26 Mar 2026

CMB International Global Markets | Equity Research | Company Update

WuXi Biologics (2269 HK)

Resilient demand amid macro uncertainties

WuXi Bio reported financial results for 2025, with revenue increasing by 16.7% YoY and adj. attributable net profit rising by 17.9% YoY. Revenue and adj. net profit exceeded our estimates by 1.2% and 9.6%, respectively. Backlog grew by 28.3% YoY to reach US$23.7bn by the end of 2025, marking the second consecutive year of accelerated growth. Mgmt. initiated guidance for 2026, projecting a revenue growth of 13% to 17%, noting this figure would be even higher excluding the potential impact of FX fluctuations.

- **Resilient global demand for WuXi Bio's high-quality service.** In 2025, the Company added 209 new projects, representing a solid 38.4% YoY increase. Among these, 186 were pre-clinical projects, up 42% YoY, which clearly reflects the strong appetite for early-stage R&D services from global clients. More importantly, the Company's bi- & multi-specific antibody and XDC businesses continued to serve as critical growth engines. Bolstered by three potentially blockbuster commercial projects in the pipeline, revenue from bi- & multi-specifics skyrocketed by 120% YoY in 2025, contributing nearly 20% of the total revenue. Similarly, XDC segment maintained its rapid growth momentum, with revenue increasing by 46.7% YoY alongside a record-breaking 70 newly signed projects. Furthermore, the PhIII and commercial businesses resumed strong growth, posting a 26.4% YoY revenue increase in 2025 (vs a 3.2% decline in 2024). WuXi Bio completed a record-high 28 PPQ projects, with another 34 already scheduled for 2026, signaling robust future growth potential for its manufacturing business. To accommodate the increasing demand, WuXi Bio aims to expand its manufacturing capacity from the current 300k liters to 370k liters by 2029.
- **Robust operations to hedge against macro headwinds.** While Mgmt. cautioned about potential negative impacts from FX fluctuations in 2026, we anticipate the Company will leverage its robust operational efficiency to offset these headwinds through three key avenues: 1) High-margin milestone revenue: leveraging its formidable early-stage R&D capabilities, the Company's "R" services generated US$150mn in upfront and milestone payments in 2025, significantly boosting overall profitability. We expect such revenue to continue making a substantial contribution to the bottom line in 2026. 2) Improving capacity utilization: driven by the continuous progress of PhIII and PPQ projects, the utilization rates of both existing and newly added capacities are expected to rise steadily. Notably, Ireland and the US sites contributed US$230mn in revenue in 2025, highlighting the Company's exceptional overseas operations. 3) Continuous efficiency gains from WBS: In 2025, WuXi Bio Business System (WBS) helped improve the GPM by 1.5ppts. As a managerial philosophy embedded in daily operations, WBS is set to continuously drive margin improvements moving forward, in our view.
- **Maintain BUY.** To reflect an improved growth visibility, we raise our DCF-based TP from HK$35.6 to HK$39.00 (WACC: 9.32%, terminal growth: 2.00%, both unchanged). We forecast WuXi Bio's revenue to grow by 14.6%/ 16.3%/ 15.0% YoY and adj. attributable net profit to increase by 18.7%/ 17.4%/ 13.6% YoY in 2026E/ 27E/ 28E, respectively.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	18,675	21,790	24,974	29,033	33,387
YoY growth (%)	9.6	16.7	14.6	16.3	15.0
Adjusted net profit (RMB m	4,784	5,640	6,697	7,859	8,927
YoY growth (%)	1.8	17.9	18.7	17.4	13.6
EPS (Adjusted) (RMB)	1.17	1.40	1.62	1.90	2.16
Consensus EPS (RMB)	na	na	1.40	1.68	1.95
P/E (Adjusted) (x)	25.5	21.4	18.5	15.8	13.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$39.00**
(Previous TP	HK$35.60)
Up/Downside	**17.7%**
Current Price	**HK$33.14**

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Stock Data

Mkt Cap (HK$ mn)	137,118.1
Avg 3 mths t/o (HK$ mn)	1,282.9
52w High/Low (HK$)	42.18/17.82
Total Issued Shares (mn)	4137.5

Source: FactSet

Shareholding Structure

WuXi Biologics Holdings	8.7%
BlackRock	5.7%

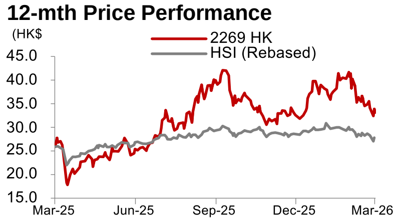
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-19.9%	-15.4%
3-mth	1.7%	3.6%
6-mth	-17.2%	-13.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New FY26E	New FY27E	New FY28E	Old FY26E	Old FY27E	Old FY28E	Diff (%) FY26E	Diff (%) FY27E	Diff (%) FY28E
Revenue	24,974	29,033	33,387	25,487	30,058	na	-2.01%	-3.41%	na
Gross profit	11,358	13,494	15,618	11,282	13,606	na	0.67%	-0.83%	na
Operating profit	8,396	10,417	12,260	8,092	9,872	na	3.75%	5.52%	na
Adjusted net profit	6,697	7,859	8,927	6,627	7,877	na	1.05%	-0.22%	na
Adjusted EPS (RMB)	1.62	1.90	2.16	1.63	1.94	na	-0.58%	-1.84%	na
Gross margin	45.48%	46.48%	46.78%	44.27%	45.27%	na	+1.21ppt	+1.21ppt	na
Operating margin	33.62%	35.88%	36.72%	31.75%	32.84%	na	+1.87ppt	+3.04ppt	na
Adjusted net margin	26.81%	27.07%	26.74%	26.00%	26.21%	na	+0.81ppt	+0.87ppt	na

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM FY26E	CMBIGM FY27E	CMBIGM FY28E	Consensus FY26E	Consensus FY27E	Consensus FY28E	Diff (%) FY26E	Diff (%) FY27E	Diff (%) FY28E
Revenue	24,974	29,033	33,387	25,278	29,323	34,047	-1.20%	-0.99%	-1.94%
Gross profit	11,358	13,494	15,618	11,074	13,011	15,348	2.57%	3.71%	1.76%
Operating profit	8,396	10,417	12,260	7,537	8,972	9,650	11.39%	16.11%	27.04%
Adjusted net profit	6,697	7,859	8,927	6,027	7,105	8,601	11.11%	10.62%	3.79%
Adjusted EPS (RMB)	1.62	1.90	2.16	1.40	1.68	1.95	16.02%	12.93%	10.76%
Gross margin	45.48%	46.48%	46.78%	43.81%	44.37%	45.08%	+1.67ppt	+2.11ppt	+1.70ppt
Operating margin	33.62%	35.88%	36.72%	29.82%	30.60%	28.34%	+3.80ppt	+5.28ppt	+8.38ppt
Adjusted net margin	26.81%	27.07%	26.74%	23.84%	24.23%	25.26%	+2.97ppt	+2.84ppt	+1.48ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Valuation on risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	6,838	9,831	11,668	13,010	14,376	15,741	17,079	18,360	19,554	20,629
Tax rate	20.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
EBIT*(1-tax rate)	5,470	8,061	9,568	10,668	11,788	12,908	14,005	15,055	16,034	16,916
+ D&A	1,388	1,576	1,704	1,875	2,044	2,207	2,362	2,503	2,628	2,734
- Change in working capital	16	-1,204	-1,243	-1,368	-1,491	-1,610	-1,723	-1,826	-1,917	-1,994
- Capex	-7,100	-6,000	-4,000	-3,600	-3,240	-2,916	-2,624	-2,362	-2,126	-1,913
FCFF	**-226**	**2,434**	**6,029**	**7,575**	**9,101**	**10,589**	**12,019**	**13,371**	**14,619**	**15,742**
Terminal value										**219,507**

Terminal growth rate	**2.00%**
WACC	**9.32%**
Cost of Equity	12.50%
Cost of Debt	4.00%
Equity Beta	1.05
Risk Free Rate	2.00%
Market Risk Premium	10.00%
Target Debt to Asset ratio	35.00%
Effective Corporate Tax Rate	15.00%
Terminal value (RMB mn)	90,085
Total PV (RMB mn)	139,890
Net debt (RMB mn)	-12,845
Minority (RMBmn)	6,935
Equity value (RMB mn)	145,800
# of shares (mn)	4,138
Price per share (RMB per share)	35.24
Price per share (HK$ per share)	**39.00**

Source: CMBIGM estimates. HK$/RMB=0.90

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

		WACC				
		8.32%	**8.82%**	**9.32%**	**9.82%**	**10.32%**
Terminal growth rate	**4.00%**	61.40	54.39	48.72	44.04	40.12
	3.50%	56.46	50.54	45.66	41.57	38.10
	2.00%	46.34	42.39	**39.00**	36.06	33.49
	2.50%	49.13	44.68	40.90	37.65	34.83
	2.00%	46.34	42.39	39.00	36.06	33.49

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**17,034**	**18,675**	**21,790**	**24,974**	**29,033**	**33,387**
Cost of goods sold	(10,206)	(11,025)	(11,772)	(13,617)	(15,539)	(17,770)
Gross profit	**6,828**	**7,651**	**10,019**	**11,358**	**13,494**	**15,618**
Operating expenses	**(2,159)**	**(2,325)**	**(2,527)**	**(2,962)**	**(3,076)**	**(3,358)**
Selling expense	(294)	(474)	(609)	(673)	(724)	(799)
Admin expense	(1,495)	(1,674)	(1,704)	(1,979)	(2,010)	(2,144)
R&D expense	(786)	(766)	(853)	(953)	(963)	(1,040)
Others	417	588	640	642	620	626
Operating profit	**4,669**	**5,325**	**7,492**	**8,396**	**10,417**	**12,260**
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
Net Interest income/(expense)	**(158)**	**(158)**	**(143)**	**(95)**	**(79)**	**(64)**
Others	(337)	(333)	(92)	(1,149)	(200)	(200)
Pre-tax profit	**4,174**	**4,834**	**7,257**	**7,152**	**10,138**	**11,996**
Income tax	(603)	(889)	(1,524)	(1,430)	(1,825)	(2,159)
After tax profit	**3,571**	**3,945**	**5,733**	**5,721**	**8,313**	**9,837**
Minority interest	(171)	(589)	(825)	(1,144)	(1,496)	(1,967)
Net profit	**3,400**	**3,356**	**4,908**	**4,577**	**6,817**	**7,869**
Adjusted net profit	**4,699**	**4,784**	**5,640**	**6,697**	**7,859**	**8,927**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**21,198**	**23,573**	**28,135**	**29,488**	**35,105**	**44,514**
Cash & equivalents	9,670	8,279	9,214	10,362	14,280	21,871
Account receivables	6,293	6,241	8,853	8,444	9,578	10,740
Inventories	1,766	1,522	1,381	1,679	1,916	2,191
ST bank deposits	340	1,907	5,587	5,587	5,587	5,587
Financial assets at FVTPL	1,234	524	932	932	932	932
Other current assets	1,896	5,101	2,169	2,484	2,812	3,193
Non-current assets	**35,377**	**33,404**	**35,561**	**41,274**	**45,698**	**47,993**
PP&E	27,378	26,070	27,739	33,763	38,498	41,105
Deferred income tax	236	444	501	501	501	501
Investment in JVs & assos	1,394	1,267	1,152	1,152	1,152	1,152
Intangibles	512	442	467	413	360	306
Goodwill	1,530	1,530	1,530	1,530	1,530	1,530
Financial assets at FVTPL	1,519	1,133	2,051	2,051	2,051	2,051
Other non-current assets	2,809	2,517	2,122	1,864	1,606	1,349
Total assets	**56,576**	**56,977**	**63,697**	**70,762**	**80,803**	**92,508**
Current liabilities	**7,636**	**8,621**	**8,308**	**8,528**	**9,024**	**9,598**
Short-term borrowings	576	2,435	874	874	874	874
Account payables	2,756	2,778	3,287	3,508	4,003	4,578
Tax payable	619	648	791	791	791	791
Other current liabilities	3,530	2,576	2,973	2,973	2,973	2,973
Lease liabilities	155	184	382	382	382	382
Non-current liabilities	**4,922**	**2,879**	**2,350**	**2,350**	**2,350**	**2,350**
Long-term borrowings	1,571	201	169	169	169	169
Obligations under finance leases	2,259	2,120	1,679	1,679	1,679	1,679
Deferred income	258	318	341	341	341	341
Other non-current liabilities	834	240	160	160	160	160
Total liabilities	**12,558**	**11,500**	**10,657**	**10,878**	**11,373**	**11,948**
Share capital	0	0	0	0	0	0
Capital surplus	40,331	41,819	47,248	52,948	60,998	70,161
Total shareholders equity	**40,332**	**41,819**	**47,249**	**52,949**	**60,998**	**70,161**
Minority interest	3,686	3,658	5,791	6,935	8,431	10,399
Total equity and liabilities	**56,576**	**56,977**	**63,697**	**70,762**	**80,803**	**92,508**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**4,174**	**4,834**	**7,257**	**7,152**	**10,138**	**11,996**
Depreciation & amortization	1,169	1,437	1,741	1,388	1,576	1,704
Tax paid	(783)	(1,092)	(1,524)	(1,430)	(1,825)	(2,159)
Change in working capital	(896)	(801)	(1,965)	16	(1,204)	(1,243)
Others	1,003	839	668	775	892	932
Net cash from operations	**4,668**	**5,217**	**6,177**	**7,901**	**9,577**	**11,230**
Investing						
Capital expenditure	(4,046)	(3,930)	(3,700)	(7,100)	(6,000)	(4,000)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	817	(12)	303	408	386	392
Net cash from investing	**(3,228)**	**(3,942)**	**(3,397)**	**(6,692)**	**(5,614)**	**(3,608)**
Financing						
Net borrowings	(705)	490	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	2,666	(3,240)	(1,745)	(61)	(45)	(30)
Net cash from financing	**1,961**	**(2,750)**	**(1,745)**	**(61)**	**(45)**	**(30)**
Net change in cash						
Cash at the beginning of the year	6,395	9,670	8,279	9,214	10,362	14,280
Exchange difference	(126)	84	(100)	0	0	0
Cash at the end of the year	**9,670**	**8,279**	**9,214**	**10,362**	**14,280**	**21,871**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	11.6%	9.6%	16.7%	14.6%	16.3%	15.0%
Gross profit	1.5%	12.1%	30.9%	13.4%	18.8%	15.7%
Operating profit	(5.0%)	14.0%	40.7%	12.1%	24.1%	17.7%
Net profit	(23.1%)	(1.3%)	46.3%	(6.8%)	48.9%	15.4%
Adj. net profit	(4.6%)	1.8%	17.9%	18.7%	17.4%	13.6%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	40.1%	41.0%	46.0%	45.5%	46.5%	46.8%
Operating margin	27.4%	28.5%	34.4%	33.6%	35.9%	36.7%
Adj. net profit margin	27.6%	25.6%	25.9%	26.8%	27.1%	26.7%
Return on equity (ROE)	9.0%	8.2%	11.0%	9.1%	12.0%	12.0%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
Current ratio (x)	2.8	2.7	3.4	3.5	3.9	4.6
Receivable turnover days	127.5	122.5	126.4	123.4	120.4	117.4
Inventory turnover days	72.4	54.4	45.0	45.0	45.0	45.0
Payable turnover days	107.7	91.6	94.0	94.0	94.0	94.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E (adjusted)	26.5	25.5	21.4	18.5	15.8	13.9
P/B	2.8	2.6	2.2	2.0	1.7	1.5
P/CFPS	26.0	22.8	19.0	15.3	12.6	10.7

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

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