

I-Mab (IMAB US)

Ph2 data of lemezoparlimab (CD47) in 1L MDS released

■ **Encouraging efficacy of lemezoparlimab in 1L MDS.** I-Mab announced positive Ph2 (NCT04202003) data of lemezoparlimab in combination with azacitidine (AZA) in patients with newly diagnosed higher risk MDS at ESMO 2022 ([link](#)). A total of 53 patients were enrolled as of 31 Mar 2022. Top-line data showed that for patients who received initial dose of over six months (n=15), the ORR and CRR were 86.7% and 40%, respectively. As a cross-trial comparison, the efficacy of lemezoparlimab could be comparable to that of magrolimab (CD47 from Gilead; 75% ORR and 33% CRR; median six months of treatment; [link](#)) and IBI-188 (CD47 from Innovent; 85.7% ORR and 39% CRR; [link](#)). The improvements on haemoglobin/platelet and transfusion were observed in lemezoparlimab's trial. 9 of 29 patients (31%) with blood transfusion dependence at baseline became transfusion independent at the time of analysis. Furthermore, the majority of CR patients showed a reduction in MDS-related gene mutation burdens, including TP53, TET2 and RUNX1, with 56% achieving MRD negativity.

■ **Satisfying safety profile of lemezoparlimab, while more data required to make cross-trial comparisons.** 40% patients in lemezoparlimab's trial had Grade≥3 anemia (TRAEs), while Grade≥3 anemia occurred in 47% patients (TEAEs) in magrolimab's trial mentioned above. 11.3% patients in lemezoparlimab's trial discontinued due to TEAEs and Grade 5 TEAEs occurred in 5.7% patients. In comparison, 6.3% patients in magrolimab's trial discontinued due to AEs and 60-day mortality was 2%. In lemezoparlimab's trial, 74% patients had Grade≥3 anemia at baseline, while the anemia baseline status was not released in magrolimab's trial. It is hard to make direct comparison of safety profile between the two drug candidates due to the differences in data release (TRAE or TEAE) and the cross-trial variance. Innovent has not yet released the detailed safety data of IBI-181 + AZA in MDS, while it is notable that AK117 (CD47 from Akeso) could be better off in safety with 29.7% patients having anemia (any Grade) in its Ph1/2 trial NCT04900350. Moreover, preliminary results showed AK117 realized 60% CR in the five MDS patients who received 30mg/kg Q2W AK117 and AZA for at least four months. More data is required to make cross-trial comparisons of different CD47 antibodies.

■ **Maintain BUY.** I-Mab expects to initiate a Ph3 trial in 1L MDS patients in China in 2H22E, while the Company will collaborate with AbbVie in developing a new pre-IND anti-CD47 antibody overseas (led by AbbVie). We maintain our DCF-based TP unchanged at US\$43.06 (WACC: 10.0%, terminal growth rate: 2.0%).

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	1,543	88	71	22	785
Net profit (RMB mn)	470.9	(2,331.5)	(1,732.4)	(1,342.5)	(372.7)
EPS (Reported) (RMB)	8.07	(30.69)	(20.85)	(16.15)	(4.48)
R&D expenses (RMB)	(985)	(1,213)	(800)	(600)	(550)
Admin expenses (RMB mn)	(402)	(900)	(600)	(550)	(500)
CAPEX (RMB mn)	(8)	(30)	(20)	(20)	(20)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **US\$43.06**
 (Previous TP) US\$43.06
Up/Downside **671.7%**
Current Price **US\$5.58**

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Stock Data

Mkt Cap (US\$ mn) 463.7
 Avg 3 mths t/o (US\$ mn) 8.9
 52w High/Low (US\$) 76.57/5.58
 Total Issued Shares (mn) 83.1

Source: FactSet

Shareholding Structure

C-Bridge 15.5%
 T.Rowe Price 8.9%

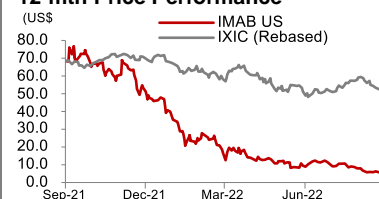
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-30.1%	-24.7%
3-mth	-41.4%	-45.1%
6-mth	-66.7%	-64.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: PWC

Web-site: www.i-mabbiopharma.com

Related report:

- Strong cash balance to fund business operations – 1 Sep 2022
- Amendment on the deal regarding anti-CD47 antibodies with AbbVie – 18 Aug 2022
- Ulliedlimab (CD73) showed preliminary efficacy in treatment-naïve advanced NSCLC patients – 30 May 2022

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (RMB mn)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	(1,732)	(1,342)	(373)	95	1,473	2,418	2,837	3,282	3,682	4,277	4,312	4,505	4,474	4,742
Tax rate	0%	0%	0%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	(1,732)	(1,342)	(373)	80	1,252	2,055	2,411	2,790	3,129	3,635	3,666	3,829	3,803	4,031
+ D&A	25	26	27	28	28	29	29	29	29	30	30	30	30	30
- Change in working capital	60	(4)	(33)	(302)	(377)	(212)	(165)	(124)	(95)	(82)	(41)	(32)	(24)	(16)
- Capex	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
FCFF	(1,667)	(1,340)	(398)	(214)	884	1,852	2,256	2,675	3,044	3,563	3,634	3,807	3,789	4,025
Terminal value														51,378
FCF + Terminal value	(1,667)	(1,340)	(398)	(214)	884	1,852	2,256	2,675	3,044	3,563	3,634	3,807	3,789	55,403
PV of enterprise (RMB mn)	21,796													
Net debt (RMB mn)	(1,775)													
Equity value (RMB mn)	23,571													
Equity value (US\$ mn)	3,578													
No. of ADS	83,098,842													
DCF per share (US\$)	43.06													
Terminal growth rate	2.0%													
WACC	10.0%													
Cost of Equity	12.5%													
Cost of Debt	5.0%													
Equity Beta	0.90													
Risk Free Rate	3.0%													
Market Risk Premium	10.5%													
Target Debt to Asset ratio	30.0%													
Effective Corporate Tax Rate	15.0%													

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (US\$)

		WACC				
		9.0%	9.5%	10.0%	10.5%	11.0%
Terminal growth rate	3.0%	58.03	52.00	46.88	42.48	38.67
	2.5%	54.95	49.51	44.84	40.80	37.28
	2.0%	52.30	47.35	43.06	39.32	36.04
	1.5%	50.01	45.46	41.49	38.00	34.92
	1.0%	48.00	43.79	40.09	36.83	33.92

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	71	22	785	358	637	890	-80%	-96%	-12%
Gross Profit	71	20	764	313	583	791	-77%	-97%	-3%
Operating Profit	(1,743)	(1,340)	(360)	(1,240)	(1,091)	(744)	N/A	N/A	N/A
Net profit	(1,732)	(1,342)	(373)	(1,586)	(1,372)	(759)	N/A	N/A	N/A
EPS (RMB)	(20.85)	(16.15)	(4.48)	(12.61)	(10.84)	(4.83)	N/A	N/A	N/A
Gross Margin	100.00%	89.13%	97.27%	87.50%	91.53%	88.82%	+12.50 ppt	-2.40 ppt	+8.45 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Revenue	30	1,543	88	71	22	785
Cost of goods sold	0	0	(46)	0	(2)	(21)
Gross profit	30	1,543	42	71	20	764
Operating expenses	(1,482)	(1,060)	(2,376)	(1,803)	(1,362)	(1,137)
Selling expense	0	0	0	0	(10)	(74)
Admin expense	(655)	(402)	(900)	(600)	(550)	(500)
R&D expense	(840)	(985)	(1,213)	(800)	(600)	(550)
Others	13	328	(263)	(403)	(203)	(12)
Pre-tax profit	(1,452)	483	(2,335)	(1,732)	(1,342)	(373)
Income tax	0	(12)	3	0	0	0
Others	(33)	0	0	0	0	0
Net profit	(1,452)	471	(2,332)	(1,732)	(1,342)	(373)
BALANCE SHEET	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Current assets	1,361	5,344	4,782	3,054	1,920	1,563
Cash & equivalents	1,137	4,759	3,524	1,857	717	319
Account receivables	0	130	33	0	4	41
Inventories	0	0	27	0	1	6
ST bank deposits	32	32	753	753	753	753
Financial assets at FVTPL	0	0	0	0	0	0
Other current assets	192	423	445	445	445	445
Non-current assets	376	990	819	814	808	801
PP&E	30	25	46	50	54	57
Intangibles	149	120	120	120	120	120
Goodwill	163	163	163	163	163	163
Financial assets at FVTPL	0	665	352	352	352	352
Other non-current assets	35	17	139	129	119	109
Total assets	1,738	6,334	5,601	3,869	2,727	2,364
Current liabilities	588	576	624	624	825	835
Short-term borrowings	50	0	0	0	200	200
Account payables	274	561	593	593	595	604
Other current liabilities	265	16	31	31	31	31
Non-current liabilities	80	131	418	418	418	418
Long-term borrowings	76	6	82	82	82	82
Deferred income	4	0	0	0	0	0
Other non-current liabilities	0	125	336	336	336	336
Total liabilities	668	707	1,042	1,042	1,243	1,252
Capital surplus	389	7,701	9,101	9,101	9,101	9,101
Retained earnings	(2,494)	(2,023)	(4,355)	(6,087)	(7,430)	(7,802)
Other reserves	3,174	(51)	(186)	(186)	(186)	(186)
Total shareholders equity	1,069	5,627	4,560	2,827	1,485	1,112
Total equity and liabilities	1,738	6,334	5,601	3,869	2,727	2,364

CASH FLOW	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(1,452)	471	(2,332)	(1,732)	(1,342)	(373)
Depreciation & amortization	10	13	14	15	16	17
Tax paid	0	0	0	0	0	0
Change in working capital	185	(241)	389	60	(4)	(33)
Others	389	191	950	10	10	10
Net cash from operations	(868)	434	(979)	(1,647)	(1,320)	(378)
Investing						
Capital expenditure	(12)	(8)	(30)	(20)	(20)	(20)
Acquisition of subsidiaries/ investments	0	0	(6)	0	0	0
Net proceeds from disposal of short-term investments	225	(194)	(691)	0	0	0
Net cash from investing	212	(202)	(727)	(20)	(20)	(20)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	(30)	(50)	0	0	200	0
Proceeds from share issues	183	3,490	594	0	0	0
Net cash from financing	153	3,440	594	0	200	0
Net change in cash						
Cash at the beginning of the year	1,681	1,193	4,759	3,524	1,857	717
Exchange difference	15	(107)	(129)	0	0	0
Cash at the end of the year	1,193	4,759	3,524	1,857	717	319
GROWTH	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Revenue	(44.2%)	5,042.2%	(94.3%)	(19.5%)	(68.5%)	3,414.6%
Gross profit	(44.2%)	5,042.2%	(97.3%)	70.4%	(71.9%)	3,735.5%
PROFITABILITY	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Gross profit margin	100.0%	100.0%	47.3%	100.0%	89.1%	97.3%
Return on equity (ROE)	(95.8%)	14.1%	(45.8%)	(46.9%)	(62.3%)	(28.7%)
GEARING/LIQUIDITY/ACTIVITIES	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Current ratio (x)	2.3	9.3	7.7	4.9	2.3	1.9
VALUATION	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
P/B	na	1.9	6.8	1.1	2.2	2.9

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

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