Second Quarter 2019 Financial Results

Exelixis, Inc.

Wednesday, July 31, 2019

Nasdaq: EXEL

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Safe Harbor Statement

This presentation, including any oral presentation accompanying it, contains forward-looking statements, including, without limitation, statements related to: Exelixis' belief that cabozantinib's best-in-class TKI profile can continue to drive strong growth in the face of emerging competition from three different ICI-based combinations in RCC; Exelixis' continuing strategic goals to grow revenues, manage expenses carefully and reinvest free cash to build a diversified business capable of long-term, sustainable growth; Exelixis' updated financial guidance for 2019 cost of goods sold, R&D and SG&A expenses (including non-cash expenses related to stock-based compensation), and effective tax rate; Exelixis' plans to advance the broader cabozantinib late-stage development that may include future phase 3 trials in various indications, including potential CRPC and NSCLC settings, if warranted by the data from the COSMIC-021 study; expectations for results of CheckMate 9ER in early 2020; RCC market trends and sequencing dynamics and the commercial potential for CABOMETYX in the RCC market; Exelixis' belief that the CheckMate 459 results likely delay HCC 1L introduction of ICI therapy and market expansion, and that future HCC market expansion will likely be driven by combination therapies being evaluated in the 1L HCC setting, pending positive data and regulatory approvals in the coming years; the potential of cabozantinib, both as a single agent and in combination with ICIs, to generate revenues and drive Exelixis forward; the potential for CRPC and NSCLC malignancies to be significant commercial opportunities for cabozantinib; and Exelixis' strong foundation for potential long-term future growth through continued investment in R&D with future additional cabozantinib label-enabling trials and potential new product candidates. Any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and are based upon Exelixis' current plans, assumptions, beliefs, expectations, estimates and projections. Forward-looking statements involve risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of these risks and uncertainties, which include, without limitation: the degree of market acceptance of CABOMETYX, COMETRIQ, COTELLIC and MINNEBRO in the territories where they are approved, and Exelixis' ability to obtain or maintain coverage and reimbursement for these products; the effectiveness of CABOMETYX, COMETRIQ, COTELLIC and MINNEBRO in comparison to competing products; the level of costs associated with Exelixis' commercialization, research and development, in-licensing or acquisition of product candidates, and other activities; the potential failure of cabozantinib, cobimetinib, esaxerenone and other Exelixis product candidates, both alone and in combination with other therapies, to demonstrate safety and/or efficacy in clinical testing; uncertainties inherent in the drug discovery and product development process; Exelixis' dependence on its relationships with its collaboration partners, including their pursuit of regulatory approvals for partnered compounds in new indications, their adherence to their obligations under relevant collaboration agreements and the level of their investment in the resources necessary to complete clinical trials or successfully commercialize partnered compounds in the territories where they are approved; risks and uncertainties related to regulatory review and approval processes, including that regulatory authorities may not approve Exelixis' products as treatments for the indications in which approval has been sought; Exelixis' continuing compliance with applicable legal and regulatory requirements; unexpected concerns that may arise as a result of the occurrence of adverse safety events or additional data analyses of clinical trials evaluating cabozantinib, cobimetinib or esaxerenone; Exelixis' dependence on third-party vendors for the manufacture and supply of its products; Exelixis' ability to protect its intellectual property rights; market competition, including the potential for competitors to obtain approval for generic versions of Exelixis' marketed products; changes in economic and business conditions; and other factors discussed under the caption "Risk Factors" in Exelixis' Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on July 31, 2019, and in Exelixis' future filings with the SEC. All forward-looking statements in this presentation are based on information available to Exelixis as of the date of this presentation, and Exelixis undertakes no obligation to update or revise any forward-looking statements contained herein.

This presentation includes certain non-GAAP financial measures as defined by the SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

Today's Agenda

Introduction	**Susan Hubbard** EVP, Public Affairs and Investor Relations
Overview	**Michael M. Morrissey, Ph.D.** President and CEO
Financial Results & Guidance	**Chris Senner** EVP and CFO
Pipeline Update	**Peter Lamb, Ph.D.** EVP, Scientific Strategy & CSO
Development Update	**Gisela Schwab, M.D.** President, Product Development and Medical Affairs & CMO
Commercial Update	**PJ Haley** SVP, Commercial
Q&A	**All Participants**

Overview

Michael M. Morrissey, Ph.D.

President and CEO

Second Quarter 2019 Highlights

Financial Highlights

Cabozantinib net franchise revenue of ~$194M; Non-GAAP* net income of $90.7M or $0.29/share diluted; Cash of $1.16B**

CABOMETYX® Performance

Best-in-class TKI profile continues to drive strong growth in highly competitive markets

Clinical Development

Four ongoing pivotal trials; recent progress in CRPC and ICI-refractory NSCLC cohorts of COSMIC-021 trial

Business Development

Broad, multi-target collaboration with Aurigene complements internal efforts to build diversified early stage pipeline

EXELIXIS®

On a mission to help patients with cancer recover stronger and live longer

**A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.*
***Cash and investments include cash and cash equivalents, short- and long-term investments and short- and long-term restricted cash and investments.*

ICI = immune checkpoint inhibitor
TKI = tyrosine kinase inhibitor
RCC = renal cell carcinoma

CRPC = castration-resistant prostate cancer
NSCLC = non-small cell lung cancer

Financial Update

Chris Senner

EVP and CFO

GAAP Financial Highlights: Q2’19

(in millions, except per share amounts)

	Q2’18	Q1’19	Q2’19	YoY Delta	QoQ Delta
Total revenues	**$186.1 M**	**$215.5 M**	**$240.3 M**	**+29%**	**+12%**
Cost of goods sold	$6.0 M	$7.5 M	$7.5 M	+25%	0%
R&D expenses	$42.5 M	$63.3 M	$81.9 M	+93%	+29%
SG&A expenses	$51.9 M	$60.1 M	$58.8 M	+13%	-2%
Total operating expenses	**$100.3 M**	**$130.9 M**	**$148.3 M**	**+48%**	**+13%**
Other income (expense), net	$2.6 M	$6.1 M	$7.8 M	+200%	+28%
Provision for income taxes	$(0.9) M	$(14.9) M	$(20.7) M	N.M.†	+39%
Net income	$87.5 M	$75.8 M	$79.0 M	-10%	+4%
Net income per share, diluted	**$0.28**	**$0.24**	**$0.25**	**-11%**	**+4%**
Ending cash and investments *	**$595.9 M**	**$1,019.4 M**	**$1,161.0 M**	**+95%**	**+14%**

Amounts may not sum due to rounding.

** Cash and investments include cash and cash equivalents, short- and long-term investments and short- and long-term restricted cash and investments.*

† N.M. = Not meaningful

Non-GAAP Financial Highlights: Q2'19

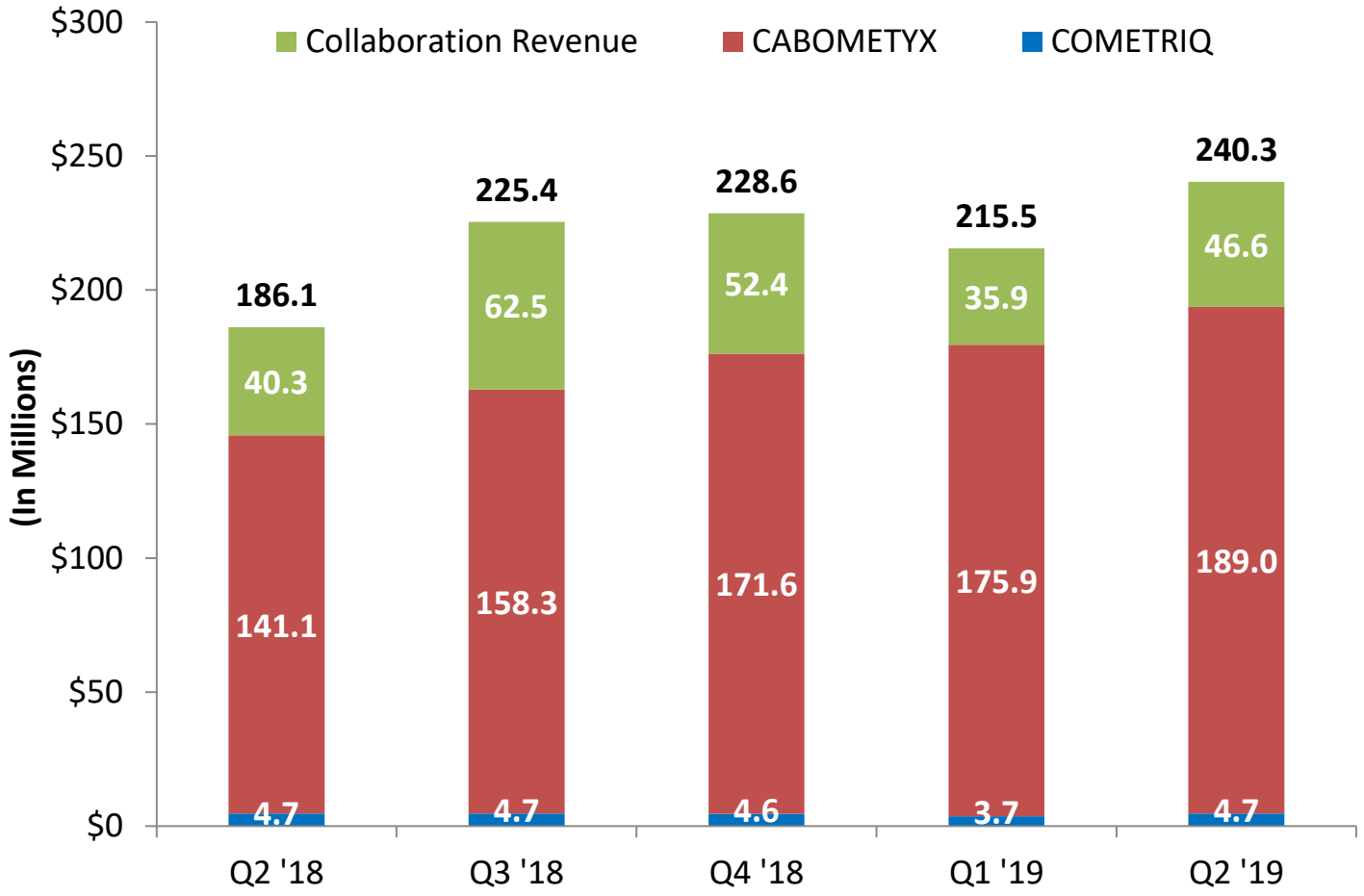
(in millions, except per share amounts)

	Q2'18	Q1'19	Q2'19	YoY Delta	QoQ Delta
Total revenues	**$186.1 M**	**$215.5 M**	**$240.3 M**	**+29%**	**+12%**
Cost of goods sold	$6.0 M	$7.5 M	$7.5 M	+25%	0%
R&D expenses [(a)(b)]	$39.6 M	$59.0 M	$76.8 M	+94%	+30%
SG&A expenses [(a)(b)]	$45.5 M	$51.9 M	$48.9 M	+7%	-6%
Total operating expenses [(a)]	**$91.1 M**	**$118.4 M**	**$133.2 M**	**+46%**	**+13%**
Other income (expense), net	$2.6 M	$6.1 M	$7.8 M	+200%	+28%
Provision for income taxes [(a)]	$(1.1) M	$(17.7) M	$(24.1) M	N.M.†	+36%
Net income [(a)]	$96.6 M	$85.5 M	$90.7 M	-6%	+6%
Net income per share, diluted [(a)]	**$0.31**	**$0.27**	**$0.29**	**-6%**	**+7%**
Ending cash and investments *	**$595.9 M**	**$1,019.4 M**	**$1,161.0 M**	**+95%**	**+14%**

[(a)] *A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.*
[(b)] *Amounts reflect non-GAAP adjustment before tax effect.*
Amounts may not sum due to rounding.
** Cash and investments include cash and cash equivalents, short- and long-term investments and short- and long-term restricted cash and investments.*
† N.M. = Not meaningful

Q2’19 Total Revenue

(See press release at www.exelixis.com for full details)

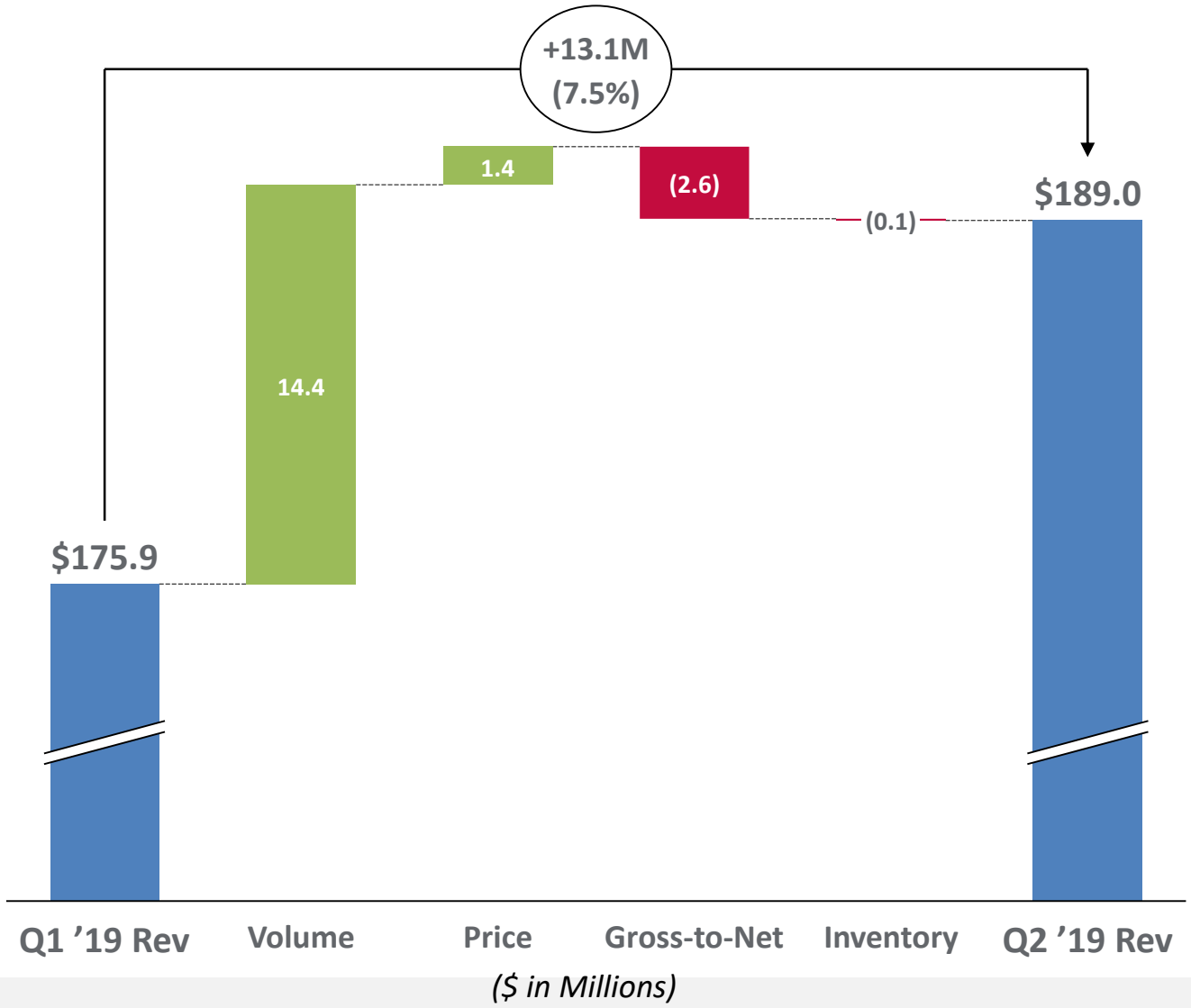


Q2’19 Notes

- Total revenues of $240.3M
- $193.7M in net product revenues, including $189.0M in CABOMETYX and $4.7M in COMETRIQ net product revenues
- Collaboration revenue for Q2’19 include:
  - $14.9M in royalties from Ipsen
  - $20.0M milestone from Daiichi Sankyo

Amounts may not sum due to rounding.

CABOMETYX U.S. Net Revenue Q2’19 vs. Q1’19



($ in Millions)

Notes

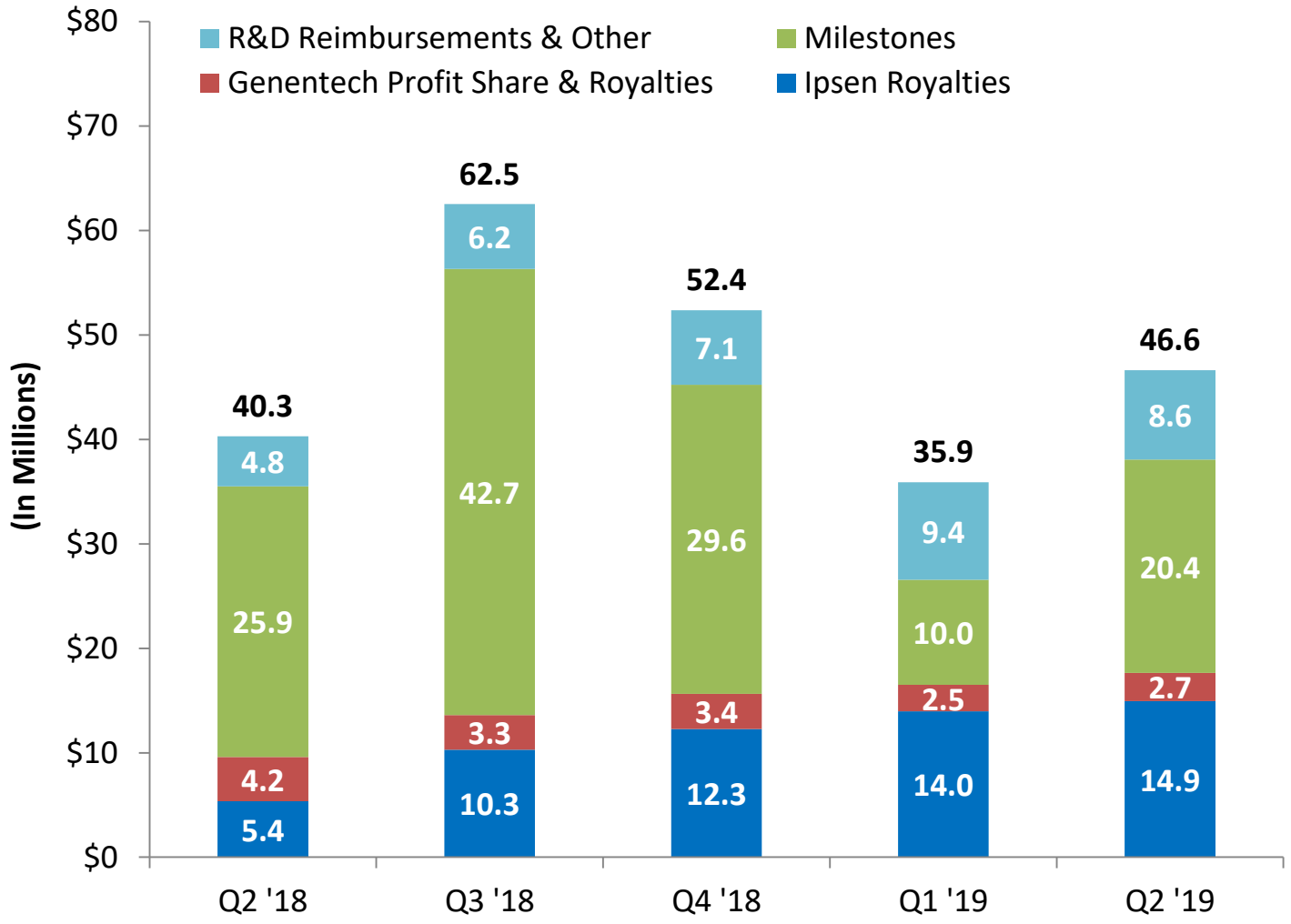
- Q2’19 growth of $13.1M over Q1’19
- ~$14.4M increase in CABOMETYX volume
  - Unit volume up ~7% for Q2’19 over Q1’19
- ~$1.4M increase due to price increase
  - 5% increase taken mid-January '19
- ~$2.6M decrease from higher Gross-to-Net discounts and allowances:
  - Driven by higher unit volume
  - Q2’19 Gross-to-Net of 19.6%, down from 19.8% in Q1’19 due to lower Medicare Part D offset by higher VA
- ~$0.1M decrease in wholesaler inventory
  - Inventory weeks on hand of ~2.5 for Q2’19, down from ~2.6 in Q1’19

Amounts may not sum due to rounding.

VA = Veterans Affairs

Collaboration Revenue Detail

(See press release at www.exelixis.com for full details)



Q2'18 – Q2'19 Notes

- Ipsen royalty rates:
  - 13% in Q2'18*
  - 22% from Q3'18 to Q2'19
- Genentech collaboration:
  - Q2'19 ex-US Cotellic royalties $1.3M
  - Q2'19 US profit share $1.4M
- First quarter with royalties from Daiichi Sankyo sales of Minnebro, totaling ~$0.1M in Q2'19
- Major milestones by quarter:
  - Q2'19: Daiichi Sankyo Minnebro launch
  - Q1'19: Takeda RCC filing in Japan
  - Q4'18: Ipsen Ph 3 1L HCC initiation and Takeda Ph 3 BMS CheckMate 9ER initiation
  - Q3'18: Ipsen 2L HCC EU approval and Ipsen 2L RCC Canada approval
  - Q2'18: Ipsen sales > $100M in four consecutive quarters

Amounts may not sum due to rounding.
**Q2'18 effective royalty rate of 13% reflects a blend as a result of moving from the 12% to 22% royalty rate during the quarter.*

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
BMS = Bristol-Myers Squibb

1L = first-line
2L = second-line

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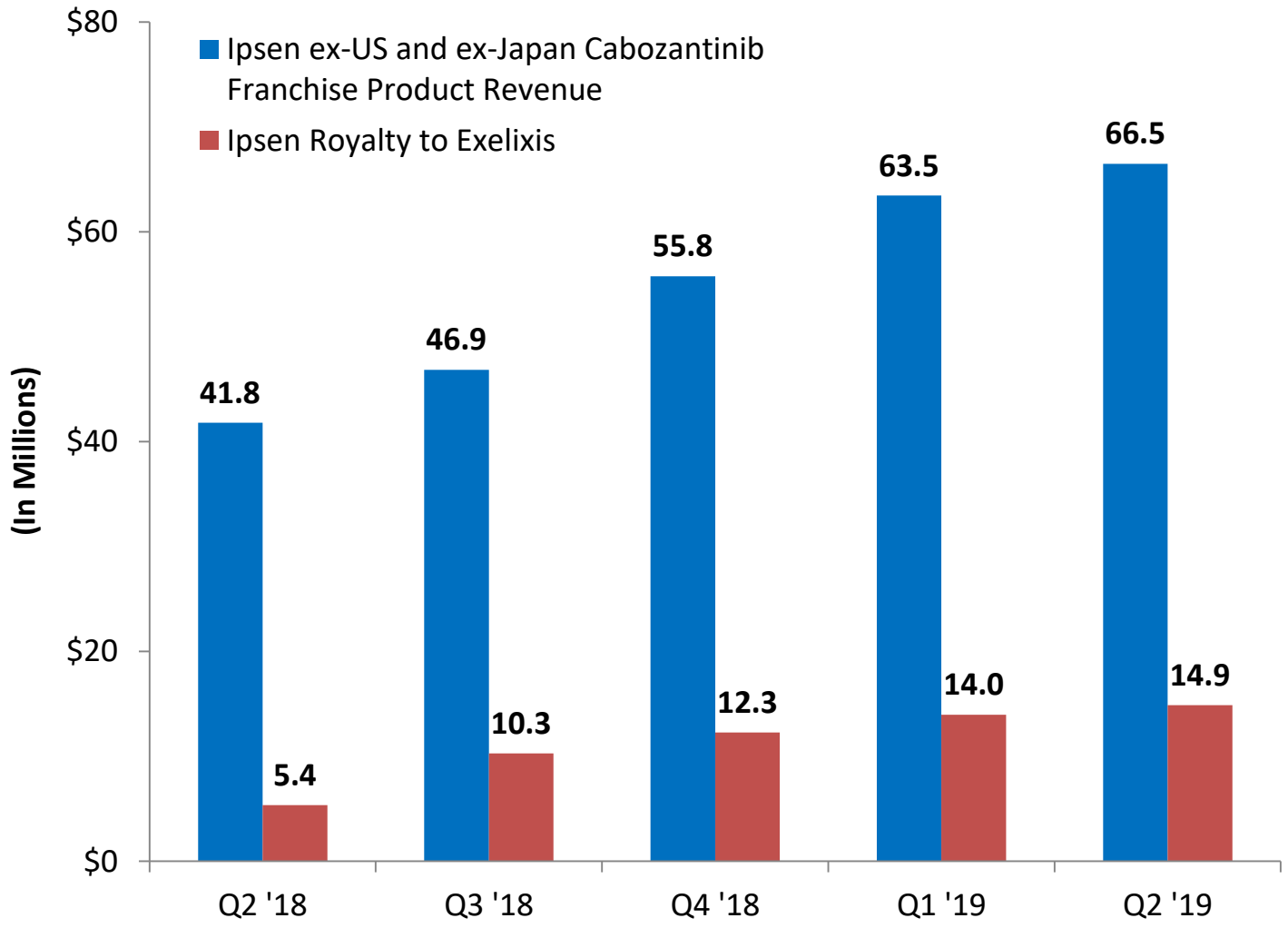
Ipsen Royalties

(See press release at www.exelixis.com for full details)



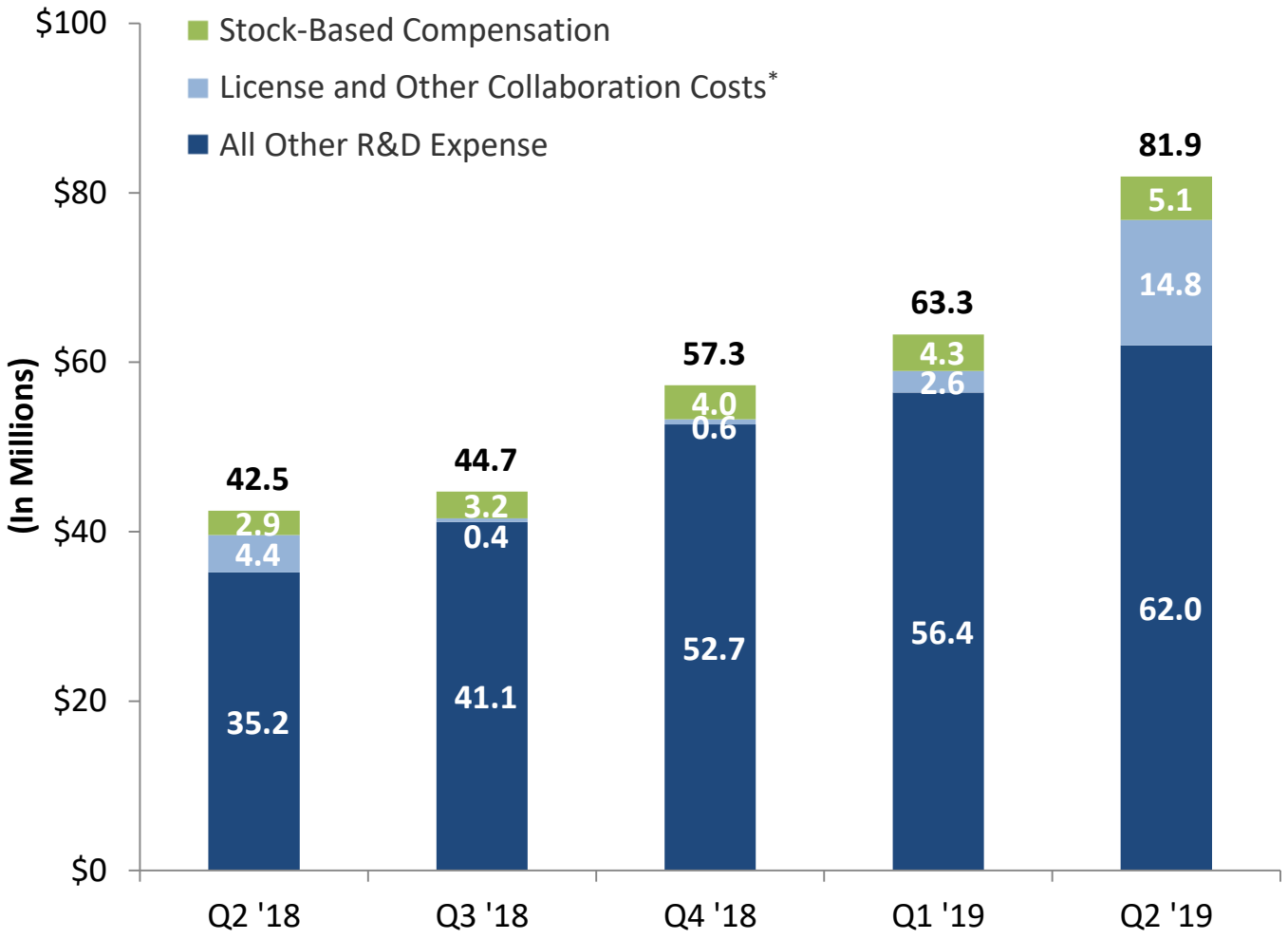
Q2'19 Notes

- Q2'19 Ipsen ex-US and ex-Japan cabozantinib franchise product revenue of $66.5M
- Q2'19 Ipsen royalty to Exelixis of $14.9M
- Ipsen royalty rates:
  - 13% in Q2'18*
  - 22% from Q3'19 to Q2'19

*Q2'18 effective royalty rate of 13% reflects a blend as a result of moving from the 12% to 22% royalty rate during the quarter.

Q2’19 R&D Expense

(See press release at www.exelixis.com for full details)



Q2'19 Notes

- GAAP R&D expenses of $81.9M
- Non-GAAP** R&D expenses of $76.8M (excl. stock-based compensation, before tax effect)
- Increase in R&D GAAP expenses vs. Q1’19 primarily due to BD expenses related to the collaboration with Iconic Therapeutics Inc.

Amounts may not sum due to rounding.
A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.
**License and other collaboration costs includes upfront and R&D funding for our in-licensing arrangements.*
***Non-GAAP R&D expenses is comprised of all R&D expenses except stock-based compensation, before tax-effect.*

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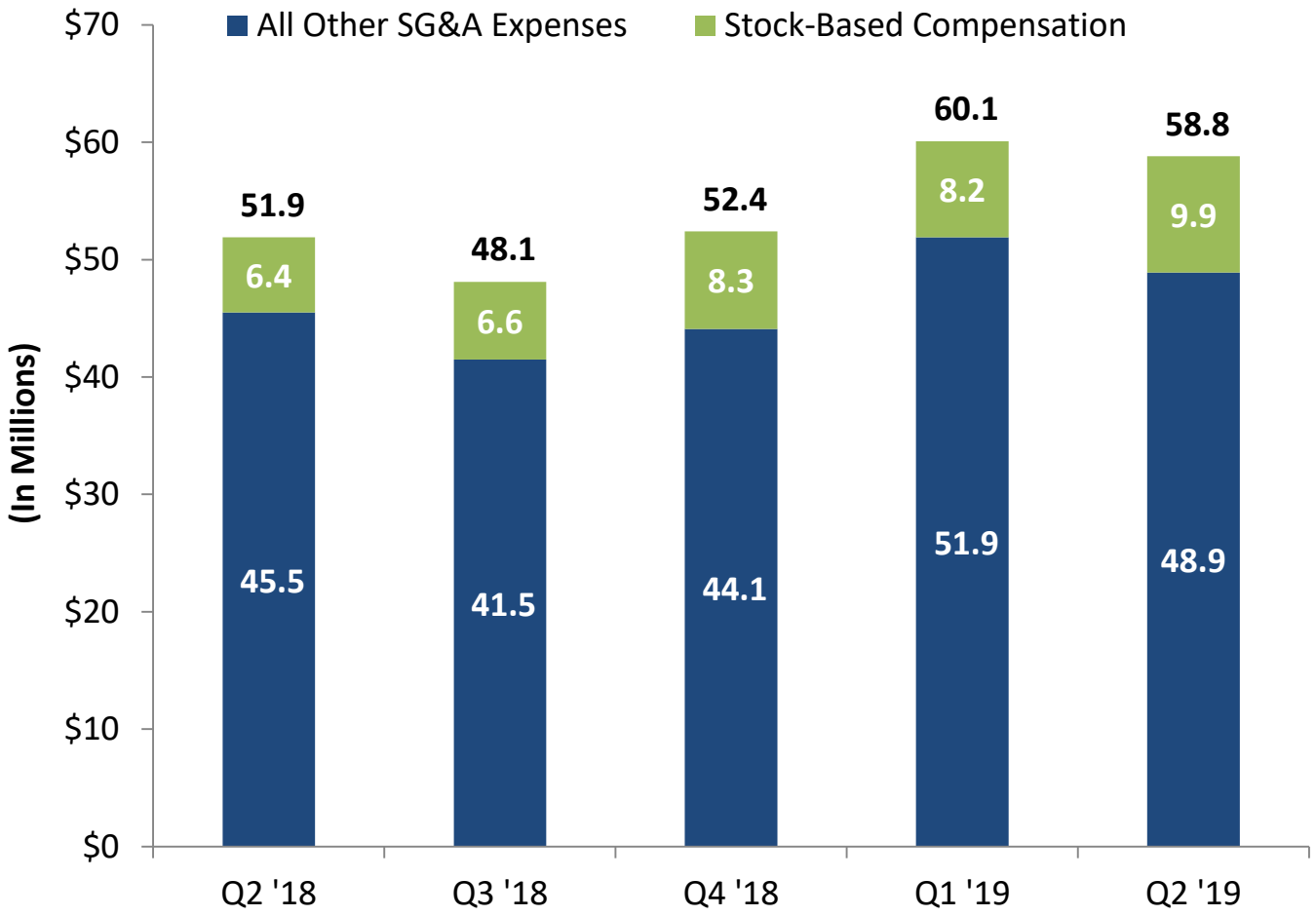
Q2’19 SG&A Expense

(See press release at www.exelixis.com for full details)



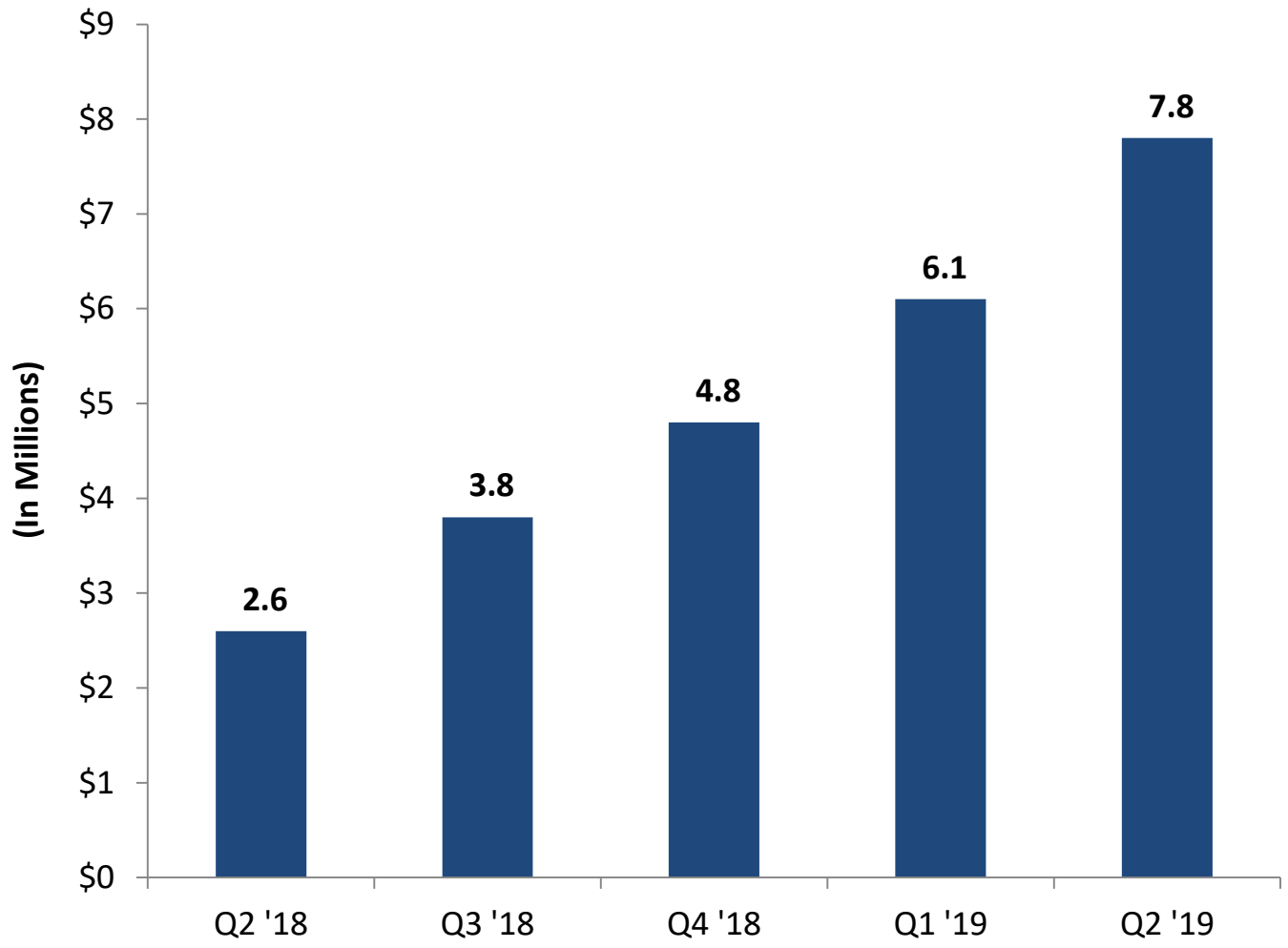
Q2'19 Notes

- GAAP SG&A expenses of $58.8M
- Non-GAAP SG&A expenses of $48.9M (excl. stock-based compensation, before tax effect)
- Decrease in SG&A GAAP expenses vs. Q1’19 primarily due to lower corporate giving, partially offset by higher stock compensation

Amounts may not sum due to rounding.
A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

Q2’19 Other Income (Expense), net

(See press release at www.exelixis.com for full details)



Q2'19 Notes

- Other income (expense), net in Q2'19 reflects income of $7.8M, primarily driven by interest income from growing cash balance and higher yields
- Past five quarters primarily reflect interest income

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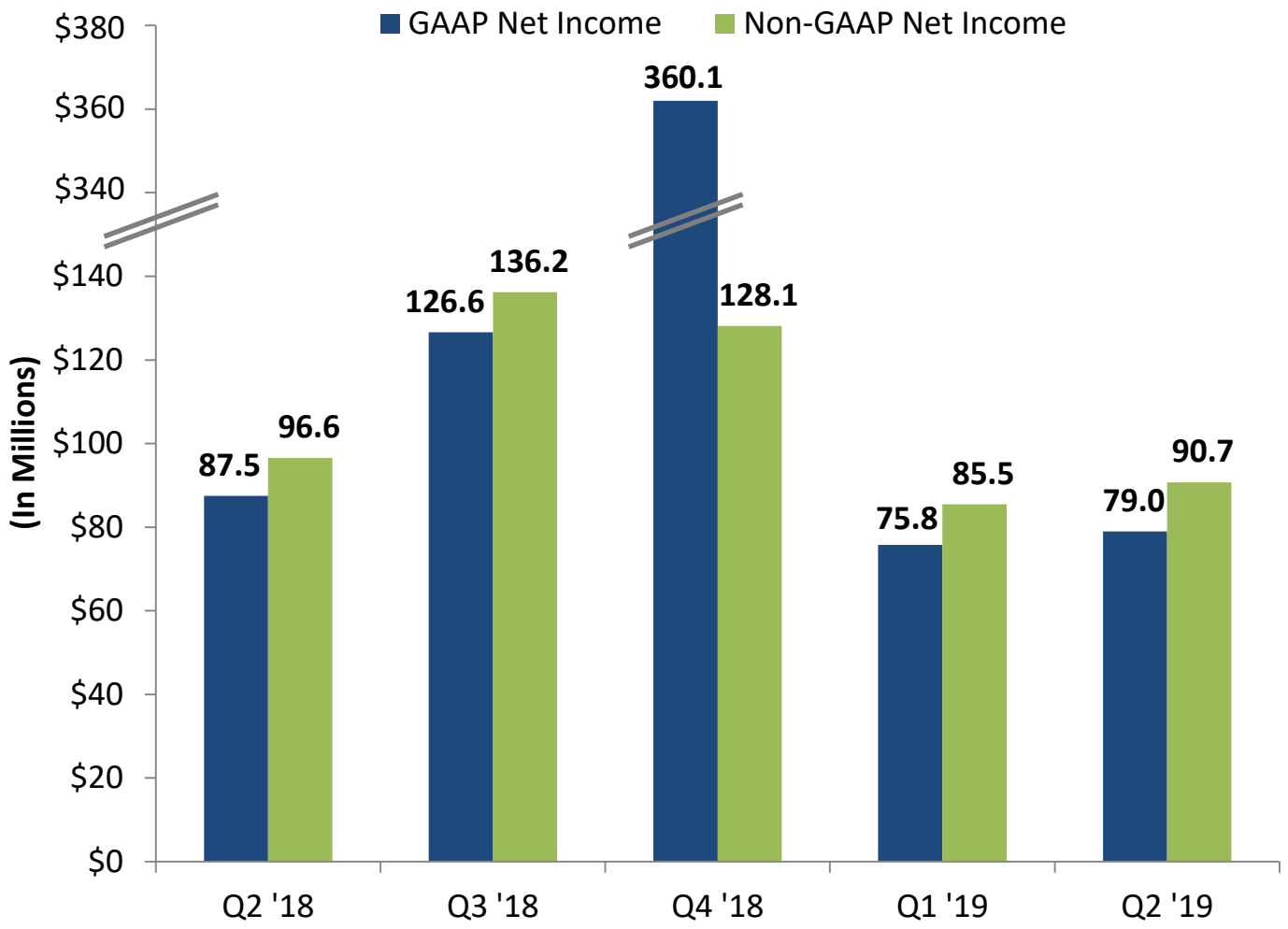
Q2’19 Net Income

(See press release at www.exelixis.com for full details)



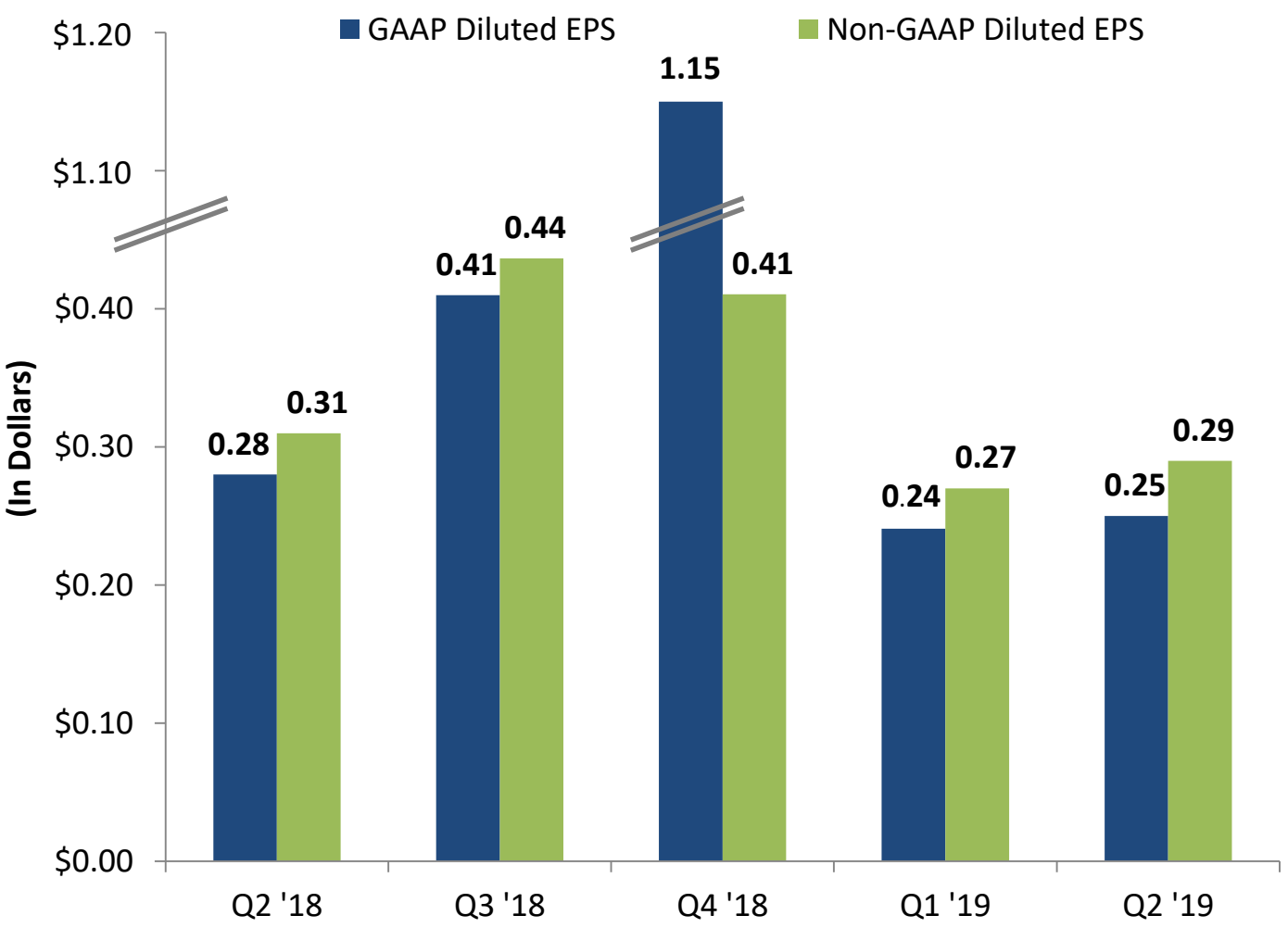
Q2'19 Notes

- GAAP net income of $79.0M
- Non-GAAP net income of $90.7M
- Non-GAAP net income excludes stock-based compensation expense, net of tax effect
- Increase in GAAP net income vs. Q1’19 due to higher product and collaboration revenue, primarily driven by higher CABOMETYX sales and milestone payments respectively

A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

Q2’19 Diluted Earnings Per Share (EPS)

(See press release at www.exelixis.com for full details)



Q2'19 Notes

- GAAP diluted EPS of $0.25
- Non-GAAP diluted EPS of $0.29
- Non-GAAP diluted EPS excludes stock-based compensation expense, net of tax effect
- Increase in GAAP diluted EPS vs. Q1’19 resulting from higher product and collaboration revenue, primarily driven by higher CABOMETYX sales and milestone payments respectively

A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

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Full Year 2019 Financial Guidance*

	Current Guidance *(updated on July 31, 2019)*	Previous Guidance *(as provided on February 12, 2019 and reiterated on May 1, 2019)*
COGS**	**4 - 5% of net product revenue**	**4 - 5% of net product revenue**
R&D Expenses	**$330M - $350M*** Includes **$25M** in non-cash stock-based compensation	**$285M - $315M** Includes **$20M** in non-cash stock-based compensation
SG&A Expenses	**$220M - $240M** Includes **$40M** in non-cash stock-based compensation	**$220M - $240M** Includes **$35M** in non-cash stock-based compensation
Tax Rate	**21 - 23%**	**21 - 23%**

The above amounts are intended to present GAAP guidance.
**The financial guidance above reflects GAAP amounts.*
***COGS = Cost of goods sold*
****Updated R&D guidance a result of recent Business Development activities.*

Pipeline Update

Peter Lamb, Ph.D.

EVP, Scientific Strategy & CSO

Broad Discovery Collaboration with Aurigene Focused on Oncology

(Announced on July 31, 2019)

Exclusive option and licensing agreement to discover and develop novel therapies for cancer

- Multi-target collaboration to in-license up to 6 preclinical programs
  - 3 internally developed Aurigene programs
  - 3 *de novo* programs around mutually agreed upon targets
- Exelixis may exercise exclusive option up to IND
- Aurigene responsible for R&D up to IND; Exelixis responsible for global clinical development and commercial efforts (ex-India and Russia)

AURIGENE
Accelerating Discovery

Brings complementary small molecule approach to internal discovery efforts and expands preclinical pipeline

- Expertise in optimization of covalent inhibitors
- Novel approaches to induced protein degradation
- Expands small molecule capabilities from both biology and chemistry perspective

IND = investigational new drug application

Increasing Depth & Breadth of Exelixis Early Pipeline Activities

15 discovery / preclinical programs underway between four collaborations (Invenra, StemSynergy, Iconic, and Aurigene)

Research Collaborations

AURIGENE Accelerating Discovery

invenra

ICONIC THERAPEUTICS

SSTI

Fully integrated in-house discovery efforts now in full swing

- Completed build-out of state-of-the-art lab space in Alameda HQ
- Resumed screening of ~4.6M compound library from legacy Discovery group
- Actively advancing compounds in multiple areas

XL092 is the first molecule to enter the clinic since the restart of discovery

- Next-generation oral TKI; active IND filed in late Q4'18
- Ongoing phase 1 trial includes dose-escalation and expansion cohort stages

TKI = tyrosine kinase inhibitor
IND = investigational new drug application

Clinical Development Update

Gisela Schwab, M.D.

President, Product Development and Medical Affairs & CMO

Development Updates from the Second Quarter of 2019

- **Expansion in CRPC and ICI-refractory NSCLC cohorts, as well as addition of four new cohorts in COSMIC-021 phase 1b trial**

- Continued progress with enrollment in ongoing phase 3 pivotal trials – COSMIC-311, -312, and -313

- BMS-sponsored CheckMate 9ER phase 3 pivotal trial of Cabo + Nivo in first-line RCC completed enrollment earlier this year; results expected early 2020

- In Q2, Takeda submitted marketing application to the Japanese regulatory authorities – Ministry of Health, Labour and Welfare (MHLW) – for CABOMETYX® approval in advanced RCC

CRPC = castration-resistant prostate cancer
NSCLC = non-small cell lung cancer
ICI = immune checkpoint inhibitor
RCC = renal cell carcinoma
BMS = Bristol-Myers Squibb

COSMIC-021: Phase 1b Trial of Cabozantinib + Atezolizumab in Multiple Tumors

(Exelixis-sponsored study in collaboration with Roche)

COSMIC -021

Dose Escalation (RCC)

- Oral cabozantinib + IV atezolizumab
- Confirmed doses to be evaluated in expansion cohorts: cabozantinib 40 mg/day + atezolizumab 1200mg Q3W

**** Cabozantinib active as a single agent in this histology***

20 Original Expansion Cohorts

UC* (n=30) Prior platinum-chemotherapy	**UC*** (n=30) Cis-ineligible, treatment naïve
UC* (n=30) Cis-eligible, treatment naïve	**UC*** (n=30-80) Prior ICI therapy
ccRCC* (n=30) Clear cell, treatment naïve	**CRPC* (n=30 → expanded to 80)** Prior enzalutamide or abiraterone
NSCLC* (n=30) Treatment naïve	**NSCLC* (n=30 → expanded to 80)** Prior ICI therapy
NSCLC* (n=30) Prior EGFR-targeting TKI	**nccRCC* (n=30)** Non-clear cell, treatment naïve
TNBC* (n=30) Prior systemic therapy	**EOC* (n=30)** Platinum-resistant or refractory
EC* (n=30) Prior systemic therapy	**HCC* (n=30)** Child-Pugh score of A; systemic therapy naive
GEJ* Carcinoma (n=30) Prior platinum or fluoropyrimidine chemotherapy	**Colorectal adenocarcinoma (n=30)** Prior fluoropyrimidine chemotherapy
Head & neck w/squamous cell histology (n=30) Prior platinum chemotherapy	**DTC* (n=30)** Radio-refractory or iodine-131 ineligible
CABOMETYX Single Agent: UC* Prior ICI therapy	**CABOMETYX Single Agent: NSCLC*** Prior ICI therapy

4 New Expansion Cohorts

CRPC* (n=30)
Prior enzalutamide or abiraterone (received docetaxel therapy)

CRPC* (n=30)
Prior enzalutamide or abiraterone (not received docetaxel therapy)

CRPC* (n=30)
CABOMETYX Single Agent (Exploratory)

CRPC* (n=30)
Atezolizumab Single Agent (Exploratory)

UC = urothelial carcinoma
ccRCC = clear cell renal cell carcinoma
TKI = tyrosine kinase inhibitor
NSCLC = non-small cell lung cancer
Cis = cisplatin
nccRCC = non-clear cell renal cell carcinoma
TNBC = triple-negative breast cancer
CRPC = castration-resistant prostate cancer
ICI = immune checkpoint inhibitor
EOC = epithelial ovarian cancer
EC = endometrial cancer
HCC = hepatocellular carcinoma
GEJ = gastric or gastroesophageal junction
DTC = differentiated thyroid cancer

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Late-Stage Development Program to Maximize Cabozantinib's Potential

Four Ongoing Phase 3 Pivotal Trials

COSMIC -311

Ph 3 Pivotal Trial in DTC

Single agent placebo-controlled study in RAI refractory DTC patients previously treated w/VEGFR inhibitors

Exelixis-sponsored

COSMIC -312

Ph 3 Pivotal Trial in 1L aHCC

Randomized, open-label study of Cabo + Atezo vs. sorafenib in previously untreated aHCC

In collaboration with Roche and Ipsen

COSMIC -313

Ph 3 Pivotal Trial in 1L RCC

Randomized, double-blind, controlled study of Cabo + Nivo + Ipi in previously untreated RCC

In collaboration w/BMS

CheckMate 9ER

Ph 3 Pivotal Trial in 1L RCC

Study of Cabo + Nivo vs. sunitinib in previously untreated RCC

BMS-sponsored; co-funding from Exelixis and partners

DTC = differentiated thyroid cancer
RAI = radioactive iodine
1L = first-line
RCC = renal cell carcinoma
aHCC = advanced hepatocellular carcinoma

Development Updates from the Second Quarter of 2019

- Expansion in CRPC and ICI-refractory NSCLC cohorts as well as addition of four new cohorts in COSMIC-021 phase 1b trial
- Continued progress with enrollment in ongoing pivotal phase 3 trials – COSMIC-311, -312, and -313
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Commercial Update

PJ Haley

SVP, Commercial

CABOMETYX Q2'19 Performance

Strong Q2'19 business fundamentals

- 9% Q/Q growth in demand
- CABOMETYX remains #1 prescribed TKI in RCC
- Prescriber base increased by 8% Q/Q and 45% Y/Y
- RCC and HCC contributing to demand growth (RCC contributing majority)

Continued growth in RCC

- Competing successfully and growing demand despite multiple competitor launches
- 2L share increased due to 1L ICI progressors; 1L share remains stable
- Potential remains from 1L ICI progressors patients yet to progress to 2L

Continued launch execution in HCC

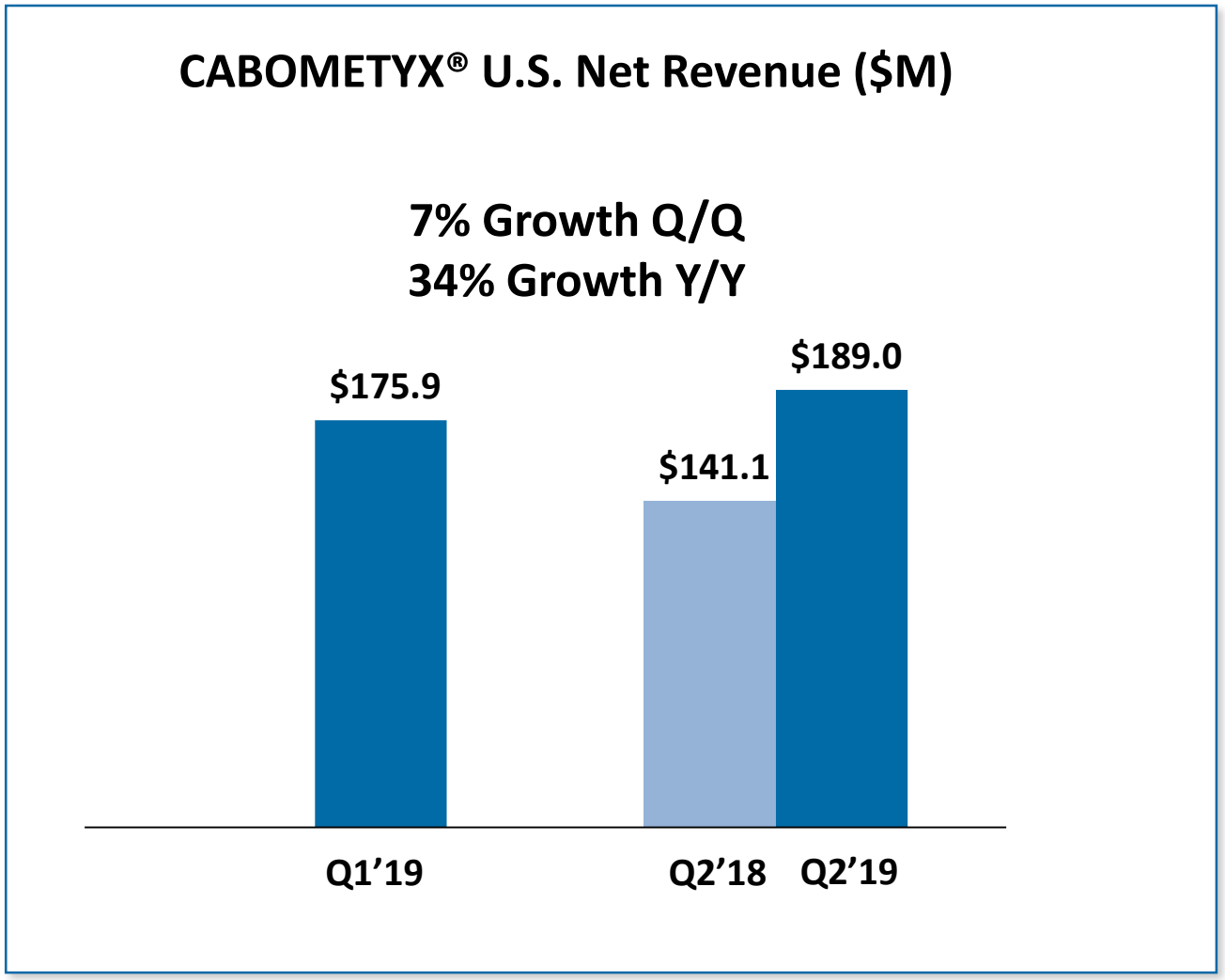
- Growth in demand tracking with expectations
- Accounts for ~5% of the CABOMETYX business
- Large physician overlap with RCC confirmed
- Strong awareness and perception of efficacy from CELESTIAL Phase 3 pivotal trial

Sources: Exelixis Internal Data
IQVIA National Prescription Audit™ , 06/2019
IQVIA BrandImpact 05/2019

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
TKI = tyrosine kinase inhibitor

ICI = immune checkpoint inhibitor
1L = first-line
2L = second-line

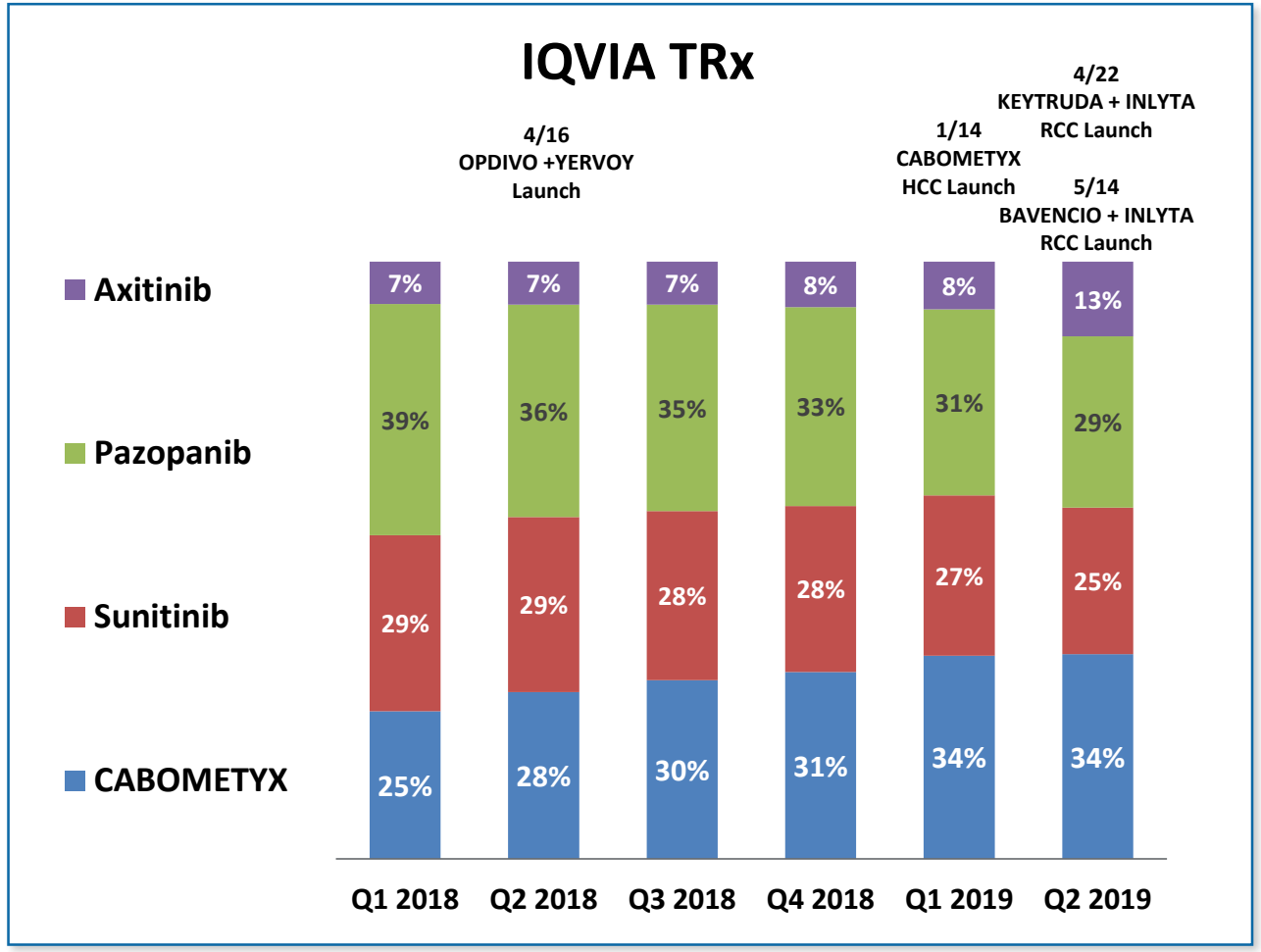
Cabozantinib Franchise Q2’19 U.S. Net Revenue: $193.7M



- Underlying product demand grew by 9% Q/Q and 26% Y/Y
- RCC & HCC contributing to growth in demand (majority RCC)

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma

CABOMETYX Remains the #1 Prescribed TKI in RCC



- Strong demand: CABOMETYX TRx grew 6% Q2'19/Q1'19
- 2 competitive ICI + TKI launches in Q2'19

Sources: IQVIA, IQVIA National Prescription Audit™ , 06/2019
TKI market defined as CABOMETYX, axitinib, sunitinib and pazopanib, Rx data inclusive of all indications (not limited to RCC)

RCC = renal cell carcinoma
TRx = total prescriptions

TKI = tyrosine kinase inhibitor
ICI = immune checkpoint inhibitor

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Q2’19 CABOMETYX Franchise Summary

RCC

- Strong demand growth
- Increasing 2L share; 1L share remains stable
- Strong 2L adoption post Ipi+Nivo combination
  - CABOMETYX is capturing the vast majority of 1L Ipi+Nivo progressors
  - Majority of 1L ICI patients yet to progress to 2L
- Strong academic and community support for CABOMETYX as TKI of choice after ICI combination

HCC

- Growth in demand is in line with expectations
- CheckMate 459 results likely delay HCC 1L introduction of ICI therapy and market expansion
- Post launch adoption has validated significant prescriber overlap
- Majority of demand and new patient starts coming from CABOMETYX experienced HCPs

Sources: Exelixis Internal Data
IQVIA, IQVIA National Prescription Audit™ , 06/2019
IQVIA, IQVIA BrandImpact, 05/2019

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
TKI = tyrosine kinase inhibitor
ICI = immune checkpoint inhibitor

1L = first-line
2L = second-line
HCP = healthcare provider

CABOMETYX Q2'19 Performance

Strong Q2'19 business fundamentals

- 9% Q/Q growth in demand
- CABOMETYX remains #1 prescribed TKI in RCC
- Prescriber base increased by 8% Q/Q and 45% Y/Y
- RCC and HCC contributing to demand growth (RCC contributing majority)

Continued growth in RCC

- Competing successfully and growing demand despite multiple competitor launches
- 2L share increased due to 1L ICI progressors; 1L share remains stable
- Potential remains from 1L ICI progressors patients yet to progress to 2L

Continued launch execution in HCC

- Growth in demand tracking with expectations
- Accounts for ~5% of the CABOMETYX business
- Large physician overlap with RCC confirmed
- Strong awareness and perception of efficacy from CELESTIAL Phase 3 pivotal trial

Sources: Exelixis Internal Data
IQVIA National Prescription Audit™ , 06/2019
IQVIA BrandImpact 05/2019

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
TKI = tyrosine kinase inhibitor

ICI = immune checkpoint inhibitor
1L = first-line
2L = second-line

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Closing

Michael M. Morrissey, Ph.D.

President and CEO

Leveraging Partnerships and Collaborations to Maximize Our Commercial and R&D Opportunities

Commercial Partnerships

IPSEN
Innovation for patient care

Takeda

Genentech
A Member of the Roche Group

Daiichi-Sankyo

Clinical Collaborations

Genentech
A Member of the Roche Group

Bristol-Myers Squibb

Research Collaborations

AURIGENE
Accelerating Discovery

invenra

ICONIC THERAPEUTICS

SSTI

Strong Momentum in Second Quarter 2019

Grew the business Q/Q and Y/Y

- Driven by the strength of the CABOMETYX® launch, ex-U.S. deals, and disciplined expense management

Cabozantinib achieved its first quarter of $250M in global sales

- Helping ~10K patients with RCC and HCC worldwide

Strong foundation for potential long-term growth

- Planning additional cabozantinib label-enabling trials and potential new product candidates

We remain committed to making every day count as we discover, develop, and commercialize the next generation of medicines for patients with cancer.

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RCC = renal cell carcinoma
HCC = hepatocellular carcinoma

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Q&A Session

Financial Appendix

GAAP to Non-GAAP Reconciliation

(in millions, except per share amounts)

Non-GAAP Financial Measures

To supplement Exelixis' financial results presented in accordance with GAAP, Exelixis uses certain non-GAAP financial measures in this presentation and the accompanying tables. This presentation and the tables that follow present certain financial information on a GAAP and a non-GAAP basis for Exelixis for the periods specified, along with reconciliations of the non-GAAP financial measures presented to the most directly comparable GAAP measures. Exelixis believes that the presentation of these non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. In particular, Exelixis believes that each of these non-GAAP financial measures, when considered together with its financial information prepared in accordance with GAAP, can enhance investors' and analysts' ability to meaningfully compare Exelixis' results from period to period, and to identify operating trends in Exelixis' business. Exelixis also regularly uses these non-GAAP financial measures internally to understand, manage and evaluate its business and to make operating decisions.

These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Exelixis encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP financial information and the reconciliation between these presentations, to more fully understand Exelixis' business. Reconciliations between GAAP and non-GAAP results are presented in the tables that follow.

	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
Research and development expense reconciliation:					
GAAP Research and development expense	$ 42.5	$ 44.7	$ 57.3	$ 63.3	$ 81.9
Adjustments:					
Stock-based compensation[1]	2.9	3.2	4.0	4.3	5.1
Non-GAAP Research and development expense	$ 39.6	$ 41.5	$ 53.3	$ 59.0	$ 76.8
Selling, general and administrative expense reconciliation:					
GAAP Selling, general and administrative expense	$ 51.9	$ 48.1	$ 52.4	$ 60.1	$ 58.8
Adjustments:					
Stock-based compensation[1]	6.4	6.6	8.3	8.2	9.9
Non-GAAP Selling, general and administrative expense	$ 45.5	$ 41.5	$ 44.1	$ 51.9	$ 48.9
Operating expense reconciliation:					
GAAP Operating expense	$ 100.3	$ 100.2	$ 117.0	$ 130.9	$ 148.3
Adjustments:					
Stock-based compensation - Research and development[1]	2.9	3.2	4.0	4.3	5.1
Stock-based compensation - Selling, general and administrative[1]	6.4	6.6	8.3	8.2	9.9
Total adjustments	9.3	9.8	12.3	12.5	15.1
Non-GAAP Operating expense	$ 91.1	$ 90.4	$ 104.7	$ 118.4	$ 133.2
Provision for income tax reconciliation:					
GAAP Provision for income tax	$ (0.9)	$ (2.3)	$ 243.7	$ (14.9)	$ (20.7)
Adjustments:					
Income tax benefit resulting from the release of the valuation allowance[2]	-	-	(244.1)	-	-
Income tax effect of stock-based compensation - Research and development[3]	(0.1)	(0.1)	(0.1)	(1.0)	(1.1)
Income tax effect of stock-based compensation - Selling, general and administrative[3]	(0.1)	(0.1)	(0.1)	(1.8)	(2.2)
Total adjustments	(0.2)	(0.2)	(244.3)	(2.8)	(3.4)
Non-GAAP Provision for income tax	$ (1.1)	$ (2.5)	$ (0.6)	$ (17.7)	$ (24.1)

Amounts may not sum due to rounding.

GAAP to Non-GAAP Reconciliation (continued)

(in millions, except per share amounts)

	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
Net Income reconciliation:					
GAAP Net Income	$ 87.5	$ 126.6	$ 360.1	$ 75.8	$ 79.0
Adjustments:					
Stock-based compensation - Research and development	2.9	3.2	4.0	4.3	5.1
Stock-based compensation - Selling, general and administrative	6.4	6.6	8.3	8.2	9.9
Income tax effect of the stock-based compensation adjustments	(0.2)	(0.2)	(0.2)	(2.8)	(3.4)
Income tax effect of releasing the valuation allowance	-	-	(244.1)	-	-
Total adjustments	9.1	9.6	(232.0)	9.7	11.7
Non-GAAP Net Income	$ 96.6	$ 136.2	$ 128.1	$ 85.5	$ 90.7
Net Income per share - diluted:					
GAAP Net Income per share - diluted	$ 0.28	$ 0.41	$ 1.15	$ 0.24	$ 0.25
Adjustments:					
Stock-based compensation - Research and development	0.01	0.01	0.01	0.01	0.02
Stock-based compensation - Selling, general and administrative	0.02	0.02	0.03	0.03	0.03
Income tax effect of the stock-based compensation adjustments	-	-	-	(0.01)	(0.01)
Income tax effect of releasing the valuation allowance	-	-	(0.78)	-	-
Total adjustments	0.03	0.03	(0.74)	0.03	0.04
Non-GAAP Net Income per share - diluted	$ 0.31	$ 0.44	$ 0.41	$ 0.27	$ 0.29
Shares used in computing net income per share, diluted	312.2	312.3	312.4	314.6	314.9

(1) Non-cash stock-based compensation expense used for GAAP reporting in accordance with ASC 718

(2) Represents the non-cash income tax benefit related to the release of substantially all of the valuation allowance against the company's deferred tax assets on December 31, 2018.

(3) Income tax effect on the non-cash stock-based compensation expense adjustments

Amounts may not sum due to rounding.

Collaboration Revenue

Royalty & Collaboration Revenue Detail

Amounts in millions

Partner	Compound	Description	Q218	Q318	Q418	Q119	Q219
			Revenue under 606				
Roche (Genentech)	**Cotellic**	**Profit Share & Royalties on Ex-U.S. sales**	**$ 4.2**	**$ 3.3**	**$ 3.4**	**$ 2.5**	**$ 2.7**
Ipsen Royalties	**Cabozantinib**	**Royalties on Ex-U.S. sales**	**$ 5.4**	**$ 10.3**	**$ 12.3**	**$ 14.0**	**$ 14.9**
Milestones:							
Ipsen	Cabozantinib	Amortization of Milestones Triggered prior to Q1'18	0.7	0.6	1.0	0.3	0.2
Ipsen	Cabozantinib	$50M M/S 1LRCC Approval	0.2	0.2	0.4	0.1	0.1
Ipsen	Cabozantinib	$25M M/S - Sales >$100M in 4 conseq. qtrs	25.0	-	-	-	-
Ipsen	Cabozantinib	$5M M/S 2LRCC Canada Approval	-	5.0	-	-	-
Ipsen	Cabozantinib	$40M M/S EMA 2LHCC Approval	-	36.9	0.3	0.1	-
Ipsen	Cabozantinib	$20M M/S initiation Phase 3 1LHCC	-	-	18.6	0.1	-
Takeda	Cabozantinib	$10M M/S initiation of Phase 3 1LRCC	-	-	9.3	-	-
Takeda	Cabozantinib	$10M M/S Japan NDA filing	-	-	-	9.4	0.1
Daiichi Sankyo	MR CS-3150/MINNEBRO		-	-	-	-	20.0
		Subtotal Milestones	**$ 25.9**	**$ 42.7**	**$ 29.6**	**$ 10.0**	**$ 20.4**
R&D Reimbursements & Other:							
Ipsen	Cabozantinib	R&D reimbursement and Product Supply	2.1	3.7	3.9	6.7	6.9
Ipsen	Cabozantinib	$200M Upfront fee	0.8	0.6	1.4	0.6	0.2
Takeda	Cabozantinib	R&D reimbursement and Product Supply	1.8	1.8	1.6	2.0	1.3
Takeda	Cabozantinib	$50M Upfront fee	0.1	0.1	0.2	0.1	0.1
Daiichi Sankyo	MR CS-3150/MINNEBRO		-	-	-	-	-
Daiichi Sankyo Royalties	MR CS-3150/MINNEBRO		-	-	-	-	0.1
		Subtotal R&D Reimbursments & Other	**$ 4.8**	**$ 6.2**	**$ 7.1**	**$ 9.4**	**$ 8.6**
TOTAL COLLABORATION REVENUE			**$ 40.3**	**$ 62.5**	**$ 52.4**	**$ 35.9**	**$ 46.6**

Amounts may not sum due to rounding.
On January 1, 2018, we adopted Accounting Standards Codification Topic 606 which impacted the timing of revenue recognition related to contracts with our collaboration partners.

Second Quarter 2019 Financial Results

Exelixis, Inc.

Wednesday, July 31, 2019

Nasdaq: EXEL

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