

BeOne Medicines (ONC US)

Near-term readouts to validate novel pipeline assets

BeOne delivered robust 1Q26 product sales growth and improving profitability, prompting management to raise FY26 guidance. We continue to see significant upside for Brukinsa's global BTK market share expansion. Furthermore, multiple near-term clinical data readouts present compelling catalysts for further valuation upside. We maintain BUY rating on BeOne with a TP of US\$392.43.

■ **Strong 1Q26 sales momentum.** BeOne reported 1Q26 total revenue of US\$1.51bn (+35% YoY), representing 28% of our previous FY26 estimate and exceeding our expectations. This robust growth was primarily driven by Brukinsa, which generated US\$1.10bn in 1Q26 sales (+38% YoY). Brukinsa retains its position as the top-selling global BTK inhibitor by revenue, underpinned by its leadership in new patient starts for US CLL and sustained EU expansion fueled by improving reimbursement coverage. We anticipate continued market share gains of Brukinsa and project FY26E Brukinsa sales of US\$4.67bn (+19% YoY).

■ **Profitability continues to improve.** BeOne sustained its profitability trajectory in 1Q26, delivering GAAP net income of US\$277mn, underpinned by robust top-line growth and enhanced operating leverage. Non-GAAP net income has demonstrated consecutive quarter-over-quarter expansion since 1Q25, reaching US\$414mn in 1Q26. Operating efficiency also strengthened: the SG&A-to-sales ratio declined to 37.3% (vs. 39.4% in FY25), and the R&D-to-sales ratio moderated to 36.4% (vs. 40.6% in FY25). Prompted by this strong 1Q26 performance, management raised its FY26 revenue guidance to US\$6.3–6.5bn (from US\$6.2–6.4bn) and GAAP operating profit guidance to US\$750–850mn (from US\$700–800mn).

■ **Continued enhancement of the hematology franchise.** Sonrotoclax (Bcl-2) is positioned for potential FDA approval in 2Q26 for BTKi-treated MCL, following its launch in China. BeOne also plans to advance Sonrotoclax into a Ph3 study for 2L+ t(11;14) MM in 2H26. Furthermore, we anticipate uMRD data from the Ph3 Sonrotoclax + Brukinsa trial in 1L CLL in 3Q26, as nearly all patients have recently completed the fixed-duration treatment. We also expect a US NDA submission for the BTK CDAC in R/R CLL in 2H26.

■ **Multiple near-term solid tumor catalysts.** We think multiple upcoming clinical milestones could unlock further valuation upside. Ph1 data for BGB-43395 (CDK4 inhibitor) in 1L HR+/HER2- breast cancer (BC) at the upcoming ASCO meeting should drive near-term sentiment. As a potentially best-in-class CDK4-selective agent with a differentiated hematological toxicity profile, BGB-43395 is slated for a global Ph3 trial in 1L BC. Additionally, 1H26 will feature ASCO data readouts for the GPC3/4-1BB bsAb and B7-H4 ADC, followed by clinical updates for the PRMT5i and CEA ADC in 2H26. The GPC3/4-1BB bsAb is currently enrolling a potential pivotal study in late-line HCC, alongside the ongoing study in 1L HCC. The PD-1/VEGF-A/CTLA-4 tsAb is also expected to enter a Ph1 study shortly.

■ **Maintain BUY.** We expect BeOne to deliver robust FY26 sales growth and profitability, further supported by a catalyst-rich R&D pipeline. We maintain our DCF-derived target price unchanged at US\$392.43 (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	6,421	7,378	8,233
Net profit (US\$ mn)	(644.8)	286.9	752.4	1,329.1	1,932.6
EPS (Reported) (US\$)	(6.12)	2.63	6.35	11.22	16.31
P/S (x)	9.7	6.9	5.8	5.0	4.5
P/E (x)	ns	119.1	49.3	27.9	19.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$392.43
Up/Downside	25.2%
Current Price	US\$313.32

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Stock Data

Mkt Cap (US\$ mn)	37,132.7
Avg 3 mths t/o (US\$ mn)	39.5
52w High/Low (US\$)	377.47/219.95
Total Issued Shares (mn)	118.5

Source: FactSet

Shareholding Structure

Amgen	17.1%
Baker Bros	8.0%

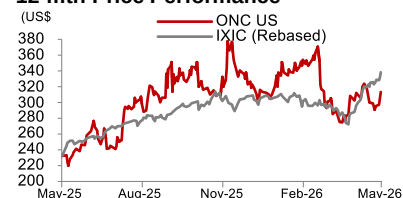
Source: Bloomberg

Share Performance

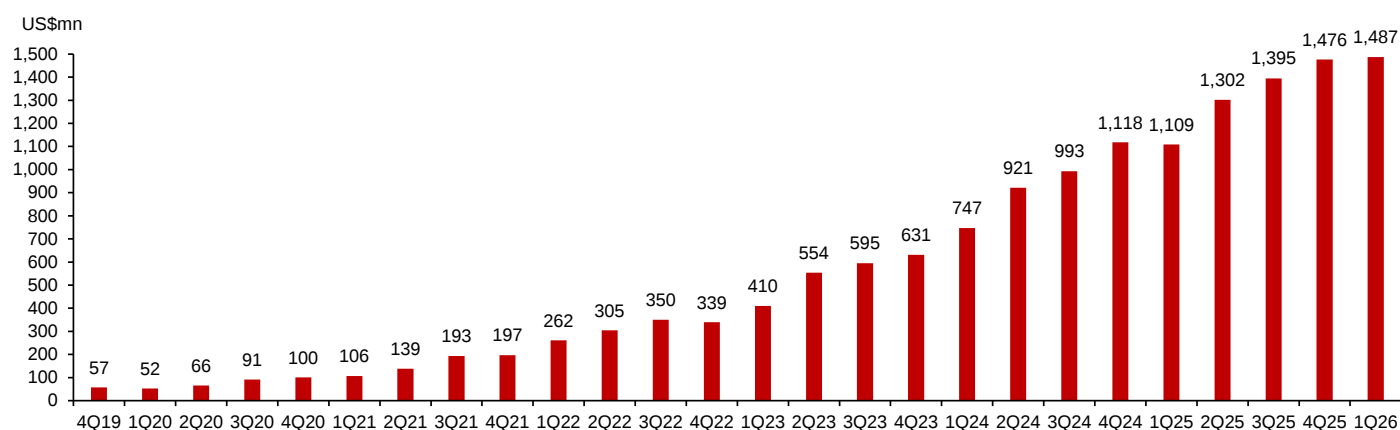
	Absolute	Relative
1-mth	3.1%	-12.1%
3-mth	-11.5%	-21.1%
6-mth	-2.1%	-12.8%

Source: FactSet

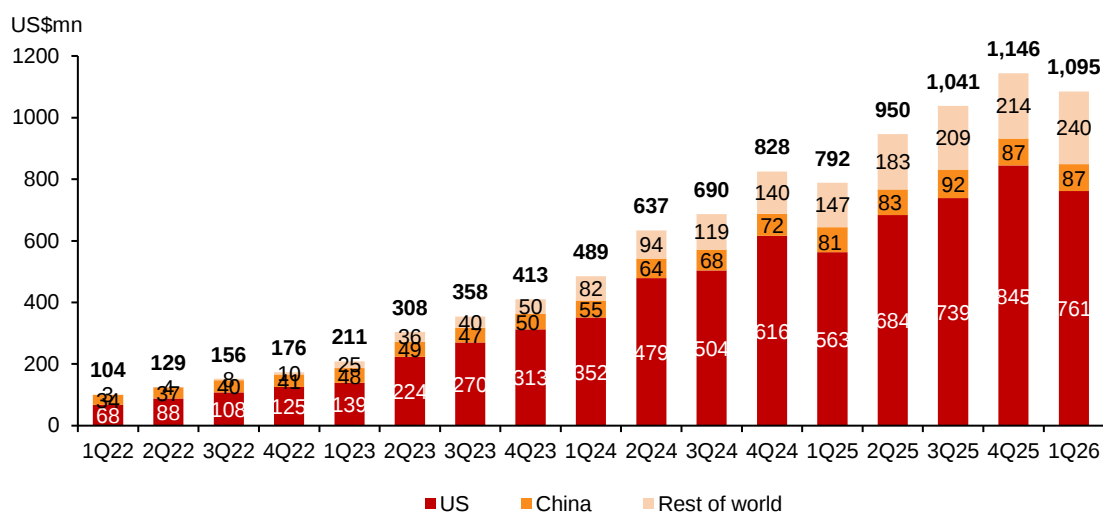
12-mth Price Performance



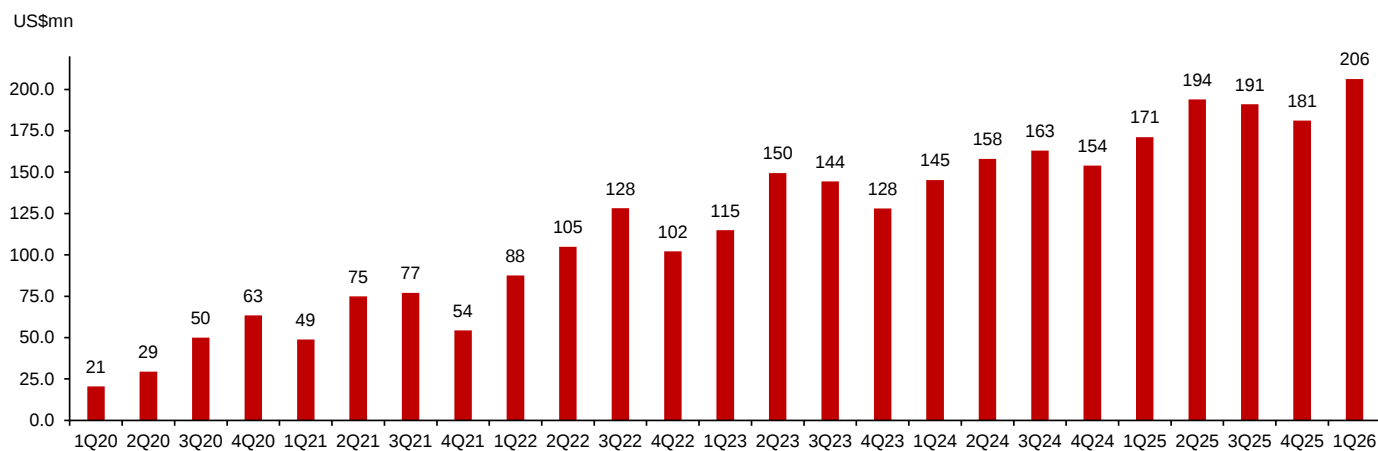
Source: FactSet

Figure 1: Quarterly product sales of BeOne

Source: Company data, CMBIGM

Figure 2: Brukinsa 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	805	1,516	2,205	2,552	3,187	3,874	4,464	4,668	4,681	4,663
Tax rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	684	1,288	1,874	2,169	2,709	3,293	3,794	3,968	3,979	3,963
+ D&A	146	151	151	150	146	143	139	136	133	131
- Change in working capital	-53	-153	-135	11	-189	-136	-116	-40	-6	12
- Capex	-200	-200	-150	-150	-100	-100	-100	-100	-100	-100
FCFF	577	1,086	1,740	2,181	2,567	3,200	3,718	3,964	4,006	4,006
Terminal value										67,535
PV of enterprise (US\$ mn)	41,824									
Net debt (US\$ mn)	-4,685									
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\$)

Terminal growth rate	WACC				
	8.64%	9.14%	9.64%	10.14%	10.64%
4.5%	545.34	486.52	439.22	400.37	367.90
4.0%	503.60	454.26	413.75	379.91	351.22
3.5%	469.98	427.73	392.43	362.52	336.87
3.0%	442.32	405.51	374.32	347.57	324.39
2.5%	419.17	386.64	358.75	334.58	313.45

Source: CMBIGM estimates

Figure 6: CMBIGM estimates vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,421	7,378	8,233	6,364	7,315	8,205	1%	1%	0%
Gross Profit	5,617	6,477	7,251	5,559	6,410	7,234	1%	1%	0%
Operating Profit	805	1,516	2,205	744	1,154	1,636	8%	31%	35%
Net profit	752	1,329	1,933	637	1,093	1,460	18%	22%	32%
EPS (US\$)	6.35	11.22	16.31	5.78	10.15	13.16	10%	10%	24%
Gross Margin	87.49%	87.78%	88.08%	87.35%	87.63%	88.16%	+0.14 ppt	+0.15 ppt	-0.08 ppt
Operating Margin	12.54%	20.54%	26.78%	11.69%	15.78%	19.94%	+0.84 ppt	+4.77 ppt	+6.85 ppt
Net Margin	11.72%	18.01%	23.48%	10.01%	14.94%	17.79%	+1.71 ppt	+3.07 ppt	+5.68 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 7: CMBIGM estimates: New vs Old

US\$ mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,421	7,378	8,233	6,320	7,249	8,135	2%	2%	1%
Gross Profit	5,617	6,477	7,251	5,539	6,367	7,161	1%	2%	1%
Operating Profit	805	1,516	2,205	725	1,419	1,930	11%	7%	14%
Net profit	752	1,329	1,933	684	1,246	1,696	10%	7%	14%
EPS (US\$)	6.35	11.22	16.31	5.78	10.51	14.31	10%	7%	14%
Gross Margin	87.49%	87.78%	88.08%	87.64%	87.83%	88.03%	-0.15 ppt	-0.05 ppt	+0.05 ppt
Operating Margin	12.54%	20.54%	26.78%	11.48%	19.57%	23.72%	+1.06 ppt	+0.97 ppt	+3.06 ppt
Net Margin	11.72%	18.01%	23.48%	10.83%	17.19%	20.85%	+0.89 ppt	+0.83 ppt	+2.62 ppt

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	2,459	3,810	5,343	6,421	7,378	8,233
Cost of goods sold	(380)	(594)	(669)	(804)	(901)	(981)
Gross profit	2,079	3,216	4,674	5,617	6,477	7,251
Operating expenses	(3,287)	(3,784)	(4,227)	(4,812)	(4,961)	(5,046)
SG&A expense	(1,505)	(1,831)	(2,081)	(2,463)	(2,553)	(2,605)
R&D expense	(1,779)	(1,953)	(2,146)	(2,349)	(2,407)	(2,442)
Others	(4)	0	0	0	0	0
Other income	382	35	(30)	80	48	69
Pre-tax profit	(826)	(533)	417	885	1,564	2,274
Income tax	(56)	(112)	(130)	(133)	(235)	(341)
Minority interest	0	0	0	0	0	0
Net profit	(882)	(645)	287	752	1,329	1,933
Adjusted net profit	(882)	(645)	287	752	1,329	1,933

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	4,203	3,992	6,234	7,284	8,926	11,407
Cash & equivalents	3,172	2,627	4,548	5,504	6,942	9,251
Account receivables	358	676	865	916	1,052	1,174
Inventories	416	495	608	652	719	769
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	9,293	10,984	13,465
Current liabilities	1,810	2,215	1,829	1,870	1,921	1,958
Short-term borrowings	688	852	57	57	57	57
Account payables	315	405	479	520	571	608
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	948	748	748
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	2,977	2,818	2,669	2,707
Share capital	11,599	12,088	12,759	13,270	13,781	14,292
Retained earnings	(7,962)	(8,607)	(8,320)	(7,567)	(6,238)	(4,306)
Other reserves	(99)	(149)	(78)	(78)	(78)	(78)
Total shareholders equity	3,537	3,332	4,361	5,624	7,464	9,908
Minority interest	0	0	0	0	0	0
Total equity and liabilities	5,805	5,921	8,189	9,293	10,984	13,465

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(826)	(533)	417	885	1,564	2,274
Depreciation & amortization	88	172	142	146	151	151
Tax paid	(56)	(112)	(130)	(133)	(235)	(341)
Others	(363)	332	699	458	358	376
Net cash from operations	(1,157)	(141)	1,128	1,356	1,838	2,459
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	5,504	6,942
Exchange difference	(8)	(52)	60	0	0	0
Cash at the end of the year	3,186	2,639	4,610	5,504	6,942	9,251
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	73.7%	55.0%	40.2%	20.2%	14.9%	11.6%
Gross profit	84.1%	54.7%	45.3%	20.2%	15.3%	12.0%
Net profit	na	na	na	162.2%	76.6%	45.4%
Adj. net profit	na	na	na	162.2%	76.6%	45.4%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	84.5%	84.4%	87.5%	87.5%	87.8%	88.1%
Adj. net profit margin	(35.9%)	(16.9%)	5.4%	11.7%	18.0%	23.5%
Return on equity (ROE)	(22.3%)	(18.8%)	7.5%	15.1%	20.3%	22.2%
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	5.8
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	119.1	49.3	27.9	19.2
P/E (diluted)	ns	ns	123.9	49.3	27.9	19.2
P/B	120.2	128.7	101.9	85.8	64.7	48.7

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

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