J.P.Morgan

Asia Pacific Equity Research
15 June 2026

Hengrui

Valuation reset creates re-entry opportunity; upgrade H-shares to OW

Healthcare

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We upgrade Hengrui H-shares to OW from Neutral. The stock has declined from a 52-week high of HK$95 to trade at HK$53, a correction of about 40% (vs the CSI300 Health down 32% over the same period) that we attribute primarily to sector-wide sentiment deterioration in China healthcare rather than material changes in Hengrui's fundamental outlook. The recent sell-off reflects macro headwinds, including expanding US-China geopolitical tensions and broad institutional de-risking of H-share healthcare exposure, which has re-rated the sector rather than penalized Hengrui specifically. At current levels, the H-share/A-share stock trades at approximately 33x/34x forward PE, more than two standard deviations below the historical mean and no longer adequately reflects the company's improving earnings trajectory, rapidly expanding pipeline value, and long-term BD related income. Nonetheless, we trim our longer term forecasts for BD revenue slightly to reflect increasing uncertainty due to potential US regulations to restrict future licensing deals from China. Our new PT for H/A-share of Hengrui are HK$68/Rmb68, respectively, implying 29%/45% upside.

- **ASCO 2026 reinforced the competitive positioning of Hengrui's two most closely watched ADC assets.** SHR-A2102, an Nectin-4 ADC, demonstrated a pCR rate of 48% and a pathological downstaging rate of 59.3% when combined with PD-L1 mAb adebrelimab in the perioperative treatment of muscle-invasive bladder cancer (MIBC), including patients with renal dysfunction, a notoriously difficult-to-treat population where enfortumab vedotin (Nectin-4 ADC from Pfizer) has faced tolerability constraints, positioning SHR-A2102 as a credible differentiated alternative. SHR-A1811 (trastuzumab rezetecan), an HER2 ADC, also delivers commercially significant result, making it the first Phase 3 positive ADC in refractory HER2-positive CRC (colorectal cancer). The ORR was 32.6% for SHR-A1811 versus 4.5% for the SoC (standard of care) control group, with Investigator-assessed PFS also favoring the ADC: 5.6 vs 2.8 months (HR=0.31). The ASCO data collectively reinforce that both key assets are tracking toward competitive commercial profiles in large addressable markets.
- **HRS-1893 might be an under-appreciated long-term value driver that the market has largely overlooked**. Ph2 dose-ranging data in obstructive hypertrophic cardiomyopathy (HCM) presented at ACC 2026 showed rapid and substantial reductions in left ventricular outflow tract gradient, with LVOT-G (left ventricular outflow tract gradient) complete gradient response of up to 86% and minimal LVEF (left ventricular ejection fraction) impact (decrease of only 1.8–2.7%). Another Ph2 results in non-obstructive HCM (nHCM) presented as a late-breaking trial at Heart Failure 2026 demonstrated

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target Prev End Date
Hengrui - A	600276 CH	46,993	CNY	47.88	OW	n/c	68.00	Dec-26	70.00	n/c
Hengrui - H	1276 HK	45,784	HKD	54.05	OW	N	68.00	Dec-26	70.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 15 Jun 26.

See page 11 for analyst certification and important disclosures, including non-US analyst disclosures.

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rapid and sustained reductions in key biomarkers, structural remodeling, and meaningful symptom improvement, with a manageable safety profile in which only 7% of patients experienced a temporary LVEF drop, all of whom recovered above 50% after dose adjustment. Non-obstructive HCM in particular remains a therapeutic area with limited approved options, and HRS-1893's emerging best-in-class profile, efficacy without the LVEF trade-offs that have constrained other cardiac myosin inhibitors, positions it as a potential category-defining asset. Its US partner Braveheart holds exclusive global rights outside China, with Hengrui retaining the China opportunity, giving Hengrui a dual-market commercial path. Given the scarcity of well-validated cardiac myosin inhibitor data in nHCM specifically, we believe HRS-1893 represents a meaningful commercialization optionality that is not currently reflected in consensus estimates or the stock's valuation.

- **BMS strategic collaboration continues to enhance our confidence in Hengrui's long-term prospects.** The agreement covers a portfolio of 13 early-stage programs spanning oncology, hematology, and immunology, with BMS paying Hengrui up to US$950 million in upfront and anniversary payments and total potential deal value reaching US $15.2 billion including milestones and royalties. The co-co structure embedded in the deal also established Hengrui as a genuine two-way scientific partner for one of the world's leading oncology franchises, providing validation of its discovery platform, access to BMS's global development and regulatory infrastructure, and a durable revenue stream independent of domestic pricing pressure.
- **Model Update.** We fine-tune our longer term forecasts for BD revenue to reflect expanding US-China geopolitical tensions to future innovative drug out-licensing deals. As a result, we cut PT of H-/A-share to HK$68/Rmb68 (from HK$70/Rmb70). We upgrade H-share to OW from N to reflect more attractive valuation after the recent sell-offs.

Overweight

600276.SS, 600276 CH
Price (15 Jun 26):Rmb47.88

▼**Price Target (Dec-26):Rmb68.00**
Prior (Dec-26):Rmb70.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	1.36	1.31	-3.6%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	83	88	90	88	78
Growth	33	54	53	56	35
Momentum	58	29	16	17	80
Quality	35	49	39	35	12
Low Vol	34	35	28	30	15
ESGQ	4	3	17	8	19

Hengrui - A

Valuation reset creates opportunity

Hengrui-A is one of the largest pharma companies in China in terms of market cap. We like Hengrui's strong R&D portfolio in China, solid sales capabilities, and sustained global business development potential. Also, we believe Hengrui could still enjoy a beta run if the overall market can maintain momentum from potential fiscal stimulus. After the recent correction, we believe Hengrui-A's valuation is more digestible and see it as a good time to buy the stock. We rate Hengrui-A OW.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance

	YTD	1m	3m	12m
Abs	-19.6%	-11.3%	-13.1%	-11.2%
Rel	-22.8%	-10.4%	-13.1%	-32.0%

Company Data

Shares O/S (mn)	6,637
52-week range (Rmb)	74.04-45.26
Market cap ($ mn)	46,993
Exchange rate	6.76
Free float (%)	52.7%
3M ADV (mn)	71.45
3M ADV ($ mn)	562.9
Volatility (90 Day)	33
Index	SSE
BBG ANR (Buy | Hold | Sell)	32|1|0

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	27,985	31,629	36,197	41,253
Adj. EBITDA	7,468	9,193	10,386	12,615
Adj. EBIT	7,491	8,990	10,397	12,683
Adj. net income	6,178	7,413	8,710	10,710
Adj. EPS	0.97	1.14	1.31	1.61
BBG EPS	0.94	1.29	1.45	1.69
Cashflow from operations	7,423	11,235	9,168	10,946
FCFF	5,195	8,232	6,889	9,040
Margins and Growth				
Revenue Growth Y/Y (%)	22.6%	13.0%	14.4%	14.0%
EBITDA margin	26.7%	29.1%	28.7%	30.6%
EBITDA Growth Y/Y (%)	50.8%	23.1%	13.0%	21.5%
EBIT margin	26.8%	28.4%	28.7%	30.7%
Net margin	22.1%	23.4%	24.1%	26.0%
Adj. EPS growth	49.2%	18.0%	14.8%	23.0%
Ratios				
Adj. tax rate	11.6%	11.4%	11.2%	11.0%
Interest cover	-	-	-	-
Net debt/Equity	-	-	-	-
Net debt/EBITDA	-	-	-	-
ROCE	15.4%	14.9%	14.2%	15.3%
ROE	14.4%	13.9%	13.4%	14.5%
Valuation				
FCFF yield	1.7%	2.7%	2.2%	2.8%
Dividend yield	-	-	-	-
EV/Revenue	26.7	23.1	20.0	17.3
EV/EBITDA	99.9	79.4	69.7	56.6
Adj. P/E	49.4	41.9	36.5	29.7

Summary Investment Thesis and Valuation

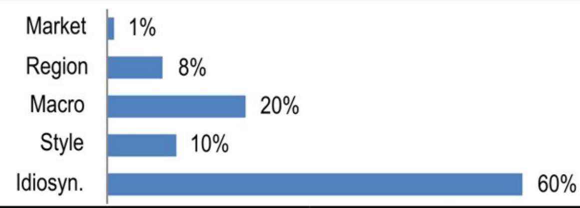
Investment Thesis

Hengrui-A is one of the largest pharma companies in China in terms of market cap. We like Hengrui's strong R&D portfolio in China, solid sales capabilities, and sustained global business development potential. Also, we believe Hengrui could still enjoy a beta run if the overall market can maintain momentum from potential fiscal stimulus. After the recent correction, we believe Hengrui-A's valuation is more digestible and see it as a good time to buy the stock. We rate Hengrui-A OW.

Valuation

Our Dec-26 PT of Rmb68 is based on a DCF valuation. We estimate free cash flow for Hengrui until 2033, assuming a terminal growth rate of 3% and a WACC of 9.6%.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.30	0.10
Region: China	0.23	0.29
Macro:		
Markit EM Composite PMI SA	0.50	0.28
JPM Global Equity Sentiment	0.36	0.27
US 10 Year Yield	-0.17	-0.23
Quant Styles:		
Value	-0.45	-0.34
Growth	0.43	0.32
LowVol	-0.43	-0.30

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Hengrui - A *(Overweight; Price Target: Rmb68.00)*

Investment Thesis

Hengrui-A is one of the largest pharma companies in China in terms of market cap. We like Hengrui's strong R&D portfolio in China, solid sales capabilities, and sustained global business development potential. Also, we believe Hengrui could still enjoy a beta run if the overall market can maintain momentum from potential fiscal stimulus. After the recent correction, we believe Hengrui-A's valuation is more digestible and see it as a good time to buy the stock. We rate Hengrui-A OW.

Valuation

Our Dec-26 PT of Rmb68 is based on a DCF valuation. We estimate free cash flow for Hengrui until 2033, assuming a terminal growth rate of 3% and a WACC of 9.6%.

Table 2: DCF Valuation

WACC Assumptions	
Risk-free rate	3.8%
Market risk	6.2%
Beta	1.0
Cost of debt	4.0%
Liabilities as a % of EV	6.0%
Cost of equity	**9.6%**
WACC	9.6%
Terminal growth rate	3.0%
Terminal Present Value	217,781
PV Cash Flow	96,158
Enterprise Value	313,939
YE26 Net Cash and Equivalents	47,359
LT Debt	-
LT leases, R&D liability	(3)
Early stage pipeline value	92,493
Equity value (RMBm)	453,788
Per Share Value (RMB)	**68**
Shares Outstanding	6,637

Source: J.P. Morgan estimates

Risks to Rating and Price Target

Key downside risks to our rating and price target include: 1) PD-1 marketing application being rejected by the FDA; and 2) clinical data of its ADC program coming in below our expectations. Key upside risks include stronger-than-expected sales growth and earnings.

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Hengrui - A: Summary of Financials

Income Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	**22,820**	**27,985**	**31,629**	**36,197**	**41,253**
COGS	(3,525)	(3,848)	(4,363)	(4,869)	(5,518)
Gross profit	**19,248**	**24,136**	**27,267**	**31,328**	**35,735**
SG&A	(9,994)	(10,892)	(11,913)	(13,465)	(14,727)
Adj. EBITDA	**4,951**	**7,468**	**9,193**	**10,386**	**12,615**
D&A	(763)	(871)	(892)	(911)	(989)
Adj. EBIT	**4,910**	**7,491**	**8,990**	**10,397**	**12,683**
Net Interest	-	-	-	-	-
Adj. PBT	**4,667**	**7,170**	**8,708**	**10,114**	**12,401**
Tax	(389)	(833)	(991)	(1,130)	(1,366)
Minority Interest	25	(0)	(6)	(7)	(8)
Adj. Net Income	**4,141**	**6,178**	**7,413**	**8,710**	**10,710**
Reported EPS	0.65	0.97	1.14	1.31	1.61
Adj. EPS	**0.65**	**0.97**	**1.14**	**1.31**	**1.61**
DPS			**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	6,379	6,379	6,487	6,637	6,637

Balance Sheet	FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	20,746	24,816	40,955	47,245	56,409
Accounts receivable	5,520	5,065	5,279	6,088	7,051
Inventories	2,314	2,417	2,878	3,012	3,263
Other current assets	10,442	10,226	10,421	11,365	12,578
Current assets	**31,287**	**35,315**	**51,490**	**58,724**	**69,101**
PP&E	5,451	5,132	5,830	6,487	7,332
LT investments	756	1,065	1,473	1,473	1,473
Other non current assets	6,085	8,388	10,519	10,952	10,626
Total assets	**43,785**	**50,136**	**69,867**	**78,244**	**89,184**
Short term borrowings			-	-	-
Payables	1,510	1,967	2,270	2,561	2,932
Other short term liabilities	1,043	1,666	4,099	4,447	4,846
Current liabilities	**2,554**	**3,634**	**6,369**	**7,008**	**7,778**
Long-term debt			-	-	-
Other long term liabilities	198	412	1,701	1,788	1,961
Total liabilities	**2,751**	**4,045**	**8,070**	**8,796**	**9,739**
Shareholders' equity	40,466	45,520	61,272	68,929	78,935
Minority interests	567	570	525	518	510
Total liabilities & equity	**43,785**	**50,136**	**69,867**	**78,243**	**89,184**
BVPS	**6.34**	**7.14**	**9.45**	**10.39**	**11.89**
y/y Growth	*7.2%*	*12.5%*	*32.4%*	*9.9%*	*14.5%*
Net debt/(cash)	-	-	-	-	-

Cash Flow Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operating activities	**7,644**	**7,423**	**11,235**	**9,168**	**10,946**
o/w Depreciation & amortization	763	871	892	911	989
o/w Changes in working capital	2,480	160	2,558	(653)	(1,012)
Cash flow from investing activities	**1,222**	**(1,912)**	**(2,741)**	**(1,408)**	**(774)**
o/w Capital expenditure	(1,484)	(1,969)	(2,962)	(2,050)	(1,550)
as % of sales	*6.5%*	*7.0%*	*9.4%*	*5.7%*	*3.8%*
Cash flow from financing activities	**(3,144)**	**(1,551)**	**7,782**	**(1,470)**	**(1,407)**
o/w Dividends paid	(1,023)	(1,275)	(1,284)	(1,327)	(1,327)
o/w Shares issued/(repurchased)	-	-	-	-	-
o/w Net debt issued/(repaid)	(1,260)	0	(4)	0	0
Net change in cash	**5,734**	**3,968**	**15,916**	**6,290**	**8,764**
Adj. Free cash flow to firm	**5,962**	**5,195**	**8,232**	**6,889**	**9,040**
y/y Growth	-	*(12.9%)*	*58.4%*	*(16.3%)*	*31.2%*

Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
Gross margin	84.3%	86.2%	86.2%	86.5%	86.6%
EBITDA margin	21.7%	26.7%	29.1%	28.7%	30.6%
EBIT margin	21.5%	26.8%	28.4%	28.7%	30.7%
Net profit margin	18.1%	22.1%	23.4%	24.1%	26.0%
ROE	10.6%	14.4%	13.9%	13.4%	14.5%
ROA	9.6%	13.2%	12.4%	11.8%	12.8%
ROCE	11.5%	15.4%	14.9%	14.2%	15.3%
SG&A/Sales	43.8%	38.9%	37.7%	37.2%	35.7%
Net debt/Equity	-	-	-	-	-
Net debt/EBITDA	-	-	-	-	-
Sales/Assets (x)	0.5	0.6	0.5	0.5	0.5
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
Interest cover (x)	-	-	-	-	-
Operating leverage	267.3%	232.2%	153.7%	108.3%	157.5%
Tax rate	8.3%	11.6%	11.4%	11.2%	11.0%
Revenue y/y Growth	7.3%	22.6%	13.0%	14.4%	14.0%
EBITDA y/y Growth	19.6%	50.8%	23.1%	13.0%	21.5%
EPS y/y Growth	20.2%	49.2%	18.0%	14.8%	23.0%

Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
P/E (x)	73.8	49.4	41.9	36.5	29.7
P/BV (x)	7.5	6.7	5.1	4.6	4.0
EV/EBITDA (x)	151.5	99.9	79.4	69.7	56.6
Dividend Yield	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

▲ Overweight

Previous: Neutral

1276.HK, 1276 HK
Price (15 Jun 26):HK$54.05

▼ **Price Target (Dec-26):HK$68.00**
Prior (Dec-26):HK$70.00

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	89	22	1	1	
Growth	40	37	27	35	14
Momentum	72				
Quality	40	45	35		
Low Vol	66	83			

Hengrui - H

Valuation reset creates opportunity; upgrade to OW

Hengrui-H is one of the largest pharma companies in China in terms of market cap. We like Hengrui's strong R&D portfolio in China, solid sales capabilities, and sustained global business development potential. Also, we believe Hengrui could still enjoy a beta run if the overall market can maintain momentum from a potential fiscal stimulus. We think the current valuation of H-shareno longer adequately reflects the company's improving earnings trajectory, rapidly expanding pipeline value, and long-term BD related income. Upgrade to OW.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance

	YTD	1m	3m	12m
Abs	-24.1%	-17.8%	-15.6%	-6.5%
Rel	-23.2%	-23.7%	-18.3%	-20.0%

Company Data

Shares O/S (mn)	6,637
52-week range (HK$)	95.20-51.30
Market cap ($ mn)	45,784
Exchange rate	7.84
Free float (%)	89.7%
3M ADV (mn)	4.04
3M ADV ($ mn)	32.6
Volatility (90 Day)	41
Index	Health Care Select Sect
BBG ANR (Buy | Hold | Sell)	10|3|0

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	27,985	31,629	36,197	41,253
Adj. EBITDA	7,468	9,193	10,386	12,615
Adj. EBIT	7,491	8,990	10,397	12,683
Adj. net income	6,178	7,413	8,710	10,710
Adj. EPS	0.97	1.14	1.31	1.61
BBG EPS	-	1.29	1.47	1.72
Cashflow from operations	7,423	11,235	9,168	10,946
FCFF	5,195	8,232	6,889	9,040
Margins and Growth				
Revenue Growth Y/Y (%)	22.6%	13.0%	14.4%	14.0%
EBITDA margin	26.7%	29.1%	28.7%	30.6%
EBITDA Growth Y/Y (%)	50.8%	23.1%	13.0%	21.5%
EBIT margin	26.8%	28.4%	28.7%	30.7%
Net margin	22.1%	23.4%	24.1%	26.0%
Adj. EPS growth	49.2%	18.0%	14.8%	23.0%
Ratios				
Adj. tax rate	11.6%	11.4%	11.2%	11.0%
Interest cover	-	-	-	-
Net debt/Equity	-	-	-	-
Net debt/EBITDA	-	-	-	-
ROCE	15.4%	14.9%	14.2%	15.3%
ROE	14.4%	13.9%	13.4%	14.5%
Valuation				
FCFF yield	1.7%	2.7%	2.2%	2.9%
Dividend yield	-	-	-	-
EV/Revenue	21.0	18.1	15.6	18.6
EV/EBITDA	78.8	62.3	54.5	60.8
Adj. P/E	48.2	40.8	35.5	28.9

Summary Investment Thesis and Valuation

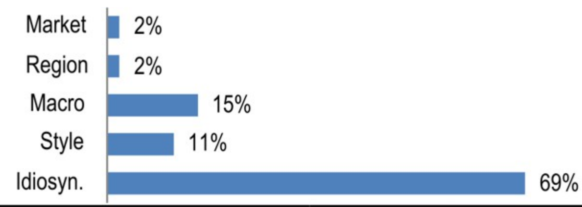
Investment Thesis

Hengrui-H is one of the largest pharma companies in China in terms of market cap. We like Hengrui's strong R&D portfolio in China, solid sales capabilities, and sustained global business development potential. Also, we believe Hengrui could still enjoy a beta run if the overall market can maintain momentum from a potential fiscal stimulus. We think the current valuation of H-shareno longer adequately reflects the company's improving earnings trajectory, rapidly expanding pipeline value, and long-term BD related income.

Valuation

Our Dec-26 PT of HK$68 is based on a DCF valuation. We estimate free cash flow for Hengrui until 2033, assuming a terminal growth rate of 3% and a WACC of 9.6%.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.44	0.14
Region: Hong Kong	-0.37	-0.16
Macro:		
Markit EM Composite PMI SA	0.41	0.26
JPM EM Currency(EMCI) Fixing	0.19	-0.24
Emerging Central Bank Rate	-0.29	-0.22
Quant Styles:		
LowVol	-0.46	-0.31
DivYld	-0.31	-0.23
Growth	0.39	0.21

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Hengrui - H *(Overweight; Price Target: HK$68.00)*

Investment Thesis

Hengrui-H is one of the largest pharma companies in China in terms of market cap. We like Hengrui's strong R&D portfolio in China, solid sales capabilities, and sustained global business development potential. Also, we believe Hengrui could still enjoy a beta run if the overall market can maintain momentum from a potential fiscal stimulus. We think the current valuation of H-shareno longer adequately reflects the company's improving earnings trajectory, rapidly expanding pipeline value, and long-term BD related income.

Valuation

Our Dec-26 PT of HK$68 is based on a DCF valuation. We estimate free cash flow for Hengrui until 2033, assuming a terminal growth rate of 3% and a WACC of 9.6%.

Table 4: DCF Valuation

WACC Assumptions	
Risk-free rate	3.8%
Market risk	6.6%
Beta	1.0
Cost of debt	4.0%
Liabilities as a % of EV	6.0%
Cost of equity	**9.6%**
WACC	9.6%
Terminal growth rate	3.0%
Terminal Present Value	216,787
PV Cash Flow	96,090
Enterprise Value	**312,878**
YE26 Net Cash and Equivalents	47,359
LT Debt	-
LT leases, R&D liability	(3)
Early stage pipeline value	92,493
Equity value (RMBm)	**452,727**
Per Share Value (HKD)	**68**
Shares Outstanding (current)	6,637

Source: J.P. Morgan estimates

Risks to Rating and Price Target

Key downside risks to our rating and price target include: 1) PD-1 marketing application being rejected by the FDA; 2) clinical data of its ADC program coming in below our expectations; and 3) H-shr market sentiment deterioration.

Key upside risks include 1) stronger-than-expected sales growth and earnings; and 2) H-shr market sentiment improvement.

Hengrui - H: Summary of Financials

Income Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	**22,820**	**27,985**	**31,629**	**36,197**	**41,253**
COGS	(3,525)	(3,848)	(4,363)	(4,869)	(5,518)
Gross profit	**19,248**	**24,136**	**27,267**	**31,328**	**35,735**
SG&A	(9,994)	(10,892)	(11,913)	(13,465)	(14,727)
Adj. EBITDA	**4,951**	**7,468**	**9,193**	**10,386**	**12,615**
D&A	(763)	(871)	(892)	(911)	(989)
Adj. EBIT	**4,910**	**7,491**	**8,990**	**10,397**	**12,683**
Net Interest	-	-	-	-	-
Adj. PBT	**4,667**	**7,170**	**8,708**	**10,114**	**12,401**
Tax	(389)	(833)	(991)	(1,130)	(1,366)
Minority Interest	25	(0)	(6)	(7)	(8)
Adj. Net Income	**4,141**	**6,178**	**7,413**	**8,710**	**10,710**
Reported EPS	0.65	0.97	1.14	1.31	1.61
Adj. EPS	**0.65**	**0.97**	**1.14**	**1.31**	**1.61**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	6,379	6,379	6,487	6,637	6,637

Balance Sheet	FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	20,746	24,816	40,955	47,245	56,409
Accounts receivable	5,520	5,065	5,279	6,088	7,051
Inventories	2,314	2,417	2,878	3,012	3,263
Other current assets	10,442	10,226	10,421	11,365	12,578
Current assets	**31,287**	**35,315**	**51,490**	**58,724**	**69,101**
PP&E	5,451	5,132	5,830	6,487	7,332
LT investments	756	1,065	1,473	1,473	1,473
Other non current assets	6,085	8,388	10,519	10,952	10,626
Total assets	**43,785**	**50,136**	**69,867**	**78,244**	**89,184**
Short term borrowings	-	-	-	-	-
Payables	1,510	1,967	2,270	2,561	2,932
Other short term liabilities	1,043	1,666	4,099	4,447	4,846
Current liabilities	**2,554**	**3,634**	**6,369**	**7,008**	**7,778**
Long-term debt	-	-	-	-	-
Other long term liabilities	198	412	1,701	1,788	1,961
Total liabilities	**2,751**	**4,045**	**8,070**	**8,796**	**9,739**
Shareholders' equity	40,466	45,520	61,272	68,929	78,935
Minority interests	567	570	525	518	510
Total liabilities & equity	**43,785**	**50,136**	**69,867**	**78,243**	**89,184**
BVPS	**6.34**	**7.14**	**9.45**	**10.39**	**11.89**
y/y Growth	*7.2%*	*12.5%*	*32.4%*	*9.9%*	*14.5%*
Net debt/(cash)	-	-	-	-	-

Cash Flow Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operating activities	**7,644**	**7,423**	**11,235**	**9,168**	**10,946**
o/w Depreciation & amortization	763	871	892	911	989
o/w Changes in working capital	2,480	160	2,558	(653)	(1,012)
Cash flow from investing activities	**1,222**	**(1,912)**	**(2,741)**	**(1,408)**	**(774)**
o/w Capital expenditure	(1,484)	(1,969)	(2,962)	(2,050)	(1,550)
as % of sales	*6.5%*	*7.0%*	*9.4%*	*5.7%*	*3.8%*
Cash flow from financing activities	**(3,144)**	**(1,551)**	**7,782**	**(1,470)**	**(1,407)**
o/w Dividends paid	(1,023)	(1,275)	(1,284)	(1,327)	(1,327)
o/w Shares issued/(repurchased)	-	-	-	-	-
o/w Net debt issued/(repaid)	(1,260)	0	(4)	0	0
Net change in cash	**5,734**	**3,968**	**15,916**	**6,290**	**8,764**
Adj. Free cash flow to firm	**5,962**	**5,195**	**8,232**	**6,889**	**9,040**
y/y Growth	-	*(12.9%)*	*58.4%*	*(16.3%)*	*31.2%*

Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
Gross margin	84.3%	86.2%	86.2%	86.5%	86.6%
EBITDA margin	21.7%	26.7%	29.1%	28.7%	30.6%
EBIT margin	21.5%	26.8%	28.4%	28.7%	30.7%
Net profit margin	18.1%	22.1%	23.4%	24.1%	26.0%
ROE	10.6%	14.4%	13.9%	13.4%	14.5%
ROA	9.6%	13.2%	12.4%	11.8%	12.8%
ROCE	11.5%	15.4%	14.9%	14.2%	15.3%
SG&A/Sales	43.8%	38.9%	37.7%	37.2%	35.7%
Net debt/Equity	-	-	-	-	-
Net debt/EBITDA	-	-	-	-	-
Sales/Assets (x)	0.5	0.6	0.5	0.5	0.5
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
Interest cover (x)	-	-	-	-	-
Operating leverage	267.3%	232.2%	153.7%	108.3%	157.5%
Tax rate	8.3%	11.6%	11.4%	11.2%	11.0%
Revenue y/y Growth	7.3%	22.6%	13.0%	14.4%	14.0%
EBITDA y/y Growth	19.6%	50.8%	23.1%	13.0%	21.5%
EPS y/y Growth	20.2%	49.2%	18.0%	14.8%	23.0%

Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
P/E (x)	71.9	48.2	40.8	35.5	28.9
P/BV (x)	7.4	6.5	4.9	4.5	3.9
EV/EBITDA (x)	119.7	78.8	62.3	54.5	60.8
Dividend Yield	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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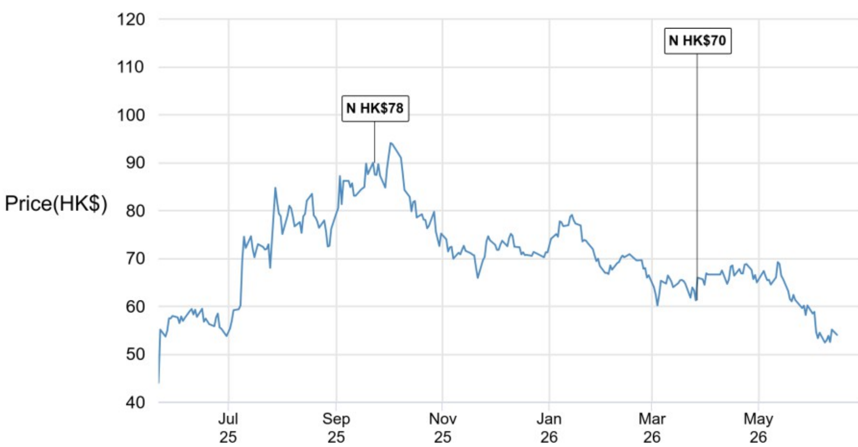
Hengrui - A (600276.SS, 600276 CH) Price Chart

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 08, 2015. All share prices are as of market close on the previous business day.

Date	Rating	Price (Rmb)	Price Target (Rmb)
14-Oct-23	OW	44.65	52
19-Apr-24	OW	42.35	53
01-Aug-24	OW	42.21	51
23-Aug-24	OW	43.93	52
27-Oct-24	N	48.00	53
02-Apr-25	N	51.80	51
25-Apr-25	N	51.13	52
25-Aug-25	N	64.98	69
23-Sep-25	N	71.05	78
29-Oct-25	OW	63.62	78
27-Mar-26	OW	51.63	70

Hengrui - H (1276.HK, 1276 HK) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 22, 2025. All share prices are as of market close on the previous business day.

Date	Rating	Price (HK$)	Price Target (HK$)
23-Sep-25	N	90.00	78
27-Mar-26	N	61.25	70

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