

# Leads Biolabs (9887 HK)

## Expect multiple PoC data of LBL-024 in 2026

Leads Biolabs is a clinical-stage biotech with proven business development execution. In FY25, the Company reported revenue of RMB177mn, driven by the late-2025 out-licensing of LBL-047 (BDCA2/TACI, currently in Ph1 for SLE) to Dianthus Therapeutics. This agreement features US\$38mn in upfront and near-term milestones, with up to US\$1.0bn in total value. This follows the late-2024 LBL-051 (CD19/BCMA/CD3) out-licensing to new-co Oblenio for up to US\$614mn, plus royalties and equity. Financially, Leads Biolabs is well-capitalized, exiting 2025 with RMB1.55bn in cash against FY25 R&D expenses of RMB289mn. With lead clinical assets LBL-024 (PD-1/4-1BB) and LBL-034 (GPRC5D/CD3) demonstrating highly promising preliminary efficacy, we maintain our BUY rating with target price of HK\$100.50.

■ **LBL-024 (PD-1/4-1BB) poised to emerge as a next-generation IO backbone with broad applicability.** LBL-024 holds the distinction of being the first global 4-1BB-targeted candidate to reach registrational stage. The asset is in a single-arm registrational trial in China for 3L+ EP-NEC, with an NDA submission targeted for 3Q26. For 1L EP-NEC, following previously disclosed promising Ph2 ORR data, we anticipate PFS and OS data at a conference in 2026, ahead of a planned Ph3 initiation in late 2026. Beyond EP-NEC, in 1L SCLC, LBL-024 + chemo yielded a striking preliminary ORR of 88%; we await the PFS and OS data slated for ESMO 2026. In NSCLC, combination studies across 2L+ and 1L sq/nsq settings have enrolled over 100 patients, and we expect data readouts at WCLC 2026. Additionally, the Company is expanding LBL-024's footprint with six PoC studies (1L melanoma, 1L BTC, 1L HCC, 1L ESCC, 1L/2L TNBC, and 2L+ ovarian cancer), alongside a 1L GC PoC study scheduled to initiate in 1H26.

■ **LBL-034 (GPRC5D/CD3): best-in-class potential in R/R Multiple Myeloma unlocking global BD optionality.** LBL-034 has generated encouraging data in R/R MM. In a Ph1 study, the asset demonstrated a favorable safety profile and potent antitumor activity, notably in heavily pre-treated and difficult-to-treat subpopulations. This includes an 86% ORR (57% CR+) in BCMA-refractory MM patients, and a 75% ORR in high-risk patients with EMD. Building on this momentum, Ph2 studies initiated in Aug 2025 are actively enrolling across four MM cohorts: 4L+ MM, 2L+ MM with EMD, BCMA-resistant MM, and plasma cell leukemia. Given the compelling clinical profile, management is actively pursuing global out-licensing partnerships with leading pharma companies.

■ **A wave of first-in-class ADCs and multi-specifics entering the clinic.** Leads Biolabs is strategically advancing a highly innovative, early-stage pipeline. A highlight is LBL-054, a first-in-class T-cell engager ADC (TCE-ADC) targeting CDH17, currently in the IND-enabling stage. The Company is preparing for a wave of IND submissions across both China and the US throughout 2026 and 1Q27. This includes LBL-054, LBL-061 (EGFR/PD-L1 ADC), LBL-076 (CD38/GPRC5D/CD3 tri-specific), LBL-066 (PD-L1/4-1BB Plus tri-specific), and LBL-051 (CD19/BCMA/CD3), alongside others.

■ **Maintain BUY.** We look forward to data readouts of LBL-024 in SCLC and NSCLC. Factoring in the recent out-licensing of LBL-047, we revise our TP from HK\$80.27 to HK\$100.50 (WACC: 9.06%, terminal growth: 4.0%).

### Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	0	177	204	184	390
YoY growth (%)	na	na	14.9	(9.7)	112.3
Adjusted net profit (RMB mn)	(301.2)	(211.4)	(157.6)	(113.0)	(261.5)
EPS (Reported) (RMB)	na	(1.21)	(0.79)	(0.57)	(1.31)
R&D expenses (RMB mn)	(186)	(289)	(318)	(221)	(390)

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

Target Price	HK\$100.50
(Previous TP)	HK\$80.27)
Up/Downside	36.6%
Current Price	HK\$73.55

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### Stock Data

Mkt Cap (HK\$ mn)	14,628.5
Avg 3 mths t/o (HK\$ mn)	39.0
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	198.9

Source: FactSet

### Shareholding Structure

Suzhou Jianxin Hankang	6.5%
Kang Xiaoqiang	5.6%

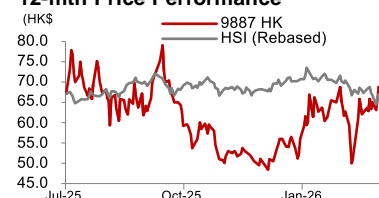
Source: Bloomberg

### Share Performance

	Absolute	Relative
1-mth	17.3%	26.2%
3-mth	44.2%	50.6%
6-mth	5.1%	14.1%

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	2036E	2037E	2038E	2039E	2040E
EBIT	-150	-95	-222	-154	46	498	1,008	1,553	2,054	2,188	2,186	2,147	2,244	2,315	2,410
Tax rate	0%	0%	0%	0%	0%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	-150	-95	-222	-154	46	423	857	1,320	1,746	1,860	1,858	1,825	1,907	1,968	2,049
+ D&A	14	21	38	39	40	41	42	42	43	44	44	45	45	46	46
- Change in working capital	1	-22	-73	-46	-140	-262	-285	-222	-146	-35	29	48	59	67	65
- Capex	-20	-200	-200	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50
FCFF	-155	-295	-457	-212	-103	152	564	1,090	1,592	1,819	1,882	1,868	1,961	2,030	2,109
Terminal value															43,325
FCF + Terminal value	-155	-295	-457	-212	-103	152	564	1,090	1,592	1,819	1,882	1,868	1,961	2,030	45,434
Present value (RMB mn)	16,464														
Net debt (RMB mn)	-1,126														
Equity value (RMB mn)	17,590														
Equity value (HK\$ mn)	19,988														
No. of shares (mn)	199														
DCF per shares (HK\$)	100.50														
Terminal growth rate	4.0%														
WACC	9.06%														
Cost of Equity	12.0%														
Cost of Debt	2.6%														
Equity Beta	0.9														
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\$)

Terminal growth rate	WACC				
	8.06%	8.56%	9.06%	9.56%	10.06%
5.0%	165.55	138.29	117.89	102.07	89.49
4.5%	146.90	125.12	108.24	94.81	83.90
4.0%	132.85	114.83	100.50	88.86	79.23
3.5%	121.87	106.57	94.15	83.88	75.28
3.0%	113.07	99.80	88.85	79.67	71.88

Source: CMBIGM estimates

Figure 3: CMBIGM estimates revision

RMB mn	New			Old			Diff(%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	204	184	390	0	350	574	NA	-47%	-32%
Gross profit	204	172	341	0	322	510	NA	-47%	-33%
Operating profit	-150	-95	-222	-406	-289	-347	NA	NA	NA
Net profit	-158	-113	-261	-417	-316	-405	NA	NA	NA
EPS (RMB)	(0.79)	(0.57)	(1.31)	(2.10)	(1.59)	(2.04)	NA	NA	NA
Gross margin	100.00%	93.76%	87.33%	#DIV/0!	92.23%	88.88%	NA	+1.53 ppt	-1.56 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff(%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	204	184	390	182	368	1,661	12%	-50%	-76%
Gross profit	204	172	341	181	341	1,365	12%	-49%	-75%
Operating profit	-150	-95	-222	-355	-185	226	NA	NA	NA
Net profit	-158	-113	-261	-338	-261	-95	NA	NA	NA
EPS (RMB)	(0.79)	(0.57)	(1.31)	(1.71)	(1.38)	(0.48)	NA	NA	NA
Gross margin	100.00%	93.76%	87.33%	99.53%	92.56%	82.15%	+0.47 ppt	+1.20 ppt	+5.18 ppt

Source: Company data, Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
<b>YE 31 Dec (RMB mn)</b>						
<b>Revenue</b>	<b>9</b>	<b>0</b>	<b>177</b>	<b>204</b>	<b>184</b>	<b>390</b>
Cost of goods sold	(3)	0	0	0	(11)	(49)
<b>Gross profit</b>	<b>6</b>	<b>0</b>	<b>177</b>	<b>204</b>	<b>172</b>	<b>341</b>
Selling expense	0	0	0	0	(51)	(175)
Admin expense	(38)	(88)	(83)	(100)	(64)	(78)
R&D expense	(231)	(186)	(289)	(318)	(221)	(390)
Gain/loss on financial assets at FVTPL	6	2	1	0	0	0
Interest expense	(1)	(6)	(7)	(7)	(18)	(40)
Other income/expense	0	(0)	(26)	0	0	0
Others	(118)	(42)	0	0	0	0
<b>Pre-tax profit</b>	<b>(362)</b>	<b>(301)</b>	<b>(196)</b>	<b>(158)</b>	<b>(113)</b>	<b>(261)</b>
Income tax	0	0	(16)	0	0	0
Minority interest	0	0	0	0	0	0
<b>Adjusted net profit</b>	<b>(362)</b>	<b>(301)</b>	<b>(211)</b>	<b>(158)</b>	<b>(113)</b>	<b>(261)</b>
<b>BALANCE SHEET</b>						
<b>YE 31 Dec (RMB mn)</b>						
<b>Current assets</b>	<b>367</b>	<b>596</b>	<b>1,690</b>	<b>1,470</b>	<b>1,981</b>	<b>2,367</b>
Cash & equivalents	248	373	1,548	1,386	1,873	2,176
Restricted cash	0	0	0	0	0	0
Receivables	0	0	0	0	14	64
Inventories	0	0	58	0	11	43
Prepayment	19	58	84	84	84	84
Financial assets at FVTPL	100	166	0	0	0	0
Other current assets	0	0	0	0	0	0
<b>Non-current assets</b>	<b>80</b>	<b>73</b>	<b>91</b>	<b>97</b>	<b>276</b>	<b>438</b>
PP&E	54	36	29	35	214	376
Right-of-use assets	7	11	20	20	20	20
Intangibles	0	0	2	2	2	2
Other non-current assets	19	26	40	40	40	40
<b>Total assets</b>	<b>447</b>	<b>669</b>	<b>1,781</b>	<b>1,567</b>	<b>2,257</b>	<b>2,805</b>
<b>Current liabilities</b>	<b>1,395</b>	<b>398</b>	<b>502</b>	<b>445</b>	<b>1,249</b>	<b>2,058</b>
Short-term borrowings	61	255	260	260	1,060	1,860
Account payables	26	53	57	0	3	13
Other current liabilities	1,304	0	0	0	0	0
Lease liabilities	4	6	7	7	7	7
Contract liabilities	0	84	178	178	178	178
<b>Non-current liabilities</b>	<b>2</b>	<b>6</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
Other non-current liabilities	2	6	13	13	13	13
<b>Total liabilities</b>	<b>1,396</b>	<b>404</b>	<b>516</b>	<b>459</b>	<b>1,262</b>	<b>2,072</b>
Share capital	17	157	199	199	199	199
Retained earnings	0	0	0	(158)	(271)	(532)
Other reserves	(966)	109	1,067	1,067	1,067	1,067
<b>Total shareholders equity</b>	<b>(949)</b>	<b>266</b>	<b>1,266</b>	<b>1,108</b>	<b>995</b>	<b>734</b>
Minority interest	0	0	0	0	0	0
<b>Total equity and liabilities</b>	<b>447</b>	<b>669</b>	<b>1,781</b>	<b>1,567</b>	<b>2,257</b>	<b>2,805</b>

<b>CASH FLOW</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
<b>Profit before taxation</b>	<b>(362)</b>	<b>(301)</b>	<b>(196)</b>	<b>(158)</b>	<b>(113)</b>	<b>(261)</b>
Depreciation & amortization	20	20	12	14	21	38
Tax paid	0	0	(16)	0	0	0
Change in working capital	18	70	40	1	(22)	(73)
Others	132	92	8	7	18	40
<b>Net cash from operations</b>	<b>(193)</b>	<b>(119)</b>	<b>(152)</b>	<b>(135)</b>	<b>(95)</b>	<b>(257)</b>
<b>Investing</b>						
Capital expenditure	(12)	(3)	(20)	(20)	(200)	(200)
Net proceeds from disposal of short-term investments	147	(64)	0	0	0	0
Others	0	0	0	0	0	0
<b>Net cash from investing</b>	<b>135</b>	<b>(67)</b>	<b>(20)</b>	<b>(20)</b>	<b>(200)</b>	<b>(200)</b>
<b>Financing</b>						
Dividend paid	0	0	0	0	0	0
Net borrowings	60	189	(7)	(7)	782	760
Proceeds from share issues	0	131	1,199	0	0	0
Others	(10)	(10)	0	0	0	0
<b>Net cash from financing</b>	<b>49</b>	<b>309</b>	<b>1,192</b>	<b>(7)</b>	<b>782</b>	<b>760</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	253	248	373	1,548	1,386	1,873
Exchange difference	3	2	0	0	0	0
<b>Cash at the end of the year</b>	<b>248</b>	<b>373</b>	<b>1,548</b>	<b>1,386</b>	<b>1,873</b>	<b>2,176</b>
<b>GROWTH</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Revenue	na	na	na	14.9%	(9.7%)	112.3%
Gross profit	na	na	na	14.9%	(15.3%)	97.8%
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Gross profit margin	64.1%	na	100.0%	100.0%	93.8%	87.3%
Adj. net profit margin	(4,086.3%)	na	(119.3%)	(77.4%)	(61.4%)	(67.0%)
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Current ratio (x)	0.3	1.5	3.4	3.3	1.6	1.2
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/E	na	na	ns	ns	ns	ns
P/B	na	na	8.9	11.6	13.0	17.6

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

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