24 Aug 2026

CMB International Global Markets | Equity Research | Company Update

# Henlius Biotech (2696 HK)

## Broadening global footprint while advancing innovation

Henlius reported in-line 1H26 results, with total revenue rising 27.3% YoY to RMB3.59bn, including licensing and R&D income of RMB700mn. Product sales reached RMB2.94bn, up 14.9% YoY and accounting for 46% of our previous full-year forecast, broadly in line with our expectations. Overseas product revenue grew 159% YoY to around RMB110mn, and management is targeting sustained triple-digit overseas growth over the next three years. Despite a modest increase in the product SG&A ratio to 49.8% (vs 45.7% in FY25), Henlius maintained net profit of RMB430mn while raising R&D spending by 46% YoY to RMB1.45bn. We maintain our BUY rating with a target price of HK$101.66.

- **Global biosimilar partnerships support overseas expansion**. Henlius continues to broaden its international footprint through new strategic partnerships. In 2026, the Company signed agreements with Eisai for serplulimab in Japan, Abbott for serplulimab in Southeast Asia and North Africa, and Sandoz covering up to ten biosimilars in ex-China markets. We see the Sandoz partnership as meaningful, as the first batch of assets—cetuximab, evolocumab, and belimumab—will bring not only upfront and milestone payments, but also an expected 40% share of net sales or net profits overseas. Supported by its established biosimilar capabilities, the upcoming global patent cliff of big pharmas, and a favorable US regulatory backdrop, we believe Henlius is well positioned to capture long-term growth in the biosimilar space. In the US, upon the approval of trastuzumab, denosumab, and pertuzumab, Henlius also has bevacizumab under FDA BLA review.
- **Innovative assets advance toward global value creation**. Henlius continues to progress its innovative pipeline, which should increasingly support long-term valuation. HLX43 (PD-L1 ADC) has shown promising activity in IO-resistant NSCLC, with median PFS of 6.7 months in heavily pre-treated EGFR wild-type nsq-NSCLC and 6.9 months in docetaxel-resistant sq-NSCLC. Management plans to discuss potential accelerated approval pathways with the US FDA by end-2026, potentially starting from 2L+ nsq-NSCLC. Meanwhile, a global Ph2/3 trial of HLX43 with or without HLX07 in IO-resistant sq-NSCLC is ongoing. HLX22 (HER2 mAb) has also demonstrated strong efficacy in HER2-positive gastric cancer and is now in a global Ph3 MRCT across China, the US, Japan, and Europe, with data expected in 2H27.
- **Advancing serplulimab's global commercialization**. Serplulimab remains a key pillar of Henlius' global development strategy. In the US, the bridging study in 1L ES-SCLC completed enrollment in late 2025, with data readout expected at ESMO 2026 and a BLA submission planned in 2026. In China, following its approval in perioperative gastric cancer in June, Henlius is targeting NRDL inclusion by end-2026. In 1L MSS colorectal cancer, the Ph3 Asian MRCT evaluating serplulimab in combination with chemotherapy and bevacizumab completed enrollment in mid-2025, with data expected in 2027. We also expect the Eisai partnership to facilitate future commercialization in Japan across these indications.
- **Maintain BUY**. We remain positive on Henlius given its expanding global footprint, strong biosimilar platform, and increasingly innovative pipeline. Factoring in the new partnership with Sandoz, we slightly revised up our TP from HK$99.78 to HK$101.66 (WACC: 9.13%, terminal growth rate: 3.5%).

**Earnings Summary**

| (YE 31 Dec) | FY24A | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **Revenue (RMB mn)** | 5,724 | 6,667 | 7,847 | 7,042 | 8,244 |
| **YoY growth (%)** | 6.1 | 16.5 | 17.7 | (10.3) | 17.1 |
| **Net profit (RMB mn)** | 820.5 | 827.0 | 1,117.5 | 819.1 | 1,196.9 |
| **YoY growth (%)** | 50.3 | 0.8 | 35.1 | (26.7) | 46.1 |
| **EPS (Reported) (RMB)** | 1.51 | 1.52 | 2.05 | 1.50 | 2.20 |
| **P/E (x)** | 39.0 | 38.6 | 28.7 | 39.1 | 26.8 |

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

| | |
|---|---|
| **Target Price** | **HK$101.66** |
| (Previous TP | HK$99.78) |
| **Up/Downside** | **48.2%** |
| **Current Price** | **HK$68.60** |

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**Stock Data**

| | |
|---|---|
| Mkt Cap (HK$ mn) | 37,402.8 |
| Avg 3 mths t/o (HK$ mn) | 54.1 |
| 52w High/Low (HK$) | 88.70/51.35 |
| Total Issued Shares (mn) | 545.2 |

Source: FactSet

**Shareholding Structure**

| | |
|---|---|
| Fosun | 71.5% |
| Lin Lijun | 3.1% |

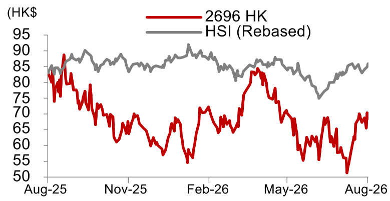
Source: Wind

**Share Performance**

| | Absolute | Relative |
|---|---|---|
| 1-mth | 15.6% | 11.7% |
| 3-mth | -2.2% | -4.6% |
| 6-mth | -5.1% | -3.6% |

Source: FactSet

**12-mth Price Performance**




Source: FactSet

## Figure 1: Risk-adjusted DCF valuation

| DCF Valuation (RMB mn) | | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EBIT | | 1,146 | 833 | 1,221 | 1,653 | 2,505 | 3,766 | 4,842 | 5,549 | 6,314 | 6,761 |
| Less: Tax | | (23) | (17) | (24) | (248) | (378) | (571) | (739) | (853) | (978) | (1,057) |
| Depreciation and amortisation | | 459 | 495 | 503 | 511 | 443 | 449 | 454 | 459 | 464 | 468 |
| CAPEX (incl. intangible assets) | | (623) | (1,511) | (1,411) | (1,311) | (1,211) | (1,211) | (1,211) | (1,211) | (1,211) | (1,211) |
| Change in working capital | | 793 | (76) | (76) | (70) | (55) | (30) | (68) | (42) | (39) | 10 |
| **FCF** | | 900 | (168) | 320 | 567 | 1,310 | 2,408 | 3,283 | 3,906 | 4,553 | 4,974 |
| **Terminal value** | | | | | | | | | | | 91,374 |
| | | | | | | | | | | | |
| PV of enterprise (RMB mn) | 49,599 | | | | | | | | | | |
| Debt & Preferred Stock (RMB mn) | 1,931 | | | | | | | | | | |
| Deposit and pledged cash (RMB mn) | 545 | | | | | | | | | | |
| Equity value (RMB mn) | 47,668 | | | | | | | | | | |
| Value per share (RMB) | **87.43** | | | | | | | | | | |
| **Value per share (HK$)** | **101.66** | | | | | | | | | | |
| | | | | | | | | | | | |
| **Terminal growth rate** | **3.5%** | | | | | | | | | | |
| **WACC** | **9.13%** | | | | | | | | | | |
| Cost of Equity | 3.0% | | | | | | | | | | |
| Cost of Debt | 13.5% | | | | | | | | | | |
| Equity Beta | 10.50% | | | | | | | | | | |
| Risk Free Rate | 0.90 | | | | | | | | | | |
| Market Risk Premium | 15% | | | | | | | | | | |
| Target Debt to Asset ratio | 35% | | | | | | | | | | |
| Effective Corporate Tax Rate | 65% | | | | | | | | | | |

Source: CMBIGM estimates

## Figure 2: Sensitivity analysis (HK$)

| | | WACC | | | | |
|---|---|---|---|---|---|---|
| | | **8.13%** | **8.63%** | **9.13%** | **9.63%** | **10.13%** |
| | **4.5%** | 161.60 | 138.32 | 120.16 | 105.62 | 93.73 |
| | **4.0%** | 144.13 | 125.18 | 110.01 | 97.61 | 87.29 |
| **Terminal growth rate** | **3.5%** | 130.43 | 114.60 | **101.66** | 90.90 | 81.82 |
| | **3.0%** | 119.40 | 105.90 | 94.67 | 85.20 | 77.12 |
| | **2.5%** | 110.33 | 98.61 | 88.74 | 80.31 | 73.04 |

Source: CMBIGM estimates

## Figure 3: CMBIGM revision

| RMB mn | New | | | Old | | | Diff (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 7,847 | 7,042 | 8,244 | 7,336 | 6,665 | 7,522 | 7% | 6% | 10% |
| Gross profit | 6,013 | 5,035 | 6,063 | 5,404 | 4,593 | 5,344 | 11% | 10% | 13% |
| Operating profit | 1,146 | 833 | 1,221 | 870 | 506 | 845 | 32% | 65% | 45% |
| Net profit | 1,118 | 819 | 1,197 | 847 | 500 | 830 | 32% | 64% | 44% |
| EPS (RMB) | 2.05 | 1.50 | 2.20 | 1.56 | 0.92 | 1.53 | 31% | 63% | 44% |
| Gross margin | 76.63% | 71.49% | 73.54% | 73.67% | 68.91% | 71.05% | +2.96 ppt | +2.58 ppt | +2.49 ppt |
| Operating margin | 14.61% | 11.83% | 14.81% | 11.86% | 7.59% | 11.23% | +2.75 ppt | +4.24 ppt | +3.58 ppt |
| Net margin | 14.24% | 11.63% | 14.52% | 11.55% | 7.50% | 11.04% | +2.69 ppt | +4.14 ppt | +3.48 ppt |

Source: CMBIGM estimates

## Figure 4: CMBIGM estimates vs consensus

| RMB mn | CMBIGM | | | Consensus | | | Diff (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 7,847 | 7,042 | 8,244 | 8,117 | 7,192 | 8,269 | -3% | -2% | 0% |
| Gross profit | 6,013 | 5,035 | 6,063 | 6,232 | 5,033 | 5,732 | -4% | 0% | 6% |
| Operating profit | 1,146 | 833 | 1,221 | 1,750 | 623 | 862 | -34% | 34% | 42% |
| Net profit | 1,118 | 819 | 1,197 | 1,531 | 580 | 812 | -27% | 41% | 47% |
| EPS (RMB) | 2.05 | 1.50 | 2.20 | 2.82 | 1.07 | 1.50 | -27% | 40% | 46% |
| Gross margin | 76.63% | 71.49% | 73.54% | 71.76% | 71.19% | 77.51% | +4.87 ppt | +0.30 ppt | -3.97 ppt |
| Operating margin | 14.61% | 11.83% | 14.81% | 21.02% | 9.55% | 10.24% | -6.41 ppt | +2.28 ppt | +4.57 ppt |
| Net margin | 14.24% | 11.63% | 14.52% | 16.01% | 15.70% | 18.13% | -1.77 ppt | -4.07 ppt | -3.61 ppt |

Source: Bloomberg, CMBIGM estimates

# Financial Summary

| INCOME STATEMENT | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec (RMB mn)** | | | | | | |
| **Revenue** | **5,395** | **5,724** | **6,667** | **7,847** | **7,042** | **8,244** |
| Cost of goods sold | (1,476) | (1,540) | (1,682) | (1,834) | (2,007) | (2,182) |
| **Gross profit** | **3,919** | **4,185** | **4,985** | **6,013** | **5,035** | **6,063** |
| Selling expense | (1,754) | (1,917) | (2,198) | (2,718) | (1,947) | (2,327) |
| Admin expense | (384) | (371) | (443) | (557) | (505) | (589) |
| R&D expense | (1,119) | (1,035) | (1,515) | (1,591) | (1,750) | (1,925) |
| **Operating profit** | **662** | **861** | **828** | **1,146** | **833** | **1,221** |
| Other gains/(losses) | (92) | (15) | (16) | (6) | 3 | 0 |
| **EBITDA** | **1,015** | **1,228** | **1,235** | **1,641** | **1,336** | **1,732** |
| **EBIT** | **662** | **861** | **828** | **1,146** | **833** | **1,221** |
| **Pre-tax profit** | **570** | **846** | **812** | **1,140** | **836** | **1,221** |
| Income tax | (24) | (25) | 15 | (23) | (17) | (24) |
| **After tax profit** | **546** | **820** | **827** | **1,118** | **819** | **1,197** |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **546** | **820** | **827** | **1,118** | **819** | **1,197** |

| BALANCE SHEET | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec (RMB mn)** | | | | | | |
| **Current assets** | **2,676** | **2,512** | **3,486** | **3,464** | **3,414** | **3,487** |
| Cash & equivalents | 988 | 773 | 772 | 1,666 | 1,501 | 1,462 |
| Restricted cash | 0 | 0 | 0 | 0 | 0 | 0 |
| Account receivables | 648 | 857 | 1,816 | 708 | 748 | 783 |
| Inventories | 757 | 728 | 612 | 804 | 880 | 956 |
| Other current assets | 283 | 153 | 286 | 286 | 286 | 286 |
| **Non-current assets** | **7,228** | **8,086** | **8,875** | **9,892** | **10,800** | **11,601** |
| PP&E | 2,238 | 2,343 | 2,262 | 2,347 | 2,424 | 2,493 |
| Right-of-use assets | 415 | 357 | 320 | 245 | 170 | 95 |
| Intangibles | 4,511 | 5,355 | 6,162 | 7,169 | 8,076 | 8,882 |
| Other non-current assets | 64 | 30 | 131 | 131 | 131 | 131 |
| **Total assets** | **9,904** | **10,598** | **12,361** | **13,356** | **14,215** | **15,087** |
| | | | | | | |
| **Current liabilities** | **5,067** | **5,032** | **4,941** | **4,818** | **4,858** | **4,893** |
| Short-term borrowings | 2,800 | 2,560 | 2,247 | 2,247 | 2,247 | 2,247 |
| Account payables | 545 | 729 | 831 | 708 | 748 | 783 |
| Other current liabilities | 1,255 | 1,299 | 1,345 | 1,345 | 1,345 | 1,345 |
| Contract liabilities | 467 | 444 | 518 | 518 | 518 | 518 |
| **Non-current liabilities** | **2,644** | **2,552** | **3,460** | **3,460** | **3,460** | **3,460** |
| Long-term borrowings | 1,293 | 1,089 | 1,350 | 1,350 | 1,350 | 1,350 |
| Deferred income | 230 | 239 | 277 | 277 | 277 | 277 |
| Other non-current liabilities | 1,121 | 1,225 | 1,832 | 1,832 | 1,832 | 1,832 |
| **Total liabilities** | **7,711** | **7,584** | **8,401** | **8,278** | **8,318** | **8,353** |
| | | | | | | |
| Share capital | 543 | 543 | 543 | 543 | 543 | 543 |
| Retained earnings | 1,649 | 2,470 | 3,417 | 4,534 | 5,354 | 6,191 |
| **Total shareholders equity** | **2,192** | **3,014** | **3,960** | **5,078** | **5,897** | **6,735** |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total equity and liabilities** | **9,904** | **10,598** | **12,361** | **13,356** | **14,215** | **15,087** |

| CASH FLOW | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec (RMB mn)** | | | | | | |
| **Operating** | | | | | | |
| **Profit before taxation** | **570** | **846** | **812** | **1,140** | **836** | **1,221** |
| Depreciation & amortization | 353 | 367 | 408 | 495 | 503 | 511 |
| Tax paid | (21) | (28) | (6) | (23) | (17) | (24) |
| Change in working capital | 61 | (57) | (167) | 793 | (76) | (76) |
| Others | 85 | 114 | 259 | 102 | 102 | 102 |
| **Net cash from operations** | **1,048** | **1,242** | **1,306** | **2,507** | **1,348** | **1,733** |
| | | | | | | |
| **Investing** | | | | | | |
| Capital expenditure | (474) | (164) | (311) | (311) | (311) | (311) |
| Others | (531) | (746) | (885) | (1,200) | (1,100) | (1,000) |
| **Net cash from investing** | **(1,004)** | **(910)** | **(1,196)** | **(1,511)** | **(1,411)** | **(1,311)** |
| | | | | | | |
| **Financing** | | | | | | |
| Dividend paid | 0 | 0 | 0 | 0 | 0 | (359) |
| Net borrowings | 365 | (408) | (58) | 0 | 0 | 0 |
| Proceeds from share issues | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | (220) | (236) | (36) | (102) | (102) | (102) |
| **Net cash from financing** | **144** | **(643)** | **(94)** | **(102)** | **(102)** | **(461)** |
| | | | | | | |
| **Net change in cash** | | | | | | |
| Cash at the beginning of the year | 673 | 868 | 571 | 772 | 1,666 | 1,501 |
| Exchange difference | 6 | 15 | (8) | 0 | 0 | 0 |
| **Cash at the end of the year** | **868** | **571** | **579** | **1,666** | **1,501** | **1,462** |

| GROWTH | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| Revenue | 67.8% | 6.1% | 16.5% | 17.7% | (10.3%) | 17.1% |
| Gross profit | 65.3% | 6.8% | 19.1% | 20.6% | (16.3%) | 20.4% |
| Operating profit | na | 30.1% | (3.9%) | 38.5% | (27.3%) | 46.6% |
| EBITDA | na | 21.0% | 0.6% | 32.8% | (18.6%) | 29.6% |
| EBIT | na | 30.1% | (3.9%) | 38.5% | (27.3%) | 46.6% |
| Net profit | na | 50.3% | 0.8% | 35.1% | (26.7%) | 46.1% |

| PROFITABILITY | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| Gross profit margin | 72.6% | 73.1% | 74.8% | 76.6% | 71.5% | 73.5% |
| Operating margin | 12.3% | 15.0% | 12.4% | 14.6% | 11.8% | 14.8% |
| EBITDA margin | 18.8% | 21.5% | 18.5% | 20.9% | 19.0% | 21.0% |
| Return on equity (ROE) | 28.5% | 31.5% | 23.7% | 24.7% | 14.9% | 18.9% |

| GEARING/LIQUIDITY/ACTIVITIES | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| Current ratio (x) | 0.5 | 0.5 | 0.7 | 0.7 | 0.7 | 0.7 |

| VALUATION | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| P/E | 58.5 | 39.0 | 38.6 | 28.7 | 39.1 | 26.8 |
| P/B | 14.6 | 10.6 | 8.1 | 6.3 | 5.4 | 4.8 |

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

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| | |
|---|---|
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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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