

Henlius Biotech (2696 HK)

Accelerating global commercialization and innovation

Henlius delivered strong FY25 financial results, driven by robust product sales growth. The Company is expanding its global biosimilar footprint and forging new international partnerships. Henlius is accelerating its evolution into an innovative biologics powerhouse, spearheaded by competitive assets such as HLX43, HLX22, and serplulimab. Anticipating multiple clinical and regulatory catalysts in 2026, we maintain BUY rating on Henlius with a TP of HK\$99.78.

- **FY25 product sales beat.** Henlius reported FY25 total revenue of RMB6.67bn (+16.5% YoY). Total product sales reached RMB5.77bn (+17.0% YoY), beating our previous full-year estimate of RMB5.35bn by ~7.9%, primarily driven by the continued ramp-up of serplulimab (PD-1, RMB1.50bn, +14.0% YoY). The foundational biosimilar franchise remained resilient, with trastuzumab generating global sales of RMB2.97bn (+5.5% YoY). Overseas product sales reached around RMB260mn in FY25, +100% YoY. Henlius maintained net profitability (RMB827mn) while stepping up its R&D investments to RMB2.49bn (+35.4% YoY) to fuel its next-generation pipeline.
- **HLX43 (PD-L1 ADC) entering pivotal stages.** As a leading PD-L1 ADC globally, HLX43 has demonstrated competitive early efficacy signals in IO-resistant NSCLC. Among heavily pre-treated NSCLC patients, HLX43 delivered an ORR of 33.3% in sq-NSCLC (n=33) and an impressive 47.4% in EGFR wild-type nsq-NSCLC (n=19), with PFS data expected in 2026. A global Ph2 trial in late-line NSCLC is actively enrolling across the US, China, Japan, and Australia. Furthermore, Henlius has initiated a global Ph2/3 trial evaluating HLX43 +/- HLX07 (EGFR mAb) for IO-resistant sq-NSCLC (vs docetaxel), with the Ph2 portion expected to complete enrollment in 4Q26. We anticipate initiation of additional pivotal trials for HLX43 in NSCLC (including EGFR wild-type IO-resistant nsq-NSCLC and EGFRm NSCLC) by 4Q26.
- **Executing serplulimab's global commercialization and label expansion.** The 1L ES-SCLC US bridging study completed enrollment in Oct 2025, targeting ESMO 2026 data readout and a 2026 US BLA submission. For perioperative GC, Ph3 data is expected at ASCO (Jun 2026) alongside a mid-2026 China NDA approval. In 1L MSS CRC, following demonstrated PFS and OS improvements in a Ph2 trial (serplulimab + chemo + bevacizumab), a Ph3 MRCT across China, Japan, and SEA fully enrolled in mid-2025, with data expected in 2027. The asset's value was further validated by an out-licensing deal with Eisai (4523 JP, NR) about Japan rights in Feb, securing a US\$75mn upfront payment.
- **HLX22 (HER2 mAb) shows best-in-class efficacy in gastric cancer.** HLX22 is emerging as a formidable alternative for 1L HER2+ GC. In a Ph2 trial with a median follow-up of 28.5 months, the addition of HLX22 to the standard of care (trastuzumab + chemotherapy) dramatically improved efficacy. Median PFS was not reached in the HLX22 arm versus 8.3 months in the SoC arm, translating to an exceptional hazard ratio of 0.2. Henlius is advancing a global Ph3 MRCT in 1L HER2+ GC across China, the US, Japan, and Europe, with data readouts expected in 1H27.
- **Maintain BUY.** Factoring in the strong product sales beat in 2025, we slightly revise our DCF-derived target price to HK\$99.78 from HK\$97.75 (WACC: 9.13%, terminal growth rate: 3.5%, both unchanged).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	5,724	6,667	7,336	6,665	7,522
YoY growth (%)	6.1	16.5	10.0	(9.1)	12.9
Net profit (RMB mn)	820.5	827.0	847.2	499.6	830.3
YoY growth (%)	50.3	0.8	2.4	(41.0)	66.2
EPS (Reported) (RMB)	1.51	1.52	1.56	0.92	1.53
P/E (x)	38.2	37.9	37.0	62.7	37.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$99.78
(Previous TP)	HK\$97.75)
Up/Downside	52.0%
Current Price	HK\$65.65

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Stock Data

Mkt Cap (HK\$ mn)	35,680.4
Avg 3 mths t/o (HK\$ mn)	61.5
52w High/Low (HK\$)	88.70/25.60
Total Issued Shares (mn)	543.5
Source: FactSet	

Shareholding Structure

Fosun	71.5%
Lin Lijun	3.1%

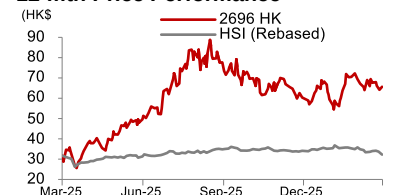
Source: Wind

Share Performance

	Absolute	Relative
1-mth	-5.4%	5.1%
3-mth	7.6%	13.8%
6-mth	-14.7%	-8.5%

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
EBIT	870	506	845	1,134	1,932	3,106	4,501	5,312	6,199	6,799
Less: Tax	(17)	(10)	(17)	(171)	(291)	(470)	(685)	(815)	(959)	(1,061)
Depreciation and amortisation		459	452	445	367	361	356	352	348	344
CAPEX (incl. intangible assets)		(1,123)	(1,023)	(973)	(973)	(973)	(973)	(973)	(973)	(973)
Change in working capital	750	(61)	(46)	(56)	(81)	(65)	(77)	(64)	(64)	(15)
FCF	940	(137)	253	301	949	1,954	3,118	3,807	4,548	5,090
Terminal value										93,517
PV of enterprise (RMB mn)	49,722									
Debt & Preferred Stock (RMB mn)	1,891									
Deposit and pledged cash (RMB mn)	543									
Equity value (RMB mn)	47,831									
Value per share (RMB)	88.01									
Value per share (HK\$)	99.78									
Terminal growth rate	3.5%									
WACC	9.13%									
Risk free rate	3.0%									
Market return	13.5%									
Premium	10.50%									
Beta	0.90									
Tax rate	15%									
Debt portion	35%									
Equity portion	65%									
Cost of equity	12.5%									
Cost of debt	3.5%									
Cost of debt (tax shielded)	3.0%									

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (HK\$)

		WACC				
		8.13%	8.63%	9.13%	9.63%	10.13%
Terminal growth rate	4.5%	159.66	136.42	118.30	103.80	91.95
	4.0%	142.18	123.27	108.14	95.78	85.51
	3.5%	128.46	112.68	99.78	89.06	80.04
	3.0%	117.42	103.96	92.78	83.36	75.33
	2.5%	108.34	96.67	86.84	78.46	71.24

Source: CMBIGM estimates

Figure 3: CMBIGM estimates: new vs old

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	7,336	6,665	7,522	4,855	5,610	6,525	51%	19%	15%
Gross profit	5,404	4,593	5,344	3,478	4,135	4,952	55%	11%	8%
Net profit	847	500	830	469	809	1,200	81%	-38%	-31%
EPS (RMB)	1.56	0.92	1.53	0.86	1.49	2.21	81%	-38%	-31%
Gross margin	73.67%	68.91%	71.05%	71.65%	73.70%	75.90%	+2.02 ppt	-4.79 ppt	-4.86 ppt
Net margin	11.55%	7.50%	11.04%	9.66%	14.42%	18.39%	+1.89 ppt	-6.93 ppt	-7.35 ppt

Source: CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	7,336	6,665	7,522	6,441	7,107	8,983	14%	-6%	-16%
Gross profit	5,404	4,593	5,344	4,622	5,059	6,963	17%	-9%	-23%
Net profit	847	500	830	1,032	1,116	1,628	-18%	-55%	-49%
EPS (RMB)	1.56	0.92	1.53	1.55	2.06	2.73	1%	-55%	-44%
Gross margin	73.67%	68.91%	71.05%	71.76%	71.19%	77.51%	+1.91 ppt	-2.28 ppt	-6.46 ppt
Net margin	11.55%	7.50%	11.04%	16.01%	15.70%	18.13%	-4.46 ppt	-8.20 ppt	-7.09 ppt

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	5,395	5,724	6,667	7,336	6,665	7,522
Cost of goods sold	(1,476)	(1,540)	(1,682)	(1,932)	(2,072)	(2,178)
Gross profit	3,919	4,185	4,985	5,404	4,593	5,344
Selling expense	(1,754)	(1,917)	(2,198)	(2,447)	(1,899)	(2,079)
Admin expense	(384)	(371)	(443)	(496)	(437)	(495)
R&D expense	(1,119)	(1,035)	(1,515)	(1,591)	(1,750)	(1,925)
Operating profit	662	861	828	870	506	845
Other gains/(losses)	(92)	(15)	(16)	(6)	4	3
EBITDA	1,015	1,228	1,295	1,330	958	1,290
EBIT	662	861	828	870	506	845
Pre-tax profit	570	846	812	865	510	847
Income tax	(24)	(25)	15	(17)	(10)	(17)
After tax profit	546	820	827	847	500	830
Minority interest	0	0	0	0	0	0
Net profit	546	820	827	847	500	830

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	2,676	2,512	3,486	3,585	3,539	3,601
Cash & equivalents	988	773	772	1,706	1,573	1,580
Restricted cash	0	0	0	0	0	0
Account receivables	648	857	1,816	746	772	782
Inventories	757	728	612	847	908	955
Other current assets	283	153	286	286	286	286
Non-current assets	7,228	8,086	8,875	9,539	10,110	10,638
PP&E	2,238	2,343	2,262	2,186	2,117	2,055
Right-of-use assets	415	357	320	248	176	104
Intangibles	4,511	5,355	6,162	6,974	7,686	8,348
Other non-current assets	64	30	131	131	131	131
Total assets	9,904	10,598	12,361	13,124	13,649	14,240
Current liabilities	5,067	5,032	4,941	4,856	4,882	4,891
Short-term borrowings	2,800	2,560	2,247	2,247	2,247	2,247
Account payables	545	729	831	746	772	782
Other current liabilities	1,255	1,299	1,345	1,345	1,345	1,345
Contract liabilities	467	444	518	518	518	518
Non-current liabilities	2,644	2,552	3,460	3,460	3,460	3,460
Long-term borrowings	1,293	1,089	1,350	1,350	1,350	1,350
Deferred income	230	239	277	277	277	277
Other non-current liabilities	1,121	1,225	1,832	1,832	1,832	1,832
Total liabilities	7,711	7,584	8,401	8,316	8,342	8,351
Share capital	543	543	543	543	543	543
Retained earnings	1,649	2,470	3,417	4,264	4,764	5,345
Total shareholders equity	2,192	3,014	3,960	4,808	5,307	5,888
Total liabilities and shareholders equity	9,904	10,598	12,361	13,124	13,649	14,240

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	570	846	812	865	510	847
Depreciation & amortization	353	367	468	459	452	445
Tax paid	(21)	(28)	15	(17)	(10)	(17)
Change in working capital	61	(57)	(212)	750	(61)	(46)
Others	85	114	102	102	102	102
Net cash from operations	1,048	1,242	1,185	2,159	992	1,331
Investing						
Capital expenditure	(474)	(164)	(150)	(150)	(150)	(150)
Others	(531)	(746)	(974)	(973)	(873)	(823)
Net cash from investing	(1,004)	(910)	(1,124)	(1,123)	(1,023)	(973)
Financing						
Dividend paid	0	0	0	0	0	(249)
Net borrowings	365	(408)	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(220)	(236)	(102)	(102)	(102)	(102)
Net cash from financing	144	(643)	(102)	(102)	(102)	(351)
Net change in cash						
Cash at the beginning of the year	673	868	773	772	1,706	1,573
Exchange difference	6	15	0	0	0	0
Cash at the end of the year	868	571	731	1,706	1,573	1,580
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	67.8%	6.1%	16.5%	10.0%	(9.1%)	12.9%
Gross profit	65.3%	6.8%	19.1%	8.4%	(15.0%)	16.4%
Operating profit	na	30.1%	(3.9%)	5.1%	(41.9%)	67.0%
EBITDA	na	21.0%	5.5%	2.7%	(28.0%)	34.7%
EBIT	na	30.1%	(3.9%)	5.1%	(41.9%)	67.0%
Net profit	na	50.3%	0.8%	2.4%	(41.0%)	66.2%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	72.6%	73.1%	74.8%	73.7%	68.9%	71.0%
Operating margin	12.3%	15.0%	12.4%	11.9%	7.6%	11.2%
EBITDA margin	18.8%	21.5%	19.4%	18.1%	14.4%	17.1%
Return on equity (ROE)	28.5%	31.5%	23.7%	19.3%	9.9%	14.8%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	0.5	0.5	0.7	0.7	0.7	0.7
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	57.4	38.2	37.9	37.0	62.7	37.8
P/B	14.3	10.4	7.9	6.5	5.9	5.3

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

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