $20B. In this model, pricing Obefazimod at just 1/5 of Skyrizi’s peak also implies a valuation in the $90 range.*

*It doesn’t look like a risk-free investment, but we can pretty much say it’s on the safer end of the spectrum.*