

BeiGene (ONC US)

First-ever quarterly GAAP profit marks major milestone

- **Sales of zanubrutinib remained strong.** BeiGene reported product revenue of US\$1.11bn in 1Q25 (+48% YoY, -1% QoQ), with zanubrutinib (Zanu) contributing US\$792mn (+62% YoY, -4% QoQ). Adjusting for the US\$30mn positive impact from seasonality and timing of customer order patterns in 4Q24, Zanu's underlying QoQ growth in 1Q25 was approximately +3%, which we consider strong given that the first quarter typically registers moderate sequential growth across the BTKi class. Additionally, Zanu's performance also outperformed its competitors in 1Q—ibrutinib (-9% QoQ), acalabrutinib (-6%), and pirtobrutinib (-19%). In the US, Zanu remains the class leader in new patient prescriptions for both first-line and R/R CLL, and became the top-selling BTKi by revenue in the US for the first time in 1Q25. Globally, Zanu's BTKi market share expanded to ~30% in 1Q25 (vs ~20% in 1Q24), while in the US it currently captures ~25% of new CLL prescriptions across all lines as of 4Q24, implying substantial upside for further share gains from other BTKis and alternative regimens.
- **Achieved first-ever quarterly GAAP profitability.** The first-ever quarterly GAAP profitability in 1Q25 marks a significant milestone. BeiGene reported GAAP operating income of US\$11mn and GAAP net income of US\$1mn, while non-GAAP operating profit reached US\$139mn. This improvement was primarily driven by strong top-line growth and enhanced operating leverage. GP margin (vs product sales) improved to 85.1% in 1Q25 (from 84.3% in FY24), while the SG&A ratio declined significantly to 41.1% (from 48.1% in FY24) and the R&D ratio decreased sharply to 43.5% (from 51.7% in FY24), reflecting disciplined cost management. We remain confident in management's guidance for achieving GAAP operating income breakeven in FY25, underpinned by expected revenue growth to US\$4.9–5.3bn (+29–39% YoY) and a relatively moderate increase in operating expenses (+8–16% YoY).
- **Significant R&D milestone in 2025.** In solid tumors, BGB-43395 (CDK4 inhibitor) has enrolled over 300 patients to date, with PoC data scheduled for release at the company's R&D Day on June 26. BeiGene is preparing to initiate Ph3 trials of BGB-43395 in both first-line and second-line HR+/HER2- breast cancer, with the 2L study expected to begin in 2H25. In hematology, building on the success of Zanu, BeiGene aims to establish a comprehensive CLL treatment portfolio across all lines of therapy. The Ph3 trial of fixed-duration Zanu + Sonrotoclax (Bcl-2i) vs V+O in 1L CLL has completed enrolment in Feb 2025. Ph2 data for Sonro in R/R MCL (global) and R/R CLL (China) are expected in 2H25, with an NDA for R/R CLL submitted in China and R/R MCL filing expected in 2H25. In addition, two Ph3 trials of Sonro in R/R MCL and R/R CLL are being initiated in 1H25. For BGB-16673 (BTK CDAC), which is currently in a Ph3 trial in post-BTK/Bcl-2i CLL, BeiGene is also preparing a head-to-head Ph3 study versus pirtobrutinib in 2L CLL in 2H25, reflecting its strong conviction in the molecule's superiority. Furthermore, multiple assets are expected to reach PoC this year, including CDK4i, PanKRASi, B7H4 ADC, EGFR ADC, etc. We think BeiGene's early-stage pipeline will expand rapidly.
- **Maintain BUY.** We maintain a positive outlook on BeiGene's earnings growth and R&D progress. We maintain our TP unchanged at US\$359.47 (WACC: 9.32%, terminal growth rate: 3.0%).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	2,459	3,810	5,260	6,433	7,369
Net profit (US\$ mn)	(881.7)	(644.8)	256.2	823.3	1,218.1
EPS (Reported) (US\$)	(8.45)	(6.12)	2.30	7.41	10.96
R&D expenses (US\$ mn)	(1,779)	(1,953)	(2,052)	(2,059)	(2,137)
CAPEX (US\$ mn)	(562)	(493)	(200)	(200)	(200)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$359.47
(Previous TP)	US\$359.47)
Up/Downside	55.0%
Current Price	US\$232.25

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Stock Data

Mkt Cap (US\$ mn)	25,820.0
Avg 3 mths t/o (US\$ mn)	87.0
52w High/Low (US\$)	278.38/142.67
Total Issued Shares (mn)	111.2

Source: FactSet

Shareholding Structure

Amgen	19.2%
Baker Bros	8.3%

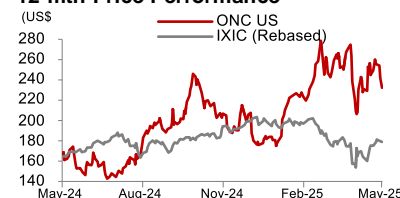
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Share Performance

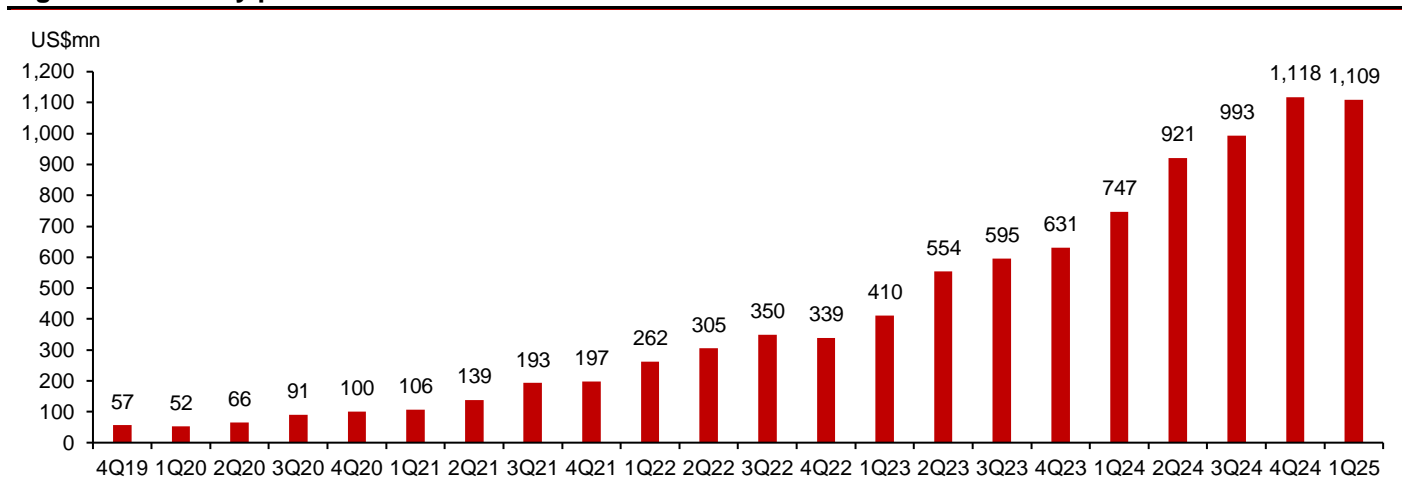
	Absolute	Relative
1-mth	10.9%	-4.5%
3-mth	3.9%	14.4%
6-mth	13.0%	22.9%

Source: FactSet

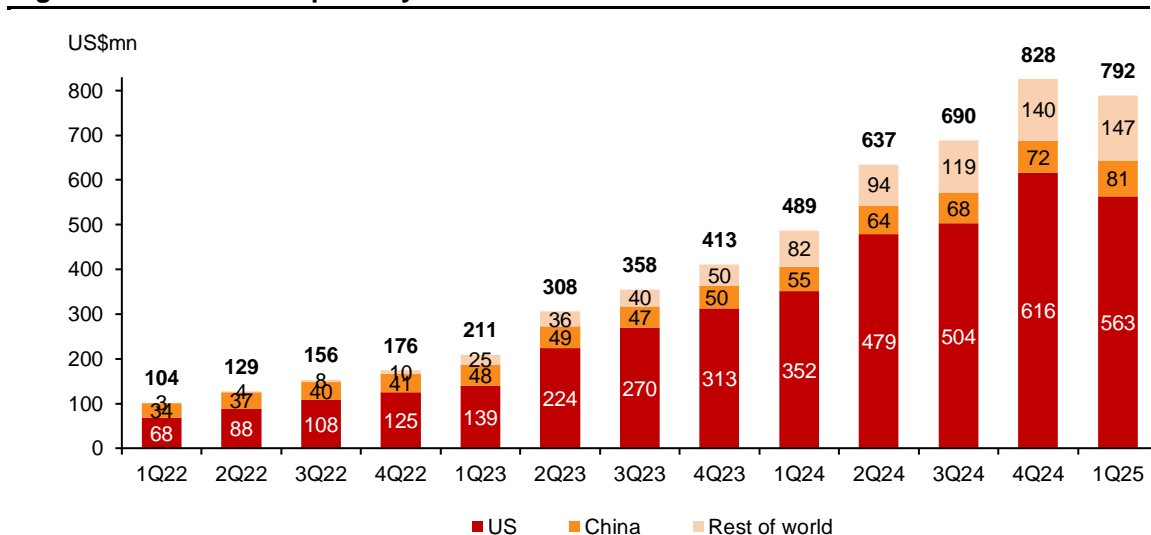
12-mth Price Performance



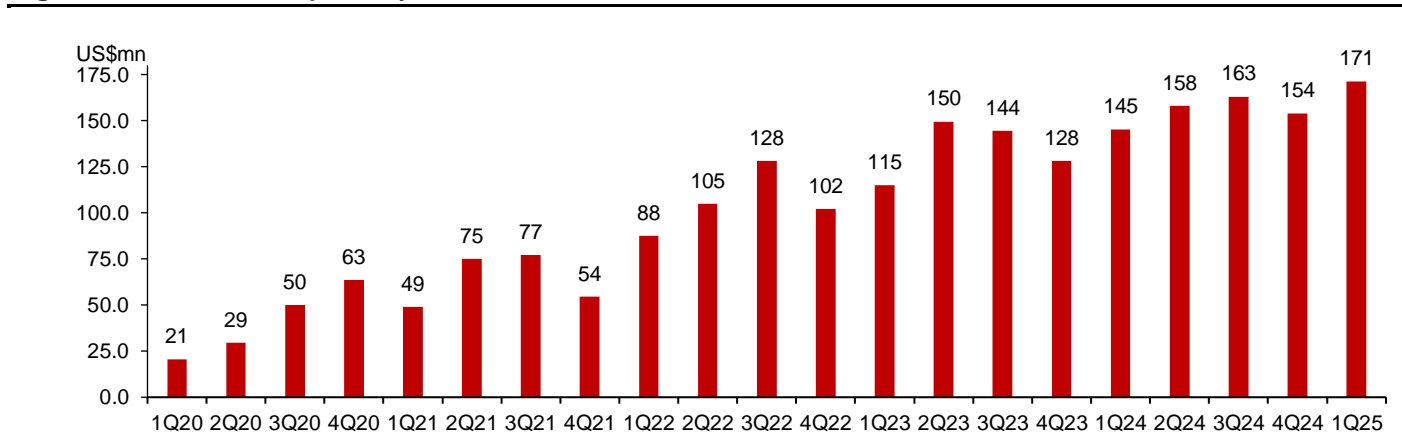
Source: FactSet

Figure 1: Quarterly product sales of BeiGene

Source: Company data, CMBIGM

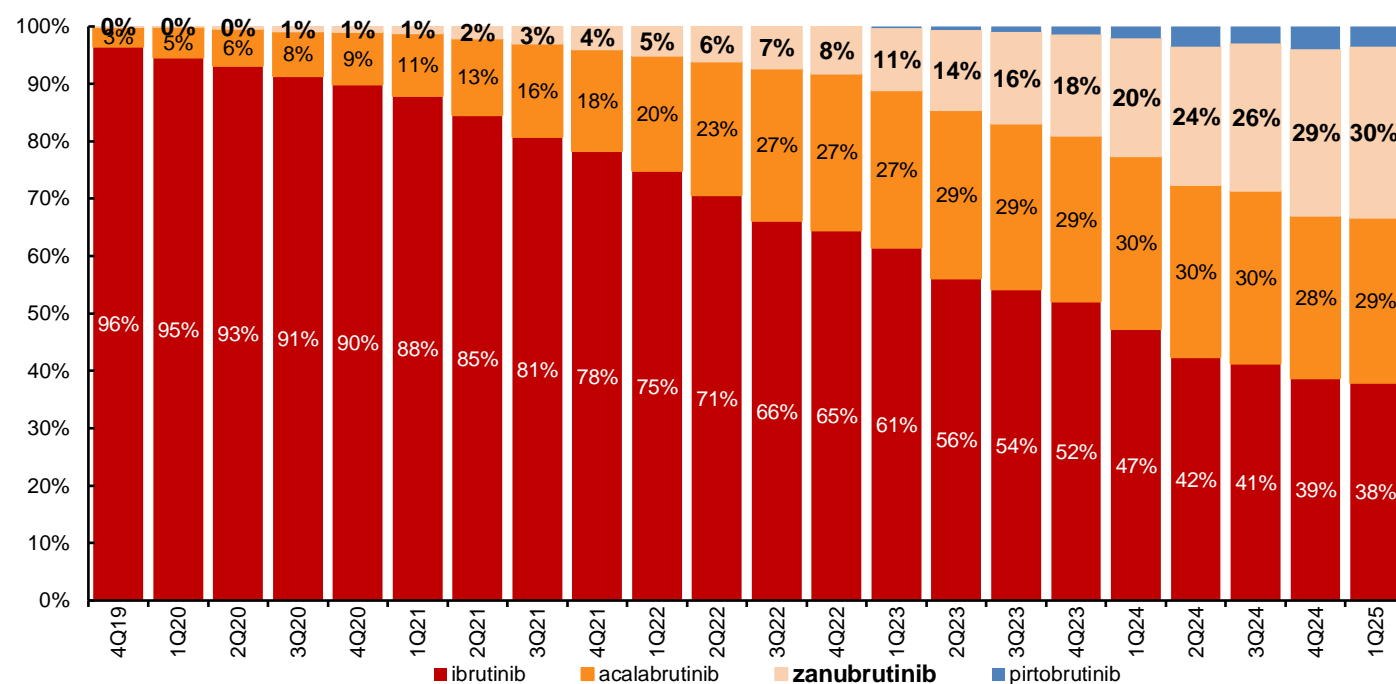
Figure 2: Zanubrutinib quarterly sales

Source: Company data, CMBIGM

Figure 3: Tislelizumab quarterly sales

Source: Company data, CMBIGM

Figure 4: Market share of major BTK inhibitors



Source: Company data, CMBIGM.

Note: sales of orelabrutinib, tirabrutinib and olmutinib are not included in calculation due to limited market share currently.

Figure 5: Risk-adjusted DCF valuation

DCF valuation (US\$ mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	274	933	1,400	1,735	2,385	3,188	3,778	4,262	4,500	4,640	4,724
Tax rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	233	793	1,190	1,475	2,028	2,709	3,212	3,622	3,825	3,944	4,015
+ D&A	175	177	179	181	183	185	186	188	189	190	191
- Change in working capital	-73	-184	-143	22	-158	-182	-132	-113	-51	-10	11
- Capex	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200
FCFF	134	586	1,027	1,478	1,853	2,512	3,066	3,497	3,763	3,923	4,017
Terminal value											65,520
PV of enterprise (US\$ mn)											37,856
Net debt (US\$ mn)											-2,167
Equity value (US\$ mn)											40,023
No. of ADS (mn)											111
DCF per ADS (US\$)											359.47
Terminal growth rate											3.0%
WACC											9.32%
Cost of equity											12.5%
Cost of debt											4.0%
Equity beta											0.95
Risk-free rate											3.0%
Market risk premium											10.0%
Target debt to asset ratio											35.0%
Effective corporate tax rate											15.0%

Source: CMBIGM estimates

Figure 6: Sensitivity analysis (US\$)

Terminal growth rate	WACC				
	8.32%	8.82%	9.32%	9.82%	10.32%
4.0%	508.68	450.92	404.19	365.64	333.32
3.5%	469.56	420.58	380.20	346.35	317.59
3.0%	437.80	395.47	359.47	329.89	304.02
2.5%	411.50	374.33	342.78	315.68	292.17
2.0%	389.36	356.30	327.90	303.29	281.76

Source: CMBIGM estimates

Figure 7: CMBIGM estimate vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,260	6,433	7,369	5,104	6,090	7,069	3%	6%	4%
Gross profit	4,482	5,501	6,337	4,356	5,255	6,137	3%	5%	3%
Operating profit	274	933	1,400	203	695	1,396	35%	34%	0%
Net profit	256	823	1,218	217	681	1,267	18%	21%	-4%
EPS (US\$)	2.30	7.41	10.96	1.19	5.18	9.64	93%	43%	14%
Gross margin	85.20%	85.50%	86.00%	85.35%	86.29%	86.81%	-0.15 ppt	-0.79 ppt	-0.81 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Revenue	1,416	2,459	3,810	5,260	6,433	7,369
Cost of goods sold	(286)	(380)	(594)	(779)	(933)	(1,032)
Gross profit	1,129	2,079	3,216	4,482	5,501	6,337
Operating expenses	(2,919)	(3,287)	(3,784)	(4,208)	(4,568)	(4,937)
SG&A expense	(1,278)	(1,505)	(1,831)	(2,157)	(2,509)	(2,800)
R&D expense	(1,641)	(1,779)	(1,953)	(2,052)	(2,059)	(2,137)
Others	(1)	(4)	0	0	0	0
Other income	(171)	382	35	28	36	33
Pre-tax profit	(1,961)	(826)	(533)	301	969	1,433
Income tax	(43)	(56)	(112)	(45)	(145)	(215)
Minority interest	0	0	0	0	0	0
Net profit	(2,004)	(882)	(645)	256	823	1,218
Adjusted net profit	(2,004)	(882)	(645)	256	823	1,218

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Current assets	5,207	4,203	3,992	4,678	5,657	7,098
Cash & equivalents	3,870	3,172	2,627	3,185	3,902	5,156
Account receivables	173	358	676	714	873	1,000
Inventories	282	416	495	586	690	749
Financial assets at FVTPL	665	3	0	0	0	0
Other current assets	217	255	193	193	193	193
Non-current assets	1,172	1,602	1,929	1,955	1,978	1,998
PP&E	846	1,324	1,578	1,604	1,627	1,648
Deferred income tax	0	0	0	0	0	0
Intangibles	41	57	51	51	51	51
Other non-current assets	286	221	300	300	300	300
Total assets	6,379	5,805	5,921	6,633	7,635	9,096
Current liabilities	1,469	1,810	2,215	2,271	2,350	2,393
Short-term borrowings	329	688	852	852	852	852
Account payables	295	315	405	461	540	583
Tax payable	25	23	26	26	26	26
Other current liabilities	820	784	932	932	932	932
Non-current liabilities	527	458	374	374	74	(126)
Long-term borrowings	209	198	166	166	(134)	(334)
Deferred income	42	0	0	0	0	0
Other non-current liabilities	276	260	207	207	207	207
Total liabilities	1,996	2,268	2,589	2,645	2,423	2,267
Share capital	11,541	11,599	12,088	12,488	12,888	13,288
Retained earnings	(7,080)	(7,962)	(8,607)	(8,351)	(7,527)	(6,309)
Other reserves	(77)	(99)	(149)	(149)	(149)	(149)
Total shareholders equity	4,383	3,537	3,332	3,988	5,212	6,830
Minority interest	0	0	0	0	0	0
Total equity and liabilities	6,379	5,805	5,921	6,633	7,635	9,096

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(1,961)	(826)	(533)	301	969	1,433
Depreciation & amortization	66	88	172	175	177	179
Tax paid	(43)	(56)	(112)	(45)	(145)	(215)
Others	441	(363)	332	327	216	257
Net cash from operations	(1,497)	(1,157)	(141)	758	1,216	1,654
Investing						
Capital expenditure	(325)	(562)	(493)	(200)	(200)	(200)
Acquisition of subsidiaries/ investments	(17)	(17)	(22)	0	0	0
Net proceeds from disposal of short-term investments	1,564	673	3	0	0	0
Others	(144)	(34)	(36)	0	0	0
Net cash from investing	1,077	60	(548)	(200)	(200)	(200)
Financing						
Net borrowings	351	684	877	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(370)	(268)	(684)	0	(300)	(200)
Net cash from financing	(19)	416	193	0	(300)	(200)
Net change in cash						
Cash at the beginning of the year	4,383	3,875	3,186	2,627	3,185	3,902
Exchange difference	(69)	(8)	(52)	0	0	0
Cash at the end of the year	3,875	3,186	2,639	3,185	3,902	5,156
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	20.4%	73.7%	55.0%	38.1%	22.3%	14.5%
Gross profit	11.7%	84.1%	54.7%	39.4%	22.7%	15.2%
Net profit	na	na	na	na	221.4%	47.9%
Adj. net profit	na	na	na	na	221.4%	47.9%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	79.8%	84.5%	84.4%	85.2%	85.5%	86.0%
Adj. net profit margin	(141.5%)	(35.9%)	(16.9%)	4.9%	12.8%	16.5%
Return on equity (ROE)	(37.7%)	(22.3%)	(18.8%)	7.0%	17.9%	20.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.9)	(0.7)	(0.5)	(0.5)	(0.6)	(0.7)
Current ratio (x)	3.5	2.3	1.8	2.1	2.4	3.0
Receivable turnover days	84.6	39.4	49.5	49.5	49.5	49.5
Inventory turnover days	334.4	335.5	279.9	274.9	269.9	264.9
Payable turnover days	355.0	293.0	221.2	216.2	211.2	206.2
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	100.8	31.4	21.2
P/E (diluted)	ns	ns	ns	100.8	31.4	21.2
P/B	71.0	89.1	95.4	84.2	64.4	49.1

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

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