2 Mar 2026

CMB International Global Markets | Equity Research | Company Update

BeOne Medicines (ONC US)

First full-year profitability driven by robust BTK sales

BeOne's strong commercial momentum and ongoing cost discipline continue to translate into improving profitability, notwithstanding management's FY26 revenue guidance of US$6.2–6.4bn, which is modestly below our prior estimate of US$6.6bn. We continue to see substantial upside for Zanubrutinib (Zanu) to gain market share in the global BTK market driven by new patient prescriptions. BeOne has multiple clinical and regulatory catalysts in 2026 that, if positive, could provide additional support to valuation. We maintain our BUY rating on BeOne with a target price of US$392.43 (unchanged).

- **Strong 4Q25 momentum, led by Zanu.** BeOne reported FY25 total revenue of US$5.34bn (+40% YoY), modestly above the high end of its US$5.1–5.3bn guidance range and broadly in line with our prior full-year forecast of US$5.44bn. Zanu delivered US$3.93bn in global FY25 sales (+49% YoY). In 4Q25, Zanu sales rose 10% QoQ to US$1.15bn, continuing to outperform ibrutinib (-4% QoQ) and acalabrutinib (+5% QoQ). Zanu remains the leader in new patient starts in the US across both 1L and R/R CLL (c. 50% share of new prescriptions) and has become the top-selling BTK inhibitor globally on a quarterly revenue basis. As of 4Q25, sales of Zanu represented approximately 36% of the global BTK inhibitor class. We expect continued share gains versus legacy BTK inhibitors and alternative regimens, and forecast Zanu sales of US$4.67bn in FY26E (+19% YoY).
- **First full-year profitability achieved in FY25.** Following its first-ever quarterly GAAP profit in 1Q25, BeOne sustained its profitability trajectory through FY25, delivering its first full-year GAAP net income of US$287mn, underpinned by robust top-line growth and improved operating leverage. Operating efficiency also strengthened, with the SG&A-to-sales ratio declining to 39.4% (vs. 48.5% in FY24) and the R&D-to-sales ratio moderating to 40.6% (vs. 51.7% in FY24). Management guided FY26 revenue of US$6.2–6.4bn, modestly below our prior estimate of US$6.6bn. Nevertheless, we believe BeOne remains on track for solid earnings growth, driven by Zanu's expanding market share.
- **Multiple near-term catalysts**. We anticipate multiple near-term catalysts that, if positive, will drive BeOne's valuation upside. On the regulatory front, the NDA for sonrotoclax (BCL-2) in R/R MCL is under FDA review with a PDUFA date in 1H26; approval would unlock global commercialization following its prior approval in China for R/R MCL and R/R CLL. In the breast cancer franchise, we expect the Company to initiate a Ph3 trial for its CDK4i in 1L HR+ breast cancer in 1H26, alongside the presentation of Ph1 data (1L and later-line) at a medical conference. Additionally, we look for Ph1 data releases for B7-H4 ADC and GPC3 x 4-1BB bsAb in 1H26, with the former to enter Ph3 within 12 months and the latter to start a potential pivotal Ph2 in 2H26. Finally, 2H26 catalysts include a potential US NDA submission for the BTK CDAC (based on Ph2 data in R/R CLL) and initial data disclosures for the PRMT5i and CEA ADC programs.
- **Maintain BUY.** While we have slightly lowered 2026 revenue forecast to align with management's guidance, this impact is offset by the strengthened net cash position following the sale of tarlatamab royalties. We maintain TP unchanged at US$392.47 (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	6,320	7,249	8,135
Net profit (US$ mn)	(644.8)	286.9	684.5	1,246.0	1,696.4
EPS (Reported) (US$)	(6.12)	2.63	5.78	10.51	14.31
P/S (x)	9.9	7.0	5.9	5.2	4.6
P/E (x)	ns	120.5	54.9	30.1	22.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$392.43**
(Previous TP	US$392.43)
Up/Downside	**23.8%**
Current Price	**US$316.99**

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Stock Data

Mkt Cap (US$ mn)	37,567.7
Avg 3 mths t/o (US$ mn)	85.8
52w High/Low (US$)	377.47/206.32
Total Issued Shares (mn)	118.5

Source: FactSet

Shareholding Structure

Amgen	16.9%
Baker Bros	7.9%

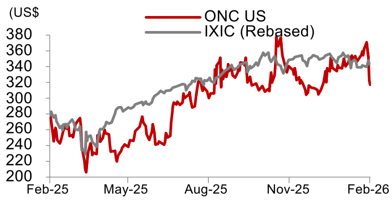
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-5.7%	-1.8%
3-mth	-6.9%	-5.6%
6-mth	5.6%	-0.3%

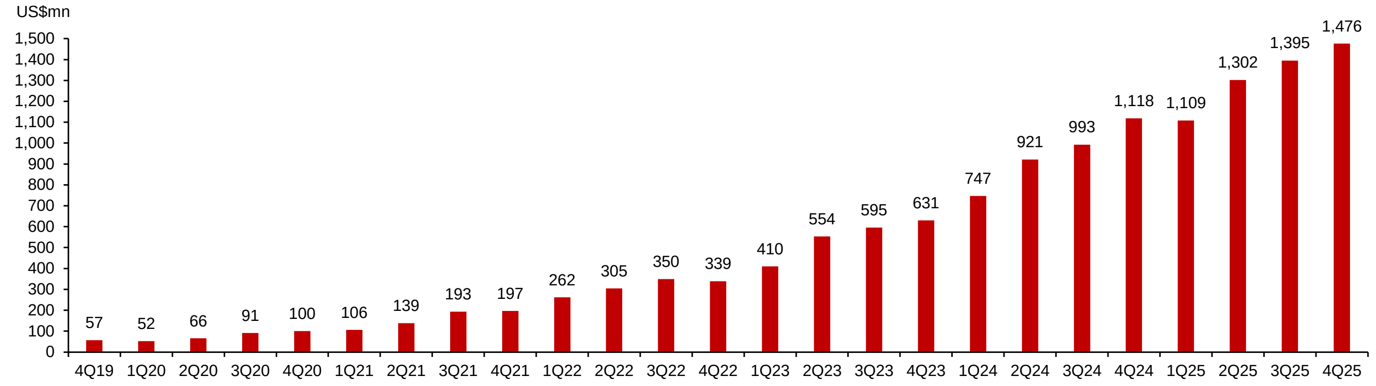
Source: FactSet

12-mth Price Performance



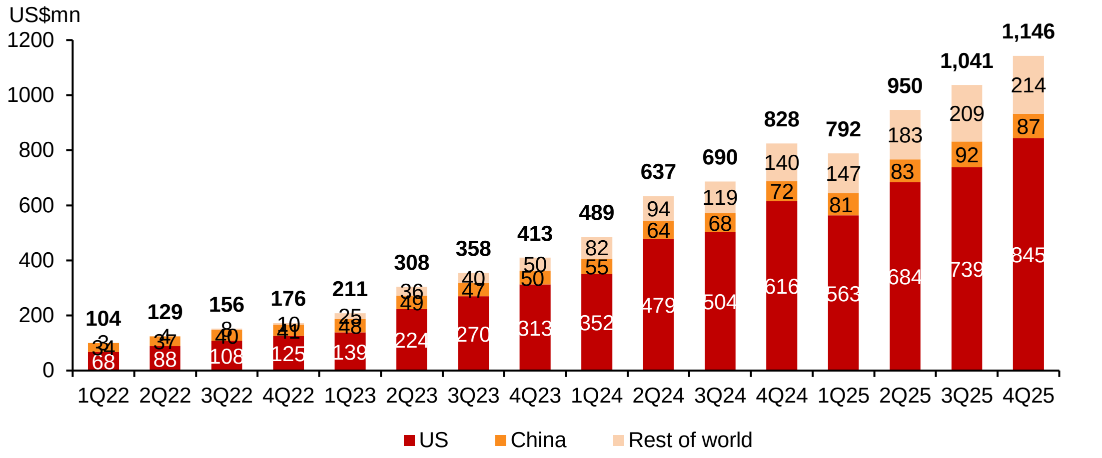
Source: FactSet

Figure 1: Quarterly product sales of BeOne



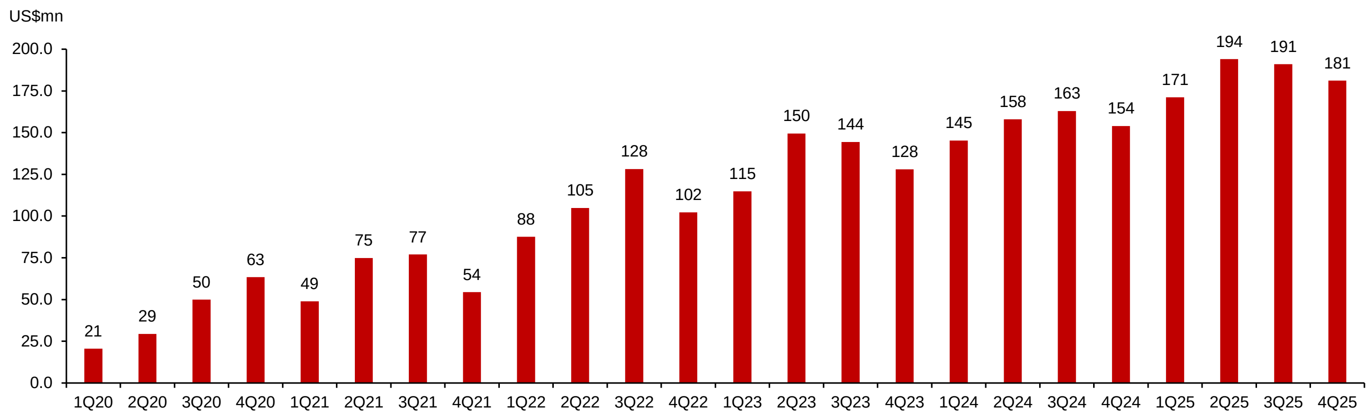
Source: Company data, CMBIGM

Figure 2: Zanubrutinib quarterly sales



Source: Company data, CMBIGM

Figure 3: Tislelizumab quarterly sales



Source: Company data, CMBIGM

Figure 4: Risk-adjusted DCF valuation

DCF valuation (US$ mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	**725**	**1,419**	**1,930**	**2,264**	**3,042**	**3,713**	**4,291**	**4,601**	**4,723**	**4,789**
Tax rate	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	617	1,206	1,640	1,924	2,585	3,156	3,647	3,911	4,014	4,071
+ D&A	146	151	151	150	146	143	139	136	133	131
- Change in working capital	-35	-149	-142	10	-189	-136	-117	-40	-7	12
- Capex	-200	-200	-150	-150	-100	-100	-100	-100	-100	-100
FCFF	**527**	**1,008**	**1,499**	**1,934**	**2,443**	**3,063**	**3,570**	**3,907**	**4,041**	**4,113**
Terminal value										**69,339**

PV of enterprise (US$ mn)	41,874
Net debt (US$ mn)	-4,634
Equity value (US$ mn)	**46,509**
No. of ADS (mn)	119
DCF per ADS (US$)	**392.43**

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 5: Sensitivity analysis (US$)

	WACC				
Terminal growth rate	**8.64%**	**9.14%**	**9.64%**	**10.14%**	**10.64%**
4.5%	549.03	488.84	440.47	400.77	367.62
4.0%	506.18	455.72	414.32	379.76	350.48
3.5%	471.66	428.48	**392.43**	361.91	335.75
3.0%	443.26	405.67	373.84	346.56	322.94
2.5%	419.49	386.29	357.85	333.22	311.71

Figure 6: CMBIGM estimates: New vs Old

	New			Old			Diff (%)		
US$ mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,320	7,249	8,135	6,644	7,778	8,707	-5%	-7%	-7%
Gross Profit	5,539	6,367	7,161	5,760	6,759	7,584	-4%	-6%	-6%
Operating Profit	725	1,419	1,930	1,043	1,548	2,186	-30%	-8%	-12%
Net profit	684	1,246	1,696	919	1,346	1,904	-26%	-7%	-11%
EPS (US$)	5.78	10.51	14.31	8.30	12.16	17.21	-30%	-14%	-17%
Gross Margin	87.64%	87.83%	88.03%	86.70%	86.90%	87.10%	+0.94 ppt	+0.93 ppt	+0.93 ppt
Operating Margin	11.48%	19.57%	23.72%	15.70%	19.90%	25.10%	-4.22 ppt	-0.33 ppt	-1.38 ppt
Net Margin	10.83%	17.19%	20.85%	13.83%	17.30%	21.87%	-3.00 ppt	-0.11 ppt	-1.02 ppt

Source: Company data, CMBIGM estimates

Figure 7: CMBIGM estimate vs consensus

	CMBIGM			Consensus			Diff (%)		
US$ mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,320	7,249	8,135	6,382	7,294	8,073	-1%	-1%	1%
Gross Profit	5,539	6,367	7,161	5,518	6,338	7,013	0%	0%	2%
Operating Profit	725	1,419	1,930	847	1,307	1,619	-14%	9%	19%
Net profit	684	1,246	1,696	713	1,187	1,542	-4%	5%	10%
EPS (US$)	5.78	10.51	14.31	6.90	12.20	13.12	-16%	-14%	9%
Gross Margin	87.64%	87.83%	88.03%	86.47%	86.89%	86.87%	+1.17 ppt	+0.94 ppt	+1.16 ppt
Operating Margin	11.48%	19.57%	23.72%	13.27%	17.92%	20.05%	-1.79 ppt	+1.66 ppt	+3.67 ppt
Net Margin	10.83%	17.19%	20.85%	11.17%	16.27%	19.10%	-0.34 ppt	+0.92 ppt	+1.75 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**	**6,320**	**7,249**	**8,135**
Cost of goods sold	(380)	(594)	(669)	(781)	(882)	(974)
Gross profit	**2,079**	**3,216**	**4,674**	**5,539**	**6,367**	**7,161**
Operating expenses	**(3,287)**	**(3,784)**	**(4,227)**	**(4,813)**	**(4,948)**	**(5,232)**
SG&A expense	(1,505)	(1,831)	(2,081)	(2,438)	(2,725)	(2,817)
R&D expense	(1,779)	(1,953)	(2,146)	(2,375)	(2,223)	(2,415)
Others	(4)	0	0	0	0	0
Other income	382	35	(30)	80	47	66
Pre-tax profit	**(826)**	**(533)**	**417**	**805**	**1,466**	**1,996**
Income tax	(56)	(112)	(130)	(121)	(220)	(299)
Minority interest	0	0	0	0	0	0
Net profit	**(882)**	**(645)**	**287**	**684**	**1,246**	**1,696**
Adjusted net profit	**(882)**	**(645)**	**287**	**684**	**1,246**	**1,696**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Current assets	**4,203**	**3,992**	**6,234**	**7,202**	**8,763**	**11,015**
Cash & equivalents	3,172	2,627	4,548	5,454	6,812	8,878
Account receivables	358	676	865	902	1,034	1,161
Inventories	416	495	608	634	704	764
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**	**2,009**	**2,058**	**2,058**
PP&E	1,324	1,578	1,642	1,695	1,745	1,744
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**	**9,211**	**10,821**	**13,073**
Current liabilities	**1,810**	**2,215**	**1,829**	**1,856**	**1,909**	**1,954**
Short-term borrowings	688	852	57	57	57	57
Account payables	315	405	479	506	559	604
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**	**1,999**	**1,799**	**1,599**	**1,599**
Long-term borrowings	198	166	962	762	562	562
Deferred income	0	0	0	0	0	0
Other non-current liabilities	260	207	186	186	186	186
Total liabilities	**2,268**	**2,589**	**3,827**	**3,654**	**3,507**	**3,552**
Share capital	11,599	12,088	12,759	13,270	13,781	14,292
Retained earnings	(7,962)	(8,607)	(8,320)	(7,635)	(6,389)	(4,693)
Other reserves	(99)	(149)	(78)	(78)	(78)	(78)
Total shareholders equity	**3,537**	**3,332**	**4,361**	**5,556**	**7,313**	**9,521**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**5,805**	**5,921**	**8,188**	**9,211**	**10,821**	**13,073**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**(826)**	**(533)**	**417**	**805**	**1,466**	**1,996**
Depreciation & amortization	88	172	142	146	151	151
Tax paid	(56)	(112)	(130)	(121)	(220)	(299)
Others	(363)	332	699	475	362	369
Net cash from operations	**(1,157)**	**(141)**	**1,128**	**1,306**	**1,758**	**2,216**
Investing						
Capital expenditure	(562)	(493)	(186)	(200)	(200)	(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)**	**(200)**	**(200)**	**(150)**
Financing						
Net borrowings	684	877	1,084	0	0	0
Proceeds from share issues	0	0	907	0	0	0
Others	(268)	(684)	(932)	(200)	(200)	0
Net cash from financing	**416**	**193**	**1,059**	**(200)**	**(200)**	**0**
Net change in cash						
Cash at the beginning of the year	3,875	3,186	2,639	4,548	5,454	6,812
Exchange difference	(8)	(52)	60	0	0	0
Cash at the end of the year	**3,186**	**2,639**	**4,610**	**5,454**	**6,812**	**8,878**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	73.7%	55.0%	40.2%	18.3%	14.7%	12.2%
Gross profit	84.1%	54.7%	45.3%	18.5%	15.0%	12.5%
Net profit	na	na	na	138.5%	82.0%	36.1%
Adj. net profit	na	na	na	138.5%	82.0%	36.1%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	84.5%	84.4%	87.5%	87.6%	87.8%	88.0%
Adj. net profit margin	(35.9%)	(16.9%)	5.4%	10.8%	17.2%	20.9%
Return on equity (ROE)	(22.3%)	(18.8%)	7.5%	13.8%	19.4%	20.2%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.7)	(0.5)	(0.8)	(0.8)	(0.8)	(0.9)
Current ratio (x)	2.3	1.8	3.4	3.9	4.6	5.6
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	120.5	54.9	30.1	22.1
P/E (diluted)	ns	ns	125.3	54.9	30.1	22.1
P/B	121.6	130.2	103.1	87.9	66.8	51.3

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

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