First Cut Stock Study Report

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Company Name:	Halozyme Therapeutics, Inc.	**Ticker:**	HALO
Date of Study:	9/1/2025	**Price:**	$ 73.15
Your Name:	Mary Kay Moro		
Email address:	mko873@yahoo.com	☒ **Consent to post email on web**	
City:	Wyckoff	**State:**	NJ
Chapter Name (if applicable):	New Jersey		

Discuss why you consider this to be a high quality, growth company that should be investigated further. Please include comments on historical sales and EPS growth, pre-tax profit margin, return on equity, and debt.

Halozyme Therapeutics is a high-quality growth company with a strong track record of expansion. Sales have increased 25.5% over the past 10 years and 39.0% over the past 5 years, while EPS has risen 168.9% and 27.0% over those same periods, reflecting both top-line growth and operating leverage. Profitability is robust, with a five-year average pre-tax profit margin of 47.8%. Although return on equity has moderated, it remains very strong at 93.3% in 2024, with a five-year average of 131.7%. Debt levels, while higher than industry averages at 80.5% in 2024, are trending down. These metrics demonstrate sustained growth, exceptional profitability, and strong returns, making Halozyme a high-quality growth company worth further investigation despite its elevated leverage.

Briefly describe how the company makes money:

Halozyme Therapeutics generates revenue primarily through high-margin royalties on blockbuster therapies that use its ENHANZE® drug delivery platform, which enables faster subcutaneous administration. Key drivers include DARZALEX, Phesgo, and VYVGART Hytrulo, with newer launches such as OCREVUS ZUNOVO, Tecentriq Hybreza, Opdivo Qvantig, and RYBREVANT SC expected to fuel future growth. The company also earns revenue from proprietary product sales and collaboration milestones, though these remain smaller contributors relative to royalties. This royalty-focused model provides scalable, diversified, and recurring revenue growth.

Projected growth rate for sales: 22.5**%**
Why did you select this rate? Discuss from where future growth will come.
Based on next year's analyst estimates (Yahoo 23.2, Zack's 20.9, StockAnalysis 23.3) as well as Morningstar's 2yr projection of 26.9, I went with 22.5%, basically halfway between BI Sentiment (18%) and Morningstar.

Projected growth rate for earnings per share: 17.9**%**
Why did you select this rate?
I used preferred procedure

Projected High P/E: 20
Why did you select this value?
I went a little lower than the 5yr avg based on last year and TTM high P/E

Projected Low P/E: 10
Why did you select this value?
I went a little lower than the 5yr avg based on last year and TTM low P/E

Projected Low Price: $34.30
Why did you select this value?
Low P/E 10 x $3.43 (estimated low Eps) = $34.30 I felt comfortable with this number as it was lower than the 52 week low ane close to 2024's low price and well below 80% of the current price.

At the current price, the stock is a (check one):

☒**Buy** or ☐**Hold** or ☐**Sell**

At the current price, the upside-downside ratio is: 3.2 **to 1**

Compound Annual Return – Using Forecast High P/E: 22.2**%**

Your final recommendation (check one):

☒**Buy** or ☐**Hold** or ☐**Sell**

Explain:

Following stronger-than-expected Q2 results, Halozyme raised its 2025 guidance on the back of accelerating royalty revenue, new product approvals, and expanding reimbursement coverage. The company's elevated debt-to-capital ratio reflects a deliberate strategy of using low-cost convertible debt to fund acquisitions and growth initiatives while preserving equity. With robust liquidity, strong interest coverage, and consistently high-margin royalties, Halozyme generates substantial cash flow to support continued share repurchases, R&D investment, and M&A opportunities. While leverage remains a risk, the company's scalable royalty model, expanding product base, and disciplined capital allocation make the growth potential more compelling than the debt burden—supporting a buy at current levels.

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