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CMB International Global Markets | Equity Research | Company Update

招银国际 CMB INTERNATIONAL

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Akeso (9926 HK)

Eyes on Harmoni-3 readout in 2H26

Akeso reported product sales of RMB1.8bn in 1H26, equivalent to 37% of our previous FY26 forecast, below our expectations despite broader NRDL coverage from Jan 2026. Newly added reimbursed indications included cadonilimab in 1L GC and 1L CC on top of prior 2L+ CC, with a 19% price cut, as well as ivonescimab in 1L PD-L1+ NSCLC in addition to prior 2L+ EGFRm NSCLC, with no price cut. Gross margin declined to 74.2% in 1H26 from 79.4% in FY25, mainly due to the cadonilimab NRDL price adjustment. That said, operating leverage continued to improve, with the SG&A ratio falling to 52.9% from 56.7% in FY25, while the company also delivered a narrower attributable net loss of RMB424mn versus RMB570mn loss in 1H25. We look forward to ivonescimab's upcoming pivotal data readouts, and maintain our BUY rating on Akeso with a target price of HK$138.42.

- **HARMONi-3 remains the key catalyst in 2H26**. In 1L sq-NSCLC, the updated label from the China HARMONi-6 trial showed mPFS of 12.48 vs 8.31 months (HR 0.72) for ivonescimab + chemo versus tislelizumab + chemo, versus the previously disclosed 11.1 months vs 6.9 months (HR 0.60). Overseas, the first interim PFS analysis of global HARMONi-3 did not meet statistical significance, but the study remains blinded and ongoing, with Summit guiding to a final PFS readout in 2H26, alongside interim OS analyses. We view this readout as a pivotal event for further validating whether China's efficacy can be replicated in Western patients. Separately, the FDA is expected to issue a decision by 14 Nov 2026 on ivonescimab's 2L EGFRm NSCLC BLA. With longer follow-up from the underlying HARMONi study showing consistent OS HRs of 0.76 in both Asian and Western subgroups, we believe the probability of approval has improved. In addition, the China HARMONi-GI1 Ph3 study in 1L BTC recently met OS endpoint versus durvalumab + chemo, with detailed data readout at ESMO.
- **Increasingly well positioned in the emerging IO 2.0 + ADC paradigm.** Ivonescimab is increasingly emerging as a partner of choice in combination strategies across both proprietary and partnered assets. Akeso's in-house HER3 ADC (AK138D1) and TROP2/Nectin-4 ADC (AK146D1) have entered Ph2, including combination studies with ivonescimab in solid tumors since 2Q26. On the partnership front, ivonescimab is being advanced in combination with multiple ADCs, including GSK's B7-H3 ADC (Ph1/2 to start in Sep 2026), Pfizer's Padcev (Ph2/3 in 1L UC to start in 4Q26), Biokin's EGFR/HER3 ADC (Ph2/3 in 1L sq-NSCLC to start in Aug 2026), and Alphamab's TROP2/HER3 ADC. Beyond ADCs, ivonescimab is also being explored in combination with RAS(ON) inhibitors (Ph1/2 initiated in 1Q26), as well as CD47 mAbs, HIF-2α inhibitors, and FGFR inhibitors. We believe this broad combination strategy could further strengthen ivonescimab's long-term clinical and commercial potential. In parallel, cadonilimab is also being evaluated in combination with multiple ADCs and other novel agents.
- **Maintain BUY**. We look ahead to upcoming ivonescimab data catalysts, particularly the HARMONi-3 PFS readout. Reflecting the lower-than-expected product sales in 1H26, we revise our TP from HK$185.80 to HK$138.42 (WACC: 9.67%, terminal growth: 4.0%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	2,124	3,056	4,354	7,534	9,875
YoY growth (%)	(53.1)	43.9	42.5	73.0	31.1
Net profit (RMB mn)	(501.1)	(1,140.8)	(632.3)	672.5	1,434.7
EPS (Reported) (RMB)	(0.59)	(1.26)	(0.69)	0.73	1.56
R&D expenses (RMB mn)	(1,188)	(1,575)	(1,776)	(2,340)	(2,695)
Admin expenses (RMB mn)	(204)	(296)	(385)	(594)	(781)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$138.42**
(Previous TP	HK$185.80)
Up/Downside	**45.2%**
Current Price	**HK$95.35**

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Stock Data

Mkt Cap (HK$ mn)	87,831.0
Avg 3 mths t/o (HK$ mn)	1,401.3
52w High/Low (HK$)	158.00/82.95
Total Issued Shares (mn)	921.1

Source: FactSet

Shareholding Structure

Green Court Capital	4.7%
Vanguard	5.4%

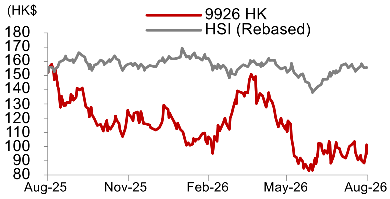
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-0.7%	-1.7%
3-mth	-13.6%	-15.6%
6-mth	-10.8%	-7.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	**-881**	**692**	**1,588**	**3,158**	**5,260**	**7,212**	**9,676**	**10,907**	**11,765**	**12,601**
Tax rate	*0%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	-881	588	1,350	2,684	4,471	6,130	8,225	9,271	10,000	10,711
+ D&A	251	243	235	228	222	216	210	205	199	195
- Change in working capital	-261	-281	-422	-466	-528	-260	-58	-71	148	239
- Capex	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
FCFF	**-991**	**451**	**1,064**	**2,346**	**4,065**	**5,986**	**8,277**	**9,304**	**10,248**	**11,045**
Terminal value										**202,671**
FCF + Terminal value	**-991**	**451**	**1,064**	**2,346**	**4,065**	**5,986**	**8,277**	**9,304**	**10,248**	**213,716**

Present value of enterprise (RMB mn)	106,083
Net debt (RMB mn)	-3,437
Non-controlling interests (RMB mn)	-133
Equity value (RMB mn)	**109,653**
No. of shares (mn)	921
DCF per shares (RMB)	**119.04**
DCF per shares (HK$)	**138.42**
Terminal growth rate	**4.0%**
WACC	**9.67%**
Cost of Equity	13.5%
Cost of Debt	3.0%
Equity Beta	1.0
Risk Free Rate	3.5%
Market Risk Premium	10.0%
Target Debt to Asset ratio	35.0%
Effective Corporate Tax Rate	15.0%

Source: CMBIGM estimates. Note: We have revisited the company's WACC assumptions in light of recent market dynamics and revised them from the previous WACC of 8.37% and terminal growth rate of 4.5%.

Figure 2: Sensitivity analysis (HK$)

	WACC				
Terminal growth rate	**8.67%**	**9.17%**	**9.67%**	**10.17%**	**10.67%**
5.0%	212.89	184.00	161.39	143.24	128.36
4.5%	191.31	167.72	148.79	133.28	120.35
4.0%	174.35	154.60	**138.42**	124.94	113.55
3.5%	160.67	143.79	129.73	117.85	107.69
3.0%	149.41	134.73	122.34	111.74	102.59

Source: CMBIGM estimates

Figure 3: CMBIGM estimates revision

	New			Old			Diff(%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,354	7,534	9,875	5,010	8,679	11,455	-13%	-13%	-14%
Gross profit	3,299	6,064	8,034	3,879	7,039	9,396	-15%	-14%	-14%
Operating profit	-881	692	1,588	-975	765	1,825	NA	-9%	-13%
Net profit	-632	673	1,435	-734	725	1,625	NA	-7%	-12%
EPS (RMB)	(0.69)	0.73	1.56	(0.80)	0.79	1.76	NA	-7%	-12%
Gross margin	75.77%	80.48%	81.35%	77.43%	81.10%	82.02%	-1.65 ppt	-0.62 ppt	-0.67 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff(%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,354	7,534	9,875	4,554	6,840	8,878	-4%	10%	11%
Gross profit	3,299	6,064	8,034	3,659	5,830	7,744	-10%	4%	4%
Operating profit	-881	692	1,588	-335	947	2,359	NA	-27%	-33%
Net profit	-632	673	1,435	-452	533	1,654	NA	26%	-13%
EPS (RMB)	(0.69)	0.73	1.56	(0.49)	0.58	1.80	NA	26%	-13%
Gross margin	75.77%	80.48%	81.35%	80.35%	85.23%	87.23%	-4.57 ppt	-4.75 ppt	-5.88 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**4,526**	**2,124**	**3,056**	**4,354**	**7,534**	**9,875**
Cost of goods sold	(133)	(289)	(652)	(1,055)	(1,471)	(1,841)
Gross profit	**4,393**	**1,835**	**2,404**	**3,299**	**6,064**	**8,034**
Operating expenses	**(2,363)**	**(2,268)**	**(3,414)**	**(3,826)**	**(5,109)**	**(6,164)**
Selling expense	(890)	(1,002)	(1,436)	(1,825)	(2,244)	(2,776)
Admin expense	(200)	(204)	(296)	(385)	(594)	(781)
R&D expense	(1,254)	(1,188)	(1,575)	(1,776)	(2,340)	(2,695)
Others	(19)	125	(106)	160	69	87
Operating profit	**1,862**	**(667)**	**(1,309)**	**(881)**	**692**	**1,588**
Net Interest income/(expense)	**(87)**	**(68)**	**(131)**	**(137)**	**(137)**	**(137)**
Pre-tax profit	**1,943**	**(501)**	**(1,141)**	**(663)**	**818**	**1,733**
Income tax	(0)	0	0	0	(123)	(260)
After tax profit	**1,942**	**(501)**	**(1,141)**	**(663)**	**696**	**1,473**
Minority interest	(86)	0	0	(31)	23	38
Net profit	**2,028**	**(501)**	**(1,141)**	**(632)**	**673**	**1,435**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**5,677**	**8,692**	**11,277**	**10,444**	**11,179**	**12,516**
Cash & equivalents	1,542	6,918	8,822	7,993	8,360	9,203
Account receivables	296	525	1,022	1,059	1,680	2,265
Inventories	392	707	932	891	638	546
Prepayment	95	116	152	152	152	152
Financial assets at FVTPL	852	426	349	349	349	349
Other current assets	2,500	0	0	0	0	0
Non-current assets	**3,504**	**4,063**	**4,723**	**4,573**	**4,430**	**4,294**
PP&E	2,824	3,231	3,880	3,747	3,621	3,503
Right-of-use assets	338	320	319	301	284	267
Intangibles	6	12	19	19	19	19
Financial assets at FVTPL	12	16	23	23	23	23
Other non-current assets	30	87	166	166	166	166
Total assets	**9,181**	**12,755**	**16,000**	**15,016**	**15,609**	**16,810**
Current liabilities	**1,205**	**1,687**	**2,195**	**1,874**	**1,906**	**1,922**
Short-term borrowings	391	535	586	586	586	586
Account payables	355	425	452	131	163	178
Other current liabilities	445	716	1,151	1,151	1,151	1,151
Lease liabilities	15	10	7	7	7	7
Non-current liabilities	**3,458**	**4,315**	**4,859**	**4,859**	**4,859**	**4,859**
Long-term borrowings	2,577	3,406	3,955	3,955	3,955	3,955
Deferred income	240	290	323	323	323	323
Other non-current liabilities	9	1	9	9	9	9
Total liabilities	**4,662**	**6,001**	**7,054**	**6,734**	**6,765**	**6,781**
Share capital	0	0	0	0	0	0
Other reserves	4,692	6,814	9,048	8,416	8,954	10,101
Total shareholders equity	**4,692**	**6,814**	**9,048**	**8,416**	**8,954**	**10,101**
Minority interest	(174)	(60)	(102)	(133)	(110)	(72)
Total equity and liabilities	**9,181**	**12,755**	**16,000**	**15,016**	**15,609**	**16,810**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**1,943**	**(501)**	**(1,141)**	**(663)**	**818**	**1,733**
Depreciation & amortization	143	194	262	251	243	235
Tax paid	0	0	0	0	(123)	(260)
Change in working capital	418	(200)	(606)	(261)	(281)	(422)
Others	(36)	(20)	537	81	81	81
Net cash from operations	**2,468**	**(528)**	**(948)**	**(593)**	**738**	**1,367**
Investing						
Capital expenditure	(719)	(586)	(777)	(100)	(100)	(100)
Net proceeds from disposal of short-term investments	(3,055)	(1,024)	(3,345)	0	0	0
Others	(223)	87	9	0	0	0
Net cash from investing	**(3,997)**	**(1,523)**	**(4,113)**	**(100)**	**(100)**	**(100)**
Financing						
Dividend paid	0	0	0	0	(135)	(287)
Net borrowings	1,099	962	655	0	0	0
Proceeds from share issues	(3)	2,823	3,179	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(135)	(396)	(375)	(137)	(137)	(137)
Net cash from financing	**961**	**3,389**	**3,458**	**(137)**	**(271)**	**(424)**
Net change in cash						
Cash at the beginning of the year	2,092	1,542	6,918	8,822	7,993	8,360
Exchange difference	19	35	(33)	0	0	0
Cash at the end of the year	**1,542**	**6,918**	**8,822**	**7,993**	**8,360**	**9,203**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	440.3%	(53.1%)	43.9%	42.5%	73.0%	31.1%
Gross profit	490.8%	(58.2%)	31.0%	37.2%	83.8%	32.5%
Operating profit	na	na	na	na	na	129.5%
Net profit	na	na	na	na	na	113.3%
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	97.1%	86.4%	78.7%	75.8%	80.5%	81.4%
Operating margin	41.1%	(31.4%)	(42.8%)	(20.2%)	9.2%	16.1%
Return on equity (ROE)	55.4%	(8.7%)	(14.4%)	(7.2%)	7.7%	15.1%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Current ratio (x)	4.7	5.2	5.1	5.6	5.9	6.5
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	33.8	ns	ns	ns	111.9	52.5
P/B	15.2	10.3	8.2	9.1	8.5	7.5

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

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