

Akeso (9926 HK)

Key data readouts for AK112 to validate global potential

In 1H25, Akeso reported product sales of RMB1.4bn (+49% YoY), achieving 43% of our prior full-year estimate, largely in line with our expectations. The NRDL inclusions of 2L+ cervical cancer for AK104 and 2L+ EGFRm NSCLC for AK112 have contributed to the sales growth. Looking ahead to 2026, we anticipate additional NRDL inclusions for AK104 in 1L gastric cancer and 1L cervical cancer, and for AK112 in 1L PD-L1+ NSCLC, which should further accelerate product sales growth. Operationally, Akeso demonstrated improved cost efficiency in 1H25, with selling and R&D expenses as a percentage of product sales shrinking to 48% and 52%, respectively (from 51% and 58% in FY24). The Company reported an attributable net loss of RMB570mn in 1H25 (vs RMB239mn in 1H24), while maintaining a solid cash position as of 1H25 of RMB7.1bn.

■ **AK112 achieves OS significance in China HARMONi-A study, with global results upcoming.** In the final analysis of the China HARMONi-A Ph3 trial, Akeso announced AK112 achieved statistically significant OS benefit in 2L+ EGFRm NSCLC, following prior interim updates showing OS HRs of 0.80 (0.59–1.08) at 52% data maturity and 0.72 (0.48–1.09) at 30% maturity. Detailed results are expected to be presented at an upcoming conference. With 276 patients from the China trial included in the global HARMONi study, Summit previously reported an OS HR of 0.79 (0.62–1.01; $p=0.057$) of the study, missing statistical significance, which is required for a US BLA submission. Summit expects to release detailed data of the global HARMONi trial in the coming WCLC next month ([link](#)). With the China trial now positive for OS, we think the likelihood of the global trial achieving significance has improved, although we continue to view the primary value of AK112 in NSCLC overseas to lie in the frontline setting. Additionally, AK112 has met the PFS endpoint in a head-to-head 1L sqNSCLC trial versus tislelizumab + chemo, with full data expected to be disclosed shortly, potentially at ESMO meeting in October.

■ **AK104 advances toward global development.** Akeso is accelerating the global development of AK104, beyond 1L/2L+ CC and 1L GC. In China, AK104 is currently in multiple Ph3 trials for 2L and perioperative GC, multiple lines of HCC (adjuvant and mid-stage treatment), and NSCLC (1L PD-L1- and consolidation therapy). Notably, Akeso will start a global Ph2 registrational trial of AK104 + lenvatinib for IO-resistant 2L HCC, marking a significant step in the asset's global expansion. Akeso is also exploring AK104 in combo with AK112 in NSCLC, with encouraging preliminary results according to the mgmt. Furthermore, Akeso is further diversifying its pipeline with early-stage ADC programs, including HER3 ADC and Trop2/Nectin4 ADC currently in Ph1 trials. The Company plans to evaluate combinations of AK104 or AK112 with these ADCs.

■ **Maintain BUY.** With key data readouts expected at the upcoming WCLC and ESMO conferences, we look forward to further evidence supporting the translatability of Akeso's China clinical results to global settings as well as AK112's superiority over the current SoC. We also see the partnership potential for AK104. We raise our DCF-based TP from HK\$108.03 to HK\$182.12 (WACC: 8.37%, terminal growth rate: 4.5%).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	4,526	2,124	3,181	5,021	8,449
YoY growth (%)	440.3	(53.1)	49.8	57.8	68.3
Net profit (RMB mn)	2,028.3	(501.1)	(862.8)	25.4	1,551.6
EPS (Reported) (RMB)	2.42	(0.59)	(0.96)	0.03	1.73
R&D expenses (RMB mn)	(1,254)	(1,188)	(1,462)	(1,720)	(1,957)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$182.12
(Previous TP)	HK\$108.03)
Up/Downside	16.0%
Current Price	HK\$157.00

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Stock Data

Mkt Cap (HK\$ mn)	140,922.1
Avg 3 mths t/o (HK\$ mn)	1,487.1
52w High/Low (HK\$)	176.90/45.25
Total Issued Shares (mn)	897.6

Source: FactSet

Shareholding Structure

Yu Xia	12.1%
Baiyong Li	6.4%

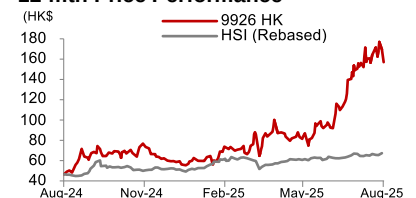
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	5.3%	6.1%
3-mth	87.4%	73.8%
6-mth	108.8%	96.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (RMB mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	-1,003	-85	1,807	2,739	4,434	6,512	8,727	10,820	11,619	12,250	12,161
Tax rate	0%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	-1,003	-72	1,536	2,328	3,769	5,535	7,418	9,197	9,876	10,413	10,337
+ D&A	193	189	186	182	179	176	173	170	168	165	163
- Change in working capital	-123	-604	-234	-324	-351	-234	-139	3	33	154	227
- Capex	-200	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
FCFF	-1,133	-587	1,387	2,086	3,497	5,377	7,352	9,271	9,977	10,632	10,627
Terminal value											287,155
FCF + Terminal value	-1,003	-85	1,807	2,739	4,434	6,512	8,727	10,820	11,619	12,250	12,161
Present value of enterprise (RMB mn)	148,412										
Net debt (RMB mn)	-1,923										
Non-controlling interests (RMB mn)	-60										
Equity value (RMB mn)	150,396										
No. of shares (mn)	898										
DCF per shares (RMB)	167.55										
DCF per shares (HK\$)	182.12										
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%	373.96	289.17	234.08	195.46	166.92
5.0%	302.47	244.72	204.25	174.34	151.36
4.5%	255.91	213.48	182.12	158.05	139.00
4.0%	223.18	190.31	165.07	145.10	128.94
3.5%	198.91	172.44	151.52	134.57	120.60

Source: CMBIGM estimates

Figure 3: CMBIGM estimates revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	3,181	5,021	8,449	3,385	5,072	8,110	-6%	-1%	4%
Gross profit	2,559	4,087	7,094	2,762	4,175	6,891	-7%	-2%	3%
Operating profit	-1,003	-85	1,807	-296	411	1,937	N/A	N/A	-7%
Net profit	-863	25	1,552	-192	414	1,684	N/A	-94%	-8%
EPS (RMB)	(0.96)	0.03	1.73	(0.21)	0.46	1.88	N/A	-94%	-8%
Gross margin	80.45%	81.41%	83.97%	81.59%	82.33%	84.96%	-1.14 ppt	-0.92 ppt	-1.00 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	3,181	5,021	8,449	3,496	5,466	8,053	-9%	-8%	5%
Gross profit	2,559	4,087	7,094	3,073	4,827	7,166	-17%	-15%	-1%
Operating profit	-1,003	-85	1,807	136	1,092	2,545	N/A	N/A	-29%
Net profit	-863	25	1,552	37	826	2,072	N/A	-97%	-25%
EPS (RMB)	(0.96)	0.03	1.73	0.04	0.94	2.36	N/A	-97%	-27%
Gross margin	80.45%	81.41%	83.97%	87.91%	88.31%	88.98%	-7.46 ppt	-6.90 ppt	-5.01 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	838	4,526	2,124	3,181	5,021	8,449
Cost of goods sold	(94)	(133)	(289)	(622)	(934)	(1,355)
Gross profit	744	4,393	1,835	2,559	4,087	7,094
Operating expenses	(2,122)	(2,363)	(2,268)	(3,264)	(3,937)	(5,101)
Selling expense	(553)	(890)	(1,002)	(1,399)	(1,892)	(2,549)
Admin expense	(199)	(200)	(204)	(300)	(460)	(682)
R&D expense	(1,323)	(1,254)	(1,188)	(1,462)	(1,720)	(1,957)
Others	(48)	(19)	125	(102)	134	86
Operating profit	(1,406)	1,862	(618)	(1,003)	(85)	1,807
Net Interest income/(expense)	(43)	(87)	(68)	(158)	(119)	(119)
Pre-tax profit	(1,422)	1,943	(501)	(863)	31	1,875
Income tax	0	(0)	0	0	(5)	(281)
After tax profit	(1,422)	1,942	(501)	(863)	26	1,593
Minority interest	(254)	(86)	0	0	1	42
Net profit	(1,168)	2,028	(501)	(863)	25	1,552

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	3,058	5,677	8,692	7,895	7,749	9,206
Cash & equivalents	2,092	1,542	6,918	5,875	5,336	6,421
Account receivables	271	296	525	637	992	1,524
Inventories	342	392	707	841	879	718
Prepayment	157	95	116	116	116	116
Financial assets at FVTPL	196	852	426	426	426	426
Other current assets	0	2,500	0	0	0	0
Non-current assets	2,437	3,211	3,665	3,672	3,583	3,497
PP&E	2,000	2,824	3,231	3,257	3,187	3,120
Right-of-use assets	163	338	320	300	281	262
Intangibles	8	6	12	12	12	12
Financial assets at FVTPL	10	12	16	16	16	16
Other non-current assets	256	30	87	87	87	87
Total assets	5,496	8,888	12,356	11,567	11,331	12,703
Current liabilities	1,361	1,205	1,687	1,760	1,498	1,586
Short-term borrowings	446	391	535	535	535	535
Account payables	309	355	425	498	237	325
Other current liabilities	600	445	716	716	716	716
Lease liabilities	6	15	10	10	10	10
Non-current liabilities	1,587	2,826	3,697	3,697	3,697	3,697
Long-term borrowings	1,421	2,577	3,406	3,406	3,406	3,406
Deferred income	160	240	290	290	290	290
Other non-current liabilities	6	9	1	1	1	1
Total liabilities	2,948	4,030	5,384	5,457	5,195	5,283
Share capital	0	0	0	0	0	0
Other reserves	2,636	4,692	6,814	5,951	5,977	7,218
Total shareholders equity	2,636	4,692	6,814	5,951	5,977	7,218
Minority interest	(88)	(174)	(60)	(60)	(59)	(18)
Total equity and liabilities	5,496	8,888	12,356	11,567	11,331	12,703

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(1,422)	1,943	(501)	(863)	31	1,875
Depreciation & amortization	106	143	194	193	189	186
Tax paid	0	0	0	0	(5)	(281)
Change in working capital	60	418	(200)	(123)	(604)	(234)
Others	16	(36)	(20)	108	69	69
Net cash from operations	(1,240)	2,468	(528)	(685)	(320)	1,613
Investing						
Capital expenditure	(776)	(719)	(586)	(200)	(100)	(100)
Net proceeds from disposal of short-term investments	(200)	(3,055)	(1,024)	0	0	0
Others	86	(223)	87	0	0	0
Net cash from investing	(890)	(3,997)	(1,523)	(200)	(100)	(100)
Financing						
Dividend paid	0	0	0	0	0	(310)
Net borrowings	1,005	1,099	962	0	0	0
Proceeds from share issues	495	(3)	2,823	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(15)	(135)	(396)	(158)	(119)	(119)
Net cash from financing	1,486	961	3,389	(158)	(119)	(429)
Net change in cash						
Cash at the beginning of the year	2,642	2,092	1,542	6,918	5,875	5,336
Exchange difference	95	19	35	0	0	0
Cash at the end of the year	2,092	1,542	6,918	5,875	5,336	6,421
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	271.3%	440.3%	(53.1%)	49.8%	57.8%	68.3%
Gross profit	282.5%	490.8%	(58.2%)	39.5%	59.7%	73.6%
Net profit	na	na	na	na	na	6,001.2%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	88.8%	97.1%	86.4%	80.5%	81.4%	84.0%
Operating margin	(167.9%)	41.1%	(29.1%)	(31.5%)	(1.7%)	21.4%
Return on equity (ROE)	(40.3%)	55.4%	(8.7%)	(13.5%)	0.4%	23.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	2.2	4.7	5.2	4.5	5.2	5.8
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	59.6	ns	ns	5,092.4	83.5
P/B	46.7	26.7	18.2	22.0	21.9	18.0

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

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