

Akeso (9926 HK)

Eyes on pivotal ivonescimab readouts

In FY25, Akeso delivered strong product sales of RMB3.0bn (+52% YoY), tracking closely with our previous estimates of RMB3.1bn. This top-line momentum was primarily driven by the Jan 2025 NRDL inclusions of cadonilimab for 2L+ CC and ivonescimab for 2L+ EGFR-mutated NSCLC. Looking ahead to FY26, we anticipate a further acceleration in revenue growth, catalyzed by the Jan 2026 NRDL inclusion for major front-line indications, including cadonilimab in 1L GC and 1L CC, as well as ivonescimab in 1L PD-L1+ NSCLC. Operationally, Akeso demonstrated meaningful operating leverage. Selling and R&D expenses as a percentage of product sales contracted to 47% and 51%, respectively (down from 49% and 56% in FY24). Gross profit margin normalized to 79% in FY25 (from 86% in FY24), reflecting price cuts associated with NRDL inclusions. Despite a reported attributable net loss of RMB1.14bn (vs. RMB501mn in FY24), Akeso maintains a strong balance sheet with RMB9.2bn in cash and equivalents as of end-FY25, providing ample runway for its extensive late-stage clinical programs. We look forward to ivonescimab's pivotal data readouts, and maintain our BUY rating for Akeso with a target price of HK\$185.80.

- Expect critical pivotal Ph3 readouts for ivonescimab.** Ivonescimab has already met its primary PFS endpoint in the head-to-head China Ph3 trial (Harmoni-6) versus tislelizumab plus chemotherapy in 1L sq-NSCLC, demonstrating a compelling mPFS of 11.1 vs 6.9 months (HR=0.60). We await the interim OS data readouts this year. On the global front, we anticipate Akeso's partner Summit to report interim mPFS data from the global Ph3 Harmoni-3 trial (1L sq-NSCLC cohort) in 2Q26, followed by final PFS and interim OS readouts in 2H26. For the nsq-NSCLC cohort of Harmoni-3 trial, enrollment completion is targeted for 2H26, with a final PFS readout expected in 1H27. Furthermore, the FDA has set a target action date of Nov 2026 for the EGFR-TKI resistant NSCLC indication. While the outcome of the review remains uncertain, this represents the potential first FDA approval for ivonescimab.
- Cadonilimab accelerates global expansion.** Akeso is aggressively advancing the global footprint of cadonilimab through two pivotal trials. The initiation of a global Ph2 registrational trial evaluating cadonilimab plus lenvatinib in IO-resistant 2L HCC represents a critical milestone as the first global pivotal trial for cadonilimab. Additionally, bolstered by compelling efficacy signals—particularly in PD-L1 low-expressing populations—Akeso is launching a head-to-head global Ph3 MRCT of cadonilimab plus chemotherapy versus chemotherapy +/- nivolumab in 1L GC.
- IO 2.0 plus ADC strategy.** Akeso's proprietary HER3 ADC and TROP2/Nectin-4 ADC are currently advancing into Ph2 trials. Underpinning Akeso's "IO 2.0 + ADC" paradigm, we expect the Company to aggressively evaluate combinatorial regimens pairing these ADCs with cadonilimab and ivonescimab.
- Maintain BUY.** We look forward to the data readouts of ivonescimab (Harmoni-6 interim OS and Harmoni-3 PFS). Factoring into the strong product sales, we revise our TP from HK\$182.12 to HK\$185.80 (WACC: 8.37%, terminal growth: 4.5%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	2,124	3,056	5,010	8,679	11,455
YoY growth (%)	(53.1)	43.9	63.9	73.2	32.0
Net profit (RMB mn)	(501.1)	(1,140.8)	(733.7)	725.3	1,625.3
EPS (Reported) (RMB)	(0.59)	(1.26)	(0.80)	0.79	1.76
R&D expenses (RMB)	(1,188)	(1,575)	(2,065)	(2,733)	(3,168)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$185.80
(Previous TP)	HK\$182.12)
Up/Downside	47.0%
Current Price	HK\$126.40

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Stock Data

Mkt Cap (HK\$ mn)	116,432.5
Avg 3 mths t/o (HK\$ mn)	758.6
52w High/Low (HK\$)	176.90/64.75
Total Issued Shares (mn)	921.1

Source: FactSet

Shareholding Structure

Green Court Capital	4.7%
Sunny Beach Living	4.6%

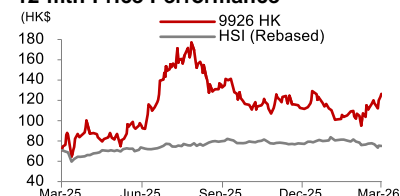
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	18.2%	26.2%
3-mth	12.3%	16.2%
6-mth	-4.7%	-0.3%

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	-975	765	1,825	3,513	5,615	7,285	9,587	10,492	11,048	11,268
Tax rate	0%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	-975	650	1,551	2,986	4,773	6,192	8,149	8,918	9,390	9,578
+ D&A	221	216	211	206	202	198	194	190	186	183
- Change in working capital	-490	-393	-526	-431	-390	19	-59	-14	201	265
- Capex	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
FCFF	-1,344	373	1,135	2,661	4,484	6,309	8,183	8,994	9,677	9,926
Terminal value										268,188
FCF + Terminal value	-1,344	373	1,135	2,661	4,484	6,309	8,183	8,994	9,677	278,114
Present value of enterprise (RMB mn)	147,399									
Net debt (RMB mn)	-3,076									
Non-controlling interests (RMB mn)	-133									
Equity value (RMB mn)	150,608									
No. of shares (mn)	921									
DCF per shares (RMB)	163.50									
DCF per shares (HK\$)	185.80									
Terminal growth rate	4.5%									
WACC	8.37%									
Cost of Equity	11.5%									
Cost of Debt	3.0%									
Equity Beta	0.9									
Risk Free Rate	2.5%									
Market Risk Premium	10.0%									
Target Debt to Asset ratio	35.0%									
Effective Corporate Tax Rate	15.0%									

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (HK\$)

Terminal growth rate	WACC				
	7.37%	7.87%	8.37%	8.87%	9.37%
5.5%	379.89	294.72	239.37	200.55	171.85
5.0%	306.86	249.11	208.61	178.66	155.65
4.5%	259.30	217.04	185.80	161.79	142.79
4.0%	225.86	193.26	168.21	148.39	132.32
3.5%	201.07	174.93	154.24	137.48	123.64

Source: CMBIGM estimates

Figure 3: CMBIGM estimates revision

RMB mn	New			Old			Diff(%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,010	8,679	11,455	5,021	8,449	10,846	0%	3%	6%
Gross profit	3,879	7,039	9,396	4,087	7,094	9,163	-5%	-1%	3%
Operating profit	-975	765	1,825	-85	1,807	2,739	NA	-58%	-33%
Net profit	-734	725	1,625	25	1,552	2,370	NA	-53%	-31%
EPS (RMB)	(0.80)	0.79	1.76	0.03	1.73	2.64	NA	-54%	-33%
Gross margin	77.43%	81.10%	82.02%	81.41%	83.97%	84.48%	-3.98 ppt	-2.86 ppt	-2.46 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff(%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,010	8,679	11,455	5,222	7,795	10,874	-4%	11%	5%
Gross profit	3,879	7,039	9,396	4,423	6,655	9,317	-12%	6%	1%
Operating profit	-975	765	1,825	650	1,992	4,063	NA	-62%	-55%
Net profit	-734	725	1,625	492	1,643	3,680	NA	-56%	-56%
EPS (RMB)	(0.80)	0.79	1.76	0.51	1.76	3.96	NA	-55%	-55%
Gross margin	77.43%	81.10%	82.02%	84.70%	85.38%	85.68%	-7.27 ppt	-4.28 ppt	-3.66 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	5,010	8,679	11,455
Cost of goods sold	(133)	(289)	(652)	(1,131)	(1,640)	(2,059)
Gross profit	4,393	1,835	2,404	3,879	7,039	9,396
Operating expenses	(2,363)	(2,268)	(3,414)	(4,507)	(6,024)	(7,304)
Selling expense	(890)	(1,002)	(1,436)	(2,134)	(2,637)	(3,281)
Admin expense	(200)	(204)	(296)	(461)	(710)	(928)
R&D expense	(1,254)	(1,188)	(1,575)	(2,065)	(2,733)	(3,168)
Others	(19)	125	(106)	153	57	74
Operating profit	1,862	(667)	(1,309)	(975)	765	1,825
Net Interest income/(expense)	(87)	(68)	(131)	(137)	(137)	(137)
Pre-tax profit	1,943	(501)	(1,141)	(765)	879	1,956
Income tax	(0)	0	0	0	(132)	(293)
After tax profit	1,942	(501)	(1,141)	(765)	747	1,662
Minority interest	(86)	0	0	(31)	21	37
Net profit	2,028	(501)	(1,141)	(734)	725	1,625
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	5,677	8,692	11,277	10,322	11,080	12,546
Cash & equivalents	1,542	6,918	8,822	7,632	7,901	8,766
Account receivables	296	525	1,022	1,233	1,967	2,667
Inventories	392	707	932	955	711	611
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	4,602	4,487	4,376
PP&E	2,824	3,231	3,880	3,779	3,682	3,591
Right-of-use assets	338	320	319	299	280	261
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	14,924	15,567	16,922
Current liabilities	1,205	1,687	2,195	1,884	1,925	1,943
Short-term borrowings	391	535	586	586	586	586
Account payables	355	425	452	141	181	200
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	6,743	6,784	6,802
Share capital	0	0	0	0	0	0
Other reserves	4,692	6,814	9,048	8,314	8,894	10,195
Total shareholders equity	4,692	6,814	9,048	8,314	8,894	10,195
Minority interest	(174)	(60)	(102)	(133)	(112)	(75)
Total equity and liabilities	9,181	12,755	16,000	14,924	15,567	16,922

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,943	(501)	(1,141)	(765)	879	1,956
Depreciation & amortization	143	194	226	221	216	211
Tax paid	0	0	0	0	(132)	(293)
Change in working capital	418	(200)	(239)	(490)	(393)	(526)
Others	(36)	(20)	75	81	81	81
Net cash from operations	2,468	(528)	(1,079)	(954)	650	1,427
Investing						
Capital expenditure	(719)	(586)	(200)	(100)	(100)	(100)
Net proceeds from disposal of short-term investments	(3,055)	(1,024)	0	0	0	0
Others	(223)	87	0	0	0	0
Net cash from investing	(3,997)	(1,523)	(200)	(100)	(100)	(100)
Financing						
Dividend paid	0	0	0	0	(145)	(325)
Net borrowings	1,099	962	0	0	0	0
Proceeds from share issues	(3)	2,823	3,493	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(135)	(396)	(131)	(137)	(137)	(137)
Net cash from financing	961	3,389	3,362	(137)	(282)	(462)
Net change in cash						
Cash at the beginning of the year	2,092	1,542	6,918	8,822	7,632	7,901
Exchange difference	19	35	0	0	0	0
Cash at the end of the year	1,542	2,916	9,001	7,632	7,901	8,766
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	440.3%	(53.1%)	43.9%	63.9%	73.2%	32.0%
Gross profit	490.8%	(58.2%)	31.0%	61.4%	81.5%	33.5%
Operating profit	na	na	na	na	na	138.6%
Net profit	na	na	na	na	na	124.1%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	97.1%	86.4%	78.7%	77.4%	81.1%	82.0%
Operating margin	41.1%	(31.4%)	(42.8%)	(19.5%)	8.8%	15.9%
Return on equity (ROE)	55.4%	(8.7%)	(14.4%)	(8.5%)	8.4%	17.0%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	4.7	5.2	5.1	5.5	5.8	6.5
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	46.1	ns	ns	ns	141.6	63.2
P/B	20.7	14.1	11.3	12.6	11.7	10.2

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

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