WuXi XDC (2268 HK)

Capacity expansion supporting strong earnings growth

BUY (Maintain)

Target Price	**HK$93.00**
(Previous TP	HK$82.00)
Up/Downside	**33.2%**
Current Price	**HK$69.80**

WuXi XDC reported strong 1H26 results, with revenue growing 37.0% YoY under actual exchange rate and 40.6% under constant exchange rate (CER) with a 37.4% YoY increase in adj. net profit. 1H26 revenue and adj. net profit accounted for 45.7%/49.0% of our full-year forecasts, largely in-line with historical range. The BioDlink (1875 HK, NR) acquisition added immediate scale and strategic capacity, and the Company's global capacity build-out, led by Singapore, remains firmly on track. Service backlog grew 50.4% YoY to US$1,998mn, with a record 51 new iCMC projects signed in 1H26. Mgmt. reiterated its full-year guidance, expecting 2026 revenue to grow by more than 40% YoY on CER consolidated basis and more than 35% YoY on CER WuXi XDC-standalone basis, with the GPM expected to remain flat compared to 2025.

- **BioDlink added strategic capacity to WuXi XDC.** The acquisition of BioDlink was completed on 31 Mar 2026 (60% stake) and consolidated since April. The deal adds DS/DP capacity (five mAB and antibody intermediate facilities with 50-2,000L single-use reactors, three conjugation DS facilities with 20-500L per patch, and 5mn-vial DP capacity), customers and innovative molecules, and brought one commercial ADC plus two PPQ projects into WuXi XDC's pipeline. The business integration is progressing smoothly. According to BioDlink, its CDMO revenue in 1H26 substantially expanded by 157.0% YoY, compared with a 13% YoY rise in 2025. Both WuXi Bio (2269 HK, BUY) and WuXi XDC have signed collaboration agreements with BioDlink in 2Q26, channelling abundant manufacturing demand into BioDlink capacity, representing clear evidence of WuXi XDC's own solid order book as well.
- **Capacity build-out on track.** In Singapore, the BCM3 dual-function mAb/DS line achieved GMP release on 17 Aug 2026, with the DP4 facility (8mn vials/year) following by end-Aug and BCM4 by end-2026/early-2027. Extra customer contract can be expected in a timely manner. In Wuxi, currently 7 lines are running at high utilization, with DP5 (12mn vials/year) and DP6 (8mn vials/year) planned GMP release by 1H27/1H28. Jiangyin XPLM2 site, under construction, will be the Company's largest payload-linker facility, ~5x of the current Wuxi capacity. Total 2026–30E capex is targeted at RMB8.0bn.
- **Rising late-stage mix indicating commercial potential.** 1H26 post-IND revenue increased by 36.2% YoY to RMB2,158mn, 58.3% of total (44.9% in 2020), with post-IND projects up to 162 (128 as of end-2025). Number of PhIII projects grew to 30 (23 as of end-2025) and number of PPQ projects to 21 (18 as of end-2025), with two commercial projects already generating backlog, per mgmt. The Company targets 4–6 BLA filings in 2026 and 12–15 by 2030, when commercial and novel XDC revenue are each set to reach ~20% of total, underpinning its 30-35% 2025-30E revenue CAGR target.
- **Maintain BUY.** To factor in the strong demand despite the FX headwinds, we raise our forecasts, projecting WuXi XDC's revenue to grow by 38.3%/ 33.2%/ 29.7% YoY and adj. net profit to increase by 36.8%/ 31.0%/ 33.1% YoY in 2026E/ 27E/ 28E, respectively. Hence, we raise our DCF-based TP from HK$82.0 to HK$93.0 (WACC: 9.67%, terminal growth: 2.00%; both unchanged). We are positive on the long-term growth of WuXi XDC.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	4,052	5,944	8,224	10,952	14,204
YoY growth (%)	90.8	46.7	38.3	33.2	29.7
Adjusted net profit (RMB mn)	917	1,559	2,131	2,792	3,715
YoY growth (%)	120.8	69.9	36.8	31.0	33.1
EPS (Adjusted) (RMB)	0.71	1.18	1.56	2.04	2.72
Consensus EPS (RMB)	na	na	1.57	2.18	2.83
P/E (Adjusted) (x)	85.3	51.7	39.0	29.8	22.4

Source: Company data, Bloomberg, CMBIGM estimates

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Stock Data

Mkt Cap (HK$ mn)	88,399.4
Avg 3 mths t/o (HK$ mn)	383.7
52w High/Low (HK$)	85.10/45.84
Total Issued Shares (mn)	1266.5

Source: FactSet

Shareholding Structure

WuXi Biologics	50.2%
WuXi AppTec	18.4%

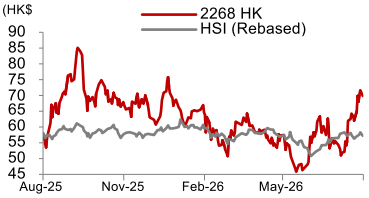
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	25.7%	22.9%
3-mth	21.8%	22.2%
6-mth	8.1%	12.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	8,224	10,952	14,204	8,096	10,664	13,856	1.58%	2.70%	2.51%
Gross profit	3,002	4,052	5,369	2,930	3,912	5,195	2.45%	3.57%	3.35%
Operating profit	2,502	3,260	4,308	2,494	3,225	4,235	0.31%	1.08%	1.71%
Non-IFRS net profit	2,131	2,792	3,715	2,096	2,761	3,658	1.68%	1.10%	1.56%
Non-IFRS EPS (RMB)	1.56	2.04	2.72	1.54	2.03	2.69	1.00%	0.43%	0.88%
Gross margin	36.50%	37.00%	37.80%	36.19%	36.69%	37.49%	+0.31ppt	+0.31ppt	+0.31ppt
Operating margin	30.42%	29.77%	30.33%	30.81%	30.25%	30.57%	-0.39ppt	-0.48ppt	-0.24ppt
Net margin	25.92%	25.49%	26.16%	25.89%	25.90%	26.40%	+0.03ppt	-0.40ppt	-0.24ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	8,224	10,952	14,204	8,082	10,735	13,929	1.75%	2.02%	1.97%
Gross profit	3,002	4,052	5,369	2,893	3,902	5,125	3.76%	3.84%	4.76%
Operating profit	2,502	3,260	4,308	2,250	3,100	4,236	11.20%	5.17%	1.69%
Non-IFRS net profit	2,131	2,792	3,715	2,022	2,785	3,509	5.41%	0.25%	5.88%
Non-IFRS EPS (RMB)	1.56	2.04	2.72	1.57	2.18	2.83	-0.81%	-6.37%	-4.15%
Gross margin	36.50%	37.00%	37.80%	35.79%	36.35%	36.79%	+0.70ppt	+0.65ppt	+1.01ppt
Operating margin	30.42%	29.77%	30.33%	27.84%	28.88%	30.41%	+2.58ppt	+0.89ppt	-0.08ppt
Net margin	25.92%	25.49%	26.16%	25.02%	25.94%	25.19%	+0.90ppt	-0.45ppt	+0.97ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Risk-adjusted DCF valuation

DCF Valuation (in Rmb mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	2,047	3,089	4,124	5,155	6,367	7,768	9,361	11,139	13,089	15,184
Tax rate	15.38%	15.38%	15.38%	15.38%	15.38%	15.38%	15.38%	15.38%	15.38%	15.38%
EBIT*(1-tax rate)	1,732	2,614	3,490	4,363	5,388	6,574	7,921	9,427	11,077	12,849
+ D&A	279	386	453	557	680	823	988	1,176	1,388	1,624
- Change in working capital	(195)	(204)	(229)	(282)	(344)	(417)	(500)	(595)	(702)	(822)
- Capex	(1,450)	(2,000)	(1,500)	(1,350)	(1,215)	(1,094)	(984)	(886)	(797)	(717)
FCFF	**365**	**796**	**2,214**	**3,288**	**4,509**	**5,887**	**7,425**	**9,122**	**10,965**	**12,934**
Terminal value										**172,093**

Terminal growth rate	**2.00%**
WACC	**9.67%**
Cost of Equity	13.04%
Cost of Debt	4.00%
Equity Beta	1.10
Risk Free Rate	2.00%
Market Risk Premium	10.00%
Target Debt to Asset ratio	35.00%
Effective Corporate Tax Rate	15.00%
PV of terminal value (HK$bn)	68,398
Total PV (HK$bn)	97,744
Net debt (HK$bn)	(5,004)
Minority	279
Equity value (HK$bn)	102,469
# of shares (mn)	1,266
Price per share (RMB)	80.91
Price per share (HK$)	**93.00**

Source: CMBIGM estimates
Note: HK$/RMB=0.87

Figure 4: Sensitivity analysis of DCF model (HK$)

		WACC				
		8.67%	**9.17%**	**9.67%**	**10.17%**	**10.67%**
Terminal growth rate	**3.00%**	125.65	113.37	103.01	94.16	86.52
	2.50%	117.70	106.89	97.66	89.69	82.76
	2.00%	110.94	101.31	**93.00**	85.77	79.43
	1.50%	105.13	96.46	88.91	82.30	76.46
	1.00%	100.07	92.20	85.30	79.21	73.80

Source: CMBIGM estimates

Risks:

1) Uncertainties in the recovery trend of global biotech funding and demand from biotech clients; 2) uncertainties in the demand trend of global mid- and large-size pharmaceutical companies amid the challenging macro and geopolitical environment; 3) slower-than-expected R&D progress of projects in WuXi XDC's pipeline, leading to slower revenue growth in the future; 4) WuXi XDC's incompetency in obtaining customers contracts due to various factors, such as the lack of necessary technologies and/or human resources and customer's concerns of working with WuXI XDC amid geopolitical uncertainties.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**2,124**	**4,052**	**5,944**	**8,224**	**10,952**	**14,204**
Cost of goods sold	(1,564)	(2,812)	(3,805)	(5,222)	(6,900)	(8,835)
Gross profit	**560**	**1,240**	**2,139**	**3,002**	**4,052**	**5,369**
Operating expenses	**(124)**	**(90)**	**(227)**	**(500)**	**(792)**	**(1,061)**
Selling expense	(15)	(56)	(109)	(148)	(218)	(283)
Admin expense	(124)	(164)	(225)	(367)	(477)	(590)
R&D expense	(77)	(100)	(147)	(214)	(296)	(399)
Others	92	230	254	228	199	212
Operating profit	**436**	**1,149**	**1,912**	**2,502**	**3,260**	**4,308**
Net Interest income/(expense)	**(1)**	**(3)**	**(17)**	**(18)**	**(14)**	**(10)**
Others	(75)	74	(158)	(261)	0	0
Pre-tax profit	**360**	**1,220**	**1,737**	**2,224**	**3,246**	**4,298**
Income tax	(76)	(150)	(256)	(342)	(499)	(661)
After tax profit	**284**	**1,070**	**1,480**	**1,882**	**2,747**	**3,637**
Net profit	**284**	**1,070**	**1,480**	**1,882**	**2,747**	**3,637**
Adjusted net profit	**415**	**917**	**1,559**	**2,131**	**2,792**	**3,715**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**5,200**	**6,101**	**10,063**	**9,778**	**12,202**	**16,249**
Cash & equivalents	4,048	3,540	6,797	5,953	7,439	10,409
Account receivables	956	1,800	2,138	2,657	3,448	4,355
Inventories	47	119	173	200	265	339
Financial assets at FVTPL	0	434	667	667	667	667
Other current assets	149	209	288	301	383	479
Non-current assets	**1,535**	**3,023**	**4,372**	**7,018**	**8,632**	**9,679**
PP&E	1,246	2,725	4,039	6,696	8,320	9,378
Intangibles	53	45	58	50	41	33
Goodwill	215	215	215	215	215	215
Other non-current assets	21	38	59	57	55	53
Total assets	**6,735**	**9,124**	**14,435**	**16,795**	**20,834**	**25,928**
Current liabilities	**1,279**	**2,466**	**3,666**	**4,099**	**4,904**	**5,821**
Short-term borrowings	0	478	842	912	982	1,052
Account payables	915	1,409	1,924	2,287	3,022	3,869
Tax payable	34	72	95	95	95	95
Other current liabilities	1	3	5	5	5	5
Contract liabilities	328	504	800	800	800	800
Non-current liabilities	**2**	**18**	**44**	**324**	**604**	**884**
Obligations under finance leases	2	15	32	32	32	32
Deferred income	0	3	12	12	12	12
Other non-current liabilities	0	0	0	280	560	840
Total liabilities	**1,281**	**2,485**	**3,710**	**4,423**	**5,508**	**6,705**
Share capital	0	0	0	0	0	0
Capital surplus	5,454	6,639	10,725	12,093	15,053	18,956
Total shareholders equity	**5,454**	**6,639**	**10,725**	**12,093**	**15,053**	**18,956**
Minority				279	274	266
Total equity and liabilities	**6,735**	**9,124**	**14,435**	**16,795**	**20,834**	**25,928**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**360**	**1,220**	**1,737**	**2,224**	**3,246**	**4,298**
Depreciation & amortization	60	110	148	279	386	453
Tax paid	(48)	(115)	(236)	(342)	(499)	(661)
Change in working capital	(94)	(401)	(2)	(195)	(204)	(229)
Others	56	(97)	136	(11)	51	86
Net cash from operations	**333**	**717**	**1,783**	**1,954**	**2,980**	**3,946**
Investing						
Capital expenditure	(529)	(1,505)	(1,245)	(1,450)	(2,000)	(1,500)
Others	438	(1,825)	(3,802)	(1,001)	171	184
Net cash from investing	**(91)**	**(3,330)**	**(5,048)**	**(2,451)**	**(1,829)**	**(1,316)**
Financing						
Net borrowings	0	478	364	350	350	350
Proceeds from share issues	3,604	0	2,486	0	0	0
Others	(82)	(3)	7	(698)	(14)	(10)
Net cash from financing	**3,522**	**475**	**2,856**	**(348)**	**336**	**340**
Net change in cash						
Cash at the beginning of the year	335	4,048	1,925	1,511	667	2,153
Exchange difference	(51)	15	(6)	0	0	0
Cash at the end of the year	**4,048**	**1,925**	**1,511**	**667**	**2,153**	**5,123**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	114.4%	90.8%	46.7%	38.3%	33.2%	29.7%
Gross profit	114.3%	121.6%	72.5%	40.3%	35.0%	32.5%
Operating profit	123.0%	163.8%	66.3%	30.9%	30.3%	32.1%
Net profit	82.1%	277.2%	38.4%	27.1%	46.0%	32.4%
Adj. net profit	183.8%	120.8%	69.9%	36.8%	31.0%	33.1%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	26.3%	30.6%	36.0%	36.5%	37.0%	37.8%
Operating margin	20.5%	28.4%	32.2%	30.4%	29.8%	30.3%
Adj. net profit margin	19.6%	22.6%	26.2%	25.9%	25.5%	26.2%
Return on equity (ROE)	8.2%	17.7%	17.1%	16.5%	20.2%	21.4%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.7)	(0.5)	(0.6)	(0.4)	(0.4)	(0.5)
Current ratio (x)	4.1	2.5	2.7	2.4	2.5	2.8
Receivable turnover days	125.6	124.2	120.9	117.9	114.9	111.9
Inventory turnover days	12.8	10.7	14.0	14.0	14.0	14.0
Payable turnover days	197.0	150.8	159.8	159.8	159.8	159.8

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E (adjusted)	157.6	85.3	51.7	39.0	29.8	22.4
P/B	11.2	10.8	6.8	6.3	5.0	4.0
P/CFPS	184.1	100.1	40.8	38.8	25.5	19.2

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

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