

BeOne Medicines (ONC US)

Solid 2Q results, eyes on CDK4i readouts by year-end

- **Sales of zanubrutinib remained strong.** For 1H25, BeOne reported total revenue of US\$2.43bn (+45% YoY), achieving 46% of our previous full-year forecast, in line with our expectations. In 2Q25, zanubrutinib (Zanu) sales reached US\$950mn, +49% YoY and +20% QoQ, significantly outperforming ibrutinib (+3% QoQ) and acalabrutinib (+14% QoQ). In the US, Zanu remains the top BTKi by revenue since 1Q25 and leads in new patient prescriptions across both 1L and RR CLL treatment settings. Zanu accounted for approximately 25% of new all-line CLL prescriptions in 4Q24. We see substantial upside as Zanu gains share from legacy BTK inhibitors and alternative regimens.
- **Sustained profitability with improving margins and strong cost discipline.** After reporting the first-ever GAAP profit of US\$1mn in 1Q25, BeOne delivered a significantly higher GAAP net profit of US\$94mn in 2Q25, driven by robust topline growth and enhanced operating leverage. GP margin (vs product sales) improved to 87.4% in 2Q25, up from 85.1% in 1Q25 and 84.3% in FY24. SG&A ratio was further optimized to 41.3% (vs 41.4% in 1Q25 and 48.5% in FY24), while R&D ratio declined to 40.3%, reflecting increased operational efficiency. Management has raised its GP margin guidance to the mid-to-high 80% range. We reaffirm our view that BeOne will achieve GAAP-positive operating income in FY25, and we project a full-year net profit of US\$332mn.
- **Eyes on further data readouts of CDK4 inhibitor.** BGB-43395 (CDK4 inhibitor) has shown a favourable hematologic safety profile in combo with fulvestrant for pre-treated breast cancer and solid tumors, with neutropenia incidence (grade ≥3) notably lower—8.2% in dose optimization and 16.2% in dose escalation—compared to 29–55% seen with other approved CDK4/6 inhibitors and 18.2%-23.5% with Pfizer's CDK4i atimociclib. The response data was immature with just 3.0 months of follow-up during the R&D Day data release in Jun, as CDK4/6 inhibitors typically require 3–5 months to demonstrate response. We remain confident towards the further readouts of the asset at the SABCS meeting in Dec 2025. BeOne is preparing to initiate a Ph3 trial of BGB-43395 in 2L HR+/HER2- breast cancer in early 2026, with a Ph3 trial in 1L to follow in 2026.
- **Highly competitive hematology-oncology portfolio.** Sonrotoclax (Bcl2i) offers key differentiation over venetoclax, with greater potency and selectivity, as well as a shorter half-life to minimize drug accumulation and simplify tumor lysis syndrome (TLS) monitoring. The Ph3 trial of sonrotoclax + Zanu in 1L CLL was fully enrolled in Feb. Ph3 trials in R/R MCL and R/R CLL have been initiated, with a Ph3 trial in MM in planning. BeOne has submitted NDAs for sonrotoclax in China for R/R MCL and R/R CLL, and global filing for R/R MCL is expected in 2H25, with the underlying data anticipated in 2H25. For BGB-16673 (BTK CDAC), BeOne is preparing to initiate a global Ph3 H2H superiority trial versus pirtobrutinib in CLL in 2H25. An NDA filing for BGB-16673 in R/R CLL is planned in 2026.
- **Maintain BUY.** We look forward to the data readout of CDK4i later this year. We maintain our TP unchanged at US\$359.47 (WACC: 9.64%, terminal growth rate: 3.0%).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	2,459	3,810	5,245	6,389	7,466
Net profit (US\$ mn)	(881.7)	(644.8)	331.8	912.0	1,324.5
EPS (Reported) (US\$)	(8.45)	(6.12)	2.98	8.20	11.91
R&D expenses (US\$ mn)	(1,779)	(1,953)	(2,078)	(2,044)	(2,165)
CAPEX (US\$ mn)	(562)	(493)	(200)	(200)	(200)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$359.47
(Previous TP)	US\$359.47)
Up/Downside	20.4%
Current Price	US\$298.52

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Stock Data

Mkt Cap (US\$ mn)	33,187.5
Avg 3 mths t/o (US\$ mn)	41.3
52w High/Low (US\$)	307.23/174.72
Total Issued Shares (mn)	111.2

Source: FactSet

Shareholding Structure

Amgen	19.2%
Baker Bros	9.3%

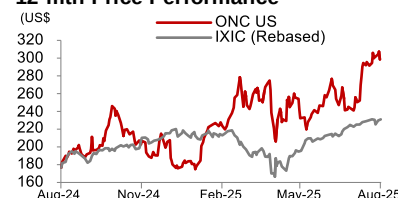
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Share Performance

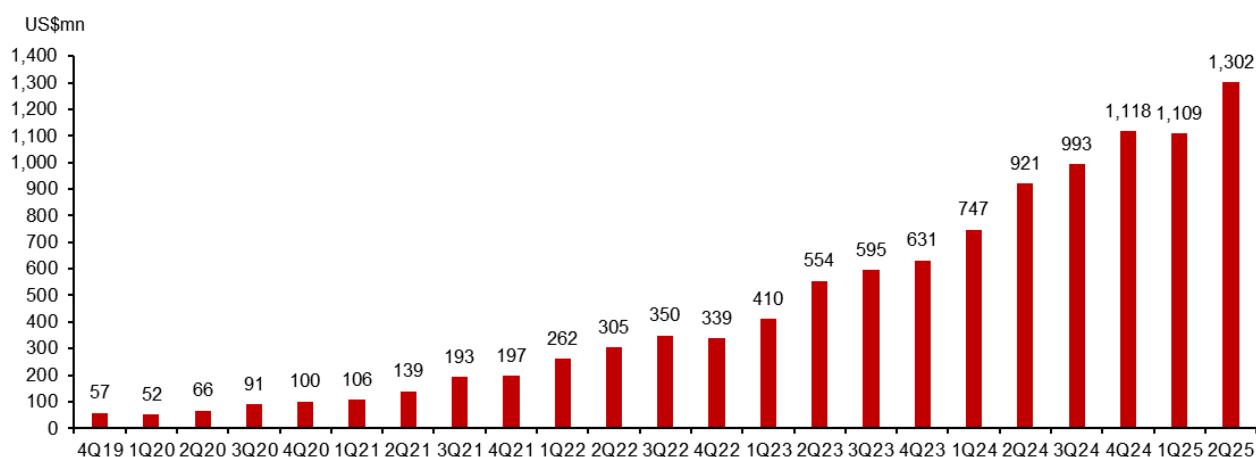
	Absolute	Relative
1-mth	23.9%	19.4%
3-mth	28.5%	7.7%
6-mth	33.6%	23.2%

Source: FactSet

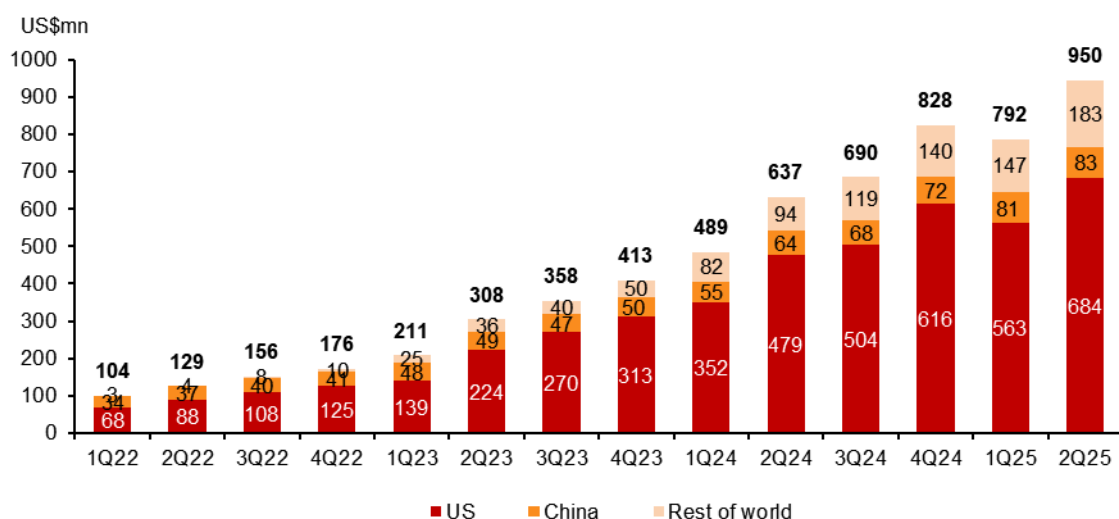
12-mth Price Performance



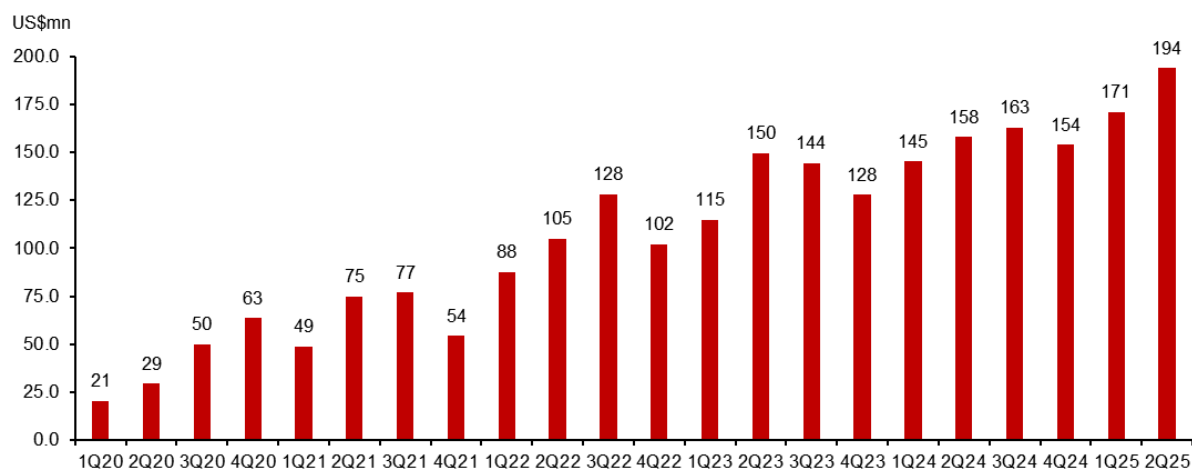
Source: FactSet

Figure 1: Quarterly product sales of BeOne

Source: Company data, CMBIGM

Figure 2: Zanubrutinib quarterly sales

Source: Company data, CMBIGM

Figure 3: Tislelizumab quarterly sales

Source: Company data, CMBIGM

Figure 4: Risk-adjusted DCF valuation

DCF valuation (US\$ mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	362	1,035	1,523	2,166	2,573	3,392	3,978	4,501	4,706	4,820	4,928
Tax rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	307	880	1,295	1,841	2,187	2,883	3,382	3,826	4,000	4,097	4,189
+ D&A	175	177	179	181	183	185	186	188	189	190	191
- Change in working capital	-47	-185	-166	-153	20	-174	-121	-104	-35	-1	13
- Capex	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200
FCFF	235	672	1,108	1,670	2,189	2,694	3,247	3,709	3,954	4,086	4,193
Terminal value											65,043
PV of enterprise (US\$ mn)	37,695										
Net debt (US\$ mn)	-2,268										
Equity value (US\$ mn)	39,964										
No. of ADS (mn)	111										
DCF per ADS (US\$)	359.47										
Terminal growth rate	3.0%										
WACC	9.64%										
Cost of equity	13.0%										
Cost of debt	4.0%										
Equity beta	1.00										
Risk-free rate	3.0%										
Market risk premium	10.0%										
Target debt to asset ratio	35.0%										
Effective corporate tax rate	15.0%										

Source: CMBIGM estimates

Figure 5: Sensitivity analysis (US\$)

Terminal growth rate	WACC				
	8.64%	9.14%	9.64%	10.14%	10.64%
4.0%	495.14	442.64	399.59	363.69	333.30
3.5%	460.61	415.51	377.90	346.08	318.83
3.0%	432.21	392.80	359.47	330.94	306.26
2.5%	408.43	373.51	343.62	317.78	295.22
2.0%	388.24	356.92	329.85	306.23	285.47

Source: CMBIGM estimates

Figure 6: CMBIGM estimate vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,245	6,389	7,466	5,155	6,210	7,114	2%	3%	5%
Gross profit	4,570	5,571	6,525	4,409	5,367	6,176	4%	4%	6%
Operating profit	362	1,035	1,523	196	719	1,250	85%	44%	22%
Net profit	332	912	1,324	197	704	1,170	69%	30%	13%
EPS (US\$)	2.98	8.20	11.91	1.72	5.75	8.41	73%	43%	42%
Gross Margin	87.12%	87.20%	87.40%	85.52%	86.42%	86.82%	+1.60 ppt	+0.78 ppt	+0.58 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Revenue	1,416	2,459	3,810	5,245	6,389	7,466
Cost of goods sold	(286)	(380)	(594)	(675)	(818)	(941)
Gross profit	1,129	2,079	3,216	4,570	5,571	6,525
Operating expenses	(2,919)	(3,287)	(3,784)	(4,208)	(4,536)	(5,002)
SG&A expense	(1,278)	(1,505)	(1,831)	(2,130)	(2,492)	(2,837)
R&D expense	(1,641)	(1,779)	(1,953)	(2,078)	(2,044)	(2,165)
Others	(1)	(4)	0	0	0	0
Other income	(171)	382	35	29	38	35
Pre-tax profit	(1,961)	(826)	(533)	390	1,073	1,558
Income tax	(43)	(56)	(112)	(59)	(161)	(234)
Minority interest	0	0	0	0	0	0
Net profit	(2,004)	(882)	(645)	332	912	1,324
Adjusted net profit	(2,004)	(882)	(645)	332	912	1,324

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Current assets	5,207	4,203	3,992	4,693	5,755	7,317
Cash & equivalents	3,870	3,172	2,627	3,286	4,090	5,428
Account receivables	173	358	676	705	867	1,013
Inventories	282	416	495	509	605	683
Financial assets at FVTPL	665	3	0	0	0	0
Other current assets	217	255	193	193	193	193
Non-current assets	1,172	1,602	1,929	1,955	1,978	1,998
PP&E	846	1,324	1,578	1,604	1,627	1,648
Deferred income tax	0	0	0	0	0	0
Intangibles	41	57	51	51	51	51
Other non-current assets	286	221	300	300	300	300
Total assets	6,379	5,805	5,921	6,648	7,733	9,316
Current liabilities	1,469	1,810	2,215	2,210	2,283	2,341
Short-term borrowings	329	688	852	852	852	852
Account payables	295	315	405	400	473	531
Tax payable	25	23	26	26	26	26
Other current liabilities	820	784	932	932	932	932
Non-current liabilities	527	458	374	374	74	(126)
Long-term borrowings	209	198	166	166	(134)	(334)
Deferred income	42	0	0	0	0	0
Other non-current liabilities	276	260	207	207	207	207
Total liabilities	1,996	2,268	2,589	2,584	2,357	2,215
Share capital	11,541	11,599	12,088	12,488	12,888	13,288
Retained earnings	(7,080)	(7,962)	(8,607)	(8,275)	(7,363)	(6,039)
Other reserves	(77)	(99)	(149)	(149)	(149)	(149)
Total shareholders equity	4,383	3,537	3,332	4,064	5,376	7,100
Minority interest	0	0	0	0	0	0
Total equity and liabilities	6,379	5,805	5,921	6,648	7,733	9,316

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(1,961)	(826)	(533)	390	1,073	1,558
Depreciation & amortization	66	88	172	175	177	179
Tax paid	(43)	(56)	(112)	(59)	(161)	(234)
Others	441	(363)	332	353	215	234
Net cash from operations	(1,497)	(1,157)	(141)	859	1,304	1,738
Investing						
Capital expenditure	(325)	(562)	(493)	(200)	(200)	(200)
Acquisition of subsidiaries/ investments	(17)	(17)	(22)	0	0	0
Net proceeds from disposal of short-term investments	1,564	673	3	0	0	0
Others	(144)	(34)	(36)	0	0	0
Net cash from investing	1,077	60	(548)	(200)	(200)	(200)
Financing						
Net borrowings	351	684	877	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(370)	(268)	(684)	0	(300)	(200)
Net cash from financing	(19)	416	193	0	(300)	(200)
Net change in cash						
Cash at the beginning of the year	4,383	3,875	3,186	2,627	3,286	4,090
Exchange difference	(69)	(8)	(52)	0	0	0
Cash at the end of the year	3,875	3,186	2,639	3,286	4,090	5,428
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	20.4%	73.7%	55.0%	37.7%	21.8%	16.9%
Gross profit	11.7%	84.1%	54.7%	42.1%	21.9%	17.1%
Net profit	na	na	na	na	174.9%	45.2%
Adj. net profit	na	na	na	na	174.9%	45.2%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	79.8%	84.5%	84.4%	87.1%	87.2%	87.4%
Adj. net profit margin	(141.5%)	(35.9%)	(16.9%)	6.3%	14.3%	17.7%
Return on equity (ROE)	(37.7%)	(22.3%)	(18.8%)	9.0%	19.3%	21.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.9)	(0.7)	(0.5)	(0.6)	(0.6)	(0.7)
Current ratio (x)	3.5	2.3	1.8	2.1	2.5	3.1
Receivable turnover days	84.6	39.4	49.5	49.5	49.5	49.5
Inventory turnover days	334.4	335.5	279.9	274.9	269.9	264.9
Payable turnover days	355.0	293.0	221.2	216.2	211.2	206.2
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	100.0	36.4	25.1
P/E (diluted)	ns	ns	ns	100.0	36.4	25.1
P/B	91.3	114.5	122.6	106.2	80.3	60.8

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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