Joinn Laboratories (6127 HK)

9M26 orders double as the upcycle builds

BUY (Maintain)

Target Price	**HK$30.00**
(Previous TP	HK$8.57)
Up/Downside	**29.1%**
Current Price	**HK$23.24**

Joinn Lab (Joinn) reported substantially accelerated 3Q26 earnings, with revenue up 53.0% YoY (vs 1H26: 5.3% YoY) and net profit of lab and others business turning positive to RMB22mn, the first time since 4Q24. Joinn recorded RMB866mn fair-value gains of biological assets, indicating positive market pricing trend of non-human primates (NHPs). Importantly, new orders reached RMB1.4bn in 3Q26, up 126% YoY, suggesting rapid demand recovery in China. Mgmt. anticipated continued revenue growth through 2026 based on positive expectations for new bookings, and guided lab services to full-year profitability.

- **Continued demand rebound in China market.** The non-clinical safety assessment services business of Joinn has been benefiting from recovering innovative-drug R&D demand in China in 9M26, which is expected to remain robust in 4Q26, per mgmt.. New orders reached RMB3.4bn in 9M26, up 109% YoY, including RMB1.4bn in 3Q26 (the highest quarterly bookings in company history), up 126% YoY. Generally, 50–60% of the prior year's orders can be converted into revenue in the following year. Per mgmt., pricing contributed ~70% of 3Q26 order value growth, underscoring the growing customer pricing acceptance. Joinn is actively expanding capacities to better fulfill the rising demand. Suzhou site added 20k square meters lab last year, while Beijing site commissioned another 5k square meters in 2Q26. Utilization remains high but still below full capacity, well positioned to capture more opportunities.
- **An ample colony of NHPs to secure timely project delivery.** Under the context of rapidly-recovering demand, NHP pricing in China has returned to historical highs amid NHP scarcity. Joinn strategically acquired two China-based leading suppliers of high-quality NHPs in 2022, making Joinn one of Chinese CROs with the richest NHP resources**.** Owned farms create a buffer against NHP shortages and support better availability for customer projects. This resource base also helps Joinn convert more of the demand upcycle into bookings and revenue on a timely manner. Joinn will consistently benefit from its rich and stable NHP supplies in the long run, in our view.
- **Significant margin improvement around the corner.** We expect margins of Joinn to trend higher as strong bookings convert into revenue and better-priced orders replace legacy low-priced projects. As such, gross profit margin (GPM) began improving in 3Q26 by 16.5ppt YoY and 6.4ppt QoQ. Mgmt. expects a larger mix of such orders in 4Q26 and a more pronounced GPM recovery in 2027. NHP pricing recovery provides additional margin support, although discounted small-animal pricing limits upside. At current pricing, mgmt. indicated a GPM of around 35% and a 10–15% lab services net margin in the following years, both significantly higher than 2025 and 9M26.
- **Maintain BUY.** We raise our TP from HK$8.57 to HK$30.00 based on a 10-year DCF valuation (WACC: 11.5%; terminal growth: 2.0%), reflecting the strong demand recovery. We now forecast Joinn's revenue to grow 21.5%/ 29.3%/ 24.7% YoY and adj. net income to turn positive to RMB45mn in 2026E and grow 635.1%/ 58.5% YoY in 2027E/ 28E, respectively.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	2,018	1,658	2,014	2,604	3,247
YoY growth (%)	(15.1)	(17.9)	21.5	29.3	24.7
Adjusted net profit (RMB m	77	(173)	45	332	526
YoY growth (%)	(83.4)	(325.6)	na	635.1	58.5
EPS (Adjusted) (RMB)	0.10	(0.23)	0.06	0.44	0.70
Consensus EPS (RMB)	na	na	1.11	0.83	1.16
P/E (Adjusted) (x)	194.9	ns	331.7	45.1	28.5

Source: Company data, Bloomberg, CMBIGM estimates

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Stock Data

Mkt Cap (HK$ mn)	17,341.2
Avg 3 mths t/o (HK$ mn)	138.0
52w High/Low (HK$)	32.20/15.71
Total Issued Shares (mn)	746.2

Source: FactSet

Shareholding Structure

Yuxia Feng & Zhiwen Zhou	30.3%
HK investors	17.3%

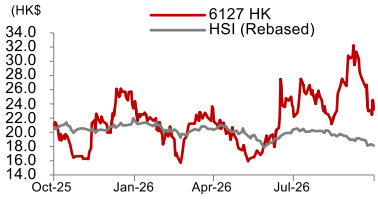
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-12.8%	-6.8%
3-mth	-1.5%	10.7%
6-mth	-0.1%	13.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,014	2,604	3,247	2,686	NA	NA	-25.03%	NA	NA
Gross Profit	599	919	1,216	989	NA	NA	-39.40%	NA	NA
Operating Profit	28	306	539	520	NA	NA	-94.59%	NA	NA
Adjusted net profit	45	332	526	460	NA	NA	-90.18%	NA	NA
Adjusted EPS (RMB)	0.06	0.44	0.70	0.61	NA	NA	-90.12%	NA	NA
Gross Margin	29.76%	35.32%	37.45%	36.83%	NA	NA	-7.07ppt	NA	NA
Operating Margin	1.40%	11.75%	16.58%	19.35%	NA	NA	-17.95ppt	NA	NA
Net Margin	2.24%	12.75%	16.20%	17.14%	NA	NA	-14.90ppt	NA	NA

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,014	2,604	3,247	1,942	2,477	3,146	3.69%	5.11%	3.23%
Gross Profit	599	919	1,216	509	788	1,169	17.73%	16.66%	4.01%
Operating Profit	28	306	539	910	648	865	-96.91%	-52.77%	-37.74%
Adjusted net profit	45	332	526	829	621	873	-94.55%	-46.53%	-39.75%
Adjusted EPS (RMB)	0.06	0.44	0.70	1.11	0.83	1.16	-94.55%	-46.44%	-39.69%
Gross Margin	29.76%	35.32%	37.45%	26.21%	31.82%	37.17%	+3.55ppt	+3.5ppt	+0.28ppt
Operating Margin	1.40%	11.75%	16.58%	46.84%	26.15%	27.50%	-45.45ppt	-14.4ppt	-10.91ppt
Net Margin	2.24%	12.75%	16.20%	42.67%	25.06%	27.75%	-40.43ppt	-12.31ppt	-11.55ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Valuation on risk-adjusted DCF valuation

DCF Valuation (in Rmb mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	1,122	756	989	1,088	1,186	1,282	1,372	1,455	1,528	1,590
Tax rate	10.9%	10.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
EBIT*(1-tax rate)	1,000	680	860	946	1,032	1,115	1,193	1,266	1,329	1,383
+ D&A	182	220	245	263	280	296	309	320	328	333
- Change in working capital	288	564	806	867	924	975	1,019	1,055	1,082	1,099
- Capex	-600	-500	-400	-400	-400	-400	-400	-400	-400	-400
FCFF	**869**	**965**	**1,511**	**1,676**	**1,836**	**1,986**	**2,122**	**2,241**	**2,340**	**2,415**
Terminal value										**25,913**

Terminal growth rate	**2.0%**
WACC	**11.5%**
Cost of Equity	15.0%
Cost of Debt	4.0%
Equity Beta	1.2
Risk Free Rate	3.0%
Market Risk Premium	10.0%
Target Debt to Asset ratio	30.0%
Effective Corporate Tax Rate	15.0%
PV of terminal value (RMB mn)	8,720
Total PV (RMB mn)	18,166
Net debt (RMB mn)	-1,164
Minority interest (RMB mn)	0
Equity value (RMB mn)	19,330
# of shares (mn)	749
Price per share (in Rmb)	25.80
Price per share (in HK$)	**30.00**

Source: CMBIGM estimates. HK$/RMB=0.86

Figure 4: Sensitivity analysis of DCF model

Price per share (in HK$)		Terminal growth rate				
		3.0%	2.5%	2.0%	1.5%	1.0%
WACC	10.5%	36.15	34.88	33.76	32.77	31.87
	11.0%	33.80	32.73	31.77	30.92	30.15
	11.5%	31.73	30.82	**30.00**	29.26	28.59
	12.0%	29.90	29.11	28.40	27.76	27.18
	12.5%	28.26	27.58	26.96	26.40	25.89

Source: CMBIGM estimates

Risks

1) Uncertainties in the demand recovery sustainability in preclinical R&D in China; 2) unable to secure enough NHP supply to fulfill customer demand; 3) uncertainties to win foreign contracts.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**2,376**	**2,018**	**1,658**	**2,014**	**2,604**	**3,247**
Cost of goods sold	(1,397)	(1,513)	(1,377)	(1,414)	(1,684)	(2,031)
Gross profit	**979**	**506**	**281**	**599**	**919**	**1,216**
Operating expenses	**(418)**	**(437)**	**(411)**	**(571)**	**(613)**	**(678)**
Selling expense	(25)	(28)	(37)	(45)	(50)	(56)
Admin expense	(296)	(316)	(287)	(407)	(422)	(462)
R&D expense	(97)	(93)	(87)	(119)	(141)	(159)
Operating profit	**561**	**69**	**(130)**	**28**	**306**	**539**
Gain/loss on financial assets at FVTPL	(289)	(123)	514	1,045	400	400
Share of (losses)/profits of associates/JV	(3)	(1)	0	0	0	0
Net Interest income/(expense)	**(3)**	**(2)**	**(1)**	**(1)**	**(1)**	**(0)**
Other income/expense	241	161	(45)	133	128	132
Pre-tax profit	**507**	**104**	**337**	**1,205**	**833**	**1,070**
Income tax	(115)	(34)	(40)	(131)	(83)	(139)
After tax profit	**392**	**70**	**298**	**1,074**	**750**	**931**
Minority interest	(5)	(4)	0	0	0	0
Net profit	**397**	**74**	**298**	**1,074**	**750**	**931**
Adjusted net profit	**464**	**77**	**(173)**	**45**	**332**	**526**
Gross dividends	120	22	90	322	225	279

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**7,122**	**5,031**	**5,262**	**5,824**	**6,557**	**7,681**
Cash & equivalents	2,863	965	912	394	718	1,533
Account receivables	213	218	197	224	254	273
Inventories	185	164	203	169	178	187
Financial assets at FVTPL	1,279	2,082	2,339	3,384	3,784	4,184
Other current assets	2,582	1,602	1,613	1,653	1,623	1,505
Non-current assets	**2,905**	**4,365**	**4,420**	**4,838**	**5,118**	**5,274**
PP&E	1,303	1,431	1,375	1,806	2,098	2,265
Intangibles	48	46	42	30	18	6
Goodwill	136	138	55	55	55	55
Financial assets at FVTPL	719	474	749	749	749	749
Other non-current assets	699	2,276	2,199	2,199	2,199	2,199
Total assets	**10,027**	**9,396**	**9,682**	**10,662**	**11,675**	**12,954**
Current liabilities	**1,467**	**1,111**	**1,161**	**1,483**	**2,057**	**2,772**
Short-term borrowings	0	0	0	0	0	0
Account payables	43	50	74	64	76	92
Other current liabilities	1,397	1,021	1,066	1,399	1,961	2,660
Lease liabilities	28	39	20	20	20	20
Non-current liabilities	**279**	**206**	**196**	**196**	**196**	**196**
Long-term borrowings	0	0	0	0	0	0
Obligations under finance leases	42	22	1	1	1	1
Deferred income	74	68	73	73	73	73
Other non-current liabilities	162	117	122	122	122	122
Total liabilities	**1,746**	**1,317**	**1,357**	**1,679**	**2,253**	**2,968**
Share capital	750	749	749	749	749	749
Capital surplus	7,529	7,329	7,576	8,233	8,673	9,237
Total shareholders equity	**8,279**	**8,079**	**8,325**	**8,983**	**9,422**	**9,986**
Minority interest	2	0	0	0	0	0
Total equity and liabilities	**10,027**	**9,396**	**9,682**	**10,662**	**11,675**	**12,954**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**507**	**104**	**337**	**1,205**	**833**	**1,070**
Depreciation & amortization	142	145	162	182	220	245
Tax paid	(153)	(96)	(49)	(131)	(83)	(139)
Change in working capital	(94)	63	347	288	564	806
Others	219	121	(367)	(1,119)	(465)	(467)
Net cash from operations	**622**	**337**	**430**	**425**	**1,069**	**1,515**
Investing						
Capital expenditure	(187)	(252)	(129)	(600)	(500)	(400)
Acquisition of subsidiaries/ investments	(90)	0	0	0	0	0
Others	(38)	(1,710)	(276)	0	0	0
Net cash from investing	**(315)**	**(1,961)**	**(405)**	**(600)**	**(500)**	**(400)**
Financing						
Dividend paid	(214)	(120)	(22)	(322)	(225)	(279)
Net borrowings	(7)	0	0	0	0	0
Proceeds from share issues	(9)	(16)	0	0	0	0
Others	(132)	(130)	(45)	(21)	(21)	(20)
Net cash from financing	**(362)**	**(266)**	**(67)**	**(343)**	**(245)**	**(300)**
Net change in cash						
Cash at the beginning of the year	2,899	2,854	965	912	394	718
Exchange difference	8	1	(12)	0	0	0
Cash at the end of the year	**2,854**	**965**	**912**	**394**	**718**	**1,533**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	4.8%	(15.1%)	(17.9%)	21.5%	29.3%	24.7%
Gross profit	(9.4%)	(48.4%)	(44.4%)	113.2%	53.4%	32.3%
Operating profit	(18.1%)	(87.7%)	na	na	988.2%	76.0%
Net profit	(63.0%)	(81.3%)	302.1%	260.6%	(30.2%)	24.2%
Adj. net profit	(26.5%)	(83.4%)	na	na	635.1%	58.5%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	41.2%	25.0%	17.0%	29.8%	35.3%	37.4%
Operating margin	23.6%	3.4%	(7.9%)	1.4%	11.8%	16.6%
Adj. net profit margin	19.5%	3.8%	(10.5%)	2.2%	12.7%	16.2%
Return on equity (ROE)	4.8%	0.9%	3.6%	12.4%	8.1%	9.6%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.5)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)
Current ratio (x)	4.9	4.5	4.5	3.9	3.2	2.8
Receivable turnover days	32.6	39.0	45.6	40.6	35.6	30.6
Inventory turnover days	69.9	42.0	48.6	43.6	38.6	33.6
Payable turnover days	22.3	11.3	16.5	16.5	16.5	16.5

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E (adjusted)	32.2	194.9	Ns	331.7	45.1	28.5
P/B	1.8	1.8	1.8	1.6	1.6	1.5
P/CFPS	23.8	43.9	34.3	34.8	13.8	9.8
Div yield (%)	0.8	0.2	0.6	2.2	1.5	1.9

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

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