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CMB International Global Markets | Equity Research | Company Update

BeOne Medicines (ONC US)

Hematology dominance meets solid tumor inflection

BeOne reported robust 2Q26 results and improving profitability, prompting management to raise FY26 guidance. We see significant upside for Brukinsa's global BTK market share expansion. Furthermore, BeOne's solid tumor pipeline is at an inflection point. Upcoming data readouts at ESMO present compelling catalysts for valuation upside. We maintain BUY rating with TP of US$442.31.

- **Strong 2Q26 results and raised FY26 guidance.** BeOne delivered robust 2Q26 results, prompting an upward revision of its FY26 guidance. Total 2Q26 revenue reached US$1.71bn (+30% YoY, +13% QoQ), fueled by Brukinsa generating US$1.25bn globally (+31% YoY, +14% QoQ), maintaining its leadership as the top-selling global BTK inhibitor. Adjusted non-GAAP operating profit surged to US$503mn in 2Q26 (vs. US$275mn in 2Q25). This bottom-line expansion was driven by robust sales, an improved 90% product gross margin, and a reduced 35% SG&A ratio. For 1H26, revenue of US$3.22bn and adjusted operating profit of US$917mn accounted for 50% and 63% of our previous full-year forecasts, beating our expectations. Consequently, management raised FY26 guidance for revenue to US$6.6–6.8bn and adjusted operating profit to US$1.7–1.8bn.
- **Brukinsa 1L MCL success and Beqalzi approval expand hematology franchise.** Brukinsa's Ph3 MANGROVE trial met its primary endpoint; the chemo-free Brukinsa plus rituximab regimen reduced progression/death risk by 43% versus bendamustine plus rituximab (BR). This establishes a new standard in a >21,000 patients/year market, outperforming the 27% risk reduction from the acalabrutinib plus BR chemo-regimen. Beqalzi (BCL2i) secured FDA approval for BTKi-treated MCL. Although the uMRD analysis of Beqalzi plus Brukinsa versus V+O in 1L CLL missed statistical superiority, we eagerly await the PFS data, noting that lower uMRD rates in the V+I versus V+O comparison still yielded similar PFS. In addition, we also anticipate a US NDA submission for the BTK CDAC in R/R CLL in 2H26.
- **Multiple near-term solid tumor catalysts.** Solid tumor development has reached an inflection point. At ASCO, promising PoC data were released for CDK4i, GPC3x4-1BB bsAb and B7-H4 ADC (CMBI report link). The CDK4i showed a differentiated hematological safety profile, with a global Ph3 in 1L HR+/HER2- breast cancer already enrolling. The GPC3x4-1BB bsAb demonstrated strong efficacy in 2L+ HCC and is being studied in combo with tislelizumab plus bevacizumab for 1L HCC; its China registration-enabling cohort in 3L+ HCC is fully enrolled, with a global Ph3 in 2L HCC slated by YE26. Updates on the bsAb, plus PoC data for PRMT5i and CEA ADC, will be presented at ESMO in October. Initiations of Ph3 trials for PRMT5i and CEA ADC in NSCLC are expected in 2027. We also see combo potential for PRMT5i with Pan-RAS in PDAC and potentially NSCLC, while CEA ADC could combine with PD-1 in 1L NSCLC. In addition, B7-H4 ADC is positioned for Ph3 initiation in 1L ovarian cancer by YE26.
- **Maintain BUY.** We expect BeOne to deliver robust FY26 earnings, further supporting rapid progress in its R&D pipeline. Factoring in the strong 1H26 sales growth and improving profitability, we revise our TP from US$392.43 to US$442.31 (WACC 9.64%, terminal growth rate 3.5%, both unchanged).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	3,810	5,343	6,721	7,798	8,760
Net profit (US$ mn)	(644.8)	286.9	915.8	1,286.3	1,846.2
EPS (Reported) (US$)	(6.12)	2.63	7.72	10.85	15.57
P/S (x)	10.3	7.3	5.8	5.0	4.5
P/E (x)	ns	125.4	42.7	30.4	21.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$442.31**
(Previous TP	US$392.43)
Up/Downside	**34.1%**
Current Price	**US$329.80**

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Stock Data

Mkt Cap (US$ mn)	39,104.6
Avg 3 mths t/o (US$ mn)	31.5
52w High/Low (US$)	377.47/260.27
Total Issued Shares (mn)	118.6

Source: FactSet

Shareholding Structure

Amgen	17.1%
Baker Bros	8.0%

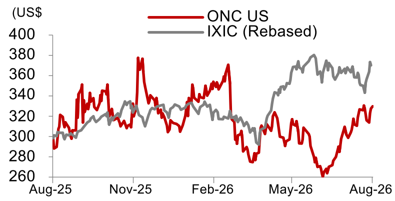
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	6.7%	4.6%
3-mth	4.0%	1.9%
6-mth	-6.8%	-18.5%

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	**1,030**	**1,479**	**2,112**	**2,571**	**3,408**	**4,310**	**5,127**	**5,415**	**5,464**	**5,436**
Tax rate	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	875	1,257	1,796	2,186	2,897	3,664	4,358	4,603	4,645	4,621
+ D&A	146	151	151	150	146	143	139	136	133	131
- Change in working capital	-81	-169	-151	-105	-219	-194	-171	-66	-21	17
- Capex	-200	-200	-150	-150	-100	-100	-100	-100	-100	-100
FCFF	**741**	**1,039**	**1,645**	**2,081**	**2,724**	**3,512**	**4,226**	**4,573**	**4,657**	**4,669**
Terminal value										**78,695**

PV of enterprise (US$ mn)	47,624
Net debt (US$ mn)	-4,821
Equity value (US$ mn)	**52,444**
No. of ADS (mn)	119
DCF per ADS (US$)	**442.31**

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%	620.02	551.71	496.80	451.73	414.09
4.0%	571.41	514.14	467.14	427.89	394.65
3.5%	532.26	483.23	**442.31**	407.65	377.94
3.0%	500.04	457.36	421.21	390.24	363.41
2.5%	473.08	435.38	403.08	375.11	350.67

Source: CMBIGM estimates

Figure 3: CMBIGM forecast revision

	NEW			OLD			Diff (%)		
US$ mn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	6,721	7,798	8,760	6,421	7,378	8,233	5%	6%	6%
Gross profit	5,992	6,962	7,829	5,617	6,477	7,251	7%	7%	8%
Operating profit	1,070	1,514	2,142	805	1,516	2,205	33%	0%	-3%
Net profit	916	1,286	1,846	752	1,329	1,933	22%	-3%	-4%
EPS (US$)	7.72	10.85	15.57	6.35	11.22	16.31	22%	-3%	-5%
Gross margin	89.16%	89.27%	89.38%	87.49%	87.78%	88.08%	+1.67 ppt	+1.49 ppt	+1.30 ppt
Operating margin	15.92%	19.41%	24.46%	12.54%	20.54%	26.78%	+3.38 ppt	-1.13 ppt	-2.33 ppt
Net margin	13.63%	16.49%	21.08%	11.72%	18.01%	23.48%	+1.91 ppt	-1.52 ppt	-2.40 ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
US$ mn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	6,721	7,798	8,760	6,594	7,633	8,644	2%	2%	1%
Gross profit	5,992	6,962	7,829	5,797	6,748	7,637	3%	3%	3%
Operating profit	1,070	1,514	2,142	973	1,505	2,035	10%	1%	5%
Net profit	916	1,286	1,846	895	1,306	1,720	2%	-2%	7%
EPS (US$)	7.72	10.85	15.57	7.10	10.57	12.96	9%	3%	20%
Gross margin	89.16%	89.27%	89.38%	87.91%	88.40%	88.35%	+1.24 ppt	+0.87 ppt	+1.03 ppt
Operating margin	15.92%	19.41%	24.46%	14.75%	19.72%	23.54%	+1.17 ppt	-0.31 ppt	+0.92 ppt
Net margin	13.63%	16.49%	21.08%	13.57%	17.11%	19.90%	+0.05 ppt	-0.62 ppt	+1.18 ppt

Source: Bloomberg, CMBIGM estimates

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Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Revenue	**2,459**	**3,810**	**5,343**	**6,721**	**7,798**	**8,760**
Cost of goods sold	(380)	(594)	(669)	(729)	(836)	(931)
Gross profit	**2,079**	**3,216**	**4,674**	**5,992**	**6,962**	**7,829**
Operating expenses	**(3,287)**	**(3,784)**	**(4,227)**	**(4,922)**	**(5,448)**	**(5,687)**
SG&A expense	(1,505)	(1,831)	(2,081)	(2,438)	(2,686)	(2,843)
R&D expense	(1,779)	(1,953)	(2,146)	(2,484)	(2,762)	(2,843)
Others	(4)	0	0	0	0	0
Other income	382	35	(30)	8	(0)	30
Pre-tax profit	**(826)**	**(533)**	**417**	**1,077**	**1,513**	**2,172**
Income tax	(56)	(112)	(130)	(162)	(227)	(326)
Minority interest	0	0	0	0	0	0
Net profit	**(882)**	**(645)**	**287**	**916**	**1,286**	**1,846**
Adjusted net profit	**(882)**	**(645)**	**287**	**916**	**1,286**	**1,846**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Current assets	**4,203**	**3,992**	**6,234**	**7,399**	**9,005**	**11,410**
Cash & equivalents	3,172	2,627	4,548	5,640	7,019	9,225
Account receivables	358	676	865	956	1,107	1,243
Inventories	416	495	608	591	667	730
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**	**9,408**	**11,063**	**13,467**
Current liabilities	**1,810**	**2,215**	**1,829**	**1,822**	**1,880**	**1,927**
Short-term borrowings	688	852	57	57	57	57
Account payables	315	405	479	472	530	577
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**	**2,770**	**2,628**	**2,675**
Share capital	11,599	12,088	12,759	13,270	13,781	14,292
Retained earnings	(7,962)	(8,607)	(8,320)	(7,404)	(6,118)	(4,272)
Other reserves	(99)	(149)	(78)	(78)	(78)	(78)
Total shareholders equity	**3,537**	**3,332**	**4,361**	**5,788**	**7,585**	**9,942**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**5,805**	**5,921**	**8,189**	**9,408**	**11,063**	**13,467**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**(826)**	**(533)**	**417**	**1,077**	**1,513**	**2,172**
Depreciation & amortization	88	172	142	146	151	151
Tax paid	(56)	(112)	(130)	(162)	(227)	(326)
Others	(363)	332	699	430	342	359
Net cash from operations	**(1,157)**	**(141)**	**1,128**	**1,492**	**1,779**	**2,356**
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	5,640	7,019
Exchange difference	(8)	(52)	60	0	0	0
Cash at the end of the year	**3,186**	**2,639**	**4,610**	**5,640**	**7,019**	**9,225**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	73.7%	55.0%	40.2%	25.8%	16.0%	12.3%
Gross profit	84.1%	54.7%	45.3%	28.2%	16.2%	12.5%
Net profit	na	na	na	219.2%	40.4%	43.5%
Adj. net profit	na	na	na	219.2%	40.4%	43.5%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	84.5%	84.4%	87.5%	89.2%	89.3%	89.4%
Adj. net profit margin	(35.9%)	(16.9%)	5.4%	13.6%	16.5%	21.1%
Return on equity (ROE)	(22.3%)	(18.8%)	7.5%	18.0%	19.2%	21.1%

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	4.1	4.8	5.9
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	125.4	42.7	30.4	21.2
P/E (diluted)	ns	ns	130.4	42.7	30.4	21.2
P/B	126.5	135.5	107.2	87.8	67.0	51.1

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

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