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Jacobio (1167 HK)

Early pan-KRAS clinical data unveils potential first-in-class blockbuster

BUY (Maintain)

Target Price	**HK$10.34**
(Previous TP	HK$10.34)
Up/Downside	**45.8%**
Current Price	**HK$7.09**

China Healthcare

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Stock Data

Mkt Cap (HK$ mn)	5,613.5
Avg 3 mths t/o (HK$ mn)	29.9
52w High/Low (HK$)	11.60/2.60
Total Issued Shares (mn)	791.8

Source: FactSet

Shareholding Structure

Center Venture	10.1%
Wang Yinxiang	8.2%

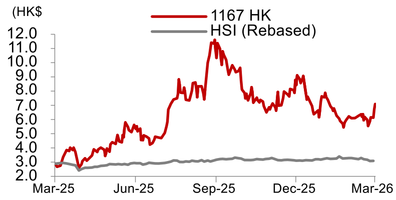
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	13.6%	19.6%
3-mth	-15.9%	-17.1%
6-mth	-31.4%	-30.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Jacobio's JAB-23E73 (pan-KRAS) has demonstrated a highly differentiated safety profile and promising early efficacy. We believe that due to its superior safety compared to competitors like RVMD's RMC-6236 and encouraging early efficacy signals, JAB-23E73 holds significant blockbuster potential. We estimate the global risk-adjusted peak sales of JAB-23E73 to reach US$2.1bn. Furthermore, the Company's financial position remains very strong. We maintain our BUY rating on Jacobio, with a TP of HK$10.34 (unchanged).

- **Pan-KRAS demonstrated promising early efficacy data with a differentiated safety profile.** JAB-23E73 is globally the first pan-KRAS small molecule drug candidate to enter Ph1 study and release clinical data, leading the space even as RVMD's molecular glue RMC-6236 (pan-RAS) enters Ph3. Across the nine dose levels in the Ph1 trial in China, 42 patients were enrolled. JAB-23E73 demonstrated a much better safety profile than RMC-6236. The Grade ≥3 TRAE rate was 11.9% for JAB-23E73, significantly lower than the 34% observed in RMC-6236's Ph1 trial in 2L+ PDAC (link). While GI toxicity was similar to RMC-6236, JAB-23E73 showed a marked advantage in rash (all grades/≥ Grade 3: 14.3% / 0% vs. RMC-6236's 90% / 7%) and mucositis/stomatitis (all grades/≥ Grade 3: 4.8% / 0% vs. RMC-6236's 54% / 4%). On the efficacy front, within the ≥160mg QD cohorts, 13 2L+ PDAC patients were evaluable (2 in 2L, 11 in 3L+), delivering a promising ORR of 38.5% (5/13). This compares favorably to the 35% ORR shown by RMC-6236 (300mg QD) in 2L PDAC patients.
- **Multiple near-term clinical development catalysts**. For JAB-23E73, the Ph1b/III trial in combination with chemotherapy for 1L PDAC has received CDE approval in China. Mgmt also targets to initiate a Ph2 trial of JAB-23E73 monotherapy in 2L PDAC in 1H26, followed by the commencement of a pivotal trial in China for 2L PDAC in 2H26. Concurrently, the US Ph1 trial remains ongoing, and management is in active discussions with its partner, AstraZeneca, regarding broader global development plans. Furthermore, within its differentiated ADC pipeline, Jacobio plans to submit IND applications in 2H26 for its HER2-STINGa iADC (JAB-BX467) and EGFR-KRAS G12Di tADC (JAB-BX600).
- **Robust financial position with continuous cash inflows.** Jacobio is well-capitalized to fund its extensive clinical pipeline. As of end-2025, the company reported a strong cash balance of RMB1.13bn against only RMB95mn in debt. The anticipated receipt of a US$1bn upfront payment from AstraZeneca in 1Q26 will massively enhance the company's cash reserves. Jacobio expects to receive RMB8.55mn from its partner Allist for the commercialization of glecirasib (KRAS G12Ci) during Jun to Dec 2025. With glecirasib entering the NRDL starting in Jan 2026, Jacobio is positioned to receive increasing sales royalties from Allist.
- **Maintain BUY.** We believe JAB-23E73 (pan-KRAS) is potentially a FIC blockbuster. With the expected R&D expense decrease in recent years offset by future increases, we maintain our TP unchanged at HK$10.34 (WACC: 12.58%, terminal growth rate: 2.0%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	156	54	782	502	531
Net profit (RMB mn)	(164.1)	(146.0)	487.5	163.6	47.7
R&D expenses (RMB mn)	(330)	(189)	(200)	(300)	(398)
Admin expenses (RMB mn)	(43)	(34)	(40)	(50)	(69)

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
EBIT	**552**	**162**	**24**	**-34**	**6**	**119**	**400**	**809**	**1,123**	**1,526**	**1,864**
Tax rate	*15%*	*15%*	*15%*	*0%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	470	138	20	-34	5	102	340	688	955	1,297	1,584
+ D&A	10	12	22	30	38	39	40	41	42	43	44
- Change in working capital	-44	0	0	-1	-44	-32	-56	-77	-47	-37	-12
- Capex	-30	-30	-100	-100	-100	-50	-50	-50	-50	-50	-50
FCFF	**406**	**120**	**-58**	**-105**	**-101**	**59**	**274**	**601**	**900**	**1,253**	**1,566**
Terminal value											**15,094**
Terminal growth rate	**2.0%**										
WACC	**12.58%**										
Cost of Equity	16.7%										
Cost of Debt	3.5%										
Equity Beta	1.2										
Risk Free Rate	3.5%										
Market Risk Premium	11.0%										
Target Debt to Asset ratio	30.0%										
Effective Corporate Tax Rate	15.0%										
Total PV (RMB mn)	5,892										
Net debt (RMB mn)	-1,313										
Equity value (RMB mn)	**7,205**										
Equity value (HK$ mn)	**8,187**										
# of shares (mn)	792										
DCF per share (in HK$)	**10.34**										

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (HK$)

		WACC				
		11.58%	**12.08%**	**12.58%**	**13.08%**	**13.58%**
	3.0%	12.73	11.82	**11.02**	10.31	9.68
	2.5%	12.24	11.41	10.66	10.00	9.41
Terminal growth rate	**2.0%**	11.81	11.03	**10.34**	9.72	9.16
	1.5%	11.42	10.70	10.05	9.46	8.94
	1.0%	11.07	10.39	**9.78**	9.23	8.73

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates: New vs Old

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	782	502	531	782	502	531	0%	0%	0%
Gross profit	782	502	531	782	502	531	0%	0%	0%
Attributable net profit	487	164	48	361	104	27	35%	58%	79%
EPS (RMB)	0.62	0.21	0.06	0.46	0.13	0.03	35%	58%	79%
Gross margin	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00 ppt	0.00 ppt	0.00 ppt
Net margin	62.30%	32.56%	8.98%	46.15%	20.61%	5.01%	+16.15 ppt	+11.95 ppt	+3.97 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

	CMBI			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	782	502	531	490	318	318	60%	58%	67%
Gross profit	782	502	531	489	317	316	60%	59%	68%
Attributable net profit	487	164	48	163	(215)	(191)	199%	NA	NA
EPS (RMB)	0.62	0.21	0.06	0.09	(0.14)	(0.25)	584%	NA	NA
Gross margin	100.00%	100.00%	100.00%	99.80%	99.60%	99.50%	+0.20 ppt	+0.40 ppt	+0.50 ppt
Net margin	62.30%	32.56%	8.98%	33.27%	-67.61%	-60.16%	+29.03 ppt	NA	NA

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**64**	**156**	**54**	**782**	**502**	**531**
Cost of goods sold	(60)	0	(1)	0	0	0
Gross profit	**3**	**156**	**53**	**782**	**502**	**531**
Operating expenses	**(401)**	**(344)**	**(218)**	**(230)**	**(340)**	**(507)**
Selling expense	0	0	0	0	0	(50)
Admin expense	(47)	(43)	(34)	(40)	(50)	(69)
R&D expense	(372)	(330)	(189)	(200)	(300)	(398)
Others	18	29	5	10	10	10
Interest income	47	41	32	35	44	46
Interest expense	(8)	(8)	(13)	(14)	(14)	(14)
Pre-tax profit	**(359)**	**(164)**	**(146)**	**573**	**192**	**56**
Income tax	0	0	0	(86)	(29)	(8)
After tax profit	**(359)**	**(164)**	**(146)**	**487**	**164**	**48**
Minority interest	0	0	0	0	0	0
Net profit	**(359)**	**(164)**	**(146)**	**487**	**164**	**48**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**1,168**	**1,189**	**1,154**	**1,588**	**1,754**	**1,743**
Cash & equivalents	1,148	1,175	974	1,408	1,574	1,563
Receivables	0	0	0	0	0	0
Inventories	0	0	0	0	0	0
Prepayment	11	6	11	11	11	11
Other current assets	9	8	169	169	169	169
Non-current assets	**292**	**171**	**151**	**170**	**188**	**266**
PP&E	89	77	65	85	103	181
Right-of-use assets	131	74	64	64	64	64
Intangibles	1	1	1	1	1	1
Financial assets at FVTPL	18	18	17	17	17	17
Other non-current assets	53	0	3	3	3	3
Total assets	**1,460**	**1,359**	**1,304**	**1,758**	**1,942**	**2,010**
Current liabilities	**205**	**243**	**226**	**183**	**183**	**183**
Short-term borrowings	74	56	6	6	6	6
Payables	81	118	44	0	0	0
Tax payable	0	0	0	0	0	0
Other current liabilities	36	59	167	167	167	167
Lease liabilities	14	10	10	10	10	10
Non-current liabilities	**182**	**193**	**307**	**297**	**297**	**297**
Long-term borrowings	0	16	89	89	89	89
Other non-current liabilities	182	177	218	208	208	208
Total liabilities	**387**	**436**	**534**	**480**	**480**	**480**
Share capital	1	1	1	1	1	1
Capital surplus	0	(5)	(16)	(16)	(16)	(16)
Retained earnings	(3,194)	(3,350)	(3,495)	(3,008)	(2,844)	(2,797)
Other reserves	4,267	4,277	4,281	4,301	4,321	4,341
Total shareholders equity	**1,073**	**923**	**771**	**1,278**	**1,462**	**1,529**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**1,460**	**1,359**	**1,304**	**1,758**	**1,942**	**2,010**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(359)**	**(156)**	**(146)**	**573**	**192**	**56**
Depreciation & amortization	10	12	8	10	12	22
Tax paid	0	0	0	(86)	(29)	(8)
Change in working capital	(13)	77	(74)	(44)	0	0
Others	(2)	(7)	43	34	34	34
Net cash from operations	**(364)**	**(74)**	**(170)**	**488**	**210**	**103**
Investing						
Capital expenditure	(38)	(12)	(30)	(30)	(30)	(100)
Net proceeds from disposal of short-term investments	(11)	264	0	0	0	0
Others	1	4	0	0	0	0
Net cash from investing	**(48)**	**256**	**(30)**	**(30)**	**(30)**	**(100)**
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	74	(2)	0	0	0	0
Proceeds from share issues	199	45	0	0	0	0
Share repurchases	(6)	(5)	0	0	0	0
Others	(21)	(18)	(23)	(24)	(14)	(14)
Net cash from financing	**246**	**21**	**(23)**	**(24)**	**(14)**	**(14)**
Net change in cash						
Cash at the beginning of the year	624	469	677	374	808	974
Exchange difference	11	5	0	0	0	0
Cash at the end of the year	**469**	**677**	**374**	**808**	**974**	**963**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(33.7%)	145.1%	(65.6%)	1,361.9%	(35.8%)	5.7%
Gross profit	(74.6%)	4,761.3%	(66.0%)	1,378.3%	(35.8%)	5.7%
Net profit	na	na	na	na	(66.4%)	(70.9%)

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	5.0%	100.0%	98.9%	100.0%	100.0%	100.0%
Return on equity (ROE)	(30.5%)	(16.4%)	(17.2%)	47.6%	11.9%	3.2%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(1.0)	(1.2)	(1.1)	(1.0)	(1.0)	(1.0)
Current ratio (x)	5.7	4.9	5.1	8.7	9.6	9.5

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	ns	ns	10.1	30.1	103.4
P/E (diluted)	ns	ns	ns	10.1	30.1	103.4

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

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