

Giant Biogene (2367 HK)

Recovery expected in 2026E

Giant Biogene reported revenue of RMB5,519mn (-0.4% YoY) and attributable net profit of RMB1,915mn (-7.2% YoY) in 2025. The results were broadly in line with our expectations, given the external headwinds and intensified competition that weighed on product sales in 2H25. During the period, gross margin declined 1.8ppts YoY to 80.3%, primarily due to changes in product mix. Looking ahead to 2026E, we expect sales growth to recover gradually, mainly driven by stronger brand promotion for KOMFYMED and Collgene, an expanded product portfolio, and the commercialization of newly approved Class III injectables. Given the intensified competition and expected higher marketing spending, we lower our 2025-28E revenue/ attributable net profit CAGR forecasts from 18%/ 17% to 11%/ 8% and thus lower our TP to HK\$38.70 (previous: HK\$53.89). We maintain our BUY rating, as we expect earnings pressure to ease progressively through 2026E and injectables to drive medium- to long-term growth. Since 9 Dec 2025, the Company has repurchased shares worth a cumulative ~HK\$322mn, indicating mgmt's confidence in the long-term outlook.

- 2H25 growth under pressure; 2026E recovery to be driven by enriched product portfolio and stronger brand promotion.** In 2025, KOMFYMED reported revenue of RMB4,470mn, down 1.6% YoY, while Collgene grew 9.2% YoY to RMB918mn. KOMFYMED's revenue dropped 22% YoY in 2H25 due to short-term external headwinds. Collgene's growth was also affected by reduced collaboration with top livestreamers on Tmall and a contraction in the offline distribution. To support the recovery in 2026E, the Company plans to launch several key products, such as KOMFYMED Focus Cream 2.0, new additions to the Focus and Regular series, as well as new products under Collgene. We also expect higher brand investment to help restore sales momentum.
- Offline direct sales continued to scale up.** Offline direct sales increased 32% YoY to RMB225mn in 2025, with its revenue contribution rising to 4.1% (+1.1ppts). The strong growth was primarily driven by continued expansion of KOMFYMED offline stores (32 stores by end-2025 vs. 18 by end-2024) and broader penetration into professional skincare and mass-market channels. Notably, the Company also made progress in overseas expansion, with KOMFYMED entering Watsons in Singapore and Malaysia, duty-free shops in Korea, and online channels in North America. Although offline direct sales still account for a relatively small portion of total revenue, we expect continued store rollouts and channel expansion to support solid growth in offline direct sales.
- Class III injectables approved; commercialization to begin in 2Q26E.** Giant Biogene achieved significant regulatory milestones with NMPA approvals for two Class III injectables in Oct 2025 and Jan 2026. We expect the first product to be launched in 2Q26E, followed by the second in 2H26E. Giant Biogene is actively preparing for commercialization, including market research and distributor selection. Leveraging its nationwide sales network and established collaborations with medical institutions, we believe injectables could gradually become a meaningful medium- to long-term growth driver.
- Maintain BUY.** We lower our 2025-28E revenue/ attributable net profit CAGR forecasts from 18%/ 17% to 11%/ 8%, to reflect intensifying competition. We therefore lower our DCF-derived TP to HK\$38.70 (WACC: 10.6%, terminal growth: 3.0%), implying 19x 2026E P/E. However, we expect earnings to bottom out in 2H26E and the injectable products could drive long-term earnings growth. Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	5,539	5,519	6,073	6,809	7,522
YoY growth (%)	57.2	(0.4)	10.1	12.1	10.5
Attributable net profit (RMB mn)	2,062	1,915	1,964	2,201	2,432
YoY growth (%)	42.1	(7.2)	2.6	12.1	10.5
P/E (x)	12.8	14.7	14.7	13.1	11.9
Net gearing (%)	(56.5)	(63.4)	(66.2)	(67.1)	(68.2)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$38.70
(Previous TP)	HK\$53.89)
Up/Downside	26.0%
Current Price	HK\$30.70

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Stock Data

Mkt Cap (HK\$ mn)	32,876.8
Avg 3 mths t/o (HK\$ mn)	179.9
52w High/Low (HK\$)	84.90/29.22
Total Issued Shares (mn)	1070.9

Source: FactSet

Shareholding Structure

Juzi Holding Co., Ltd	54.7%
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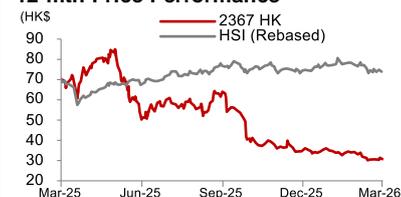
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-7.2%	-3.0%
3-mth	-13.5%	-12.1%
6-mth	-52.0%	-49.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,073	6,809	7,522	6,075	7,317	8,780	0.0%	-6.9%	-14.3%
Gross profit	4,828	5,379	5,905	4,880	5,870	7,078	-1.1%	-8.4%	-16.6%
Net profit	1,964	2,201	2,432	2,126	2,513	3,022	-7.6%	-12.4%	-19.5%
EPS (RMB)	1.83	2.06	2.27	1.99	2.35	2.82	-7.6%	-12.4%	-19.5%
Gross margin	79.50%	79.00%	78.50%	81.30%	80.27%	80.11%	-1.80 ppt	-1.27 ppt	-1.61 ppt
Net margin	32.33%	32.32%	32.33%	35.00%	33.56%	32.37%	-2.67 ppt	-1.24 ppt	-0.03 ppt

Source: Company data, CMBIGM estimates

Figure 2: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EBIT	2,142	2,402	2,655	2,920	3,183	3,438	3,678	3,899
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
EBIT*(1-tax rate)	1,821	2,042	2,256	2,482	2,705	2,922	3,126	3,314
+ D&A	75	85	94	103	112	121	130	138
- Change in working capital	215	-40	-40	-44	-48	-52	-55	-59
- Capex	-300	-250	-250	-275	-300	-324	-346	-367
FCFF	1,811	1,837	2,060	2,266	2,470	2,668	2,855	3,026
Terminal value								40,990

Terminal growth rate	3.0%
WACC	10.6%
Cost of Equity	14.0%
Cost of Debt	5.0%
Equity Beta	1.05
Risk Free Rate	3.0%
Market Risk Premium	10.5%
Target Debt to Asset ratio	35.0%
Effective Corporate Tax Rate	15.0%

Terminal value (RMB mn)	18,303
Total PV (RMB mn)	30,190
Net debt (RMB mn)	-7,120
Minority interest (RMB mn)	13
Equity value (RMB mn)	37,297
Equity value (HK\$ mn)	41,441
# of shares (mn)	1,071
Price per share (HK\$ per share)	38.70

Source: CMBIGM estimates

Figure 3: Sensitivity analysis

		WACC				
		9.6%	10.1%	10.6%	11.1%	11.6%
Terminal growth rate	4.0%	48.19	44.72	41.78	39.26	37.07
	3.5%	45.77	42.74	40.13	37.87	35.89
	3.0%	43.72	41.03	38.70	36.65	34.85
	2.5%	41.96	39.55	37.44	35.58	33.92
	2.0%	40.43	38.25	36.33	34.62	33.09

Source: CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,073	6,809	7,522	7,361	8,730	8,451	-17.5%	-22.0%	-11.0%
Gross profit	4,828	5,379	5,905	5,953	7,044	6,777	-18.9%	-23.6%	-12.9%
Net profit	1,964	2,201	2,432	2,594	3,080	2,428	-24.3%	-28.5%	0.2%
EPS (RMB)	1.83	2.06	2.27	2.45	2.91	2.94	-25.2%	-29.5%	-22.6%
Gross margin	79.50%	79.00%	78.50%	80.88%	80.69%	80.20%	-1.38 ppt	-1.69 ppt	-1.70 ppt
Net margin	32.33%	32.32%	32.33%	35.24%	35.28%	28.73%	-2.91 ppt	-2.96 ppt	+3.60 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	3,524	5,539	5,519	6,073	6,809	7,522
Cost of goods sold	(577)	(992)	(1,085)	(1,245)	(1,430)	(1,617)
Gross profit	2,947	4,547	4,433	4,828	5,379	5,905
Selling expense	(1,164)	(2,008)	(2,056)	(2,445)	(2,707)	(2,953)
Admin expense	(97)	(151)	(168)	(182)	(201)	(218)
R&D expense	(75)	(106)	(89)	(98)	(108)	(118)
Other income	103	139	190	190	209	229
Other expense	(0)	(3)	(1)	(15)	(15)	(15)
Other gains/(losses)	31	44	32	32	32	32
Interest expense	(0)	(0)	(0)	(0)	(0)	(0)
Others	1	(0)	1	0	0	0
Pre-tax profit	1,745	2,458	2,350	2,310	2,589	2,861
Income tax	(297)	(396)	(436)	(347)	(388)	(429)
After tax profit	1,448	2,062	1,915	1,964	2,201	2,432
Minority interest	(4)	(1)	(0)	(0)	(0)	(0)
Attributable net profit	1,452	2,062	1,915	1,964	2,201	2,432
Adjusted net profit	1,452	2,152	1,960	1,947	2,184	2,416

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	4,135	6,402	9,019	9,708	10,514	11,422
Cash & equivalents	2,504	4,030	6,306	7,129	7,852	8,676
Account receivables	102	141	202	166	187	206
Inventories	200	311	391	403	462	523
Financial assets at FVTPL	1,275	1,829	1,984	1,984	1,984	1,984
Other current assets	54	91	135	26	29	33
Non-current assets	838	1,636	1,823	2,048	2,212	2,368
PP&E	663	1,042	1,204	1,437	1,611	1,776
Right-of-use assets	48	51	53	45	38	30
Deferred income tax	1	1	1	1	1	1
Intangibles	7	6	5	4	2	1
Other non-current assets	118	536	561	561	561	561
Total assets	4,973	8,038	10,841	11,756	12,727	13,791
Current liabilities	531	836	800	882	925	969
Account payables	133	287	199	278	320	362
Tax payable	117	117	70	70	70	70
Other current liabilities	243	410	508	508	508	508
Lease liabilities	2	5	6	6	6	6
Contract liabilities	36	17	17	19	21	23
Non-current liabilities	71	82	117	117	117	117
Deferred income	20	19	16	16	16	16
Other non-current liabilities	52	63	100	100	100	100
Total liabilities	602	918	917	998	1,042	1,086
Share capital	0	0	0	0	0	0
Capital surplus	0	0	0	0	0	0
Treasury shares	(0)	(0)	(166)	(166)	(166)	(166)
Other reserves	4,362	7,108	10,078	10,910	11,838	12,858
Minority interest	9	12	13	13	13	13
Total equity	4,371	7,120	9,925	10,757	11,685	12,705
Total equity and liabilities	4,973	8,038	10,841	11,756	12,727	13,791

CASH FLOW	2023A	2024A	2025E	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,745	2,458	2,350	2,310	2,589	2,861
Depreciation & amortization	34	49	82	75	85	94
Tax paid	(206)	(385)	(436)	(347)	(388)	(429)
Change in working capital	128	(26)	(179)	215	(40)	(40)
Others	(54)	(55)	(155)	(121)	(140)	(159)
Net cash from operations	1,647	2,041	1,663	2,133	2,106	2,327
Investing						
Capital expenditure	(226)	(247)	(350)	(300)	(250)	(250)
Others	(301)	(859)	168	168	187	207
Net cash from investing	(527)	(1,106)	(182)	(132)	(63)	(43)
Financing						
Dividend paid	0	0	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	52	583	867	(1,178)	(1,321)	(1,459)
Net cash from financing	52	583	867	(1,178)	(1,321)	(1,459)
Net change in cash						
Cash at the beginning of the year	1,331	2,504	4,030	6,306	7,129	7,852
Exchange difference	1	8	0	0	0	0
Cash at the end of the year	2,504	4,030	6,378	7,129	7,852	8,676
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	49.0%	57.2%	(0.4%)	10.1%	12.1%	10.5%
Gross profit	47.7%	54.3%	(2.5%)	8.9%	11.4%	9.8%
Net profit	44.9%	42.1%	(7.2%)	2.6%	12.1%	10.5%
Adj. net profit	37.4%	48.2%	(8.9%)	(0.6%)	12.2%	10.6%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	83.6%	82.1%	80.3%	79.5%	79.0%	78.5%
Adj. net profit margin	41.2%	38.8%	35.5%	32.1%	32.1%	32.1%
Return on equity (ROE)	40.3%	35.9%	22.5%	19.0%	19.6%	19.9%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
Current ratio (x)	7.8	7.7	11.3	11.0	11.4	11.8
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	18.1	12.8	14.7	14.7	13.1	11.9
P/E (diluted)	18.3	13.1	14.9	14.7	13.1	11.9
P/B	6.0	3.7	2.8	2.7	2.5	2.3
Div yield (%)	3.3	4.7	4.6	4.1	4.6	5.1

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

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