Jacobio (1167 HK)

Differentiated safety and promising efficacy of JAB-23E73 further validated

BUY (Maintain)

Target Price	**HK$10.34**
(Previous TP	HK$10.34)
Up/Downside	**72.3%**
Current Price	**HK$6.00**

China Healthcare

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Stock Data

Mkt Cap (HK$ mn)	4,750.5
Avg 3 mths t/o (HK$ mn)	15.3
52w High/Low (HK$)	11.60/4.12
Total Issued Shares (mn)	791.8

Source: FactSet

Shareholding Structure

Center Venture	10.1%
Wang Yinxiang	18.2%

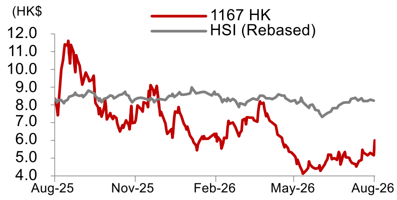
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	19.3%	16.7%
3-mth	12.8%	13.2%
6-mth	-5.8%	-1.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Jacobio's core investment case continues to strengthen following the latest clinical update for JAB-23E73, its differentiated pan-KRAS small-molecule inhibitor. Updated data further validate the asset's compelling antitumor activity and favorable tolerability, which we believe distinguishes it from competing pan-RAS approaches. Backed by first-mover positioning, a cleaner intellectual property pathway, and manufacturing advantage as a small molecule, we view JAB-23E73 as a potential blockbuster asset. Meanwhile, Jacobio's financial position remains solid: the Company reported RMB731mn revenue in 1H26, primarily driven by the AstraZeneca US$100mn upfront payment, and received an additional RMB14.5mn from Allist related to partnership on KRAS G12C and SHP2 inhibitors. As of 1H26, Jacobio held RMB1.68bn in cash with debt below RMB100mn, providing ample support for business operations and underpinning valuation. We maintain BUY with an unchanged target price of HK$10.34.

- **Promising efficacy signal in PDAC continues to strengthen.** With broader patient enrollment, JAB-23E73 has continued to show encouraging activity in PDAC. As of Aug 2026, among the 86 enrolled patients in China, the ORR reached 38.5% (10/26) in second-line PDAC and 23.8% (5/21) in third-line or later patients. We view the 2L efficacy signal as particularly notable as it compares favorably with RMC-6236's 31.6% ORR in 2L RAS-mutant PDAC in its PhIII RASolute302 trial. Importantly, the consistency versus the Jan 2026 update (n=42) supports the reproducibility of the efficacy signal as dataset maturity improves.
- **Highly differentiated safety profile supports combination optionality.** We believe tolerability remains the most compelling differentiator for JAB-23E73. In the latest update, the Grade ≥3 TRAE rate was 14.0%, only slightly above the prior 11.9% level and still materially below the 43.6% reported for RMC-6236 in its PhIII trial in 2L PDAC. Notably, no Grade ≥3 gastrointestinal toxicities were reported with JAB-23E73, while RMC-6236 showed single-digit Grade ≥3 diarrhea, nausea, and vomiting. JAB-23E73 demonstrated a clear advantage in rash and mucositis/ stomatitis, with 0% Grade ≥3 incidence in both categories, vs RMC-6236's 14% and 12%, respectively. With Revolution's pan-RAS reporting promising clinical data in combo with KRAS G12D inhibitor (link) and PRMT5 inhibitor (link), we expect JAB-23E73's favorable safety profile to expand its strategic value, especially in combination regimens and potential first-line settings.
- **Global development moves as expected.** In China, Jacobio is advancing a PhIb/III study of JAB-23E73 combined with chemo in 1L PDAC, while mgmt. aims to initiate a pivotal monotherapy trial in 2L PDAC in 2H26. The US PhI study is also ongoing, and we expect AstraZeneca may potentially launch global development in late 2026 or 2027, which could be a strong catalyst for Jacobio, in our view. Beyond JAB-23E73, Jacobio has planned 2H26 IND submissions for its HER2-Sting agonist iADC and EGFR-KRAS G12D tADC, while it is also developing a next-generation pan-RAS molecule glue inhibitor tADC with future potential to combo with JAB-23E73.
- **Maintain BUY.** We believe JAB-23E73 (pan-KRAS) is potentially an underestimated blockbuster asset. We maintain our TP unchanged at HK$10.34 (WACC: 12.58%, terminal growth rate: 2.0%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	156	54	782	502	531
Net profit (RMB mn)	(164.1)	(146.0)	574.8	195.5	50.7
R&D expenses (RMB)	(330)	(189)	(200)	(300)	(398)
Admin expenses (RMB mn)	(43)	(34)	(40)	(50)	(69)

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
EBIT	**552**	**162**	**24**	**-34**	**6**	**119**	**400**	**809**	**1,123**	**1,526**	**1,864**
Tax rate	*15%*	*15%*	*15%*	*0%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	470	138	20	-34	5	102	340	688	955	1,297	1,584
+ D&A	10	12	22	30	38	39	40	41	42	43	44
- Change in working capital	-44	0	0	-1	-44	-32	-56	-77	-47	-37	-12
- Capx	-30	-30	-100	-100	-100	-50	-50	-50	-50	-50	-50
FCFF	**406**	**120**	**-58**	**-105**	**-101**	**59**	**274**	**601**	**900**	**1,253**	**1,566**
Terminal value											**15,094**

Terminal growth rate	**2.0%**
WACC	**12.58%**
Cost of Equity	16.7%
Cost of Debt	3.5%
Equity Beta	1.2
Risk Free Rate	3.5%
Market Risk Premium	11.0%
Target Debt to Asset ratio	30.0%
Effective Corporate Tax Rate	15.0%
Total PV (RMB mn)	5,892
Net debt (RMB mn)	-1,313
Equity value (RMB mn)	**7,205**
Equity value (HK$ mn)	**8,187**
# of shares (mn)	792
DCF per share (in HK$)	**10.34**

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (HK$)

		WACC				
		11.58%	12.08%	12.58%	13.08%	13.58%
	3.0%	12.73	11.82	**11.02**	10.31	9.68
	2.5%	12.24	11.41	10.66	10.00	9.41
Terminal growth rate	**2.0%**	11.81	11.03	**10.34**	9.72	9.16
	1.5%	11.42	10.70	10.05	9.46	8.94
	1.0%	11.07	10.39	**9.78**	9.23	8.73

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM forecast revision

	New			Old			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	782	502	531	782	502	531	0%	0%	0%
Gross profit	782	502	531	782	502	531	0%	0%	0%
Attributable net profit	575	196	51	361	104	27	59%	89%	91%
EPS (RMB)	0.73	0.25	0.06	0.46	0.13	0.03	59%	89%	91%
Gross margin	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00 ppt	0.00 ppt	0.00 ppt
Net margin	73.46%	38.92%	9.55%	46.15%	20.61%	5.01%	+27.31 ppt	+18.30 ppt	+4.54 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

	CMBI			Consensus			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	782	502	531	734	343	363	7%	46%	46%
Gross profit	782	502	531	733	342	361	7%	47%	47%
Attributable net profit	575	196	51	417	234	167	38%	-16%	-70%
EPS (RMB)	0.73	0.25	0.06	0.53	0.00	(0.06)	38%	NA	NA
Gross margin	100.00%	100.00%	100.00%	99.80%	99.60%	99.50%	+0.20 ppt	+0.40 ppt	+0.50 ppt
Net margin	73.46%	38.92%	9.55%	56.81%	68.22%	46.01%	+16.64 ppt	-29.30 ppt	-36.46 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Risks: 1) Consistency of forthcoming efficacy and safety readouts for core asset JAB-23E73; 2) Intensifying competition within the pan-(K)RAS inhibitor space.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**64**	**156**	**54**	**782**	**502**	**531**
Cost of goods sold	(60)	0	(1)	0	0	0
Gross profit	**3**	**156**	**53**	**782**	**502**	**531**
Operating expenses	**(401)**	**(344)**	**(218)**	**(230)**	**(340)**	**(507)**
Selling expense	0	0	0	0	0	(50)
Admin expense	(47)	(43)	(34)	(40)	(50)	(69)
R&D expense	(372)	(330)	(189)	(200)	(300)	(398)
Others	18	29	5	10	10	10
Interest income	47	41	32	36	47	50
Interest expense	(8)	(8)	(13)	(14)	(14)	(14)
Pre-tax profit	**(359)**	**(164)**	**(146)**	**575**	**196**	**60**
Income tax	0	0	0	0	0	(9)
After tax profit	**(359)**	**(164)**	**(146)**	**575**	**196**	**51**
Minority interest	0	0	0	0	0	0
Net profit	**(359)**	**(164)**	**(146)**	**575**	**196**	**51**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**1,168**	**1,189**	**1,154**	**1,675**	**1,873**	**1,866**
Cash & equivalents	1,148	1,175	974	1,495	1,693	1,685
Receivables	0	0	0	0	0	0
Inventories	0	0	0	0	0	0
Prepayment	11	6	11	11	11	11
Other current assets	9	8	169	169	169	169
Non-current assets	**292**	**171**	**151**	**170**	**188**	**266**
PP&E	89	77	65	85	103	181
Right-of-use assets	131	74	64	64	64	64
Intangibles	1	1	1	1	1	1
Financial assets at FVTPL	18	18	17	17	17	17
Other non-current assets	53	0	3	3	3	3
Total assets	**1,460**	**1,359**	**1,304**	**1,846**	**2,061**	**2,132**
Current liabilities	**205**	**243**	**226**	**183**	**183**	**183**
Short-term borrowings	74	56	6	6	6	6
Payables	81	118	44	0	0	0
Tax payable	0	0	0	0	0	0
Other current liabilities	36	59	167	167	167	167
Lease liabilities	14	10	10	10	10	10
Non-current liabilities	**182**	**193**	**307**	**297**	**297**	**297**
Long-term borrowings	0	16	89	89	89	89
Other non-current liabilities	182	177	218	208	208	208
Total liabilities	**387**	**436**	**534**	**480**	**480**	**480**
Share capital	1	1	1	1	1	1
Capital surplus	0	(5)	(16)	(16)	(16)	(16)
Retained earnings	(3,194)	(3,350)	(3,495)	(2,921)	(2,725)	(2,674)
Other reserves	4,267	4,277	4,281	4,301	4,321	4,341
Total shareholders equity	**1,073**	**923**	**771**	**1,365**	**1,581**	**1,652**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**1,460**	**1,359**	**1,304**	**1,846**	**2,061**	**2,132**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(359)**	**(156)**	**(146)**	**575**	**196**	**60**
Depreciation & amortization	10	12	8	10	12	22
Tax paid	0	0	0	0	0	(9)
Change in working capital	(13)	77	(74)	(44)	0	0
Others	(2)	(7)	43	34	34	34
Net cash from operations	**(364)**	**(74)**	**(170)**	**576**	**242**	**106**
Investing						
Capital expenditure	(38)	(12)	(30)	(30)	(30)	(100)
Net proceeds from disposal of short-term investments	(11)	264	0	0	0	0
Others	1	4	0	0	0	0
Net cash from investing	**(48)**	**256**	**(30)**	**(30)**	**(30)**	**(100)**
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	74	(2)	0	0	0	0
Proceeds from share issues	199	45	0	0	0	0
Share repurchases	(6)	(5)	0	0	0	0
Others	(21)	(18)	(23)	(24)	(14)	(14)
Net cash from financing	**246**	**21**	**(23)**	**(24)**	**(14)**	**(14)**
Net change in cash						
Cash at the beginning of the year	624	469	677	374	895	1,093
Exchange difference	11	5	0	0	0	0
Cash at the end of the year	**469**	**677**	**374**	**895**	**1,093**	**1,086**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	(33.7%)	145.1%	(65.6%)	1,361.9%	(35.8%)	5.7%
Gross profit	(74.6%)	4,761.3%	(66.0%)	1,378.3%	(35.8%)	5.7%
Net profit	na	na	na	na	(66.0%)	(74.1%)
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	5.0%	100.0%	98.9%	100.0%	100.0%	100.0%
Return on equity (ROE)	(30.5%)	(16.4%)	(17.2%)	53.8%	13.3%	3.1%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Net debt to equity (x)	(1.0)	(1.2)	(1.3)	(1.1)	(1.1)	(1.1)
Current ratio (x)	5.7	4.9	5.1	9.2	10.2	10.2
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	ns	ns	ns	7.1	20.8	80.4
P/E (diluted)	ns	ns	ns	7.1	20.8	80.4
P/B	na	na	1.0	1.7	2.0	2.1

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

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