UOBKayHian

**Company – Update**
**Greater China**
Wednesday, 15 July 2026

# Innovent Biologics Inc (1801 HK)

## Out-licensing Income To Boost Earnings In 2026 And Beyond

## Highlights

- Following a robust revenue growth of over 50% yoy to Rmb3.8b in 1Q26, our channel check indicates Innovent's 2Q26 product sales remained strong, supported by its rapid market expansion of chronic disease products.
- Innovent has achieved three major out-licensing deals, bringing total upfront income to US$2.2b. Expecting smooth progress of these collaborations, we believe the out-licensing income will become a steady revenue stream for the company in the years ahead.
- Maintain BUY and target price of HK$112.00.

## Analysis

- **Channel check: 2Q26 product sales growth remained strong.** Innovent Biologics Inc (Innovent) experienced robust domestic sales growth of over 50% to reach Rmb3.8b in 1Q26. Our channel check indicates that product sales growth remained strong in 2Q26, driven by rapid market expansion of its chronic disease products, namely Mazdutide, SINTBILO (Tafolecinmab injection), and SYCUME (Teprotumumab N01 injection). Moreover, the oncology products also generated steady growth, supported by the rapid commercial uptake of the five tyrosine kinase inhibitor (TKI) therapies newly included in the National Reimbursement Drug List (NRDL).
- **Licensing revenue becomes a major revenue contributor.** Innovent has closed three out-licensing deals totalling US$2.2b in upfront payments. The Takeda and Eli Lilly upfronts were received in late-25 and 1H26, respectively, with the Pfizer payment expected in 3Q26. As the Eli Lilly and Pfizer collaborations are still at an early stage, Innovent will amortise these proceeds over 7-8 years, generating US$200m-300m in annual licensing revenue over the medium to long term. We forecast total revenue rising 45.9% yoy and net earnings increasing 31.5% yoy in 1H26, given the relatively high earnings base in 1H25.

### Major Out-Licensing Deals Since Oct 25

| Date | Partner | Assets | Upfront | Milestones | Total deal value | Royalties |
|---|---|---|---|---|---|---|
| 22-Oct-25 | Takeda | IBI363 (PD-1/IL-2a-bias)<br>IBI343 (CLDN18.2 ADC)<br>Option for IBI3001 (EGFR/B7H3 ADC) | US$1.1b US$100m shares at HK$112.56/share | US$10.2b | US$11.4b | On IBI363 sales in the US |
| 09-Feb-26 | Eli Lilly | New oncology and immunology medicines | US$350m | US$8.5b | US$8.85b | Tiered royalties on ex-China sales |
| 29-May-26 | Pfizer | 12 early-stage de novo oncology assets | US$650m | US$9.85b | US$10.5b | Double-digit royalties |
| | Total | | US$2.2b | US$28.55b | US$30.75b | |

*Source: Innovent, UOB Kay Hian*

### Key Financials

| Year to 31 Dec (Rmbm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 9,422 | 13,042 | 18,618 | 22,930 | 27,457 |
| EBITDA | -100 | 981 | 2,581 | 3,879 | 6,103 |
| Operating profit | -393 | 577 | 2,165 | 3,383 | 5,527 |
| Net profit (rep./act.) | -95 | 814 | 2,115 | 3,150 | 4,973 |
| Net profit (adj.) | 332 | 1,723 | 2,815 | 3,900 | 5,753 |
| EPS (Fen) | 20 | 99 | 162 | 224 | 330 |
| PE (x) | 391.1 | 80.5 | 49.3 | 35.6 | 24.1 |
| P/B (x) | 9.9 | 6.9 | 6.2 | 5.4 | 4.5 |
| EV/EBITDA (x) | (1,424.1) | 145.2 | 55.2 | 37.2 | 23.7 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net margin (%) | 3.5 | 13.2 | 15.1 | 17.0 | 21.0 |
| Net debt/(cash) to equity (%) | 10.2 | n.a. | n.a. | n.a. | n.a. |
| Interest cover (x) | n.a. | n.a. | n.a. | n.a. | n.a. |
| ROE (%) | (0.9) | 5.8 | 14.0 | 18.9 | 25.9 |
| Consensus net profit | - | - | 2,251 | 3,604 | 5,102 |
| UOBKH/Consensus (x) | - | - | 0.94 | 0.87 | 0.97 |

*Source: Innovent, Bloomberg, UOB Kay Hian*

**BUY** (Maintained)

| | |
|---|---|
| Share Price | HK$90.05 |
| Target Price | HK$112.00 |
| Upside | +24.4% |


**Analyst(s)**
**Carol Dou**
carol.dou@uobkh.com
+852 2236 6749

**Sunny Chen**
sunny.chen@uobkh.com
+852 2826 4857


### Stock Data

| | |
|---|---|
| GICS Sector | Health Care |
| Bloomberg ticker | 1801 HK |
| Shares issued (m) | 1,740.9 |
| Market cap (HK$m) | 156,769.9 |
| Market cap (US$m) | 20,002.3 |
| 3-mth avg daily t'over (US$m) | 147.5 |

### Price Performance (%)

52-week high/low: HK$109.10/HK$69.55

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| 17.8 | 4.3 | 0.7 | 9.8 | 18.1 |

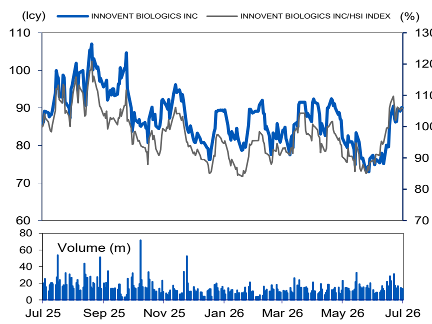
### Major Shareholders

| | % |
|---|---|
| Dr. Michael Yu | 5.23 |

### Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share (Rmb) | 13.15 |
| FY26 Net Cash/ Share (Rmb) | 5.40 |

### Price Chart




*Source: Bloomberg*

### Company Description

Innovent Biologics is one of the leading biologics innovators in China.

- **Margins will likely improve further.** We expect the significant increase in licensing income, product volume and revenue structure to lift gross margin to approximately 87.3% in 2026, up from 86.5% in 2025. Moreover, the company's continuous effort in improving operating efficiency may further strengthen operating margin, and drive robust earnings growth in 2026.
- **Domestic product sales target of Rmb20b in 2027 remains unchanged.** With 18 market products, Innovent has entered a new chapter of dual-engine (oncology products and general medicines) growth. Its chronic and general medicines (eg Mazdutide, SINTBILO, and SYCUME) have become new growth drivers. Together with the newly launched PECONDLE, the general medicines will continue to boost growth in 2026 and beyond. Innovent sees Mazdutide's sales performance as satisfactory and believes it will continue to generate significant revenue growth in the next few years. Moreover, the products newly included in the NRDL will also see substantial sales expansion in the years ahead. We believe its targeted domestic product revenue of Rmb20b in 2027 (implying an approximately 30% two-year CAGR in 2025-27) is highly achievable.
- **Rapid progress in global trials on key pipelines.** Targeting five pipeline assets in global Phase 3 trial by 2030, Innovent has seen three key pipeline assets in smooth global development progress. IBI343's (Arcotatug Tavatecan, innovative TOPO1i CLDN18.2 ADC) international multi-centre Phase 3 trial (G-HOPE-001) conducted in China and Japan completed the pre-protocol first interim analysis, showing excellent efficacy and a tolerable safety profile in the treatment of advanced gastric cancer. Innovent has submitted the New Drug Application (NDA) for IBI343 to NMPA in China. IBI363's global clinical development is advancing rapidly into late-stage pivotal studies for non-small cell lung cancer (NSCLC). It also plans to initiate the global Phase 3 trial for IBI363 in advanced MSS/pMMR colorectal cancer and IBI324 (VEGF/Ang2 bispecific antibody) in retinopathy in 2H26. These three assets could contribute overseas revenue streams in 2030 and unlock a US$60b potential market globally.
- **Nurturing a new wave of global candidates.** Poised to become a global premier biopharma, Innovent has been nurturing a new wave of global candidates. It further advanced its oncology pipeline by accelerating clinical trials on IBI3003 (BCMA/GPRC5D/CD3) and IBI354 (HER2 ADC), and has seen smooth clinical progress for chronic and general medicine pipelines, eg IBI3032 (oral GLP-1 small molecule), IBI3016 (a novel AGT siRNA for hypertension) and IBI3002 (TSLP/IL- 4Rα for asthma and atopic dermatitis). We believe its persistent efforts in globalisation will eventually bear fruit.

## Valuation/Recommendation

- **Maintain BUY and target price of HK$112.00,** based on the DCF model with WACC of 10.8% and terminal growth rate of 4%.

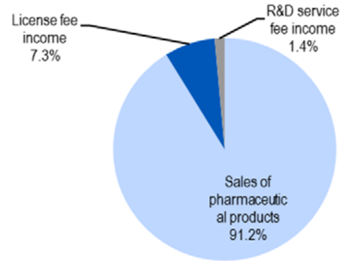
## Earnings Revision/Risk

- We fine-tuned our 2026/27/28 revenue growth forecasts from 57.1%/11.6%/11.9% yoy to 42.8%/23.2%/19.7% yoy respectively to reflect the company's smoothing of licensing income over the longer term, which also leads to improved visibility into its longer-term earnings outlook.
- **Risks:** a) Intensifying market competition, b) policy uncertainties, c) risks in R&D and new product launches, and d) risks in business development and global partnerships.

## Share Price Catalyst

- a) Strong financial results, b) smooth R&D performance and continuous business development efforts, and c) new product launches to generate revenue streams.

### Segmental Revenue (2025)




*Source: Innovent, UOB Kay Hian*

### Potential Near-Term (s)NDA Applications And (s)NDA Approvals

| Product (indication) | Region | Expected time of NDA/BLA filing | Expected time of market approval |
|---|---|---|---|
| DOVBLERON/Taletrectinib (1L ROS1-positive NSCLC) | Mainland China | Accepted in Mar-24 | Approved in Jan-25 |
| Limertinib (EGFR T790M-mutated NSCLC) | Mainland China | Accepted in Nov-21 | Approved in Jan-25 |
| Limertinib (1L NSCLC with EGFR exon 19 deletions or exon 21 L858R mutations) | Mainland China | Accepted in Aug-24 | Approved in Apr-25 |
| IBI-311/teprotumumab N01 (TED) | Mainland China | Accepted in May-24 | Approved in Mar-25 |
| SINTBILO/tafolecimab | Macau | | Approved in May-25 |
| IBI-362/mazdutide (obesity (6mg)) | Mainland China | Accepted in Feb-24 | Approved in Jun-25 |
| Dupert/fulzerasib | Macau | | Approved in Jun-25 |
| BYVASDA/bevacizumab | Macau | | Approved in Jul-25 |
| SYCUME/teprotumumab N01 injection | Macau | | Approved in Aug-25 |
| IBI-362/mazdutide (T2D (6mg)) | Mainland China | Accepted in Aug-24 | Approved in Sep-25 |
| SULINNO/adalimumab | Macau | | Approved in Sep-25 |
| IBI-362/mazdutide (obesity (6mg)) | Macau | | Approved in Oct-25 |
| PECONDLE/picankibart (psoriasis) | Mainland China | Accepted in Sep-24 | Approved in Nov-25 |
| TYVYT + TABOSUN/ipilimumab (Neoadj. MSI-H/dMMR colon cancer) | Mainland China | Accepted in Feb-25 | Approved in Dec-25 |
| IBI-362/mazdutide (T2D (6mg)) | Macau | | Approved in Jan-26 |
| Jaypirca/pirtobrutinib (CLL/SLL) | Mainland China | | Approved in Mar-26 |
| TYVYT (full approval of cHL) | Mainland China | Accepted in Apr-25 | |
| TYVYT + fruquinitinib (RCC) | Mainland China | Accepted in Jun-25 | Approved in May-26 |
| IBI-362/mazdutide (obesity (9mg)) | Mainland China | Accepted in Nov-25 | |
| TYVYT (perioperative therapy of NSCLC) | Mainland China | 2026 | |
| IBI302/Efdamrofusp alfa (nAMD) | Mainland China | 2026 | |

*Note: 1L: first-line treatment; 2L: second-line treatment; mCCA: metastatic cholangiocarcinoma; NSCLC: non-small cell lung cancer; CML: chronic myeloid leukaemia; CML-CP: chronic-phase chronic myeloid leukaemia; OC: ovarian cancer; ESCC: esophageal squamous cell carcinoma; EGFRm: EGFR mutated; TKI: tyrosine kinase inhibitor; non-FH: non-familial hypercholesterolemia; HeFH: heterozygous familial hypercholesterolemia; MM: multiple myeloma; r/r: recurrent or refractory; FL: follicular lymphoma; T2D: Type 2 diabetes; TED: thyroid eye disease, EMC: endometrial cancer; Neoadj.: neoadjuvant treatment; MSI-H/dMMR: microsatellite instability-high or mismatch repair deficiency; MCL: mantle cell lymphoma; cHL: classic Hodgkin's lymphoma; CLL: chronic lymphocytic leukemia; SLL: small lymphocytic lymphoma*
*Source: Innovent, UOB Kay Hian*

## Profit & Loss

| Year to 31 Dec (Rmbm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 13,042 | 18,618 | 22,930 | 27,457 |
| EBITDA | 981 | 2,581 | 3,879 | 6,103 |
| Deprec. & amort. | 405 | 416 | 496 | 576 |
| EBIT | (10,709) | (14,089) | (16,749) | (18,773) |
| Net interest income/(expense) | 359 | 420 | 420 | 420 |
| Pre-tax profit | 839 | 2,488 | 3,706 | 5,851 |
| Tax | (25) | (373) | (556) | (878) |
| Minorities | - | - | - | - |
| Net profit | 814 | 2,115 | 3,150 | 4,973 |
| Net profit (adj.) | 1,723 | 2,815 | 3,900 | 5,753 |

## Balance Sheet

| Year to 31 Dec (Rmbm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 5,061 | 5,145 | 5,198 | 5,221 |
| Other LT assets | 10,273 | 10,273 | 10,273 | 10,273 |
| Cash/ST investment | 10,376 | 17,056 | 19,854 | 24,267 |
| Other current assets | 11,638 | 12,160 | 12,580 | 13,220 |
| Total assets | 37,348 | 44,634 | 47,907 | 52,981 |
| ST debt | 789 | 789 | 789 | 789 |
| Other current liabilities | 7,597 | 12,769 | 12,891 | 12,992 |
| LT debt | 1,990 | 1,990 | 1,990 | 1,990 |
| Other LT liabilities | 7,615 | 7,615 | 7,615 | 7,615 |
| Shareholders' equity | 19,356 | 21,471 | 24,622 | 29,595 |
| Minority interest | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 37,348 | 44,634 | 47,907 | 52,981 |

## Cash Flow

| Year to 31 Dec (Rmbm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 10,001 | 6,759 | 2,878 | 4,493 |
| Pre-tax profit | 839 | 2,488 | 3,706 | 5,851 |
| Tax | (1) | (373) | (556) | (878) |
| Deprec. & amort. | 601 | 416 | 447 | 477 |
| Working capital changes | 7,945 | 4,649 | (298) | (538) |
| Other operating cashflows | 88 | (500) | (500) | (500) |
| Investing | (6,512) | - | - | - |
| Capex (growth) | (683) | (500) | (500) | (500) |
| Investments | (6,290) | - | - | - |
| Proceeds from sale of assets | - | - | - | - |
| Others | 462 | 500 | 500 | 500 |
| Financing | 4,728 | (80) | (80) | (80) |
| Issue of shares | 4,719 | - | - | - |
| Proceeds from borrowings | 2,504 | - | - | - |
| Loan repayment | (2,543) | - | - | - |
| Others/interest paid | 48 | (80) | (80) | (80) |
| Net cash inflow (outflow) | 8,218 | 6,680 | 2,799 | 4,413 |
| Beginning cash & cash equivalent | 2,273 | 10,376 | 17,056 | 19,854 |
| Changes due to forex impact | (116) | - | - | - |
| Ending cash & cash equivalent | 10,376 | 17,056 | 19,854 | 24,267 |

## Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| Gross margin | 86.5 | 87.3 | 87.8 | 88.5 |
| Pre-tax margin | 6.4 | 13.4 | 16.2 | 21.3 |
| Net margin | 6.2 | 11.4 | 13.7 | 18.1 |
| ROA | 3.3 | 7.5 | 10.5 | 15.3 |
| ROE | 5.8 | 14.0 | 18.9 | 25.9 |
| | | | | |
| Growth | | | | |
| Turnover | 38.4 | 42.8 | 23.2 | 19.7 |
| Gross profit | 42.6 | 44.0 | 23.9 | 20.7 |
| Pre-tax profit | (1,167.0) | 196.6 | 49.0 | 57.9 |
| Net profit | (959.7) | 160.0 | 49.0 | 57.9 |
| Net profit (adj.) | 419.6 | 63.4 | 38.6 | 47.5 |
| EPS | 385.7 | 63.4 | 38.6 | 47.5 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 12.6 | 11.5 | 10.1 | 8.6 |
| Debt to equity | 14.4 | 12.9 | 11.3 | 9.4 |
| Net debt/(cash) to equity | n.a. | n.a. | n.a. | n.a. |
| Interest cover (x) | n.a. | n.a. | n.a. | n.a. |