

BeiGene (ONC US)

Strong FY25 guidance issued

- Robust product sales driven by zanubrutinib.** BeiGene's FY24 total product sales reached US\$3.78bn (+73% YoY), in-line with our previous estimate. Total revenue was US\$3.81bn, in-line with our previous estimate and beating Bloomberg consensus by 2.7%. In FY24, sales of zanubrutinib (Zanu) surged by 105% YoY to US\$2.64bn. Excluding US\$30mn positive impact in 4Q24 and US\$15mn negative impact in 3Q24 from seasonality and customer order timing, sales of Zanu increased by 13% QoQ in 4Q24, beating market expectation. The robust growth of Zanu in FY24 was mainly fueled by market share gains in the US and Europe, with sales increased by 106% YoY and 194% YoY to US\$2.0bn and US\$359mn, respectively. In the US market, Zanu maintained its leading position in new patient prescriptions for both 1L and R/R CLL in 4Q24, reinforcing its potential for sustained growth given the chronic nature of CLL and extended treatment duration. Notably, 4Q24 marked the first time that Zanu's US sales (US\$616mn, +22% QoQ) surpassed acalabrutinib (US\$573mn, +1% QoQ) and approached ibrutinib (US\$625mn, +1% QoQ). Zanu's global BTK inhibitor market share expanded to ~29% in 4Q24, up from 17% in 4Q23. However, it currently accounts for only ~25% of all-line new US CLL prescriptions, indicating significant room for further penetration. We believe that the results of pirtobrutinib's two Ph3 trials, BRUIN CLL-313/4, will have a minimal impact on Zanu's market position, as the control arms in both trials do not represent the best available therapy.
- Targeting GAAP operating income breakeven in FY25.** In FY24, GP margin (vs product sales) was 84.3% (up from 82.7% in FY23). SG&A ratio (vs product sales) decreased to 48% in FY24 from 69% in FY23 and R&D ratio (vs product sales) also decreased to 52% in FY24 from 81% in FY23. BeiGene continued to narrow its quarterly GAAP net loss and achieved increasing non-GAAP profitability for the third consecutive quarter in 4Q24. For full-year 2024, BeiGene achieved positive non-GAAP operating income of US\$45mn (GAAP loss of US\$568mn). With a robust FY25 revenue guidance of US\$4.9~5.3bn (+29~39% YoY), and a moderate increase of operating expenses (+8~16% YoY), BeiGene is on track to achieve GAAP operating income breakeven and positive operating cash flow in FY25.
- To achieve significant R&D milestones in 2025.** BGB-43395 (CDK4i) has enrolled over 180 patients, with PoC data expected to be presented at ASCO in Jun 2025. BeiGene is planning Ph3 studies of CDK4i for 1L and 2L HR+ breast cancer, with the 2L Ph3 trial to start as early as 4Q25. In the hematology franchise, the Ph3 trial of fixed duration Zanu + Sonro (bcl-2i) vs V+O in 1L CLL has completed enrollment. Ph2 data for Sonro in R/R MCL (global) and R/R CLL (China) are expected in 2H25, potentially leading to NDA filings. For BGB-16673 (BTK CDAC), with a Ph3 trial in post BTK/Bcl-2i CLL registered, BeiGene is also preparing to initiate a head-to-head trial in 2L CLL vs pirtobrutinib in 2H25, demonstrating BeiGene's confidence in the drug's superiority.
- Maintain BUY.** FY25 revenue guidance of US\$4.9-5.3bn and disciplined cost management support BeiGene's goal of achieving GAAP operating income breakeven. A rich pipeline with multiple upcoming catalysts positions BeiGene for continued momentum in both commercial and R&D. We raise TP from US\$282.71 to US\$359.47 (WACC: 9.32%, terminal growth rate: 3.0%).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	2,459	3,810	5,090	6,261	7,335
Net profit (US\$ mn)	(882)	(645)	131	694	1,336
EPS (Reported) (US\$)	(8.45)	(6.12)	1.23	6.50	12.52
R&D expenses (US\$mn)	(1,779)	(1,953)	(1,985)	(2,004)	(2,127)
CAPEX (US\$ mn)	(562)	(493)	(200)	(200)	(200)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$359.47
(Previous TP)	US\$282.71)
Up/Downside	32.3%
Current Price	US\$271.80

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Stock Data

Mkt Cap (US\$ mn)	29,004.7
Avg 3 mths t/o (US\$ mn)	93.3
52w High/Low (US\$)	278.38/129.52
Total Issued Shares (mn)	106.7

Source: FactSet

Shareholding Structure

Amgen	19.2%
Baker Bros	9.3%

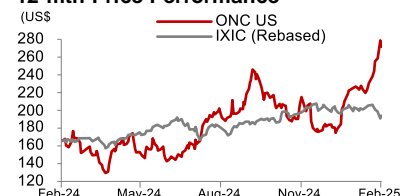
Source: Bloomberg

Share Performance

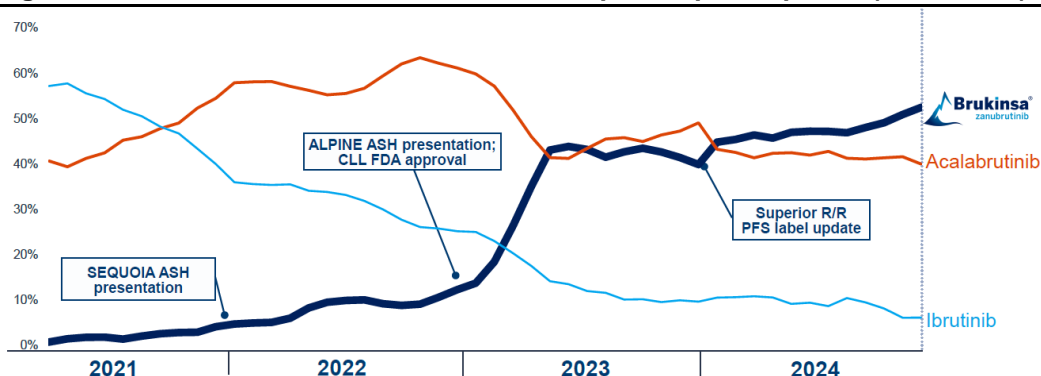
	Absolute	Relative
1-mth	20.8%	25.8%
3-mth	26.4%	28.9%
6-mth	41.7%	33.2%

Source: FactSet

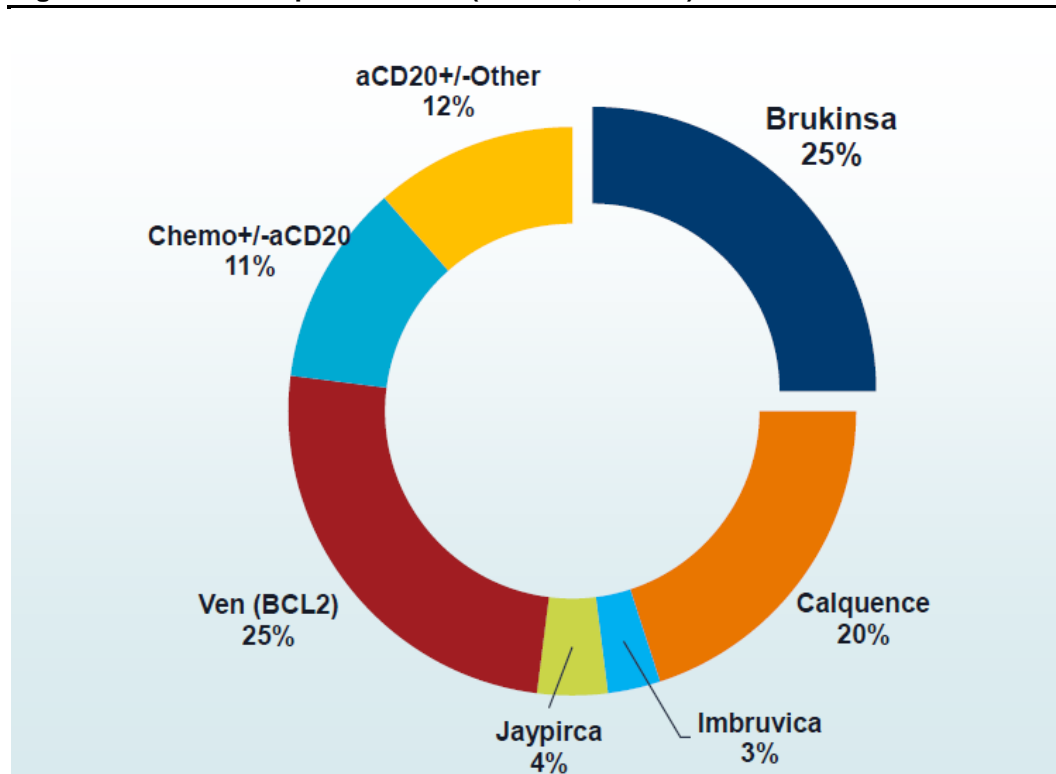
12-mth Price Performance



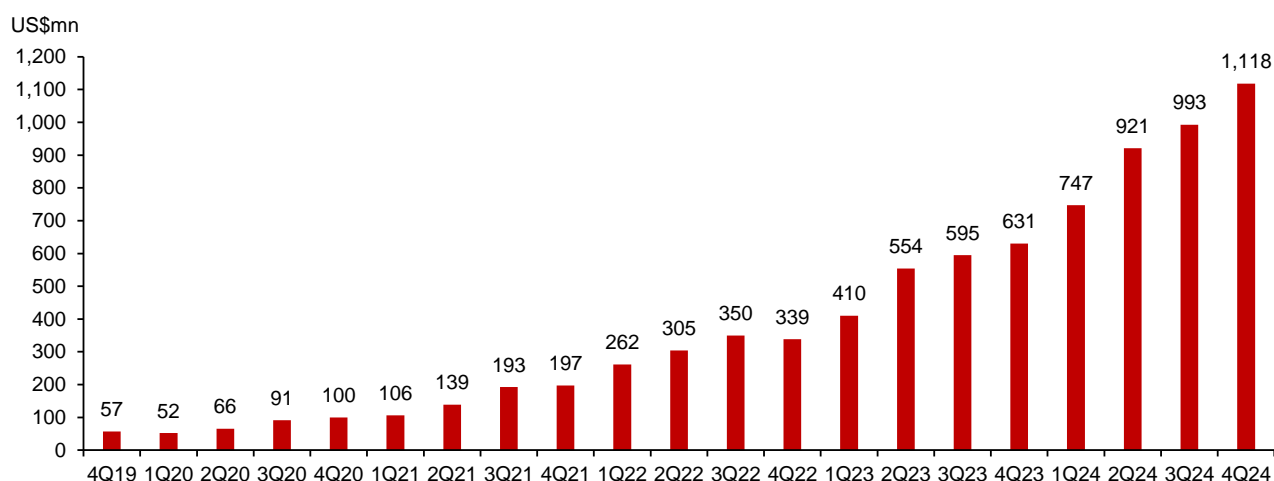
Source: FactSet

Figure 1: Brukinsa now #1 BTKi in US new CLL patient prescriptions (1L and R/R)


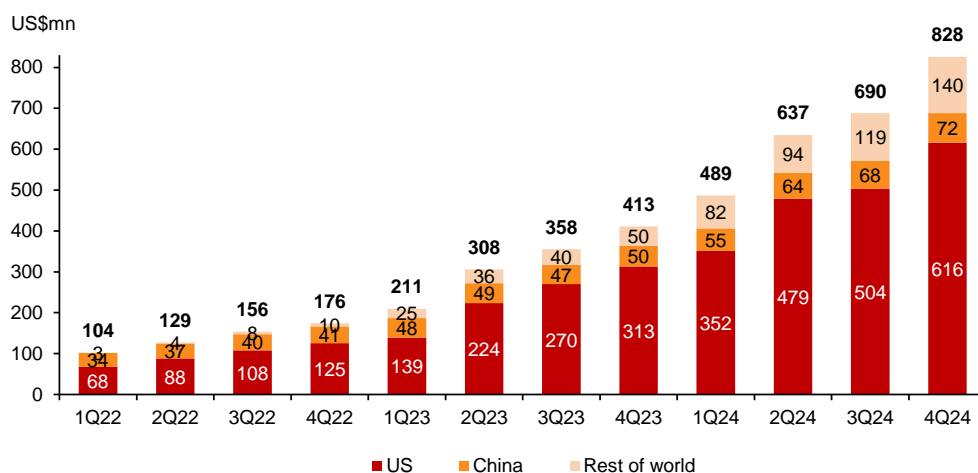
Source: BeiGene FY24 earning call slides, CMBIGM. Note: Based on SHA Claims data and BeiGene internal calculations (3 month rolling average) through Dec 2024.

Figure 2: US CLL new patient starts (all lines, in 4Q24)


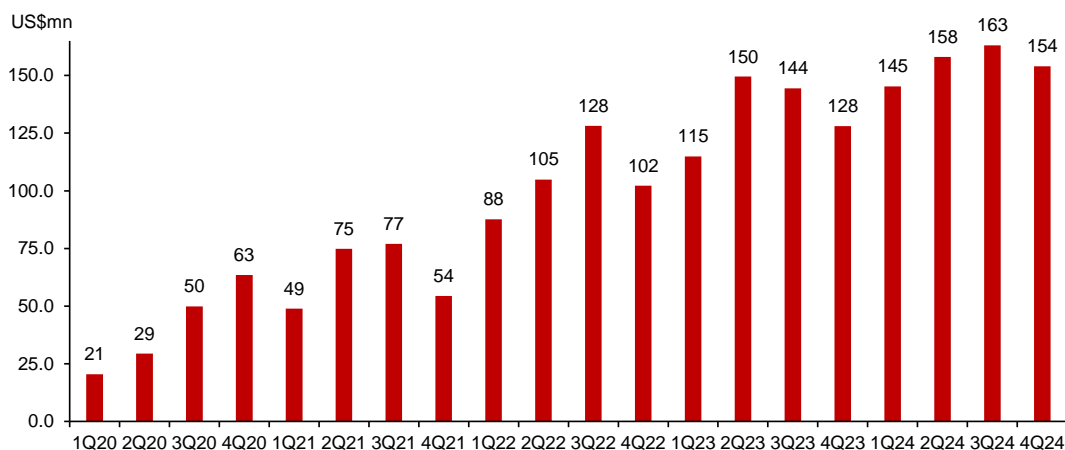
Source: BeiGene FY24 earning call slides, CMBIGM

Figure 3: Quarterly product sales of BeiGene

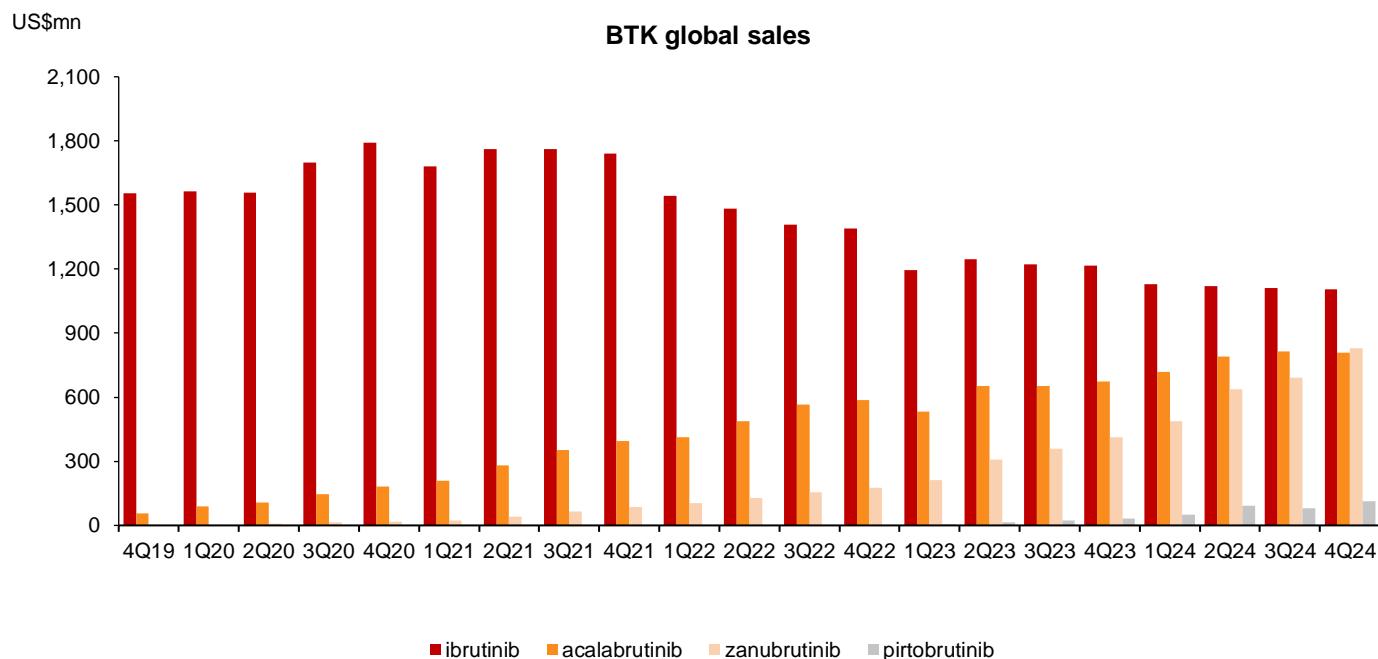
Source: Company data, CMBIGM

Figure 4: Zanutrutinib quarterly sales

Source: Company data, CMBIGM

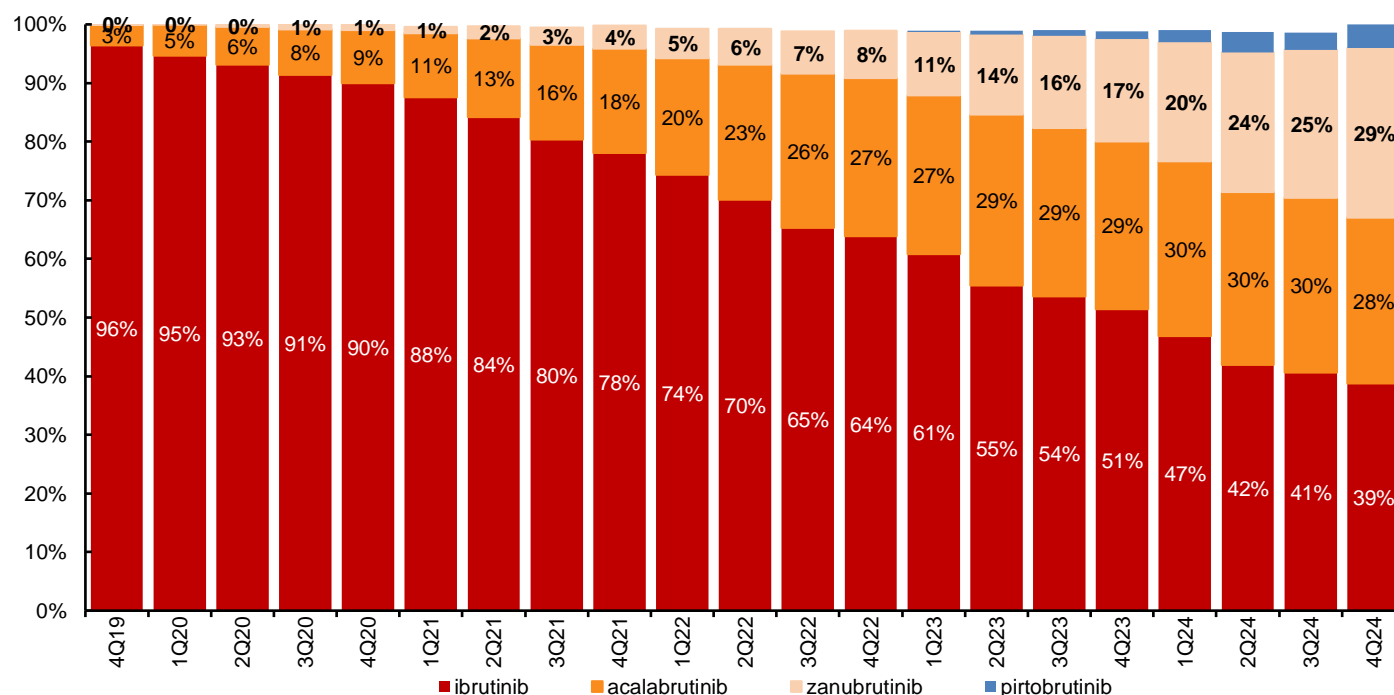
Figure 5: Tislelizumab quarterly sales

Source: Company data, CMBIGM

Figure 6: Global sales of major BTK inhibitors

Source: Company data, CMBIGM.

Note: sales of orelabrutinib, tirabrutinib and olmutibib are not included in calculation due to limited market share currently.

Figure 7: Market share of major BTK inhibitors

Source: Company data, CMBIGM.

Note: sales of orelabrutinib, tirabrutinib and olmutibib are not included in calculation due to limited market share currently.

Figure 8: Risk-adjusted DCF valuation

DCF valuation (US\$ mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	127	783	1,540	1,910	2,666	3,507	4,024	4,373	4,574	4,412	4,261
Tax rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	108	665	1,309	1,623	2,266	2,981	3,421	3,717	3,888	3,750	3,621
+ D&A	175	177	179	181	183	185	186	188	189	190	191
- Change in working capital	-47	-182	-165	26	-157	-181	-132	-96	-35	101	92
- Capex	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200
FCFF	35	460	1,124	1,631	2,092	2,785	3,275	3,609	3,842	3,841	3,705
Terminal value											60,424
PV of enterprise (US\$ mn)	36,293										
Net debt (US\$ mn)	-2,068										
Equity value (US\$ mn)	38,361										
No. of ADS (mn)	107										
DCF per ADS (US\$)	359.47										
Terminal growth rate	3.0%										
WACC	9.32%										
Cost of equity	12.5%										
Cost of debt	4.0%										
Equity beta	0.95										
Risk-free rate	3.0%										
Market risk premium	10.0%										
Target debt to asset ratio	35.0%										
Effective corporate tax rate	15.0%										

Source: CMBIGM estimates

Figure 9: Sensitivity analysis (US\$)

Terminal growth rate	WACC				
	8.32%	8.82%	9.32%	9.82%	10.32%
4.0%	503.15	447.23	401.92	364.49	333.06
3.5%	465.56	418.09	378.87	345.95	317.95
3.0%	435.05	393.96	359.47	330.14	304.90
2.5%	409.78	373.65	342.92	316.49	293.52
2.0%	388.51	356.32	328.63	304.58	283.52

Source: CMBIGM estimates

Figure 10: CMBIGM estimates revision

US\$ mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,090	6,261	7,335	5,267	6,520	7,621	-3%	-4%	-4%
Gross profit	4,326	5,353	6,308	4,450	5,529	6,486	-3%	-3%	-3%
Operating profit	127	783	1,540	26	769	1,379	383%	2%	12%
Net profit	131	694	1,336	52	675	1,188	152%	3%	12%
EPS (US\$ per ADS)	1.23	6.50	12.52	0.49	6.37	11.22	150%	2%	12%
Gross Margin	85.00%	85.50%	86.00%	84.50%	84.80%	85.10%	+0.50 ppt	+0.70 ppt	+0.90 ppt

Source: Company data, CMBIGM estimates

Figure 11: CMBIGM estimate vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,090	6,261	7,335	4,967	6,023	7,001	2%	4%	5%
Gross profit	4,326	5,353	6,308	4,259	5,167	6,063	2%	4%	4%
Operating profit	127	783	1,540	43	560	1,372	195%	40%	12%
Net profit	131	694	1,336	81	546	1,088	63%	27%	23%
EPS (US\$ per ADS)	1.23	6.50	12.52	0.77	5.28	9.06	60%	23%	38%
Gross margin	85.00%	85.50%	86.00%	85.75%	85.80%	86.60%	-0.75 ppt	-0.30 ppt	-0.60 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Revenue	1,416	2,459	3,810	5,090	6,261	7,335
Cost of goods sold	(286)	(380)	(594)	(763)	(908)	(1,027)
Gross profit	1,129	2,079	3,216	4,326	5,353	6,308
Operating expenses	(2,919)	(3,287)	(3,784)	(4,199)	(4,571)	(4,768)
SG&A expense	(1,278)	(1,505)	(1,831)	(2,214)	(2,567)	(2,641)
R&D expense	(1,641)	(1,779)	(1,953)	(1,985)	(2,004)	(2,127)
Others	(1)	(4)	0	0	0	0
Other income	(171)	382	35	27	33	31
Pre-tax profit	(1,961)	(826)	(533)	154	816	1,572
Income tax	(43)	(56)	(112)	(23)	(122)	(236)
Minority interest	0	0	0	0	0	0
Net profit	(2,004)	(882)	(645)	131	694	1,336
Adjusted net profit	(2,004)	(882)	(645)	131	694	1,336

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Current assets	5,207	4,203	3,992	4,545	5,388	6,958
Cash & equivalents	3,870	3,172	2,627	3,086	3,674	5,024
Account receivables	173	358	676	691	850	996
Inventories	282	416	495	575	671	745
Financial assets at FVTPL	665	3	0	0	0	0
Other current assets	217	255	193	193	193	193
Non-current assets	1,172	1,602	1,929	1,955	1,978	1,998
PP&E	846	1,324	1,578	1,604	1,627	1,648
Deferred income tax	0	0	0	0	0	0
Intangibles	41	57	51	51	51	51
Other non-current assets	286	221	300	300	300	300
Total assets	6,379	5,805	5,921	6,499	7,366	8,957
Current liabilities	1,469	1,810	2,215	2,262	2,335	2,390
Short-term borrowings	329	688	852	852	852	852
Account payables	295	315	405	452	525	580
Tax payable	25	23	26	26	26	26
Other current liabilities	820	784	932	932	932	932
Non-current liabilities	527	458	374	374	74	(126)
Long-term borrowings	209	198	166	166	(134)	(334)
Deferred income	42	0	0	0	0	0
Other non-current liabilities	276	260	207	207	207	207
Total liabilities	1,996	2,268	2,589	2,636	2,409	2,264
Share capital	11,541	11,599	12,088	12,488	12,888	13,288
Retained earnings	(7,080)	(7,962)	(8,607)	(8,476)	(7,782)	(6,446)
Other reserves	(77)	(99)	(149)	(149)	(149)	(149)
Total shareholders equity	4,383	3,537	3,332	3,863	4,957	6,693
Minority interest	0	0	0	0	0	0
Total equity and liabilities	6,379	5,805	5,921	6,499	7,366	8,957

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(1,961)	(826)	(533)	154	816	1,572
Depreciation & amortization	66	88	172	175	177	179
Tax paid	(43)	(56)	(112)	(23)	(122)	(236)
Others	441	(363)	332	353	218	235
Net cash from operations	(1,497)	(1,157)	(141)	658	1,088	1,750
Investing						
Capital expenditure	(325)	(562)	(493)	(200)	(200)	(200)
Acquisition of subsidiaries/ investments	(17)	(17)	(22)	0	0	0
Net proceeds from disposal of short-term investments	1,564	673	3	0	0	0
Others	(144)	(34)	(36)	0	0	0
Net cash from investing	1,077	60	(548)	(200)	(200)	(200)
Financing						
Net borrowings	351	684	877	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(370)	(268)	(684)	0	(300)	(200)
Net cash from financing	(19)	416	193	0	(300)	(200)
Net change in cash						
Cash at the beginning of the year	4,383	3,875	3,186	2,627	3,086	3,674
Exchange difference	(69)	(8)	(52)	0	0	0
Cash at the end of the year	3,875	3,186	2,639	3,086	3,674	5,024
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	20.4%	73.7%	55.0%	33.6%	23.0%	17.2%
Gross profit	11.7%	84.1%	54.7%	34.5%	23.7%	17.8%
Net profit	na	na	na	na	428.7%	92.6%
Adj. net profit	na	na	na	na	428.7%	92.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	79.8%	84.5%	84.4%	85.0%	85.5%	86.0%
Adj. net profit margin	(141.5%)	(35.9%)	(16.9%)	2.6%	11.1%	18.2%
Return on equity (ROE)	(37.7%)	(22.3%)	(18.8%)	3.6%	15.7%	22.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.9)	(0.7)	(0.5)	(0.5)	(0.6)	(0.7)
Current ratio (x)	3.5	2.3	1.8	2.0	2.3	2.9
Receivable turnover days	84.6	39.4	49.5	49.5	49.5	49.5
Inventory turnover days	334.4	335.5	279.9	274.9	269.9	264.9
Payable turnover days	355.0	293.0	221.2	216.2	211.2	206.2
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	221.1	41.8	21.7
P/E (diluted)	ns	ns	ns	221.1	41.8	21.7
P/B	83.1	104.3	111.6	97.6	76.1	56.3

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

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