



Ticker: TSE:4523

3M Target Price

Rating: BUY

Source: LSEG & S&P, Finaipro - 02/11/2026

Eisai Co Ltd | Health Care | Pharmaceuticals

Key Information

Geography	Japan
Sector	Health Care
Industry	Pharmaceuticals
ISIN Code	JP3160400002
Currency	JPY
Current Price	4,836.00
52 weeks High/Low Price	5322 / 3502
Market Cap (Mn)	1,410,414.00
Rating S&P	NR

Finaipro Forecast

3M Target Price	6,653.66
Target Price (maximum)	7,834.21
Target Price (minimum)	5,473.11

Market Information

Last Price (\$)	4,836.00
Day High/Low	4836 / 4516
52 Week High/Low	5322 / 3502
Market Cap (Mn)	1,410,414.00
Enterprise Value (Mn)	1,346,970.00
Dividend Yield	3.31

Analyst Consensus

12-Month Price Target	4,889.23
Target Price (maximum)	6,200.00
Target Price (minimum)	3,600.00

Company Description

Eisai Co., Ltd. engages in the research and development, manufacture, sale, and import and export of pharmaceuticals in Japan.

It offers Dayvigo, for the treatment of insomnia; Lenvima, an anticancer agent/molecular targeted medicine for the treatment of thyroid cancer, renal cell carcinoma in combination with everolimus, and hepatocellular carcinoma; Methycobal for the treatment of peripheral neuropathy; and Halaven, an anticancer agent for the treatment of breast cancer.

The company also provides Jyseleca, a janus kinase inhibitor; Elental, a branched-chain amino acid preparation; Goofice and Movicol for chronic constipation; Fycompa, an antiepileptic agent; Pariet, a proton-pump inhibitor; Aricept, for Alzheimer's disease/Dementia with Lewy bodies; and Chocola BB plus for the preparation vitamin B2.

It has strategic collaboration with Bristol Myers Squibb for the co-development and co-commercialization of farletuzumab ecteribulin antibody drug conjugate; and a clinical trial collaboration and supply agreement with Medivir for the evaluation of fostrox, a liver-targeted treatment.

Eisai Co., Ltd. was formerly known as Nihon Eisai Co., Ltd. and changed its name to Eisai Co., Ltd. in 1955.

Eisai Co., Ltd. was incorporated in 1941 and is headquartered in Tokyo, Japan.

Strategy

Eisai is focusing on expanding the global reach of LEQEMBI, with significant investments in marketing and R&D. The company aims to enhance its product offerings and streamline operations, particularly in the US and Europe. Key initiatives include the launch of LEQEMBI in Germany and Austria by H2 FY2025, and the introduction of new formulations like SC-AI to improve patient access. Eisai is also restructuring its US operations to optimize costs and improve efficiency, with a target of JPY30 billion in SG&A improvements by FY2027. The company is committed to establishing a robust treatment pathway for Alzheimer's disease, collaborating with healthcare professionals to facilitate patient diagnosis and treatment.

Eisai is expanding its market presence in Europe, Asia, and the US, with a focus on the demand stimulation and expansion phases for LEQEMBI. The company is leveraging partnerships, particularly with Biogen, to enhance its competitive positioning. Innovations such as AI-assisted MRI reading and blood-based testing for amyloid beta are being integrated to streamline the treatment process. Eisai is also committed to ESG strategies, focusing on sustainable practices and community engagement.

Management changes include a focus on younger leadership in R&D to drive innovation. Eisai is also enhancing its marketing strategies to improve brand positioning and customer engagement, particularly through targeted DTC advertising aimed at early Alzheimer's patients. The company is navigating regulatory challenges, particularly in Europe, to ensure successful product launches and reimbursement negotiations.

Key Points

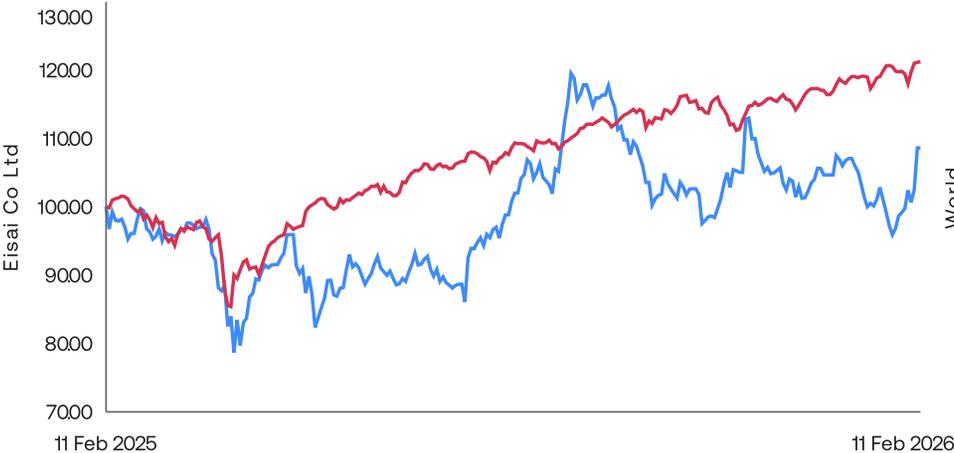
Eisai reported a 24% YoY increase in revenue, driven by LEQEMBI, which contributed JPY40 billion to the growth. The overall revenue reached JPY789.4 billion, exceeding forecasts. Operating profit in the pharmaceutical segment increased by JPY26.3 billion, despite ongoing investments in LEQEMBI. R&D expenses decreased by 1.1 percentage points relative to revenue, while SG&A expenses rose by 1.2 percentage points due to marketing investments.

The company anticipates LEQEMBI revenue to reach JPY76.5 billion in FY2025, with significant contributions expected from the US and Japan. Eisai is confident in achieving breakeven operating income by FY2026, with a target ROE of 8%. The competitive landscape includes potential threats from Kisunla, but Eisai maintains that LEQEMBI's long-term administration benefits will sustain its market position.

Eisai is also addressing operational performance by streamlining its US and European structures, aiming for significant cost reductions. The company is focused on enhancing its supply chain and reducing costs associated with LEQEMBI production. Forward-looking statements indicate a cautious but optimistic outlook, with ongoing efforts to engage PCPs and improve patient access to treatment.

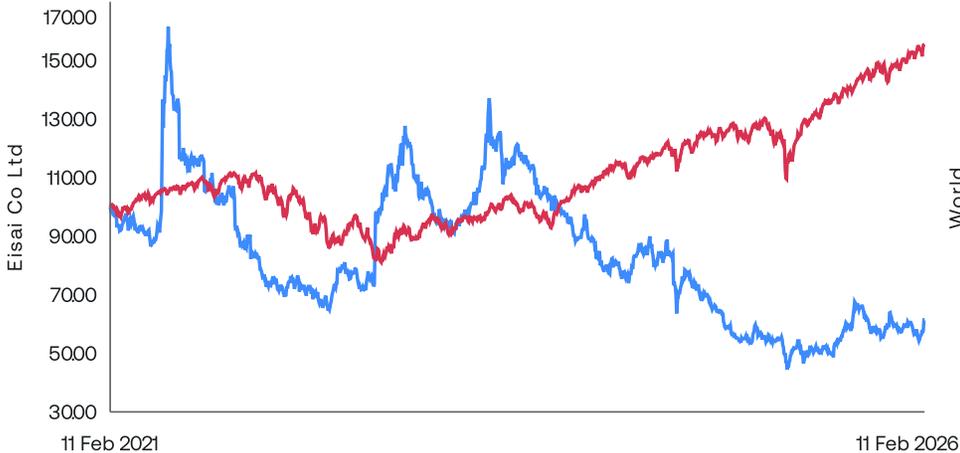
Price Performance

1 year



● Index Value ● Share Price

5 years



● Index Value ● Share Price

Key Findings

Eisai reports Q3 FY2025 revenue reached record level driven by 3Ls growth

The third quarter revenue reached 619.9 billion yen, marking a record high for the quarter. Growth was propelled by the core 3Ls products, Lenvima, DAYVIGO and LEQEMBI, with organic expansion contributing the majority of the increase. Operating profit rose despite a year-on-year decline from one-time licensing gains, underscoring ongoing underlying strength in the core business. The result supported a positive view on continued organic growth into the full year.

Eisai announced two in-licensing deals to reinforce the oncology franchise

Two in-licensing deals were disclosed to bolster the oncology platform, Talrectinib and Serplulimab, with upfront payments and potential milestones. Talrectinib rights were acquired in Europe, the Middle East, Canada, Asia and Oceania, while Serplulimab rights in Japan were obtained from Henlius Biotech. These acquisitions are positioned to support future submissions and expand the oncology pipeline starting from 2026 onward.

LEQEMBI revenue more than doubled year-on-year with broad regional growth

LEQEMBI global revenue for the first three quarters reached 61.8 billion yen, more than doubling year-on-year. Regional performance showed substantial gains across the Americas, Japan, China and Europe, reflecting expanded access and ongoing adoption. The subcutaneous formulation and broader diagnostic initiatives complemented revenue growth, reinforcing LEQEMBI as a core growth driver in the AD franchise.

SC-AI maintenance launch for LEQEMBI expanded patient convenience and uptake

A subcutaneous auto-injector formulation for LEQEMBI maintenance was launched in the United States, enabling self-administration at home and reducing hospital visits. Initial feedback highlighted strong patient convenience, with the administration time averaging about 15 seconds. Early experience showed a high willingness to continue therapy after 18 months, supporting sustained demand and treatment adherence.

Company maintained full year forecast despite ongoing structural investments

Eisai maintained its full year forecast of 790 billion yen in revenue and 54.5 billion yen in operating profit for FY2025. The guidance reflects ongoing investment in next generation pipelines and structural reforms, while solid organic growth supports achieving the annual targets. The plan assumes continued contribution from the core business and proactive investments in pipeline assets.

Key Points from conference call with Eisai Co Ltd's management

Based on the strategic outlook and qualitative guidance provided by Eisai Co., Ltd. 's management, we can derive the following key conclusions. These insights reflect the leadership's expectations regarding market conditions, operational priorities, and anticipated macroeconomic developments, and serve as an important complement to the model-driven forecasts:

Pharmaceutical core drives growth and profitability

The company highlighted that organic pharmaceutical revenue and profits grew in H1, with LEQEMBI delivering 153% year over year growth and LENVIMA maintaining momentum. Cost management kept gross margin under pressure from drug price revisions and product mix changes, while R&D remained under 20% of revenue. Operating profit rose 24% year over year, and the governance of expenses supported a shift toward a more profit-driven mix. The forward implication is a continued emphasis on expanding core pharma profits, supported by LEQEMBI and related pipeline investments, while maintaining disciplined cost controls to protect margins.

LEQEMBI IQLIK and BBM as growth tailwinds

LEQEMBI IQLIK was launched as a home-based administration option, enabling quicker dosing and reducing infusion center requirements for patients and providers. The medical exception process supports early reimbursement prior to formulary listing, with formal coverage anticipated around January 2027; this is expected to broaden access and accelerate adoption. BBM-based confirmatory testing is forecast to expand, supported by regulatory approvals, CMS payment rates, and broader lab adoption, which together are positioned to drive LEQEMBI demand as confirmatory testing increases. Collectively, these developments are expected to sustain long-term growth in LEQEMBI and related diagnostic pathways.

Geographic expansion and regulatory access opportunities

LEQEMBI has expanded to 51 countries with ongoing amortization of access through Europe, including CAP-based disability access and registered prescribers in Germany and Austria. In China, self-pay growth is targeted while NRDL listing remains uncertain, with expectations that NRDL and private insurance reforms could unlock faster expansion. Across regions, the company is leveraging early diagnosis campaigns and PCP engagement to increase referrals and treatment initiation. The implication is a broader, multi-region growth trajectory contingent on access programs, formulary listings, and regulatory developments.

ROE trajectory anchored by structural reforms and asset mix

The management signaled a plan to reduce reliance on one-time factors and to grow through the core pharma business, aiming to restore ROE to a double-digit level over time. They noted ongoing resource allocation to key growth themes and stated confidence in achieving guidance without further reliance on one-time contributions. The forward implication is a disciplined capital allocation strategy focused on core profitability expansion, with timelines tied to milestones in LEQEMBI, IQLIK, and BBM-driven demand growth.

What are analysts looking at?

During the Q&A session of the latest earnings call, analysts primarily focused on key themes that reflect their concerns and areas of interest regarding Eisai Co., Ltd.'s performance and outlook. These topics highlight the factors influencing investor sentiment and market expectations.

Key themes raised by analysts include:

ROE trajectory and reliance on non core businesses

Analysts asked how Eisai could return to an 8 percent ROE next year given strong pharma performance and greater reliance on non core businesses in the past, and whether the base case would still require contributions from other segments. They sought clarity on whether the promised ROE target was sustainable without one time gains and how much of the improvement would come from the core pharmaceutical business versus restructuring gains. The inquiry emphasized the risk of earnings volatility if non pharma profits were to shrink and the importance of a clear path to double digit returns for shareholder value.

BBM driven confirmatory testing and LEQEMBI uptake

Analysts probed how the expansion of BBM confirmatory testing would alter the number of amyloid beta tests and the overall positivity rate from FY2025 onward, and how this would translate into LEQEMBI adoption dynamics. They asked for the expected trajectory of tests, the share contributed by BBM versus PET/CSF, and the potential impact on demand under new guidelines and reimbursement. The topic matters because it underpins the pace of diagnosis, enrollment, and long term demand for the company's AD therapies.

Revenue and profit outlook excluding one time items

Questions sought to understand whether the H2 upside from other businesses would materialize enough to push operating profit toward the guided JPY54.5 billion in the absence of one time factors. Analysts queried if the cost of sales and R&D efficiency would allow convergence toward the full year target, given evolving Europe restructurings and product mix shifts. The focus was on the sustainability of earnings power and the sensitivity to onetime versus recurring drivers.

IQLIK timing and formulary reimbursement path

Analysts asked when LEQEMBI IQLIK sales would meaningfully materialize, given that the initial dosing indication could gain approval in early FY2026 and formulary listing in January 2027. They explored the role of the medical exception process, the pace of private insurer reimbursement, and the overall impact on long term maintenance use. The timing matters because it determines the near term cash flow and the longer term adoption of home administration.

Medicare Part D medical exception process effectiveness

Questions focused on how quickly the medical exception process would translate into real patient access, asking for current success rates and how these might evolve ahead of the January 2027 formulary listing. Analysts sought evidence of practical uptake, references to actual examples, and what this implies for near term growth in initiation and maintenance therapy. This matters for near term revenue recognition and patient access strategies.

NRDL listing timing and China access

Analysts queried when LEQEMBI and companion products might appear on the NRDL in China, and how the timing would affect stockpiling, self pay versus insurance coverage, and overall market expansion. They highlighted the discrepancy between inventory build up and eventual official listing and asked how Eisai would navigate self pay growth versus formal reimbursement. The issue is critical for Chinese market penetration and long term revenue.

Gross margin trajectory after price cuts and mix

Questions addressed the degree to which the price revision in Japan and the US medical Part D redesign had driven gross margin down, and how margins would behave in H2 and into the next fiscal year. They requested color on the extent of price pressure, product mix effects, and the companys ability to keep margins within guidance given ongoing LEQEMBI expansion and LENVIMA dynamics. The topic matters for profitability under a shifted portfolio mix.

Etalanetug study readout and milestones

Analysts asked for updates on the Etalanetug study 202, including expected readout timing, data readout in FY2027, and the implications for future milestones in FY2026 and FY2027. They sought clarity on potential regulatory or clinical readouts that could influence the companys AD expansion strategy. The topic matters because the program could modify the competitive landscape and long term growth potential.

Real world evidence and early treatment campaigns

Questions covered whether Eisai was collecting real world evidence showing higher efficacy in early treated or MCI patients and whether the company planned campaigns to promote early intervention. Analysts looked for data to support early diagnosis and treatment as a growth lever, and asked how such evidence would be used to drive adoption and payer engagement. The topic matters because it supports the strategic emphasis on early intervention as a growth driver.

LEQEMBI growth versus Kisunla and IQLIK impact

Analysts asked how LEQEMBI would fare against Kisunla, and how the launch of IQLIK might affect LEQEMBI growth trajectories, including the potential for capacity constraints or market share shifts. They sought insights into the overall AD market growth, physician prescribing behavior, and whether the continued dominance of LEQEMBI would endure as the new home administration option expands. The topic matters for competitive positioning and long term revenue planning.

Tariffs and MFN risk to US operations

Questions explored the potential impact of US MFN pricing developments and tariffs on Eisais business, asking for managements view on threat level and the likely timing of any impact given current negotiations and industry dynamics. Analysts also requested the companies contingency measures, including inventory management, to mitigate potential US market disruptions. The topic matters due to potential near term profitability and strategic planning in one of Eisai's largest markets.

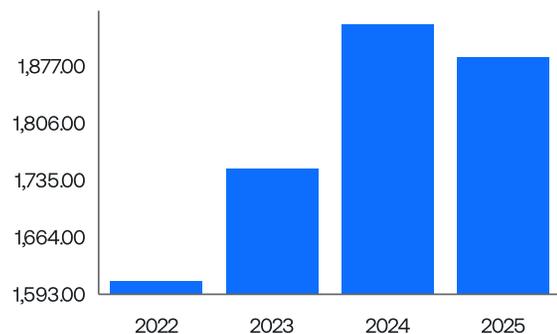
We stick to our very overweight view and cut our 3 Month Target Price from JPY6682.67 to JPY6653.66

We keep a neutral stance as Eisai delivered solid organic growth in Q3 2025, underpinned by Lenvima, DAYVIGO and LEQEMBI, with LEQEMBI continuing to expand across regions and benefits from the SC-AI maintenance option and BBM driven diagnosis improvements, while two in-licensing deals in oncology were announced to fortify the pipeline and longer term growth. The near term hurdle, however, is a higher cost profile in the fourth quarter driven by ongoing structural reforms in EMEA and increased R&D allocation toward key pipeline assets, which is expected to temper operating profit despite a still resilient revenue trajectory toward the annual target. Management maintained the full-year guidance, reflecting the absence of sizeable onetime gains while signaling continued investment in next-generation programs and market expansion, a balance that suggests mid-cycle progress rather than immediate upside. Given this mix, we view upside from current operations as modest in the near term and see two-sided risks from regulatory and reimbursement dynamics, particularly around LEQEMBI expansion in the U.S. and China. Consequently, we reiterate our neutral view and reduce our three-month target price to JPY 6653.66 from JPY 6682.67, reflecting a tempered near-term earnings trajectory while preserving long-term growth optionality.

Investment case in six charts

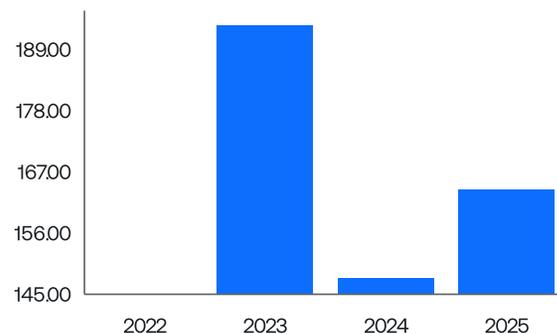
Equity

Book Value



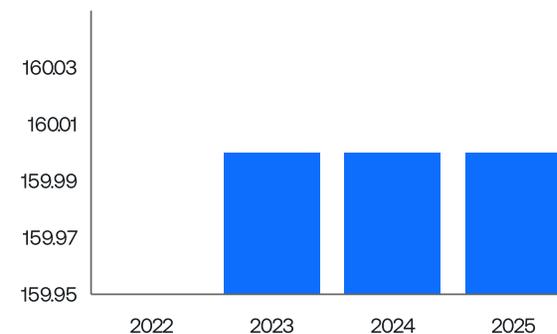
Earnings

Earnings Per Share

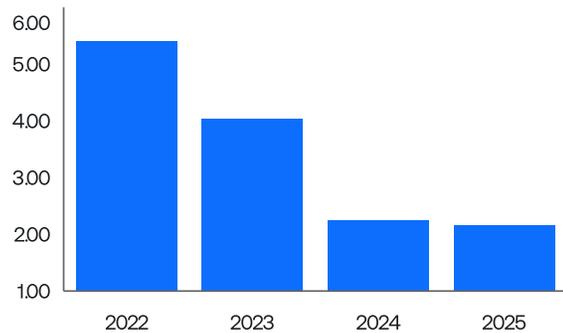


Dividends

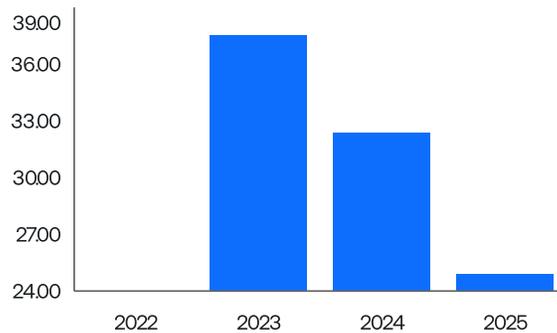
Dividends Per Share



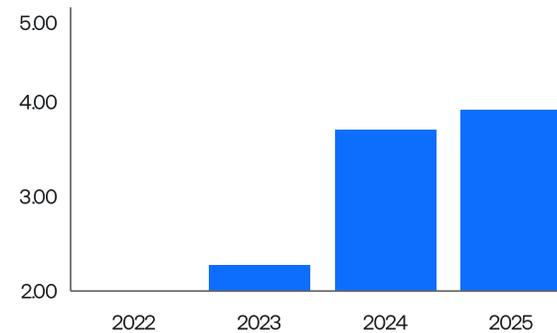
Price/Book Value (P/BV)



Price/Earnings



12M Dividend Per Share/Price



ROE	5.41
Total Debt/Common Equity	0.35
Net Debt/EBITDA	-

Last Year Earnings	46,432.00
Net Profit Margin	5.88
ROA	2.24

Dividend Payout Ratio	98.09
Last Year Dividend	45,545.00
Dividend Growth YoY	0.81

Data not pertaining to the last fiscal year corresponds to the quarterly data available as of the date selected

Investment Opportunities

Eisai is building a durable growth engine around a patient-centric AD treatment platform anchored by LEQEMBI and its IQLIK home-administered maintenance option, together with a scalable diagnostic ecosystem anchored by BBM confirmatory testing. This combination creates a multi-year revenue and margin expansion through long-term, low-immunogenicity therapy with improved adherence, and a rising volume of validated diagnostics that broaden diagnosis, treatment eligibility, and payer acceptance. The model relies on recurring administration, high patient retention, and broadening indications across stages of disease.

A second structural lever is the BBM-based diagnostic tailwind that stimulates both testing volumes and treatment adoption, supported by favorable clinical guidelines and Medicare reimbursement. As BBM penetration grows across PCPs and specialists, the addressable market expands, enhancing penetration for LEQEMBI and future AD-DMTs, while increasing data depth for real-world outcomes and dosing optimization. This creates a data-driven flywheel that supports pricing power, faster uptake, and longer-duration use.

Geographic and market-access expansion provides durable optionality, notably through expanded US and European reimbursement pathways (IQLIK maintenance, Part D adoption) and China NRDL considerations paired with private payer growth. These access gains elevate unit economics, enable accelerated market penetration, and bolster long-term free cash flow visibility. The resulting mix shift toward high-margin, recurring therapies and efficient, home-based administration reinforces earnings quality, ROIC, and capital-deployment discipline over time.

Catalysts

Eisai advanced its disease modifying strategy with the **LEQEMBI** ecosystem, highlighted by the **IQLIK home administration** launch on Oct 6 and the ramp of initiation and maintenance use. Payer pathways are pivotal: the first 18 months include a rolling initiation submission in the US with a decision anticipated in FY2026, followed by a formal **formulary listing** and Medicare Part D coverage in Jan 2027, enabling broader reimbursement and faster patient access, potentially lifting long-term revenue and margins.

A strong near-term tailwind comes from the expanding **BBM confirmatory testing** framework and pricing dynamics. In 2026, the CMS national payment rate of about \$128–130 per test will apply, and leading labs have integrated BBM into their menus following clinical guidelines, driving higher test volumes, positive case identification, and downstream LEQEMBI demand, with further acceleration once triage use expands in PCPs in 2027.

Medium-term catalysts include the pivotal readouts for the AD pipeline. The Etalinetug readout from Study 202 is expected in FY2027, with preclinical AD data due FY2028, while the AHEAD 3–45 program aims to address preclinical and early AD populations via combined tau/A-beta approaches. These milestones could materially bolster growth and valuation through potential new indications, expanded addressable markets, and extended lifecycle economics.

Risk to our Rating

The rating is strong buy and the overall risk context remained supportive but with several **operational** and **execution** uncertainties that could moderate conviction. The discussion highlighted that fourth quarter expenditures would include **structural reform costs in EMEA** and continued R&D investments, potentially offsetting organic growth gains. There was also a caveat that onetime **temporary profit from partnerships** could materialize, creating a path to either upside or further variability in hit-to-forecast results.

From a growth and margin perspective, the company underscored solid revenue momentum driven by the **3Ls** while noting potential pressure on **R&D margins** and overall profitability due to pipeline spending and the shift of LEQEMBI costs toward SG&A. The emergence of two in-licensing deals in oncology supports future growth but raises questions on **capital allocation** and the timing of profitability, with management signaling a long-term margin and ROE target that could stretch into fiscal 2027. The identifiable risk set appears narrow.

SWOT Analysis

Strengths

- The company delivered revenue growth of 4% year over year and increased gross profit by about three percentage points, supported by a strong performance in the pharmaceutical business.
- LEQEMBI achieved 153% year-over-year revenue growth to 41.1 billion JPY in the period, signaling a shift toward higher profitability from organic growth.
- Operating profit rose 24% year over year to 34.4 billion JPY, with the full year guided to 54.5 billion JPY, reflecting improved margin discipline and a transition to a more pharmaceutical-driven profit structure.
- LEQEMBI IQLIK launch and the broader global expansion, including approval in 51 countries and a new administration method, expanded the value proposition and potential long term adoption.

Opportunities

- The expanding reimbursement pathway for LEQEMBI IQLIK under Medicare Part D and anticipated formulary listing in January 2027 creates a significant tailwind for long term maintenance and initiation therapy adoption.
- The wider adoption of BBM based confirmatory testing with CMS reimbursement from 2026 and rising test volumes suggests a growing market for LEQEMBI related diagnostics and treatment pathways.
- China NRDL listing and greater access through self pay and private insurance variants, plus ongoing collaboration via digital platforms, present a large potential growth runway in a high opportunity market.
- The combination therapy approach and ongoing Phase III/Phase II readouts in AHEAD 3-45 and etalanetug programs, with expected readouts in FY2027 and FY2028 respectively, indicate potential to broaden the disease modifying therapy portfolio.

Weaknesses

- R&D expenses remained high at about 18.9% of revenue, contributing to ongoing investment needs and limiting near term margin expansion.
- The gross profit margin declined due to Japan price revisions and changes in product mix, highlighting sensitivity to pricing and net pricing dynamics.
- LEQEMBI as a single asset continues to incur losses, though the margin of loss has narrowed, indicating continued near term drag from this product.
- The business faces near term operational headwinds from Europe structural reforms and associated expense outsizedness, which the company noted would not adjust the full year forecast, signaling ongoing execution overhang.

Threats

- The Inflation Reduction Act impact in the United States partially offset LENVIMA growth and could pressure overall profitability through changes in pricing and rebates in key markets.
- Regulatory and pricing risk from potential MFN-like reforms and pricing pressure in OECD markets could constrain reimbursement and patient access.
- US tariff uncertainties and potential future import cost pressures create earnings volatility and supply chain risk, requiring ongoing inventory management and hedging.
- Competitive dynamics with Kisunla and other entrants, including dosing preferences and payer decisions, could limit LEQEMBI uptake if alternative regimens gain traction or if patient switching becomes more common.

Valuation Methodology

Finaipro's valuation methodology integrates an AI-driven research engine built on a structured machine-learning process.

The workflow begins with rigorous data processing and feature engineering, followed by smart variable selection to identify the most informative inputs across macroeconomic indicators, market dynamics, asset-specific fundamentals, and technical signals.

The system also incorporates insights extracted from company filings, reports and analyst's coverage, which are processed and added to the model's feature set.

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