

Hansoh Pharma (3692 HK)

Stronger-than-expected BD income in 1H25

- **Hansoh booked strong BD income in 1H25.** Hansoh's revenue reached RMB7.43bn (+14.3% YoY) and attributable net income was RMB3.14bn (+33.4% YoY) in 1H25, accounting for 56% and 72% of our previous full-year expectation, respectively. Product sales grew 15.0% YoY to RMB10.69bn, driven by strong momentum in innovative drugs, especially aumolertinib. Excluding collaboration revenue, sales of innovative drugs rose by 23.7% YoY to RMB4.49bn (44% of our previous full-year estimate). We remain confident that Hansoh is on track to achieve its FY25 target of over RMB10bn in innovative drug sales, representing 25%+ YoY growth. Hansoh booked RMB1.66bn BD income in 1H25, which was mainly contributed by the upfront payment from MSD and milestone payment from GSK. Hansoh is scheduled to record another US\$80mn upfront payment from Regeneron in 2H25.
- **Sustainable profit from overseas out-licensing.** Following out-licensing of two ADC assets to GSK in 2023, Hansoh granted rights to HS-10535 (oral GLP-1) to MSD in late 2024. Most recently, in Jun 2025, Hansoh out-licensed its GLP-1/GIP asset (HS-20094) to Regeneron. In 1H25, 8 assets entered clinic, including BTK inhibitor, EGFR/c-Met ADC, SEZ6 ADC, KRAS G12D inhibitor, and PCSK9 mAb. With a robust innovative pipeline, we expect out-licensing to be a sustainable source of profit for Hansoh.
- **Development progress for innovative assets remains on track.** HS-20093 (B7-H3 ADC) is currently undergoing Ph3 trials for 2L SCLC in both China and overseas, along with a separate Ph3 trial in osteosarcoma in China. HS-20089 (B7-H4 ADC), one of the leading global candidates in its class, has entered Ph3 trials in China for ovarian cancer, while GSK is conducting Ph1/2 studies overseas, with pivotal trials planned for 2026. HS-10535 (oral GLP-1) is expected to enter clinical trials under MSD's development this year. HS-20094 (GLP-1/GIP) has advanced to a Ph3 trial in China for obesity, and Regeneron plans to initiate its Ph3 study in 2026.
- **Further sales growth from aumolertinib supported by indication expansion.** We expect aumolertinib to deliver strong sales growth driven by ongoing market share gains in 1L NSCLC and approvals of new indications. Aumolertinib may have two additional NRDL inclusions in early 2026: adjuvant therapy and maintenance therapy for locally advanced EGFRm NSCLC. Aumolertinib is the first domestic EGFR-TKI approved for these two indications. The NDA for aumolertinib in combo with chemo for 1L NSCLC is anticipated to be approved in 2H25. In parallel, aumolertinib is being assessed in multiple Ph3 studies to combo with c-Met inhibitor and EGFR/c-Met bsAb. Overall, we believe aumolertinib will achieve the sales target of RMB6.0bn in 2025, with its peak sales to exceed RMB8.0bn.
- **Maintain BUY.** We expect Hansoh's revenue to grow 20%/4% YoY in FY25E/26E. We think BD income will become sustainable in the future. We expect Hansoh's net profit to increase 14% / decrease 2.7% in FY25E and FY26E, respectively. We raised our DCF-based TP from HK\$25.24 to HK\$45.26 (WACC: 8.13%, terminal growth rate: 4.5%), to reflect stronger-than-expected BD income.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	10,104	12,261	14,749	15,329	17,680
YoY growth (%)	7.7	21.3	20.3	3.9	15.3
Net profit (RMB mn)	3,277.5	4,371.8	4,985.0	4,850.2	6,231.4
YoY growth (%)	26.9	33.4	14.0	(2.7)	28.5
EPS (Reported) (RMB)	0.55	0.74	0.84	0.82	1.05
P/E (x)	64.4	48.3	42.5	43.7	34.0
R&D expenses (RMB mn)	(2,097)	(2,702)	(3,380)	(3,290)	(3,242)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$45.26
(Previous TP)	HK\$25.24)
Up/Downside	16.6%
Current Price	HK\$38.82

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Stock Data

Mkt Cap (HK\$ mn)	230,868.4
Avg 3 mths t/o (HK\$ mn)	351.7
52w High/Low (HK\$)	38.82/16.22
Total Issued Shares (mn)	5947.2

Source: FactSet

Shareholding Structure

Sunrise Trust Trustee	65.7%
JQC International Limited	16.0%

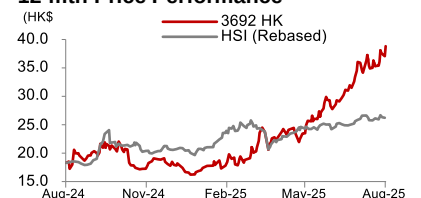
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	7.7%	6.4%
3-mth	65.2%	53.4%
6-mth	110.5%	92.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: DCF valuation

DCF Valuation (in RMB mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	5,009	5,023	6,696	7,949	9,554	11,632	13,217	14,433	15,115	15,625	15,781
Tax rate	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
EBIT*(1-tax rate)	4,306	4,319	5,757	6,834	8,213	10,000	11,363	12,409	12,995	13,433	13,567
+ D&A	39	39	39	39	39	39	39	39	39	39	39
- Change in working capital	-682	-84	-544	-513	-581	-656	-372	-108	53	114	165
- Capex	-400	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200
FCFF	3,263	4,073	5,052	6,159	7,471	9,183	10,830	12,140	12,887	13,386	13,571
Terminal value											391,071
Terminal growth rate	4.5%										
WACC	8.13%										
Cost of Equity	10.9%										
Cost of Debt	3.5%										
Equity Beta	0.84										
Risk Free Rate	2.5%										
Market Risk Premium	10.0%										
Target Debt to Asset ratio	35.0%										
Effective Corporate Tax Rate	15.0%										
Present value of enterprise (RMB mn)	222,408										
Net debt (RMB mn)	-24,701										
Equity value (RMB mn)	247,108										
No. of shares (mn)	5,947										
DCF per shares (RMB)	41.55										
DCF per share (HK\$)	45.26										

Source: CMBIGM estimates

Figure 2: Sensitivity analysis

		WACC				
		7.13%	7.63%	8.13%	8.63%	9.13%
Terminal growth	5.5%	91.22	70.21	57.21	48.38	41.99
	5.0%	73.17	59.54	50.28	43.59	38.52
	4.5%	61.98	52.28	45.26	39.95	35.80
	4.0%	54.38	47.02	41.46	37.11	33.61
	3.5%	48.87	43.04	38.48	34.82	31.82

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates: New vs Old

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	14,749	15,329	17,680	13,247	14,482	17,014	11%	6%	4%
Gross profit	13,372	13,899	16,108	12,004	13,090	15,470	11%	6%	4%
Operating profit	5,798	5,642	7,248	4,971	4,978	6,230	17%	13%	16%
Attributable net profit	4,985	4,850	6,231	4,274	4,280	5,356	17%	13%	16%
EPS (RMB)	0.84	0.82	1.05	0.72	0.72	0.90	16%	13%	16%
Gross margin	90.66%	90.67%	91.11%	90.61%	90.39%	90.92%	+0.05 ppt	+0.28 ppt	+0.19 ppt
Operating margin	39.31%	36.80%	41.00%	37.53%	34.38%	36.61%	+1.79 ppt	+2.43 ppt	+4.38 ppt
Net margin	33.80%	31.64%	35.25%	32.26%	29.55%	31.48%	+1.54 ppt	+2.09 ppt	+3.77 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs Consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	14,749	15,329	17,680	14,008	15,252	17,125	5%	1%	3%
Gross profit	13,372	13,899	16,108	12,732	13,834	15,537	5%	0%	4%
Operating profit	5,798	5,642	7,248	4,799	5,192	6,051	21%	9%	20%
Attributable net profit	4,985	4,850	6,231	4,715	5,047	5,785	6%	-4%	8%
EPS (RMB)	0.84	0.82	1.05	0.80	0.86	0.99	5%	-5%	6%
Gross margin	90.66%	90.67%	91.11%	90.89%	90.70%	90.73%	-0.22 ppt	-0.03 ppt	+0.38 ppt
Operating margin	39.31%	36.80%	41.00%	34.26%	34.04%	35.33%	+5.06 ppt	+2.76 ppt	+5.66 ppt
Net margin	33.80%	31.64%	35.25%	33.66%	33.09%	33.78%	+0.14 ppt	-1.45 ppt	+1.46 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	9,382	10,104	12,261	14,749	15,329	17,680
Cost of goods sold	(867)	(1,031)	(1,105)	(1,377)	(1,430)	(1,572)
Gross profit	8,515	9,073	11,155	13,372	13,899	16,108
Selling expense	(3,550)	(3,531)	(3,796)	(4,381)	(4,863)	(5,350)
Admin expense	(597)	(710)	(713)	(739)	(858)	(956)
R&D expense	(1,693)	(2,097)	(2,702)	(3,380)	(3,290)	(3,242)
Other income	449	1,125	1,133	928	757	691
Other gains/(losses)	(117)	(27)	13	0	0	0
Net Interest income/(expense)	(58)	(67)	(7)	(2)	(2)	(2)
Pre-tax profit	2,948	3,766	5,085	5,798	5,642	7,248
Income tax	(365)	(489)	(713)	(813)	(791)	(1,017)
After tax profit	2,584	3,278	4,372	4,985	4,850	6,231
Net profit	2,584	3,278	4,372	4,985	4,850	6,231

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	25,832	28,883	27,442	30,341	33,342	37,256
Cash & equivalents	17,615	22,435	22,622	24,819	27,726	31,071
Account receivables	3,578	3,214	3,170	3,759	3,823	4,312
Inventories	448	576	651	764	794	873
Prepayment	182	236	235	235	235	235
Financial assets at FVTPL	2,544	512	17	17	17	17
Other current assets	1,464	1,910	747	747	747	747
Non-current assets	4,170	4,156	4,216	4,577	4,738	4,899
PP&E	3,196	3,045	2,805	3,205	3,405	3,605
Right-of-use assets	254	235	442	417	391	365
Intangibles	33	177	245	232	219	206
Other non-current assets	687	699	724	724	724	724
Total assets	30,002	33,039	31,658	34,918	38,080	42,155
Current liabilities	2,620	6,863	2,695	2,715	2,724	2,749
Short-term borrowings	0	0	0	0	0	0
Account payables	222	164	218	238	247	271
Other current liabilities	91	4,269	88	88	88	88
Lease liabilities	16	16	16	16	16	16
Contract liabilities	25	38	19	19	19	19
Accrued expenses	2,266	2,376	2,355	2,355	2,355	2,355
Non-current liabilities	4,735	381	283	283	283	283
Convertible bonds	4,283	40	0	0	0	0
Deferred income	351	255	200	200	200	200
Other non-current liabilities	102	87	83	83	83	83
Total liabilities	7,355	7,244	2,978	2,998	3,007	3,032
Share capital	0	0	0	0	0	0
Other reserves	22,647	25,795	28,680	31,920	35,073	39,123
Total shareholders equity	22,647	25,795	28,680	31,920	35,073	39,123
Total equity and liabilities	30,002	33,039	31,658	34,918	38,080	42,155

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,948	3,766	5,085	5,798	5,642	7,248
Depreciation & amortization	316	335	362	0	0	0
Tax paid	(324)	(590)	(807)	(813)	(791)	(1,017)
Change in working capital	(306)	257	36	(682)	(84)	(544)
Others	107	(652)	(815)	(650)	(479)	(413)
Net cash from operations	2,741	3,116	3,862	3,652	4,287	5,275
Investing						
Capital expenditure	(273)	(220)	(222)	(400)	(200)	(200)
Acquisition of subsidiaries/ investments	(186)	(239)	(109)	0	0	0
Net proceeds from disposal of short-term investments	(5,411)	1,418	(765)	692	520	455
Others	(65)	114	(296)	0	0	0
Net cash from investing	(5,935)	1,074	(1,392)	292	320	255
Financing						
Dividend paid	(712)	(652)	(1,858)	(1,745)	(1,698)	(2,181)
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	(77)	(115)	(34)	0	0	0
Others	(29)	13	(4,174)	(2)	(2)	(2)
Net cash from financing	(818)	(754)	(6,066)	(1,747)	(1,700)	(2,183)
Net change in cash						
Cash at the beginning of the year	6,719	2,666	5,981	2,323	4,520	7,427
Exchange difference	(41)	(122)	(62)	0	0	0
Cash at the end of the year	2,666	5,981	2,322	4,520	7,427	10,773
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(5.6%)	7.7%	21.3%	20.3%	3.9%	15.3%
Gross profit	(6.1%)	6.5%	23.0%	19.9%	3.9%	15.9%
Net profit	(4.8%)	26.9%	33.4%	14.0%	(2.7%)	28.5%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	90.8%	89.8%	91.0%	90.7%	90.7%	91.1%
Return on equity (ROE)	12.1%	13.5%	16.1%	16.5%	14.5%	16.8%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	9.9	4.2	10.2	11.2	12.2	13.6
Receivable turnover days	141.1	122.7	95.0	93.0	91.0	89.0
Inventory turnover days	180.6	181.2	202.6	202.6	202.6	202.6
Payable turnover days	99.1	68.3	63.0	63.0	63.0	63.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	81.6	64.4	48.3	42.5	43.7	34.0
P/E (diluted)	81.8	65.5	48.5	42.5	43.7	34.0
P/B	9.3	8.2	7.4	6.6	6.0	5.4

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

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