

WuXi AppTec (2359 HK)

9M26: Results Beat; Further Raises 2026 Guidance

Highlights

- WuXi AppTec delivered strong 9M26 results, with total revenue and adjusted net profit expanding 38.6% yoy and 74.4% yoy respectively, beating market estimates and its growth guidance.
- Its backlog for continuing operations increased 36.4% yoy to Rmb76.7b at end-Sep 26. The company has raised its 2026 revenue target further from Rmb58.5b-60.5b to Rmb61.0b-61.9b, with continuing operations revenue growing 40-42% yoy (vs 35-39% previously).
- Maintain BUY and target price of HK\$220.00.

9M26 Results

Year to 31 Dec (Rmbm)	3Q25	3Q26	yoy % chg	9M25	9M26	yoy % chg
Revenue	12,057	16,640	38.0	32,857	45,537	38.6
Chemistry business (WuXi Chemistry)	9,677	14,376	48.6	25,978	39,362	51.5
Testing business (WuXi Testing)	1,078	1,430	32.7	2,963	3,911	32.0
Biology business (WuXi Biology)	696	796	14.4	1,947	2,188	12.4
Discontinued Operations	461	-	(100.0)	1,735	-	(100.0)
Others	146	38	(74.0)	233	77	(66.9)
Gross profit	6,007	8,998	49.8	15,119	24,380	61.3
Selling expenses	(175)	(234)	33.5	(569)	(624)	9.7
G&A	(722)	(1,061)	47.1	(1,970)	(2,637)	33.9
R&D	(311)	(318)	2.3	(826)	(923)	11.8
Operating profit (EBIT)	4,783	10,029	109.7	13,899	22,991	65.4
Finance income (cost), net	146	195	33.8	421	603	43.4
Profit attributed to shareholders	3,515	8,081	129.9	11,802	19,161	62.4
Adjusted Net Profit	4,222	6,809	61.3	10,537	18,380	74.4
Ratios (%)	3Q25	3Q26	yoy ppt chg	9M25	9M26	yoy ppt chg
GP margin	49.8	54.1	4.3	46.0	53.5	7.5
Selling expense	1.5	1.4	(0.0)	1.7	1.4	(0.4)
Admin expense	6.0	6.4	0.4	6.0	5.8	(0.2)
R&D Expense	2.6	1.9	(0.7)	2.5	2.0	(0.5)
EBIT Margin	39.7	60.3	20.6	42.3	50.5	8.2
Net margin	29.1	48.6	19.4	35.9	42.1	6.2
Adj. Net Margin	35.0	40.9	5.9	32.1	40.4	8.3

Source: WuXi AppTec, UOB Kay Hian

Analysis

- Strong 9M26 results beat.** WuXi AppTec reported much stronger-than-expected 9M26 results, with total revenue up 38.6% yoy to Rmb45.5b and revenue from continuing operations up 46.3% yoy, well ahead of its original 2026 growth guidance. Adjusted net earnings (excluding share-based compensation expenses, fair value gains/losses from investments and forex-related gains/losses) soared 74.4% yoy to Rmb18.4b in 9M26.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	39,241	45,456	61,399	71,426	82,574
EBITDA	13,311	25,794	31,055	37,089	43,078
Operating profit	10,838	22,868	27,840	33,158	38,523
Net profit (rep./act.)	9,353	19,195	23,562	28,180	32,950
Net profit (adj.)	10,583	14,957	24,847	28,961	33,731
EPS (Fen)	365.7	513.4	842.5	982.0	1,143.8
PE (x)	43.1	30.7	18.7	16.1	13.8
P/B (x)	7.8	5.7	4.8	3.9	3.2
EV/EBITDA (x)	36.2	18.7	15.5	13.0	11.2
Dividend yield (%)	0.6	1.4	1.5	1.8	2.1
Net margin (%)	27.0	32.9	40.5	40.5	40.8
Net debt/(cash) to equity (%)	(14.8)	(26.6)	(31.3)	(39.8)	(47.4)
Interest cover (x)	49.6	84.2	132.6	158.4	184.0
ROE (%)	16.4	27.7	26.7	26.3	25.3
Consensus net profit	-	-	23,616	27,782	31,909
UOBKH/Consensus (x)	-	-	1.00	1.01	1.03

Source: WuXi AppTec, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$185.60
Target Price	HK\$220.00
Upside	18.5%

Stock Data

Sector	Health Care
Bloomberg ticker	2359 HK
Shares issued (m)	541.5
Market cap (HK\$m)	512,141.4
Market cap (US\$m)	65,290.0
3-mth avg daily t'over (US\$m)	145.3

Price Performance (%)

52-week high/low			HK\$219.20/HK\$96.70	
1mth	3mth	6mth	1yr	YTD
(11.5)	18.2	47.3	61.4	88.0

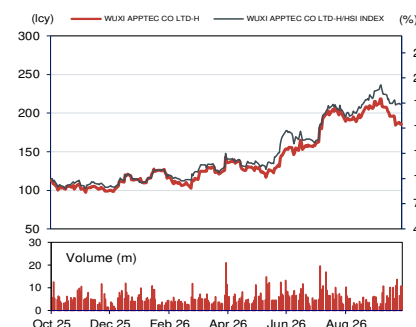
Major Shareholders (%)

Management team	16.35
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Balance Sheet Metrics

FY26 NAV/Share (Rmb)	33.10
FY26 Net Cash/Share (Rmb)	55.73

Price Chart



Source: Bloomberg

Company Description

A global leading CRO/CDMO company.

- **Revenue rose 38.6% yoy in 9M26, implying a 38.0% yoy increase in 3Q26.** Total revenue increased 38.6% yoy to Rmb45.5b, while revenue from continuing operations surged 46.3% yoy as discontinued operations contributed nothing in 9M26. 3Q26 revenue amounted to Rmb16.6b, up 38.0% yoy. WuXi Chemistry contributed Rmb39.4b (or 86.4%) of total 9M26 revenue, up 51.5% yoy, as the small molecule development and manufacturing business soared 65.6% yoy to Rmb23.58b. The oligo and peptide (TIDES) business expanded 46.9% yoy to Rmb11.52b in 9M26, and is guided to grow about 47% yoy in 2026. WuXi Testing and WuXi Biology also rose 32.0% and 12.4% yoy respectively.
- **Gross margin improved significantly by 7.5ppt in 9M26.** Gross profit expanded 61.3% yoy to Rmb24.4b and gross margin widened 7.5ppt yoy to 53.5%. We attribute the improvement mainly to: a) a rising proportion of late-stage clinical and commercial projects, and b) a higher utilisation rate of the capacity added last year. WuXi Chemistry's gross margin rose 5.8ppt yoy to 57.1% and WuXi Testing's increased 11.6ppt yoy to 40.8%.
- **2026 guidance raised further as backlog growth accelerated to 36.4% yoy.** WuXi AppTec has further raised its 2026 total revenue target to Rmb61.0b-61.9b (from Rmb58.5b-60.5b), with continuing operations revenue now expected to grow 40-42% yoy (from 35-39%). It has also lifted 2026 capex to Rmb8.0b-8.5b to bring the new Changzhou site on stream ahead of schedule, and 2026 adjusted free cash flow to Rmb14.5b-15.5b, while guiding for a stable and resilient adjusted non-IFRS net margin. The stronger growth outlook is driven by: a) resilient customer demand, b) the CRDMO model's ability to advance more projects from early- to late-stage R&D and commercial manufacturing, and c) the company's proven execution track record. Backlog for continuing operations reached Rmb76.74b at end-Sep 26, further accelerating to 36.4% yoy. WuXi AppTec added 23 new projects to its commercial and Phase III pipeline in 9M26. Management said 20 production sites are under construction/expansion to meet robust demand, with 80% focused on small molecules and TIDES.
- **Expecting no direct impact from the COINS and Biosecure Acts.** According to management, the preliminary injunction issued by the US District Court for the District of Columbia on 7 Aug 26 prohibits the Department of Defense from enforcing the 1260H designation against WuXi AppTec during litigation and blocking the most direct pathway for designating the company as "a biotechnology company of concern" under the Biosecure Act. Moreover, the US Treasury's recent proposed rules under the Comprehensive Outbound Investment National Security (COINS) Act do not target CRDMO companies, and hence, should not have an immediate impact on the company.

Valuation/Recommendation

- **Maintain BUY and target price of HK\$220.00** (603259 CH/BUY/Target: Rmb187.00), based on 19.0x 2027F PE (or 0.6x PEG). The strong 9M26 results and robust growth outlook will continue supporting upward momentum in the company's share price.

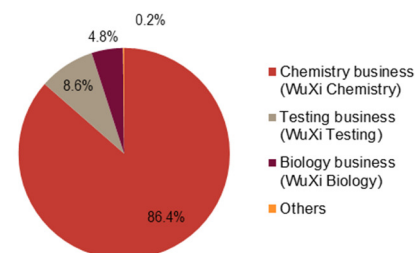
Earnings Revision/Risk

- **Earnings revision:** We raised our 2026 revenue and adjusted net profit growth forecasts from 30.2% and 52.3% yoy to 35.1% and 66.1% yoy respectively, based on the company's new guidance range.
- **Risks:** Worse-than-expected geopolitical risks and intensifying competition.

Share Price Catalyst

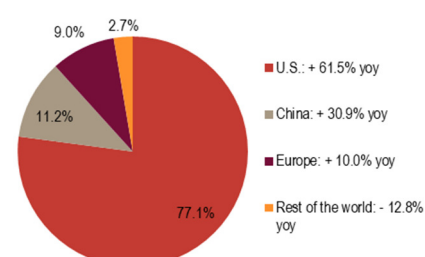
- Stronger-than-expected financial results.
- Increasing market demand for CRDMO services.

Segmental Revenue (9M26)



Source: WuXi AppTec, UOB Kay Hian

Regional Revenue (1H26)



Source: WuXi AppTec, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	45,456	61,399	71,426	82,574
EBITDA	25,794	31,055	37,089	43,078
Deprec. & amort.	2,926	3,215	3,931	4,555
EBIT	22,868	27,840	33,158	38,523
Associate contributions	453	453	453	453
Net interest income/(expense)	631	951	1,365	1,920
Pre-tax profit	23,951	29,244	34,975	40,896
Tax	(4,573)	(5,584)	(6,678)	(7,808)
Minorities	(183)	(98)	(117)	(137)
Net profit	19,195	23,562	28,180	32,950
Net profit (adj.)	14,957	24,847	28,961	33,731

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	16,426	23,454	30,435	35,630
Pre-tax profit	23,951	29,244	34,975	40,896
Tax	(4,573)	(5,584)	(6,678)	(7,808)
Deprec. & amort.	3,361	3,668	4,384	5,008
Working capital changes	(8,420)	(3,655)	(2,027)	(2,247)
Non-cash items	-	-	-	-
Other operating cashflows	2,107	(218)	(218)	(218)
Investing	(1,167)	(7,809)	(6,809)	(6,809)
Capex (growth)	(5,058)	(7,809)	(6,809)	(6,809)
Proceeds from sale of assets	256	-	-	-
Others	3,635	-	-	-
Financing	1,123	(6,663)	(6,898)	(8,268)
Dividend payments	(2,835)	(6,755)	(6,990)	(8,360)
Issue of shares	-	-	-	-
Proceeds from borrowings	3,568	-	-	-
Loan repayment	-	-	-	-
Others/interest paid	390	92	92	92
Net cash inflow (outflow)	16,382	8,983	16,728	20,554
Beginning cash & cash equivalent	13,434	29,456	38,439	55,167
Changes due to forex impact	(360)	-	-	-
Ending cash & cash equivalent	29,456	38,439	55,167	75,721

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	27,863	32,063	34,550	36,416
Other LT assets	13,581	13,648	13,712	13,773
Cash/ST investment	29,456	38,439	55,167	75,721
Other current assets	32,221	38,126	41,676	45,734
Total assets	103,121	122,276	145,105	171,644
ST debt	5,987	5,987	5,987	5,987
Other current liabilities	13,249	15,498	17,021	18,832
LT debt	2,274	2,274	2,274	2,274
Other LT liabilities	1,364	1,364	1,364	1,364
Shareholders' equity	79,712	96,519	117,709	142,298
Minority interest	535	634	751	888
Total liabilities & equity	103,121	122,276	145,105	171,644

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	47.0	52.7	53.2	53.2
Pre-tax margin	52.7	47.6	49.0	49.5
Net margin	42.2	38.4	39.5	39.9
ROA	20.9	20.9	21.1	20.8
ROE	27.7	26.7	26.3	25.3
Growth				
Turnover	15.8	35.1	16.3	15.6
Gross profit	33.5	51.3	17.4	15.6
Pre-tax profit	109.3	22.1	19.6	16.9
Net profit	105.2	22.8	19.6	16.9
Net profit (adj.)	41.3	66.1	16.6	16.5
EPS	40.4	64.1	16.6	16.5
Leverage				
Debt to total capital	9.4	7.9	6.6	5.5
Debt to equity	10.4	8.6	7.0	5.8
Net debt/(cash) to equity	(26.6)	(31.3)	(39.8)	(47.4)
Interest cover	84.2	132.6	158.4	184.0

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