

# DualityBio (9606 HK)

## Pioneering progress in ADC + next-gen IO

For 1H25, DualityBio reported revenue of RMB1.23bn (+23% YoY), primarily driven by licensing and collaboration payments. While the Company has no commercialized products, its extensive partnerships with BioNTech, BeOne, GSK, Avenzo, and Adcendo—totaling over US\$6.0bn in potential deal value—along with potential additional collaborations, are expected to provide sustained funding as clinical programs progress. R&D spending declined 7% YoY to RMB349mn in 1H25, while administrative expenses rose 71% YoY to RMB126mn, mainly due to IPO-related costs. Excluding the fair value impact of preferred shares from the IPO, adjusted net profit reached RMB146mn (+14.2% YoY). As of Jun 2025, the Company maintained a solid cash balance of RMB3.75bn, sufficient to support continued R&D and pipeline expansion.

■ **De-risked ADC pipeline progressing toward commercialization.** BioNTech and DualityBio plan to file the NDAs for DB-1303/BNT323 (HER2 ADC) targeting HER2-expressing 2L+ EC in the US and 2L+ HER2+ BC in China by end-2025, marking a major step towards commercialization. A global Ph3 trial in HR+/HER2-low breast cancer is also ongoing. DB-1311/BNT324 (B7-H3 ADC) has shown encouraging efficacy in heavily pre-treated CRPC patients, achieving a rPFS of 8.3 months. In 3L+ SCLC, DB-1311 (9mg/kg) delivered a 70.4% ORR, positioning it competitively among B7-H3 ADC candidates. Meanwhile, DB-1310 (HER3 ADC) demonstrated a PFS of 8.3 months at 5mg/kg in 4L+ EGFR-TKI-resistant NSCLC, which was superior than competing therapies in this setting.

■ **Front-runner in ADC and next-generation IO combination.** As an early mover in ADC and next-generation IO combinations, DualityBio and BioNTech are advancing multiple Ph1/2 trials evaluating BNT327 (PD-L1/VEGF bsAb) in combination with their HER2, B7-H3, and TROP2 ADCs across various tumor types. Initial data from the TROP2 ADC + BNT327 combo, presented at AACR in April, demonstrated superior tumor growth inhibition versus each monotherapy alone. In 67 solid tumor patients, the TRAE discontinuation rate was low at 4.5%, and among 13 heavily pretreated PROC patients, the ORR was high at 54%. We believe that by leveraging BioNTech's global clinical development capabilities, the full global value of DualityBio's ADC assets can be effectively unlocked.

■ **Advancing next-generation ADCs.** DualityBio is advancing its next-generation bispecific ADC pipeline, including DB-1419 (PD-L1/B7H3 ADC) and DB-1418/AVZO-1418 (EGFR/HER3 ADC), both in Ph1/2 development. The EGFR/HER3 ADC has been out-licensed to Avenzo. In light of promising results from Henlius' PD-L1 ADC in both sq- and nsq- IO-resistant NSCLC, DualityBio's PD-L1/B7H3 ADC has demonstrated dual functions of cytotoxic and immune activity in preclinical models ([link](#)). Beyond oncology, the Company is also developing DB-2304 (BDCA2 ADC) for autoimmune diseases, targeting SLE/CLE in Ph1 trial.

■ **Maintain BUY.** Given the Company's unique positioning in ADC and next-generation IO combination, we raise our TP from HK\$270.34 to HK\$367.06 based on a DCF valuation (WACC: 9.87%, terminal growth rate: 3.5%).

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,787	1,941	2,186	1,686	1,284
YoY growth (%)	111,558.8	8.7	12.6	(22.9)	(23.8)
Net profit (RMB mn)	(357.5)	(1,050.4)	(2,082.8)	(132.7)	(353.5)
EPS (Adjusted) (RMB)	-	-	(23.66)	(1.51)	(4.02)
R&D expenses (RMB mn)	(559)	(837)	(699)	(734)	(706)

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$367.06
(Previous TP)	HK\$270.34
Up/Downside	16.3%
Current Price	HK\$315.60

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### Stock Data

Mkt Cap (HK\$ mn)	27,784.2
Avg 3 mths t/o (HK\$ mn)	81.0
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	88.0

Source: FactSet

### Shareholding Structure

LAV Fund	19.0%
King Star Med Lp	7.5%

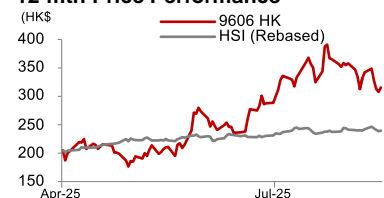
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-14.2%	-12.7%
3-mth	50.1%	41.1%
6-mth	NM	NM

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Figure 1: Base-case risk-adjusted DCF valuation**

DCF Valuation (RMB mn)		2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT		-2,083	-132	-353	-129	774	1,461	2,172	3,054	4,062	4,328	4,511
Tax rate		0%	0%	0%	0%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)		-2,083	-132	-353	-129	658	1,242	1,846	2,596	3,453	3,679	3,834
+ D&A		23	59	87	80	74	69	65	62	60	58	56
- Change in working capital		175	-138	-730	-222	-28	-462	-234	-210	-94	19	73
- Capex		-100	-200	-200	-50	-50	-50	-50	-50	-50	-50	-50
FCFF		-1,984	-412	-1,196	-321	653	799	1,627	2,397	3,368	3,705	3,914
Terminal value												63,643
Present value (RMB mn)		26,455										
Net debt (RMB mn)		-3,274										
Equity value (RMB mn)		29,729										
Equity value (HK\$ mn)		32,315										
No. of shares (mn)		88										
DCF per shares (HK\$)		367.06										
Terminal growth rate		3.5%										
WACC		9.87%										
Cost of equity		13.0%										
Cost of debt		3.0%										
Equity beta		1.0										
Risk free rate		3.0%										
Market risk premium		10.0%										
Target debt to asset ratio		30.0%										
Effective corporate tax rate		15.0%										

Source: CMBIGM estimates

**Figure 2: Sensitivity analysis (HK\$)**

		WACC				
		8.87%	9.37%	9.87%	10.37%	10.87%
Terminal growth rate	4.5%	549.05	478.88	422.29	375.79	336.99
	4.0%	500.39	441.06	392.32	351.65	317.27
	3.5%	460.80	409.69	367.06	331.03	300.24
	3.0%	427.96	383.25	345.48	313.20	285.37
	2.5%	400.28	360.66	326.83	297.65	272.27

Source: Company data, CMBIGM estimates

**Figure 3: CMBIGM estimates: New vs Old**

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	2,186	1,686	1,284	1,992	1,487	1,547	10%	13%	-17%
Gross profit	949	783	699	865	690	842	10%	13%	-17%
Attributable net profit	-2,083	-133	-354	-675	-592	-618	NA	NA	NA
EPS (RMB)	(23.66)	(1.51)	(4.02)	(7.67)	(6.73)	(7.02)	NA	NA	NA
Gross margin	43.42%	46.42%	54.42%	43.42%	46.42%	54.42%	0.00 ppt	0.00 ppt	0.00 ppt
Net margin	-95.28%	-7.87%	-27.54%	-33.87%	-39.84%	-39.95%	-61.41 ppt	+31.96 ppt	+12.41 ppt

Source: Company data, CMBIGM estimates

**Figure 4: CMBIGM estimates vs consensus**

RMB mn	CMBI			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	2,186	1,686	1,284	1,264	1,320	1,384	73%	28%	-7%
Gross profit	949	783	699	882	879	921	8%	-11%	-24%
Attributable net profit	-2,083	-133	-354	-703	-399	-535	NA	NA	NA
EPS (RMB)	(23.66)	(1.51)	(4.02)	(11.65)	(6.29)	(5.55)	NA	NA	NA
Gross margin	43.42%	46.42%	54.42%	69.80%	66.58%	66.53%	-26.38 ppt	-20.16 ppt	-12.11 ppt
Net margin	-95.28%	-7.87%	-27.54%	-55.62%	-30.23%	-38.66%	-39.67 ppt	+22.35 ppt	+11.12 ppt

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2	1,787	1,941	2,186	1,686	1,284
Cost of goods sold	0	(428)	(1,157)	(1,237)	(903)	(585)
Gross profit	2	1,359	785	949	783	699
Operating expenses	(372)	(622)	(995)	(899)	(1,034)	(1,152)
Selling expense	0	0	0	0	(100)	(253)
Admin expense	(32)	(63)	(159)	(200)	(200)	(193)
R&D expense	(340)	(559)	(837)	(699)	(734)	(706)
Operating profit	(369)	781	(189)	50	(251)	(453)
Other income	0	3	7	0	0	0
Gain/loss on financial assets at FVTPL	(22)	(1,018)	(873)	(2,220)	0	0
Other gains/(losses)	1	41	14	0	0	0
Interest income	3	34	48	87	119	100
Interest expense	(0)	(0)	(0)	(0)	(0)	(1)
Pre-tax profit	(387)	(202)	(1,015)	(2,083)	(133)	(354)
Income tax	0	(155)	(36)	0	0	0
Minority interest	0	0	0	0	0	0
Net profit	(387)	(358)	(1,050)	(2,083)	(133)	(354)

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	405	1,334	1,910	3,374	3,262	2,980
Cash & equivalents	376	1,131	1,209	3,052	2,940	2,044
Restricted cash	0	43	227	227	227	227
Receivables	1	101	379	0	0	69
Inventories	0	0	0	0	0	545
Prepayment	5	27	25	25	25	25
Other current assets	23	33	70	70	70	70
Non-current assets	59	166	180	257	399	511
PP&E	3	12	13	90	231	344
Right-of-use assets	5	5	6	6	6	6
Intangibles	51	54	46	46	46	46
Other non-current assets	1	94	116	116	116	116
Total assets	464	1,500	2,090	3,632	3,661	3,491
Current liabilities	1,231	2,561	3,872	621	483	367
Payables	129	235	671	467	329	213
Other current liabilities	1,099	2,263	2,959	(87)	(87)	(87)
Lease liabilities	3	3	3	3	3	3
Contract liabilities	0	60	238	238	238	238
Non-current liabilities	2	63	241	241	541	841
Long-term borrowings	0	0	0	0	300	600
Other non-current liabilities	2	63	241	241	241	241
Total liabilities	1,233	2,624	4,112	862	1,023	1,208
Share capital	0	0	0	0	0	0
Retained earnings	(753)	(1,156)	(2,245)	(4,328)	(4,461)	(4,814)
Other reserves	(16)	32	223	7,098	7,098	7,098
Total shareholders equity	(769)	(1,124)	(2,022)	2,770	2,637	2,284
Minority interest	0	0	0	0	0	0
Total equity and liabilities	464	1,500	2,090	3,632	3,661	3,491

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	(387)	(202)	(1,015)	(2,083)	(133)	(354)
Depreciation & amortization	0	1	3	23	59	87
Tax paid	0	(249)	(55)	0	0	0
Change in working capital	58	240	261	175	(138)	(730)
Others	29	1,026	1,091	2,220	0	1
<b>Net cash from operations</b>	<b>(299)</b>	<b>816</b>	<b>286</b>	<b>336</b>	<b>(212)</b>	<b>(996)</b>
<b>Investing</b>						
Capital expenditure	(2)	(11)	(4)	(100)	(200)	(200)
Others	(209)	(89)	(196)	(100)	150	150
<b>Net cash from investing</b>	<b>(211)</b>	<b>(100)</b>	<b>(200)</b>	<b>(200)</b>	<b>(50)</b>	<b>(50)</b>
<b>Financing</b>						
Dividend paid	0	0	0	0	0	0
Net borrowings	0	0	0	0	300	300
Proceeds from share issues	0	0	0	1,608	0	0
Others	451	11	(8)	(0)	(0)	(1)
<b>Net cash from financing</b>	<b>451</b>	<b>11</b>	<b>(8)</b>	<b>1,608</b>	<b>300</b>	<b>299</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	228	376	1,131	1,209	3,052	2,940
Exchange difference	18	6	11	0	0	0
<b>Cash at the end of the year</b>	<b>376</b>	<b>1,131</b>	<b>1,209</b>	<b>3,052</b>	<b>2,940</b>	<b>2,044</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	na	111,558.8%	8.7%	12.6%	(22.9%)	(23.8%)
Gross profit	na	84,830.3%	(42.3%)	21.0%	(17.5%)	(10.7%)
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Gross profit margin	100.0%	76.1%	40.4%	43.4%	46.4%	54.4%
Operating margin	(23,036.4%)	43.7%	(9.7%)	2.3%	(14.9%)	(35.3%)
Return on equity (ROE)	na	na	na	(556.8%)	(4.9%)	(14.4%)
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Current ratio (x)	0.3	0.5	0.5	5.4	6.8	8.1
Receivable turnover days	0.0	na	na	100.0	90.0	80.0
Inventory turnover days	0.0	0.0	0.0	0.0	0.0	340.0
Payable turnover days	0.0	155.5	142.9	137.9	132.9	132.9
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	ns	ns	ns	ns	ns	ns
P/E (diluted)	ns	ns	ns	ns	ns	ns
P/B	ns	ns	na	9.2	9.6	11.1

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

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