16 Jan 2026

CMB International Global Markets | Equity Research | Company Update

WuXi XDC (2268 HK)

Strong earnings growth with strategic acquisition to enhance capacity

WuXi XDC issued a positive profit alert on its 2025 financial performance, expecting revenue to increase by at least 45% YoY and net profit to grow by more than 38% YoY. Notably, the Company expected adjusted net profit before interest income and expenses to rise by more than 45% YoY and by over 65% YoY in 2025 if excluding the impact of foreign exchange fluctuations. In 2025, WuXi XDC signed a record-high 70 new integrated projects, up by 32% YoY. PPQ projects surged by 125% YoY to reach 18, indicating strong potential for commercial manufacturing. To address growing client demand, WuXi XDC announced a cash offer to acquire at least 60% interests in BioDlink (东曜药业,1875 HK, NR), marking a critical step in further strengthening its manufacturing capacity.

- **Global demand for XDC drug R&D and manufacturing continues to grow rapidly.** In 2025, WuXi XDC signed a record-high 70 new integrated projects, up 32% YoY. Among these 70 projects, clients from China and the US were the primary sources. Additionally, 22 of these projects were transferred from external parties, highlighting WuXi XDC's increasing client trust in the global XDC CDMO industry. Furthermore, novel modalities XDC drugs contributed significantly among the 70 newly signed projects, with bispecific ADCs accounted for ~20%, dual-payload ADCs for ~5%, and other types of XDCs for ~17%, demonstrating WuXi XDC's active collaboration with clients in cutting-edge areas of conjugated drug R&Ds. Moreover, PPQ-stage contracts in 2025 increased by 125% YoY to 18, signaling strong growth potential in commercial-stage business. Based on the strong "D-end" enabling capabilities and encouraging commercial business trends, mgmt. of WuXi XDC expects that, by 2030, 20% of the Company's revenue will come from novel XDC projects and another 20% from commercial-stage projects.
- **Acquisition of BioDlink set to strengthen production capacity.** WuXi XDC plans to acquire at least 60% interests in BioDlink through a cash tender offer at HK$4.00 per share, representing a 99% premium over the last closing price of BioDlink on 24 Dec 2025. BioDlink is a leading domestic ADC CDMO service provider with CDMO-related revenue of RMB207mn in 2024. Beyond expanding WuXi XDC's client base, the acquisition will rapidly enhance the Company's drug production capacity to meet strong demand in the moment, particularly for ADC DS and DP, which are currently in short supply. BioDlink operates two mAb facilities with capacities of 500–2,000L/batch, three DS facilities capable of producing over 800kg ADC DS annually, and three DP facilities with an annual capacity exceeding 8mn vials (for comparison, WuXi XDC's DP3 facility has an annual capacity of 8 mn vials).
- **Maintain BUY.** We raise our target price to HK$88.0 to reflect the enhanced global competitiveness and positive demand outlook for WuXi XDC. We forecast WuXi XDC's revenue to grow by 45.7%/ 36.6%/ 31.7% YoY and adjusted net income to increase by 34.9%/ 38.4%/ 32.9% YoY in 2025E/ 26E/ 27E, respectively. As the tender offer for BioDlink is still ongoing, we have not yet incorporated any financial impacts from consolidating BioDlink.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	2,124	4,052	5,906	8,065	10,619
YoY growth (%)	114.4	90.8	45.7	36.6	31.7
Adjusted net profit (RMB m	412	1,174	1,584	2,192	2,914
YoY growth (%)	112.1	184.8	34.9	38.4	32.9
EPS (Adjusted) (RMB)	0.38	0.91	1.17	1.62	2.15
Consensus EPS (RMB)	na	na	1.30	1.77	2.34
P/E (Adjusted) (x)	171.6	72.0	56.2	40.6	30.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$88.00**
(Previous TP	HK$74.00)
Up/Downside	**20.7%**
Current Price	**HK$72.90**

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Stock Data

Mkt Cap (HK$ mn)	87,366.6
Avg 3 mths t/o (HK$ mn)	302.6
52w High/Low (HK$)	85.10/27.90
Total Issued Shares (mn)	1198.4

Source: FactSet

Shareholding Structure

WuXi Biologics	50.7%
WuXi AppTec	18.6%

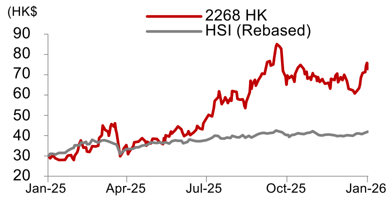
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	6.0%	0.9%
3-mth	4.7%	0.8%
6-mth	49.5%	36.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New FY25E	New FY26E	New FY27E	Old FY25E	Old FY26E	Old FY27E	Diff (%) FY25E	Diff (%) FY26E	Diff (%) FY27E
Revenue	5,906	8,065	10,619	5,906	8,014	10,488	0.00%	0.64%	1.25%
Gross profit	2,107	2,998	4,032	2,037	2,803	3,721	3.45%	6.93%	8.35%
Operating profit	1,806	2,359	3,172	1,812	2,257	2,997	-0.30%	4.55%	5.83%
Non-IFRS net profit	1,584	2,192	2,914	1,643	2,176	2,846	-3.61%	0.74%	2.40%
Non-IFRS EPS (RMB)	1.17	1.62	2.15	1.26	1.68	2.19	-7.63%	-3.47%	-1.87%
Gross margin	35.67%	37.17%	37.97%	34.48%	34.98%	35.48%	+1.19ppt	+2.19ppt	+2.49ppt
Operating margin	30.58%	29.25%	29.87%	30.67%	28.16%	28.58%	-0.09ppt	+1.09ppt	+1.29ppt
Net margin	26.82%	27.18%	27.44%	27.82%	27.16%	27.13%	-1.00ppt	+0.03ppt	+0.31ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM FY25E	CMBIGM FY26E	CMBIGM FY27E	Consensus FY25E	Consensus FY26E	Consensus FY27E	Diff (%) FY25E	Diff (%) FY26E	Diff (%) FY27E
Revenue	5,906	8,065	10,619	5,992	8,122	10,576	-1.43%	-0.70%	0.41%
Gross profit	2,107	2,998	4,032	2,045	2,818	3,783	3.01%	6.37%	6.59%
Operating profit	1,806	2,359	3,172	1,646	2,356	3,197	9.72%	0.14%	-0.78%
Non-IFRS net profit	1,584	2,192	2,914	1,621	2,221	2,942	-2.29%	-1.29%	-0.95%
Non-IFRS EPS (RMB)	1.17	1.62	2.15	1.30	1.77	2.34	-9.92%	-8.48%	-8.21%
Gross margin	35.67%	37.17%	37.97%	34.13%	34.70%	35.77%	+1.54ppt	+2.47ppt	+2.20ppt
Operating margin	30.58%	29.25%	29.87%	27.47%	29.01%	30.23%	+3.11ppt	+0.25ppt	-0.36ppt
Net margin	26.82%	27.18%	27.44%	27.05%	27.35%	27.82%	-0.23ppt	-0.16ppt	-0.37ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Risk-adjusted DCF valuation

DCF Valuation (in Rmb mn)		2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EBIT		1,614	2,459	3,272	4,255	5,468	6,947	8,720	10,816	13,253	16,041
Tax rate		14.01%	15.53%	15.53%	15.53%	15.53%	15.53%	15.53%	15.53%	15.53%	15.53%
EBIT*(1-tax rate)		1,388	2,077	2,764	3,594	4,619	5,868	7,366	9,137	11,195	13,550
+ D&A		172	235	309	387	479	590	719	870	1,045	1,243
- Change in working capital		-27	-219	-222	-278	-344	-424	-517	-625	-750	-893
- Capex		-1,220	-1,700	-1,800	-1,620	-1,458	-1,312	-1,181	-1,063	-957	-861
FCFF		**313**	**394**	**1,051**	**2,083**	**3,296**	**4,722**	**6,388**	**8,319**	**10,533**	**13,039**
Terminal value											**173,491**
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$bn)	68,953										
Total PV (HK$bn)	93,694										
Net debt (HK$bn)	-5,723										
Equity value (HK$bn)	99,417										
# of shares (mn)	1,255										
Price per share (RMB)	79.20										
Price per share (HK$)	**88.00**										

Source: CMBIGM estimates

Figure 4: Sensitivity analysis of DCF model

		WACC				
		8.67%	**9.17%**	**9.67%**	**10.17%**	**10.67%**
Terminal growth rate	**3.00%**	119.91	107.94	97.85	89.24	81.83
	2.50%	112.09	101.56	92.58	84.85	78.12
	2.00%	105.44	96.07	**88.00**	80.99	74.85
	1.50%	99.72	91.30	83.98	77.58	71.93
	1.00%	94.75	87.11	80.43	74.54	69.31

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**990**	**2,124**	**4,052**	**5,906**	**8,065**	**10,619**
Cost of goods sold	(729)	(1,564)	(2,812)	(3,800)	(5,067)	(6,587)
Gross profit	**261**	**560**	**1,240**	**2,107**	**2,998**	**4,032**
Operating expenses	**(66)**	**(124)**	**(90)**	**(301)**	**(638)**	**(860)**
Selling expense	(9)	(15)	(56)	(129)	(168)	(211)
Admin expense	(49)	(124)	(164)	(262)	(317)	(407)
R&D expense	(34)	(77)	(100)	(130)	(181)	(270)
Others	26	92	230	220	28	28
Operating profit	**195**	**436**	**1,149**	**1,806**	**2,359**	**3,172**
Net Interest income/(expense)	**(3)**	**(1)**	**(3)**	**(15)**	**(3)**	**3**
Others	3	(75)	74	(32)	100	100
Pre-tax profit	**196**	**360**	**1,220**	**1,759**	**2,456**	**3,275**
Income tax	(40)	(76)	(150)	(273)	(381)	(508)
After tax profit	**156**	**284**	**1,070**	**1,486**	**2,075**	**2,766**
Net profit	**156**	**284**	**1,070**	**1,486**	**2,075**	**2,766**
Adjusted net profit	**194**	**412**	**1,174**	**1,584**	**2,192**	**2,914**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**1,402**	**5,200**	**6,101**	**9,869**	**11,270**	**13,472**
Cash & equivalents	335	4,048	3,540	6,820	7,478	8,829
Account receivables	506	956	1,800	1,961	2,611	3,350
Inventories	63	47	119	112	149	194
Financial assets at FVTPL	400	0	434	734	734	734
Other current assets	99	149	209	244	299	365
Non-current assets	**1,094**	**1,535**	**3,023**	**4,071**	**5,536**	**7,027**
PP&E	799	1,246	2,725	3,782	5,256	6,756
Intangibles	51	53	45	37	28	20
Goodwill	215	215	215	215	215	215
Other non-current assets	30	21	38	37	37	36
Total assets	**2,496**	**6,735**	**9,124**	**13,940**	**16,806**	**20,498**
Current liabilities	**1,014**	**1,279**	**2,466**	**3,228**	**3,901**	**4,679**
Short-term borrowings	71	0	478	1,078	1,228	1,378
Account payables	773	915	1,409	1,570	2,094	2,722
Tax payable	12	34	72	72	72	72
Other current liabilities	7	1	3	3	3	3
Contract liabilities	151	328	504	504	504	504
Non-current liabilities	**2**	**2**	**18**	**18**	**18**	**18**
Obligations under finance leases	2	2	15	15	15	15
Deferred income	0	0	3	3	3	3
Other non-current liabilities	0	0	0	0	0	0
Total liabilities	**1,016**	**1,281**	**2,485**	**3,246**	**3,920**	**4,698**
Share capital	0	0	0	0	0	0
Capital surplus	1,480	5,454	6,639	10,694	12,886	15,800
Total shareholders equity	**1,481**	**5,454**	**6,639**	**10,694**	**12,887**	**15,801**
Total equity and liabilities	**2,496**	**6,735**	**9,124**	**13,940**	**16,806**	**20,498**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**196**	**360**	**1,220**	**1,759**	**2,456**	**3,275**
Depreciation & amortization	31	60	110	172	235	309
Tax paid	(43)	(48)	(115)	(273)	(381)	(508)
Change in working capital	(6)	(94)	(401)	(27)	(219)	(222)
Others	74	56	(97)	(47)	121	145
Net cash from operations	**252**	**333**	**717**	**1,584**	**2,212**	**2,998**
Investing						
Capital expenditure	(201)	(529)	(1,505)	(1,220)	(1,700)	(1,800)
Others	(1,078)	438	(1,825)	(1,440)	0	0
Net cash from investing	**(1,280)**	**(91)**	**(3,330)**	**(2,660)**	**(1,700)**	**(1,800)**
Financing						
Net borrowings	0	0	478	600	150	150
Proceeds from share issues	0	3,604	0	0	0	0
Others	1,328	(82)	(3)	2,455	(3)	3
Net cash from financing	**1,328**	**3,522**	**475**	**3,055**	**147**	**153**
Net change in cash						
Cash at the beginning of the year	26	335	4,048	1,925	3,905	4,564
Exchange difference	8	(51)	15	0	0	0
Cash at the end of the year	**335**	**4,048**	**1,925**	**3,905**	**4,564**	**5,915**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	218.3%	114.4%	90.8%	45.7%	36.6%	31.7%
Gross profit	130.0%	114.3%	121.6%	69.9%	42.3%	34.5%
Operating profit	148.1%	123.0%	163.8%	57.1%	30.6%	34.4%
Net profit	183.5%	82.1%	277.2%	38.9%	39.6%	33.3%
Adj. net profit	152.1%	112.1%	184.8%	34.9%	38.4%	32.9%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	26.4%	26.3%	30.6%	35.7%	37.2%	38.0%
Operating margin	19.7%	20.5%	28.4%	30.6%	29.3%	29.9%
Adj. net profit margin	19.6%	19.4%	29.0%	26.8%	27.2%	27.4%
Return on equity (ROE)	20.7%	8.2%	17.7%	17.1%	17.6%	19.3%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.7)	(0.5)	(0.5)	(0.5)	(0.5)
Current ratio (x)	1.4	4.1	2.5	3.1	2.9	2.9
Receivable turnover days	120.8	125.6	124.2	121.2	118.2	115.2
Inventory turnover days	21.7	12.8	10.7	10.7	10.7	10.7
Payable turnover days	398.4	197.0	150.8	150.8	150.8	150.8

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E (diluted)	na	171.6	72.0	56.2	40.6	30.5
P/B	na	12.2	11.8	7.7	6.4	5.2
P/CFPS	na	200.4	108.9	51.7	37.0	27.3

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

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