BeOne Medicines (ONC US)

Strong 3Q26 results and solid tumor progress drive further upside

BUY (Maintain)

Target Price	**US$468.62**
(Previous TP	US$442.31)
Up/Downside	**21.0%**
Current Price	**US$387.25**

BeOne reported another strong quarter in 3Q26, prompting management to raise FY26 guidance once again. We continue to see meaningful upside from Brukinsa, supported by its position as the leading global BTK inhibitor and the continued expansion of BeOne's hematology franchise. Meanwhile, the solid tumor pipeline has reached an inflection point, with five novel assets advancing into Ph3 development. We maintain BUY rating with a TP of US$468.62.

- **Strong 3Q26 results with another guidance upgrade.** Total product revenue reached US$1.86bn in 3Q26 (+33% YoY, +10% QoQ). 9M26 product revenue totaled US$5.02bn, representing 76% of our previous FY26 forecast and ahead of our expectations. Brukinsa generated US$1.39bn in global sales in 3Q26, +34% YoY and +11% QoQ, and maintained its status as the top-selling BTK inhibitor globally. US sales exceeded US$1.0bn for the first time, including an estimated ~US$50mn benefit from order timing. Brukinsa's share of the global BTK market reached 40% as of 3Q26. Non-GAAP operating income increased further to US$612mn in 3Q26 (vs US$503mn in 2Q26), bringing 9M26 non-GAAP operating income to US$1.53bn, or 89% of our prior full-year estimate, also ahead of expectations. Management raised FY26 total revenue guidance to US$6.9–7.0bn from US$6.6–6.8bn, and increased FY26 non-GAAP operating income guidance to US$1.9–2.0bn from US$1.7–1.8bn.
- **Hematology franchise strengthened by depth in BCL2 and BTK CDAC.** In first-line MCL, the chemo-free Brukinsa + rituximab regimen in the Ph3 MANGROVE study reduced the risk of progression or death by 43% versus BR, and compares favorably with Calquence's chemo-based regimen. The US NDA has recently been submitted, with a plenary presentation expected at ASH. Beqalzi (sonrotoclax) has been approved in the US for R/R MCL, while fixed-duration Ph3 studies of Brukinsa + Beqalzi in 1L CLL vs V+O and vs A+V are ongoing. Tacabrutideg (BTK CDAC) met its primary ORR endpoint in the Ph2 study in R/R CLL, and a potential accelerated approval filing is planned for mid-2027. In addition, the H2H study vs pirtobrutinib remains on track to complete enrollment in early 2027, and a Ph3 study of tacabrutideg-based combinations in R/R CLL is planned for 1H27.
- **Solid tumor pipeline at an inflection point, with five novel assets entering Ph3.** Ph3 trials of the CDK4 inhibitor and B7-H4 ADC are underway. At ESMO, the GPC3/4-1BB bsAb BGB-B2033 posted a 36% cORR in 2L+ HCC (link), far above the ~5% historical TKI benchmark. The China/Korea potentially pivotal 3L+ cohort is fully enrolled; a single-arm pivotal US 2L+ study and a global 2L+ confirmatory Ph3 are set to begin by year-end 2026, with a global 1L HCC Ph3 planned for 1H27 (over 70 first-line patients enrolled with data due in 1H27). The brain-penetrant PRMT5 inhibitor BGB-58067 delivered 38.5% cORR and 8.1-month mPFS in pretreated MTAP-deleted, EGFRwt NSCLC, including patients with brain metastases, and is advancing into 1L NSCLC (+PD-1/chemo) and 1L PDAC (+RAS inhibitor) combinations. For the CEA ADC (BGB-C477), a global 2L NSCLC Ph3 is being planned, while a 1L PD-1 combo cohort is ongoing.
- **Maintain BUY.** Factoring in the strong 9M26 sales growth and improving profitability, we revise our DCF-based TP from US$442.31 to US$468.62 (WACC: 9.64%, terminal growth rate: 3.5%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	3,810	5,343	6,995	7,960	9,063
Net profit (US$ mn)	(644.8)	286.9	1,136.6	1,322.6	1,927.7
EPS (Reported) (US$)	(6.12)	2.63	9.58	11.15	16.25
P/S (x)	12.1	8.6	6.6	5.8	5.1
P/E (x)	ns	147.2	40.4	34.7	23.8

Source: Company data, Bloomberg, CMBIGM estimates

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Stock Data

Mkt Cap (US$ mn)	45,942.3
Avg 3 mths t/o (US$ mn)	58.4
52w High/Low (US$)	387.25/260.27
Total Issued Shares (mn)	118.6

Source: FactSet

Shareholding Structure

Amgen	17.1%
Baker Bros	8.0%

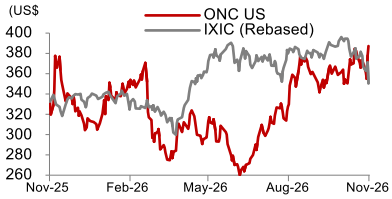
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	6.7%	21.2%
3-mth	17.4%	27.2%
6-mth	23.6%	31.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Risk-adjusted DCF valuation

DCF valuation (US$ mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	**1,286**	**1,461**	**2,137**	**2,705**	**3,564**	**4,489**	**5,341**	**5,689**	**5,755**	**5,743**
Tax rate	*13%*	*13%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	1,119	1,271	1,816	2,299	3,030	3,816	4,540	4,836	4,891	4,881
+ D&A	163	162	161	160	154	149	145	141	137	134
- Change in working capital	-126	-164	-173	-100	-224	-198	-181	-91	-30	11
- Capex	-150	-150	-150	-150	-100	-100	-100	-100	-100	-100
FCFF	**1,006**	**1,119**	**1,654**	**2,209**	**2,860**	**3,667**	**4,403**	**4,786**	**4,899**	**4,926**
Terminal value										**83,031**

PV of enterprise (US$ mn)	50,333
Net debt (US$ mn)	-5,263
Equity value (US$ mn)	**55,596**
No. of ADS (mn)	119
DCF per ADS (US$)	**468.62**
Terminal growth rate	**3.5%**
WACC	**9.64%**
Cost of equity	13.0%
Cost of debt	4.0%
Equity beta	1.00
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 2: Sensitivity analysis (US$)

	WACC				
Terminal growth rate	**8.64%**	**9.14%**	**9.64%**	**10.14%**	**10.64%**
4.5%	655.98	583.97	526.08	478.57	438.90
4.0%	604.72	544.35	494.80	453.44	418.40
3.5%	563.43	511.76	**468.62**	432.09	400.78
3.0%	529.47	484.47	446.38	413.73	385.46
2.5%	501.03	461.30	427.25	397.78	372.02

Source: CMBIGM estimates

Figure 3: CMBIGM revision

	NEW			OLD			Diff (%)		
US$ mn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	6,995	7,960	9,063	6,721	7,798	8,760	4%	2%	3%
Gross profit	6,224	7,021	8,020	5,992	6,962	7,829	4%	1%	2%
Operating profit	1,286	1,461	2,137	1,070	1,514	2,142	20%	-3%	0%
Net profit	1,137	1,323	1,928	916	1,286	1,846	24%	3%	4%
EPS (US$)	9.58	11.15	16.25	7.72	10.85	15.57	24%	3%	4%
Gross margin	88.97%	88.20%	88.49%	89.16%	89.27%	89.38%	-0.18 ppt	-1.08 ppt	-0.88 ppt
Operating margin	18.38%	18.35%	23.58%	15.92%	19.41%	24.46%	+2.46 ppt	-1.06 ppt	-0.88 ppt
Net margin	16.25%	16.62%	21.27%	13.63%	16.49%	21.08%	+2.62 ppt	+0.12 ppt	+0.19 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 4: CMBIGM estimate vs consensus

	CMBIGM			Consensus			Diff (%)		
US$ mn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	6,995	7,960	9,063	6,988	7,861	8,829	0%	1%	3%
Gross profit	6,224	7,021	8,020	6,208	7,007	7,874	0%	0%	2%
Operating profit	1,286	1,461	2,137	1,279	1,412	1,897	1%	3%	13%
Net profit	1,137	1,323	1,928	1,153	1,256	1,636	-1%	5%	18%
EPS (US$)	9.58	11.15	16.25	10.55	11.09	15.11	-9%	1%	8%
Gross margin	88.97%	88.20%	88.49%	88.84%	89.14%	89.17%	+0.13 ppt	-0.94 ppt	-0.68 ppt
Operating margin	18.38%	18.35%	23.58%	18.31%	17.96%	21.48%	+0.07 ppt	+0.40 ppt	+2.10 ppt
Net margin	16.25%	16.62%	21.27%	16.51%	15.97%	18.53%	-0.26 ppt	+0.64 ppt	+2.74 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Revenue	**2,459**	**3,810**	**5,343**	**6,995**	**7,960**	**9,063**
Cost of goods sold	(380)	(594)	(669)	(771)	(940)	(1,043)
Gross profit	**2,079**	**3,216**	**4,674**	**6,224**	**7,021**	**8,020**
Operating expenses	**(3,287)**	**(3,784)**	**(4,227)**	**(4,938)**	**(5,560)**	**(5,883)**
SG&A expense	(1,505)	(1,831)	(2,081)	(2,424)	(2,741)	(2,941)
R&D expense	(1,779)	(1,953)	(2,146)	(2,514)	(2,819)	(2,941)
Others	(4)	0	0	0	0	0
Other income	382	35	(30)	21	59	131
Pre-tax profit	**(826)**	**(533)**	**417**	**1,306**	**1,520**	**2,268**
Income tax	(56)	(112)	(130)	(170)	(198)	(340)
Minority interest	0	0	0	0	0	0
Net profit	**(882)**	**(645)**	**287**	**1,137**	**1,323**	**1,928**
Adjusted net profit	**(882)**	**(645)**	**287**	**1,137**	**1,323**	**1,928**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Current assets	**4,203**	**3,992**	**6,234**	**8,164**	**10,056**	**12,556**
Cash & equivalents	3,172	2,627	4,548	6,332	7,964	10,240
Account receivables	358	676	865	993	1,129	1,286
Inventories	416	495	608	626	750	818
Financial assets at FVTPL	3	0	0	0	0	0
Other current assets	255	193	213	213	213	213
Non-current assets	**1,602**	**1,929**	**1,955**	**1,942**	**1,930**	**1,920**
PP&E	1,324	1,578	1,642	1,629	1,617	1,606
Deferred income tax	0	0	0	0	0	0
Intangibles	57	51	63	63	63	63
Other non-current assets	221	300	251	251	251	251
Total assets	**5,805**	**5,921**	**8,189**	**10,106**	**11,986**	**14,476**
Current liabilities	**1,810**	**2,215**	**1,829**	**1,849**	**1,945**	**1,996**
Short-term borrowings	688	852	57	57	57	57
Account payables	315	405	479	499	596	647
Tax payable	23	26	42	42	42	42
Other current liabilities	784	932	1,251	1,251	1,251	1,251
Non-current liabilities	**458**	**374**	**1,148**	**1,198**	**1,148**	**1,148**
Long-term borrowings	198	166	962	1,012	962	962
Deferred income	0	0	0	0	0	0
Other non-current liabilities	260	207	186	186	186	186
Total liabilities	**2,268**	**2,589**	**2,977**	**3,048**	**3,094**	**3,145**
Share capital	11,599	12,088	12,759	13,270	13,781	14,292
Retained earnings	(7,962)	(8,607)	(8,320)	(7,183)	(5,861)	(3,933)
Other reserves	(99)	(149)	(78)	(78)	(78)	(78)
Total shareholders equity	**3,537**	**3,332**	**4,361**	**6,008**	**7,842**	**10,280**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**5,805**	**5,921**	**8,189**	**10,106**	**11,986**	**14,476**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**(826)**	**(533)**	**417**	**1,306**	**1,520**	**2,268**
Depreciation & amortization	88	172	142	163	162	161
Tax paid	(56)	(112)	(130)	(170)	(198)	(340)
Others	(363)	332	699	385	347	338
Net cash from operations	**(1,157)**	**(141)**	**1,128**	**1,685**	**1,831**	**2,426**
Investing						
Capital expenditure	(562)	(493)	(186)	(150)	(150)	(150)
Acquisition of subsidiaries/ investments	(17)	(22)	(12)	0	0	0
Net proceeds from disposal of short-term investments	673	3	3	0	0	0
Others	(34)	(36)	(82)	0	0	0
Net cash from investing	**60**	**(548)**	**(276)**	**(150)**	**(150)**	**(150)**
Financing						
Net borrowings	684	877	1,084	100	0	0
Proceeds from share issues	0	0	907	0	0	0
Others	(268)	(684)	(932)	150	(50)	0
Net cash from financing	**416**	**193**	**1,059**	**250**	**(50)**	**0**
Net change in cash						
Cash at the beginning of the year	3,875	3,186	2,639	4,610	6,332	7,964
Exchange difference	(8)	(52)	60	0	0	0
Cash at the end of the year	**3,186**	**2,639**	**4,610**	**6,332**	**7,964**	**10,240**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	73.7%	55.0%	40.2%	30.9%	13.8%	13.8%
Gross profit	84.1%	54.7%	45.3%	33.1%	12.8%	14.2%
Net profit	na	na	na	296.1%	16.4%	45.7%
Adj. net profit	na	na	na	296.1%	16.4%	45.7%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	84.5%	84.4%	87.5%	89.0%	88.2%	88.5%
Adj. net profit margin	(35.9%)	(16.9%)	5.4%	16.2%	16.6%	21.3%
Return on equity (ROE)	(22.3%)	(18.8%)	7.5%	21.9%	19.1%	21.3%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.7)	(0.5)	(0.8)	(0.9)	(0.9)	(0.9)
Current ratio (x)	2.3	1.8	3.4	4.4	5.2	6.3
Receivable turnover days	39.4	49.5	52.6	52.6	52.6	52.6
Inventory turnover days	335.5	279.9	301.2	296.2	291.2	286.2
Payable turnover days	293.0	221.2	241.3	236.3	231.3	226.3

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	ns	147.2	40.4	34.7	23.8
P/E (diluted)	ns	ns	153.1	40.4	34.7	23.8
P/B	148.6	159.1	125.9	99.4	76.2	58.1

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

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