

WuXi AppTec (603259 CH)

Strong CDMO demand to fuel 2026 growth

WuXi AppTec reported impressive financial results for 2025, with revenue growing by 15.8% YoY (including 21.4% YoY growth for continuing operations) and adj. non-IFRS attributable net profit expanding at a remarkable 41.3% YoY. The Company's 2025 revenue and adj. net profit beat our estimates by 2.7% and 18.2%, respectively. Looking ahead, mgmt. projects 2026 revenue to reach RMB 51.3-53.0bn, along with 18-22% YoY revenue growth for continuing operations, while the adj. non-IFRS net profit margin is expected to remain stable.

- Strong CDMO demand.** As of 4Q25, the backlog for WuXi AppTec's continuing operations grew by 28.8% YoY (or 34% on a constant currency basis) to reach RMB58.0bn. Although this signifies a deceleration from +45.8% YoY growth recorded as of 3Q25, we note that such growth is highly commendable given the already massive absolute base of backlog, clearly indicating the consistently high demand from global customers, particularly for its CDMO services. As of 4Q25, backlog for TIDES increased by 20.2% YoY, accelerating from the +17.1% growth at the end of 3Q25. Mgmt. disclosed that the TIDES backlog has reached ~RMB20.0 bn. Based on this figure, we calculate that the backlog for other businesses booked YoY growth of 33.8% in 2025, and we believe the strong growth was primarily driven by the small molecule D&M business. Supported by the robust demand, mgmt. forecasts that the TIDES business will grow by 30-40% YoY (on a constant currency basis) in 2026, while the small molecule D&M business is also expected to experience accelerated growth.
- Early-stage businesses recovering with improvement in revenue growth.** Within the chemistry segment, full-year revenue for small molecule drug discovery services declined by 3.8% YoY (a marked improvement from the -28.7% YoY drop in 2024), with 2H25 seeing a narrowed decline of 2.2% YoY. Revenue from Testing segment grew by 4.7% YoY (vs -8.0% YoY in 2024), driven by 8.8% YoY growth in 2H25. Similarly, revenue from Biology segment increased by 5.2% YoY (vs -0.3% YoY in 2024). As the global biotech funding continues to recover, we believe the early-stage businesses are well-positioned to maintain this recovery momentum throughout 2026.
- Doubling down on global capacity expansion.** WuXi AppTec's capex in 2025 amounted to RMB5.54bn, representing a YoY surge of 38.5% (vs -27.5% YoY decline in 2024). To support ongoing global capacity build-outs and to capture future market opportunities, mgmt. anticipated 2026 capex to reach RMB6.5 - 7.5 bn, implying a YoY increase of 17.3% to 35.4%. Notably, the Company plans to further expand its solid-phase peptide synthesis reactor volume to 130,000 liters, serving as a strong indicator of the surging manufacturing demand for peptide and oligonucleotide drugs.
- Maintain BUY.** We raise our DCF-based TP from RMB123.35 to RMB133.00 (WACC: 9.39%, terminal growth: 2.00%; both unchanged), to factor into the updated guidance and our positive demand outlook. We now expect revenue to grow by 13.7%/ 15.7%/ 13.4% YoY (for continuing operations: 19.1%/ 15.7%/ 13.4% YoY) and adjusted non-IFRS net profit to grow by 19.9%/ 16.0%/ 13.6% YoY in 2026E/ 27E/ 28E, respectively.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	39,241	45,456	51,695	59,809	67,824
YoY growth (%)	(2.7)	15.8	13.7	15.7	13.4
Adjusted net profit (RMB m)	10,583	14,957	17,930	20,808	23,639
YoY growth (%)	(2.5)	41.3	19.9	16.0	13.6
EPS (Adjusted) (RMB)	3.67	5.23	6.01	6.97	7.92
Consensus EPS (RMB)	na	na	5.63	6.61	7.44
P/E (Adjusted) (x)	25.5	17.9	15.6	13.4	11.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	RMB133.00
(Previous TP)	RMB123.35)
Up/Downside	42.0%
Current Price	RMB93.68

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Stock Data

Mkt Cap (RMB mn)	279,518.4
Avg 3 mths t/o (RMB mn)	3,586.6
52w High/Low (RMB)	112.85/51.25
Total Issued Shares (mn)	2983.8

Source: FactSet

Shareholding Structure

HK investors	23.7%
Ge Li and concerted parties	16.4%

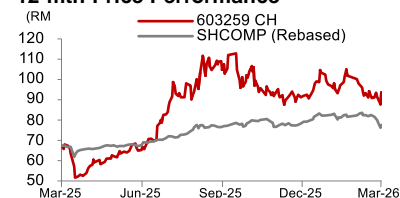
Source: Company report

Share Performance

	Absolute	Relative
1-mth	-6.5%	-0.8%
3-mth	3.1%	5.2%
6-mth	-10.8%	-11.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	51,695	59,809	67,824	48,999	55,973	na	5.50%	6.85%	na
Gross profit	25,079	28,690	32,146	22,220	25,602	na	12.87%	12.06%	na
Operating profit	19,788	23,016	26,221	16,203	18,476	na	22.12%	24.57%	na
Non-IFRS net profit	17,930	20,808	23,639	13,950	15,805	na	28.53%	31.66%	na
Non-IFRS EPS (RMB)	6.01	6.97	7.92	4.68	5.30	na	28.53%	31.66%	na
Gross margin	48.51%	47.97%	47.40%	45.35%	45.74%	na	+3.17ppt	+2.23ppt	na
Operating margin	38.28%	38.48%	38.66%	33.07%	33.01%	na	+5.21ppt	+5.47ppt	na
Net margin	34.68%	34.79%	34.85%	28.47%	28.24%	na	+6.21ppt	+6.55ppt	na

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	51,695	59,809	67,824	52,520	60,078	65,230	-1.57%	-0.45%	3.98%
Gross profit	25,079	28,690	32,146	24,832	28,430	31,556	1.00%	0.91%	1.87%
Operating profit	19,788	23,016	26,221	19,446	22,205	25,132	1.76%	3.65%	4.33%
Non-IFRS net profit	17,930	20,808	23,639	16,611	18,824	21,215	7.94%	10.54%	11.43%
Non-IFRS EPS (RMB)	6.01	6.97	7.92	5.63	6.61	7.44	6.83%	5.55%	6.52%
Gross margin	48.51%	47.97%	47.40%	47.28%	47.32%	48.38%	+1.23ppt	+0.65ppt	-0.98ppt
Operating margin	38.28%	38.48%	38.66%	37.03%	36.96%	38.53%	+1.25ppt	+1.52ppt	+0.13ppt
Net margin	34.68%	34.79%	34.85%	31.63%	31.33%	32.52%	+3.06ppt	+3.46ppt	+2.33ppt

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	20,988	24,216	27,421	30,575	33,786	36,997	40,143	43,155	45,961	48,491
Tax rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
EBIT*(1-tax rate)	17,839	20,584	23,308	25,989	28,718	31,448	34,122	36,682	39,067	41,217
+ D&A	2,970	3,461	3,897	4,325	4,758	5,186	5,601	5,993	6,353	6,670
- Change in working capital	-274	-1,798	-1,787	-1,983	-2,182	-2,378	-2,568	-2,748	-2,913	-3,058
- Capex	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000
FCFF	13,535	15,247	18,418	21,331	24,295	27,256	30,154	32,927	35,507	37,829
Terminal value										522,482
Terminal growth rate										2.00%
WACC										9.39%
Cost of Equity										11.95%
Cost of Debt										4.00%
Equity Beta										0.90
Risk Free Rate										3.00%
Market Risk Premium										10.00%
Target Debt to Asset ratio										30.00%
Effective Corporate Tax Rate										15.00%
PV of terminal value (RMB mn)										213,056
Total PV (RMB mn)										361,992
Net debt (RMB mn)										-34,860
Equity value (RMB mn)										396,851
# of shares (mn)										2,984
Price per share (RMB per share)										133.00

Source: CMBIGM estimates

Figure 4: Sensitivity analysis of DCF model

		WACC				
		8.39%	8.89%	9.39%	9.89%	10.39%
Terminal growth rate	3.00%	172.70	157.65	145.00	134.21	124.92
	2.50%	163.01	149.81	138.56	128.88	120.45
	2.00%	154.84	143.11	133.00	124.22	116.50
	1.50%	147.85	137.31	128.15	120.11	113.01
	1.00%	141.81	132.25	123.87	116.47	109.88

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	40,341	39,241	45,456	51,695	59,809	67,824
Cost of goods sold	(23,729)	(22,965)	(23,801)	(26,615)	(31,119)	(35,677)
Gross profit	16,612	16,277	21,655	25,079	28,690	32,146
Operating expenses	(5,318)	(5,164)	(4,949)	(5,292)	(5,674)	(5,925)
Selling expense	(701)	(745)	(807)	(892)	(1,002)	(1,102)
Admin expense	(2,879)	(2,879)	(2,661)	(2,767)	(2,903)	(2,953)
R&D expense	(1,441)	(1,239)	(1,119)	(1,221)	(1,293)	(1,331)
Others	(297)	(301)	(361)	(411)	(476)	(539)
Operating profit	11,294	11,112	16,706	19,788	23,016	26,221
Gain/loss on financial assets at FVTPL	(38)	187	(137)	200	200	200
Investment gain/loss	234	604	8,588	600	600	600
Net Interest income/(expense)	338	787	(398)	863	908	901
Other income/expense	4	(1,150)	(853)	400	400	400
Pre-tax profit	11,832	11,540	23,906	21,850	25,124	28,322
Income tax	(2,132)	(1,972)	(4,573)	(3,278)	(3,769)	(4,248)
After tax profit	9,700	9,568	19,333	18,573	21,356	24,074
Minority interest	(94)	(117)	(182)	(175)	(202)	(227)
Net profit	9,607	9,450	19,151	18,398	21,154	23,846
Adjusted net profit	10,854	10,583	14,957	17,930	20,808	23,639
Gross dividends	2,882	2,835	6,755	5,519	6,346	7,154
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	30,422	38,690	61,677	71,153	83,745	98,643
Cash & equivalents	13,764	18,322	35,131	44,120	53,982	66,152
Account receivables	7,922	8,044	7,281	8,715	10,082	11,433
Inventories	4,736	5,400	8,993	8,047	9,409	10,787
Prepayment	244	226	247	247	247	247
Financial assets at FVTPL	11	1,234	5,806	5,806	5,806	5,806
Other current assets	3,746	5,464	4,218	4,218	4,218	4,218
Non-current assets	43,247	41,636	41,444	46,235	50,584	54,548
PP&E	17,190	18,784	20,000	24,340	28,188	31,601
Deferred income tax	367	473	531	531	531	531
Investment in JVs & assos	2,216	2,326	2,145	2,145	2,145	2,145
Intangibles	1,864	1,575	1,281	1,148	1,016	883
Goodwill	1,821	972	864	864	864	864
Financial assets at FVTPL	8,626	8,943	8,131	8,931	9,731	10,531
Other non-current assets	11,164	8,562	8,492	8,275	8,109	7,992
Total assets	73,669	80,326	103,121	117,388	134,329	153,191
Current liabilities	14,756	16,226	19,235	20,448	22,380	24,323
Short-term borrowings	3,667	1,243	5,986	6,986	7,986	8,986
Account payables	1,645	1,764	2,450	2,663	3,594	4,537
Tax payable	1,374	1,211	2,763	2,763	2,763	2,763
Other current liabilities	8,070	12,008	8,037	8,037	8,037	8,037
Non-current liabilities	3,396	5,014	3,638	3,638	3,638	3,638
Long-term borrowings	687	2,960	1,819	1,819	1,819	1,819
Bond payables	0	0	0	0	0	0
Obligations under finance leases	1,099	547	455	455	455	455
Other non-current liabilities	1,610	1,508	1,364	1,364	1,364	1,364
Total liabilities	18,152	21,240	22,873	24,086	26,018	27,961
Share capital	2,969	2,888	2,984	2,984	2,984	2,984
Capital surplus	28,401	24,338	33,077	45,956	60,764	77,456
Other reserves	23,753	31,407	43,651	43,651	43,651	43,651
Total shareholders equity	55,122	58,633	79,712	92,591	107,399	124,091
Minority interest	395	453	535	711	912	1,140
Total equity and liabilities	73,669	80,326	103,121	117,388	134,329	153,191

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	11,832	11,540	23,906	21,850	25,124	28,322
Depreciation & amortization	2,288	2,769	3,387	2,832	3,274	3,659
Tax paid	(2,132)	(1,972)	(4,573)	(3,278)	(3,769)	(4,248)
Change in working capital	(105)	(926)	(94)	(274)	(1,798)	(1,787)
Others	1,504	996	(5,423)	(1,486)	(1,531)	(1,524)
Net cash from operations	13,387	12,407	17,203	19,645	21,300	24,422
Investing						
Capital expenditure	(5,517)	(4,003)	(5,538)	(7,000)	(7,000)	(7,000)
Acquisition of subsidiaries/ investments	(22)	0	0	0	0	0
Net proceeds from disposal of short-term investments	(2,321)	(2,013)	132	0	0	0
Others	299	498	3,461	0	0	0
Net cash from investing	(7,561)	(5,518)	(1,945)	(7,000)	(7,000)	(7,000)
Financing						
Dividend paid	(2,756)	(3,085)	(4,992)	(4,656)	(5,438)	(6,253)
Net borrowings	178	3,320	3,563	1,000	1,000	1,000
Proceeds from share issues	247	196	7,046	0	0	0
Others	(1,610)	(4,264)	(4,493)	0	0	0
Net cash from financing	(3,941)	(3,832)	1,124	(3,656)	(4,438)	(5,253)
Net change in cash						
Cash at the beginning of the year	7,984	10,001	13,445	35,131	44,120	53,982
Exchange difference	132	388	(370)	0	0	0
Cash at the end of the year	10,001	13,445	29,456	44,120	53,982	66,152
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	2.5%	(2.7%)	15.8%	13.7%	15.7%	13.4%
Gross profit	13.2%	(2.0%)	33.0%	15.8%	14.4%	12.0%
Operating profit	21.4%	(1.6%)	50.3%	18.4%	16.3%	13.9%
Net profit	9.0%	(1.6%)	102.6%	(3.9%)	15.0%	12.7%
Adj. net profit	15.5%	(2.5%)	41.3%	19.9%	16.0%	13.6%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	41.2%	41.5%	47.6%	48.5%	48.0%	47.4%
Operating margin	28.0%	28.3%	36.8%	38.3%	38.5%	38.7%
Adj. net profit margin	26.9%	27.0%	32.9%	34.7%	34.8%	34.9%
Return on equity (ROE)	18.9%	16.6%	27.7%	21.4%	21.2%	20.6%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.2)	(0.3)	(0.4)	(0.4)	(0.4)
Current ratio (x)	2.1	2.4	3.2	3.5	3.7	4.1
Receivable turnover days	63.2	74.3	61.5	61.5	61.5	61.5
Inventory turnover days	80.0	80.6	110.4	110.4	110.4	110.4
Payable turnover days	75.6	74.6	75.5	75.5	75.5	75.5
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	28.6	28.6	14.0	15.2	13.2	11.7
P/E (diluted)	28.8	28.7	14.3	15.2	13.2	11.7
P/B	5.0	4.6	3.3	3.0	2.6	2.2
P/CFPS	20.5	21.8	15.6	14.2	13.1	11.4
Div yield (%)	1.0	1.0	2.5	2.0	2.3	2.6

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

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