WuXi AppTec (603259 CH)

2026 Investor Day: CRDMO model capturing next-gen growth

BUY (Maintain)

Target Price	**RMB190.00**
Up/Downside	**29.3%**
Current Price	**RMB147.00**

WuXi AppTec (WXAP) held its 2026 Investor Day on 6 Nov. Mgmt. indicated its CRDMO business model will continue to generate a robust pipeline of high-quality projects, supporting the sustainable growth of its Chemistry segment and the Company overall. Mgmt. also highlighted opportunities in the rising AIDD trend, reinforcing Biology segment as a core gateway to its downstream businesses.

- **CRDMO model continuing to generate a robust pipeline of high-potential projects.** Leveraging the world's largest early-stage drug R&D platform, WXAP is deeply embedded in the frontier of global innovative drug R&D and has used its large-scale manufacturing capacity to support the production of several global blockbuster drugs. It manufactured seven of the top 10 best-selling chemically-synthetized drugs globally in 2025, driving the Company's near-term growth. At the same time, it participated in seven of 10 2025 Molecules of the Year nominees, laying a solid foundation for sustained access to commercially attractive molecules. Specifically, WXAP manufactures three of the nine globally approved GLP-1 molecules, as well as three of the seven approved molecules in the KRAS space. Its scale in early-stage drug R&D allows a broad participation in global innovative drug programs and provides valuable industry insights. Such visibility supports proactive capacity planning and enables WXAP to capture opportunities as they arise, particularly in more complex modalities such as peptides, cyclic peptides and molecular glues. Mgmt. is confident that its CRDMO model will continue to produce a robust and promising pipeline, enabling WXAP to rapidly ramp up new capacity to convert bookings into revenue and profit.
- **AIDD to widen R&D funnel and create incremental business for CRDMO model.** Mgmt. believes AI-driven drug discovery (AIDD) can expand drug discovery demand and project funnel. For instance, one leading AIDD company requires DMPK assay throughput up to 50 times that of a traditional biotech. AI is expected to generate deeper biological insights, accelerate new program launches, and enable more new modalities, thereby bringing new deal flow into early research. AI-native customers need both data to optimize models and execution to advance pipelines. WXAP can meet the demand of such customers with an established capability of a wet-dry closed loop. Because all drug R&D development remains subject to current regulatory standards, WXAP can also capture translation needs from in vitro to in vivo and from discovery through development down the road. Although AIDD-related business currently represents a small share of revenue, demand from AIDD is growing rapidly, per mgmt. Mgmt. indicated that flexible delivery and rapid scale-up capabilities should translate this technological trend into future orders and pipeline growth, further reinforcing Biology segment as a core gateway to the Company's downstream businesses.
- **Maintain BUY.** We maintain our DCF-based TP at RMB190.00 (WACC: 9.39%, terminal growth: 2.00%; both unchanged). We expect WXAP's revenue to grow by 35.1%/ 18.7%/ 15.7% YoY (for continuing operations: 41.4%/ 18.7%/ 15.7% YoY) and adj. net profit to grow by 68.4%/ 18.8%/ 14.4% YoY in 2026E/ 27E/ 28E, respectively.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	39,241	45,456	61,395	72,864	84,334
YoY growth (%)	(2.7)	15.8	35.1	18.7	15.7
Adjusted net profit (RMB m	10,583	14,957	25,185	29,907	34,209
YoY growth (%)	(2.5)	41.3	68.4	18.8	14.4
EPS (Adjusted) (RMB)	3.67	5.23	8.64	9.85	11.27
Consensus EPS (RMB)	na	na	8.11	9.58	11.22
P/E (Adjusted) (x)	40.1	28.1	17.7	14.9	13.0

Source: Company data, Bloomberg, CMBIGM estimates

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Stock Data

Mkt Cap (RMB mn)	446,130.9
Avg 3 mths t/o (RMB mn)	7,309.9
52w High/Low (RMB)	167.96/87.62
Total Issued Shares (mn)	3034.9

Source: FactSet

Shareholding Structure

HK investors	28.5%
Ge Li and concerted parties	16.1%

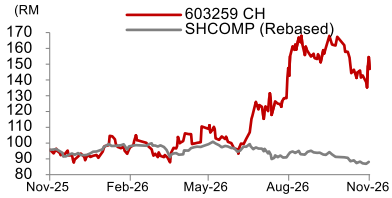
Source: Company report

Share Performance

	Absolute	Relative
1-mth	-12.2%	-7.5%
3-mth	3.0%	10.1%
6-mth	34.9%	53.7%

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	61,395	72,864	84,334	61,395	72,864	84,334	0.00%	0.00%	0.00%
Gross profit	33,718	39,389	44,272	33,718	39,389	44,272	0.00%	0.00%	0.00%
Operating profit	27,772	33,383	38,122	27,772	33,383	38,122	0.00%	0.00%	0.00%
Non-IFRS net profit	25,185	29,907	34,209	25,185	29,907	34,209	0.00%	0.00%	0.00%
Non-IFRS EPS (RMB)	8.64	9.85	11.27	8.64	9.85	11.27	0.00%	0.00%	0.00%
Gross margin	54.92%	54.06%	52.50%	54.92%	54.06%	52.50%	0ppt	0ppt	0ppt
Operating margin	45.24%	45.81%	45.20%	45.24%	45.81%	45.20%	0ppt	0ppt	0ppt
Net margin	41.02%	41.04%	40.56%	41.02%	41.04%	40.56%	0ppt	0ppt	0ppt

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	61,395	72,864	84,334	61,090	74,901	88,378	0.50%	-2.72%	-4.58%
Gross profit	33,718	39,389	44,272	32,785	40,304	47,689	2.85%	-2.27%	-7.16%
Operating profit	27,772	33,383	38,122	28,303	33,743	40,055	-1.88%	-1.07%	-4.83%
Non-IFRS net profit	25,185	29,907	34,209	23,752	28,010	33,002	6.03%	6.77%	3.66%
Non-IFRS EPS (RMB)	8.64	9.85	11.27	8.11	9.58	11.22	6.49%	2.82%	0.49%
Gross margin	54.92%	54.06%	52.50%	53.67%	53.81%	53.96%	+1.25ppt	+0.25ppt	-1.46ppt
Operating margin	45.24%	45.81%	45.20%	46.33%	45.05%	45.32%	-1.09ppt	+0.76ppt	-0.12ppt
Net margin	41.02%	41.04%	40.56%	38.88%	37.40%	37.34%	+2.14ppt	+3.65ppt	+3.22ppt

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	32,209	34,583	39,322	44,451	49,806	55,307	60,862	66,367	71,706	76,758
Tax rate	17.69%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
EBIT*(1-tax rate)	26,511	29,395	33,424	37,784	42,335	47,011	51,733	56,412	60,950	65,244
+ D&A	3,040	3,707	4,285	4,799	5,327	5,860	6,387	6,898	7,381	7,824
- Change in working capital	-2,011	-2,488	-2,563	-2,870	-3,186	-3,505	-3,820	-4,126	-4,414	-4,679
- Capex	-18,250	-9,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000
FCFF	**9,291**	**21,615**	**27,146**	**31,713**	**36,476**	**41,366**	**46,300**	**51,185**	**55,917**	**60,389**
Terminal value										**834,081**

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)	340,119
Total PV (RMB mn)	556,262
Net debt (RMB mn)	-20,366
Equity value (RMB mn)	576,629
# of shares (mn)	3,035
Price per share (RMB per share)	**190.00**

Source: CMBIGM estimates

Figure 4: Sensitivity analysis of DCF model (RMB)

		WACC				
		8.39%	**8.89%**	**9.39%**	**9.89%**	**10.39%**
Terminal growth rate	**3.00%**	252.13	228.60	208.82	191.98	177.48
	2.50%	236.92	216.29	198.73	183.61	170.46
	2.00%	224.09	205.77	**190.00**	176.29	164.27
	1.50%	213.12	196.67	182.38	169.85	158.79
	1.00%	203.64	188.73	175.67	164.13	153.88

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 delivery of PhIII and commercial projects, leading to slower revenue growth in the future; 4) failure in obtaining key projects due to various factors, such as the lack of necessary technologies and customers' concerns about geopolitical uncertainties.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**40,341**	**39,241**	**45,456**	**61,395**	**72,864**	**84,334**
Cost of goods sold	(23,729)	(22,965)	(23,801)	(27,677)	(33,475)	(40,062)
Gross profit	**16,612**	**16,277**	**21,655**	**33,718**	**39,389**	**44,272**
Operating expenses	**(5,318)**	**(5,164)**	**(4,949)**	**(5,946)**	**(6,006)**	**(6,150)**
Selling expense	(701)	(745)	(807)	(863)	(878)	(932)
Admin expense	(2,879)	(2,879)	(2,661)	(3,329)	(3,338)	(3,357)
R&D expense	(1,441)	(1,239)	(1,119)	(1,253)	(1,268)	(1,299)
Others	(297)	(301)	(361)	(501)	(522)	(562)
Operating profit	**11,294**	**11,112**	**16,706**	**27,772**	**33,383**	**38,122**
Gain/loss on financial assets at FVTPL	(38)	187	(137)	284	200	200
Investment gain/loss	234	604	8,588	4,228	600	600
Net Interest income/(expense)	**338**	**787**	**(398)**	**(56)**	**486**	**618**
Other income/expense	4	(1,150)	(853)	(75)	400	400
Pre-tax profit	**11,832**	**11,540**	**23,906**	**32,153**	**35,069**	**39,939**
Income tax	(2,132)	(1,972)	(4,573)	(5,688)	(5,260)	(5,991)
After tax profit	**9,700**	**9,568**	**19,333**	**26,465**	**29,809**	**33,949**
Minority interest	(94)	(117)	(182)	(79)	(89)	(101)
Net profit	**9,607**	**9,450**	**19,151**	**26,386**	**29,719**	**33,847**
Adjusted net profit	**10,854**	**10,583**	**14,957**	**25,185**	**29,907**	**34,209**
Gross dividends	2,882	2,835	6,755	7,916	8,916	10,154

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**30,422**	**38,690**	**61,677**	**66,560**	**81,549**	**103,130**
Cash & equivalents	13,764	18,322	35,131	37,571	48,873	66,530
Account receivables	7,922	8,044	7,281	10,350	12,283	14,217
Inventories	4,736	5,400	8,993	8,368	10,121	12,113
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**	**60,987**	**67,090**	**71,666**
PP&E	17,190	18,784	20,000	25,517	31,119	35,143
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	22,506	23,306	24,106
Other non-current assets	11,164	8,562	8,492	8,275	8,109	7,992
Total assets	**73,669**	**80,326**	**103,121**	**127,548**	**148,640**	**174,796**
Current liabilities	**14,756**	**16,226**	**19,235**	**21,668**	**23,867**	**26,229**
Short-term borrowings	3,667	1,243	5,986	7,986	8,986	9,986
Account payables	1,645	1,764	2,450	2,882	4,082	5,444
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**	**10,582**	**10,582**	**10,582**
Long-term borrowings	687	2,960	1,819	1,819	1,819	1,819
Bond payables	0	0	0	6,944	6,944	6,944
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**	**32,250**	**34,450**	**36,812**
Share capital	2,969	2,888	2,984	2,984	2,984	2,984
Capital surplus	28,401	24,338	33,077	51,548	72,351	96,044
Other reserves	23,753	31,407	43,651	40,151	38,151	38,151
Total shareholders equity	**55,122**	**58,633**	**79,712**	**94,683**	**113,486**	**137,179**
Minority interest	395	453	535	615	704	805
Total equity and liabilities	**73,669**	**80,326**	**103,121**	**127,548**	**148,640**	**174,796**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**11,832**	**11,540**	**23,906**	**32,153**	**35,069**	**39,939**
Depreciation & amortization	2,288	2,769	3,387	2,903	3,520	4,048
Tax paid	(2,132)	(1,972)	(4,573)	(5,688)	(5,260)	(5,991)
Change in working capital	(105)	(926)	(94)	(2,011)	(2,488)	(2,563)
Others	1,504	996	(5,423)	(4,141)	(1,109)	(1,241)
Net cash from operations	**13,387**	**12,407**	**17,203**	**23,217**	**29,732**	**34,193**
Investing						
Capital expenditure	(5,517)	(4,003)	(5,538)	(8,250)	(9,000)	(8,000)
Acquisition of subsidiaries/ investments	(22)	0	0	0	0	0
Net proceeds from disposal of short-term investments	(2,321)	(2,013)	132	(10,000)	0	0
Others	299	498	3,461	0	0	0
Net cash from investing	**(7,561)**	**(5,518)**	**(1,945)**	**(18,250)**	**(9,000)**	**(8,000)**
Financing						
Dividend paid	(2,756)	(3,085)	(4,992)	(7,972)	(8,430)	(9,537)
Net borrowings	178	3,320	3,563	8,944	1,000	1,000
Proceeds from share issues	247	196	7,046	0	0	0
Others	(1,610)	(4,264)	(4,493)	(3,500)	(2,000)	0
Net cash from financing	**(3,941)**	**(3,832)**	**1,124**	**(2,527)**	**(9,430)**	**(8,537)**
Net change in cash						
Cash at the beginning of the year	7,984	10,001	13,445	35,131	37,571	48,873
Exchange difference	132	388	(370)	0	0	0
Cash at the end of the year	**10,001**	**13,445**	**29,456**	**37,571**	**48,873**	**66,530**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	2.5%	(2.7%)	15.8%	35.1%	18.7%	15.7%
Gross profit	13.2%	(2.0%)	33.0%	55.7%	16.8%	12.4%
Operating profit	21.4%	(1.6%)	50.3%	66.2%	20.2%	14.2%
Net profit	9.0%	(1.6%)	102.6%	37.8%	12.6%	13.9%
Adj. net profit	15.5%	(2.5%)	41.3%	68.4%	18.8%	14.4%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	41.2%	41.5%	47.6%	54.9%	54.1%	52.5%
Operating margin	28.0%	28.3%	36.8%	45.2%	45.8%	45.2%
Adj. net profit margin	26.9%	27.0%	32.9%	41.0%	41.0%	40.6%
Return on equity (ROE)	18.9%	16.6%	27.7%	30.3%	28.6%	27.0%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.2)	(0.3)	(0.2)	(0.3)	(0.3)
Current ratio (x)	2.1	2.4	3.2	3.1	3.4	3.9
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 (adjusted)	39.7	40.1	28.1	17.7	14.9	13.0
P/B	7.8	7.2	5.2	4.5	3.9	3.2
P/CFPS	32.2	34.2	24.4	18.5	15.0	13.0
Div yield (%)	0.7	0.7	1.6	1.8	2.0	2.3

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

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