

# 3SBio (1530 HK)

## Short-term pressure on product sales; ASCO 2026 in focus

3SBio reported revenue of RMB17.7bn (+94.3% YoY) in 2025, driven by the RMB9.4bn out-licensing income from Pfizer for 707. However, product sales declined by 10.3% YoY to RMB8.0bn amid China's VBP and reimbursement control headwinds. Excluding the licensing income, R&D and administrative expense ratios rose ~4ppts and ~2ppts, respectively, reflecting accelerated clinical investments and one-off share-based compensation. We expect 3SBio will maintain high R&D investment to accelerate pipeline progress. While commercialized products, particularly TPIAO, are likely to remain under pressure in 2026E, we view 707 as the primary valuation anchor, driven by Pfizer's aggressive global development progress.

■ **Pfizer is rapidly advancing 707 globally.** Pfizer has registered ten global trials for 707 (as shown in Fig.4) and started enrollment in seven, including the Phase 3 studies in 1L NSCLC and 1L mCRC. Two additional Phase 3 trials are planned for 2026E, including 1L mUC and 1L EC, according to Pfizer. We expect the rapid clinical progress will trigger near-term milestone payments, significantly driving 3SBio's earnings. Beyond milestones, 3SBio is also benefiting from supplying drug substance for Pfizer's clinical studies, which drove CDMO revenue growth of 46.3% YoY in 2025. Near-term catalysts include the updated China Phase 2 data in NSCLC and EC at ASCO 2026.

■ **Enriched pipelines to support future BD potential.** 3SBio has built a broad pipeline of 27 candidates, with several candidates already obtaining the US FDA INDs, such as SSS67 and SSS68. SSS67 targets both ActRIIA and ActRIIB receptors to regulate fat metabolism and muscle synthesis pathways and thereby achieving the dual effects of reducing fat and increasing muscle mass. SSS68 is a long-acting April/BAFF BsAb targeting IgA nephropathy. We think these candidates with FDA INDs demonstrated 3SBio's global R&D strategy and may support 3SBio's future out-licensing deals.

■ **New products may help offset traditional products headwinds.** Recent approvals, including NuPIAO (long-acting rhEPO), 608 (IL-17A), and SSS20 (eltrombopag), alongside NRDL inclusion for oral paclitaxel, are expected to generate revenue in 2026E and help partially offset traditional product declines, in our view.

■ **Maintain BUY.** We lower our near-term product sales forecast to reflect ongoing pressure on traditional products, particularly ahead of TPIAO's final NRDL renewal negotiations in late 2026E. However, given Pfizer's rapid global development progress, we raise our milestone payments forecast in 2026E. Totally, we lower our 2026E revenue forecast by 4%. Therefore, we revise our target price to HK\$34.87 (WACC: 10.11%, terminal growth rate: 2.0%), based on a 10-year DCF. However, we think 707's global blockbuster potential remains the dominant upside driver and thus maintain BUY.

### Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	9,108	17,696	9,170	9,168	10,090
YoY growth (%)	16.5	94.3	(48.2)	(0.0)	10.1
Attributable net profit (RMB mn)	2,090	8,482	1,898	1,616	1,815
YoY growth (%)	34.9	305.8	(77.6)	(14.8)	12.3
EPS (Reported) (RMB)	0.86	3.51	0.75	0.64	0.72
P/E (x)	23.2	5.7	26.7	31.4	27.9
Net gearing (%)	(13.1)	(51.1)	(53.3)	(54.3)	(55.4)

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** **HK\$34.87**  
 (Previous TP) HK\$37.43  
**Up/Downside** **54.0%**  
**Current Price** **HK\$22.64**

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### Stock Data

Mkt Cap (HK\$ mn)	57,460.4
Avg 3 mths t/o (HK\$ mn)	547.6
52w High/Low (HK\$)	35.90/10.12
Total Issued Shares (mn)	2538.0

Source: FactSet

### Shareholding Structure

TMF (Cayman) Ltd.	22.8%
Decade Sunshine	19.6%

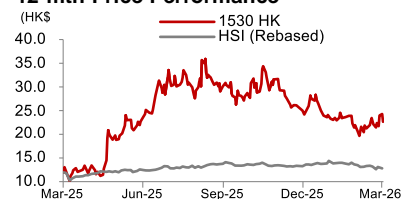
Source: HKEX

### Share Performance

	Absolute	Relative
1-mth	3.2%	10.9%
3-mth	-6.4%	-3.2%
6-mth	-24.5%	-18.2%

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	9,170	9,168	10,090	9,581	9,883	10,666	-4.3%	-7.2%	-5.4%
Gross profit	7,798	7,614	8,421	8,221	8,496	9,216	-5.1%	-10.4%	-8.6%
Operating profit	2,355	2,015	2,252	2,741	2,905	3,205	-14.1%	-30.6%	-29.7%
Net profit	1,898	1,616	1,815	2,134	2,287	2,539	-11.0%	-29.3%	-28.5%
EPS (RMB)	0.75	0.64	0.72	0.84	0.90	1.00	-11.0%	-29.3%	-28.5%
Gross margin	85.04%	83.05%	83.46%	85.80%	85.97%	86.40%	-0.77ppt	-2.93ppt	-2.94ppt
Operating margin	25.68%	21.98%	22.31%	28.61%	29.40%	30.05%	-2.93ppt	-7.42ppt	-7.73ppt
Net margin	20.70%	17.63%	17.99%	22.27%	23.14%	23.80%	-1.57ppt	-5.51ppt	-5.82ppt

Source: Company data, CMBIGM estimates

Figure 2: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	1,973	1,641	1,885	2,180	2,857	4,027	5,714	7,606	9,748	12,046
Tax rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
EBIT*(1-tax rate)	1,677	1,395	1,602	1,853	2,429	3,423	4,857	6,465	8,286	10,239
+ D&A	390	400	410	420	428	437	445	453	460	467
- Change in working capital	111	-56	-113	-148	-186	-214	-211	-90	-95	-102
- Capex	-600	-600	-600	-600	-600	-600	-600	-600	-600	-600
FCFF	1,579	1,140	1,299	1,524	2,071	3,046	4,490	6,227	8,050	10,004
Terminal value										125,760

Terminal growth rate	2.00%
WACC	10.11%
Cost of Equity	13.50%
Cost of Debt	4.50%
Equity Beta	1.00
Risk Free Rate	3.00%
Market Risk Premium	10.50%
Target Debt to Asset ratio	35.00%
Effective Corporate Tax Rate	15.00%

Terminal value (RMB mn)	47,987
<b>Total PV (RMB mn)</b>	<b>67,728</b>
Net debt (RMB mn)	-15,209
Minority interests (RMB mn)	3,278
<b>Equity value (RMB mn)</b>	<b>79,659</b>
<b>Equity value (HK\$ mn)</b>	<b>88,510</b>
# of shares (mn)	2,538
<b>Price per share (HK\$ per share)</b>	<b>34.87</b>

Source: CMBIGM estimates

Figure 3: Sensitivity analysis

		WACC				
		9.11%	9.61%	10.11%	10.61%	11.11%
Terminal growth rate	3.00%	45.27	41.38	38.06	35.21	32.73
	2.50%	42.80	39.34	36.36	33.78	31.52
	2.00%	40.67	37.57	<b>34.87</b>	32.52	30.44
	1.50%	38.83	36.02	33.56	31.39	29.47
	1.00%	37.21	34.65	32.39	30.38	28.60

Source: CMBIGM estimates

Figure 4: Global clinical trials of 707

Clinical stage (Estimated) Study start	Primary Completion (Estimated)	Indication	Enrollment	Regimen	Primary endpoints	Registration no
III 期 (2026.1.6)	2029.02.27	联合化疗 1L NSCLC (Part 1: sq, Part 2: nsq)	1500 (700 for sq, 800 for nsq)	PF'4404 (10mg/kg Q3W) + Chemo vs Keytruda + Chemo	Dual Primary endpoints: PFS, OS	NCT07222566
III 期 (2025.12.11)	2030.03.29	联合化疗 1L mCRC (Non- MSI-H 或 pMMR) (Symbiotic-GI-03)	800	PF'4404 (10mg/kg Q2W) + Chemo vs BEVACIZUMAB + Chemo	Dual Primary endpoints: PFS, OS	NCT07222800
II/III 期 (2025.12.9)	2030.06.14	联合化疗 1L ES-SCLC	Ph2 (40), Ph3 (500)	PF'4404 + Chemo vs Atezolizumab + Chemo	Primary endpoints of Ph3: OS	NCT07226999
II/III 期 (2026.3.2)	2032.07.22	联合化疗 1L 胃癌、胃食管交 界处癌或食管腺癌	840	Ph3: PF'4404 + Chemo vs Nivolumab + Chemo	Ph3 Dual Primary endpoints: PFS, OS	NCT07392892
II 期 (2026.4.1)	2028.8.4	1) 联合化疗用于 II 期或 IIIA/B 期 NSCLC 的新辅助治 疗, 2) 已接受过新辅助免疫 化疗并完成手术、但术后病 理分析显示未达到 pCR 的 II 期或 IIIA/B 期 NSCLC 成年患 者, 3) 单药用于不可手术的 II 期或 IIIA/B 期 NSCLC 成年 患者	120	PF'4404/ PF'4404+ Chemo	Primary endpoints: AEs, pCR rate	NCT07489066
II 期 (2026.5.15)	2028.3.19	联合化疗 1L 治疗 T-SCLC (Symbiotic-Lung-14)	40	PF'4404 + Chemo	Primary endpoints: ORR, AEs	NCT07476287
Ib/II 期 (2026.2.10)	2027.11.02	单药或联合 2 种其他药物 1L 治疗局部晚期或转移性肾细 胞癌 (Ia/mRCC)	224	Monotherapy or + other 2 drugs	Primary endpoints: ORR, AEs&SAEs, DLT	NCT07227415
Ib/II 期 (2026.1.30)	2029.03.08	联合其他药物治疗 NSCLC (包 括联合 SV(IB6 ADC)1L 治 疗 NSCLC)	162	Part A: + SV Part B: + other anticancer agent	Primary endpoints: ORR, AEs&SAEs, DLT	NCT07227298
Ib/II 期 (2025.12.1)	2027.10.18	单药或联合伊匹木单抗治疗 局部晚期或转移性肝细胞癌 (Ia/mHCC)	138	Monotherapy or + ipilimumab	Primary endpoints: ORR, AEs&SAEs, DLT, Recommended dose of PF'4404 in combination with ipilimumab	NCT07227012
Ib/II 期 (2026.2.27)	2027.12.06	单药治疗既往接受过治疗的 LA/mUC; 联合 PADCEV 1L LA/mUC	132	Monotherapy or + PADCEV	Primary endpoints: ORR, AEs&SAEs, DLT	NCT07421700

Source: ClinicalTrial.gov, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
<b>YE 31 Dec (RMB mn)</b>						
<b>Revenue</b>	<b>7,816</b>	<b>9,108</b>	<b>17,696</b>	<b>9,170</b>	<b>9,168</b>	<b>10,090</b>
Cost of goods sold	(1,174)	(1,280)	(1,348)	(1,372)	(1,554)	(1,669)
<b>Gross profit</b>	<b>6,642</b>	<b>7,828</b>	<b>16,347</b>	<b>7,798</b>	<b>7,614</b>	<b>8,421</b>
Selling expense	(3,006)	(3,351)	(3,631)	(3,388)	(3,556)	(3,979)
Admin expense	(481)	(502)	(651)	(525)	(536)	(587)
R&D expense	(795)	(1,327)	(1,520)	(1,948)	(1,932)	(2,038)
Others	(139)	(89)	381	419	425	434
<b>Operating profit</b>	<b>2,221</b>	<b>2,560</b>	<b>10,926</b>	<b>2,355</b>	<b>2,015</b>	<b>2,252</b>
Share of (losses)/profits of associates/JV	(30)	349	(102)	0	0	0
Net Interest income/(expense)	(212)	(191)	(76)	(64)	(49)	(34)
<b>Pre-tax profit</b>	<b>1,978</b>	<b>2,718</b>	<b>10,748</b>	<b>2,292</b>	<b>1,966</b>	<b>2,218</b>
Income tax	(392)	(501)	(1,652)	(344)	(295)	(333)
Minority interest	37	127	614	50	55	70
<b>Attributable net profit</b>	<b>1,549</b>	<b>2,090</b>	<b>8,482</b>	<b>1,898</b>	<b>1,616</b>	<b>1,815</b>
<b>BALANCE SHEET</b>						
<b>YE 31 Dec (RMB mn)</b>						
<b>Current assets</b>	<b>9,193</b>	<b>9,347</b>	<b>22,671</b>	<b>23,131</b>	<b>23,705</b>	<b>24,332</b>
Cash & equivalents	2,611	2,143	12,177	12,970	13,335	13,797
Account receivables	1,095	1,305	1,082	618	618	680
Inventories	778	795	1,048	926	1,037	1,099
Prepayment	1,132	741	811	1,063	1,162	1,202
Financial assets at FVTPL	3,303	3,769	3,858	3,858	3,858	3,858
Other current assets	274	594	3,696	3,696	3,696	3,696
<b>Non-current assets</b>	<b>14,432</b>	<b>14,866</b>	<b>13,580</b>	<b>13,775</b>	<b>13,960</b>	<b>14,135</b>
PP&E	4,692	4,993	4,994	5,224	5,443	5,651
Intangibles	1,554	1,685	1,765	1,749	1,733	1,717
Goodwill	4,199	4,253	4,172	4,172	4,172	4,172
Other non-current assets	3,986	3,935	2,649	2,630	2,612	2,595
<b>Total assets</b>	<b>23,625</b>	<b>24,213</b>	<b>36,250</b>	<b>36,906</b>	<b>37,665</b>	<b>38,468</b>
<b>Current liabilities</b>	<b>3,728</b>	<b>5,464</b>	<b>4,416</b>	<b>3,695</b>	<b>3,348</b>	<b>2,900</b>
Short-term borrowings	2,112	2,244	1,831	1,331	831	331
Account payables	212	180	245	93	105	113
Tax payable	33	50	172	172	172	172
Other current liabilities	1,371	2,990	2,169	2,100	2,241	2,285
<b>Non-current liabilities</b>	<b>3,384</b>	<b>713</b>	<b>1,399</b>	<b>1,399</b>	<b>1,399</b>	<b>1,399</b>
Long-term borrowings	1,463	38	723	723	723	723
Bond payables	1,226	0	0	0	0	0
Deferred income	412	390	374	374	374	374
Other non-current liabilities	283	285	301	301	301	301
<b>Total liabilities</b>	<b>7,111</b>	<b>6,176</b>	<b>5,814</b>	<b>5,093</b>	<b>4,746</b>	<b>4,299</b>
Share capital	0	0	0	0	0	0
Treasury shares	(236)	(236)	(218)	(218)	(218)	(218)
Share premium	3,517	2,729	5,759	5,759	5,759	5,759
Other reserves	10,752	12,942	21,667	22,994	24,045	25,224
<b>Total shareholders equity</b>	<b>14,034</b>	<b>15,436</b>	<b>27,208</b>	<b>28,535</b>	<b>29,586</b>	<b>30,765</b>
Minority interest	2,480	2,600	3,228	3,278	3,333	3,403
<b>Total equity and liabilities</b>	<b>23,625</b>	<b>24,213</b>	<b>36,250</b>	<b>36,906</b>	<b>37,665</b>	<b>38,468</b>

<b>CASH FLOW</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	1,978	2,718	10,748	2,292	1,966	2,218
Depreciation & amortization	351	413	543	390	400	410
Tax paid	(471)	(506)	(1,652)	(344)	(295)	(333)
Change in working capital	(162)	566	103	111	(56)	(113)
Others	386	11	(111)	(240)	(262)	(286)
<b>Net cash from operations</b>	<b>2,083</b>	<b>3,201</b>	<b>9,630</b>	<b>2,209</b>	<b>1,754</b>	<b>1,897</b>
<b>Investing</b>						
Capital expenditure	(704)	(963)	(600)	(600)	(600)	(600)
Others	(641)	(394)	304	318	325	334
<b>Net cash from investing</b>	<b>(1,345)</b>	<b>(1,358)</b>	<b>(296)</b>	<b>(282)</b>	<b>(275)</b>	<b>(266)</b>
<b>Financing</b>						
Dividend paid	(225)	(555)	(571)	(571)	(566)	(635)
Net borrowings	1,188	(1,264)	(500)	(500)	(500)	(500)
Others	(1,316)	(434)	2,182	(64)	(49)	(34)
<b>Net cash from financing</b>	<b>(353)</b>	<b>(2,253)</b>	<b>1,111</b>	<b>(1,135)</b>	<b>(1,114)</b>	<b>(1,169)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,152	2,611	2,143	12,177	12,970	13,335
Exchange difference	75	(59)	0	0	0	0
<b>Cash at the end of the year</b>	<b>2,611</b>	<b>2,143</b>	<b>12,588</b>	<b>12,970</b>	<b>13,335</b>	<b>13,797</b>
<b>GROWTH</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Revenue	13.8%	16.5%	94.3%	(48.2%)	(0.0%)	10.1%
Gross profit	17.1%	17.9%	108.8%	(52.3%)	(2.4%)	10.6%
Operating profit	(8.1%)	15.3%	326.8%	(78.4%)	(14.5%)	11.8%
Net profit	(19.1%)	34.9%	305.8%	(77.6%)	(14.8%)	12.3%
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Gross profit margin	85.0%	86.0%	92.4%	85.0%	83.0%	83.5%
Operating margin	28.4%	28.1%	61.7%	25.7%	22.0%	22.3%
Return on equity (ROE)	11.5%	14.2%	39.8%	6.8%	5.6%	6.0%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.0)	(0.1)	(0.5)	(0.5)	(0.5)	(0.6)
Current ratio (x)	2.5	1.7	5.1	6.3	7.1	8.4
Receivable turnover days	56.2	48.1	24.6	24.6	24.6	24.6
Inventory turnover days	231.6	224.3	249.4	246.4	243.4	240.4
Payable turnover days	71.7	55.9	57.4	57.4	57.4	57.4
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/E	31.4	23.2	5.7	26.7	31.4	27.9
P/E (diluted)	32.0	23.6	5.8	26.7	31.4	27.9
P/B	2.9	2.7	1.6	1.6	1.5	1.5
Div yield (%)	1.1	1.1	1.2	1.1	1.1	1.3

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

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**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
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**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

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