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Company – Results | Greater China

Wednesday, 26 August 2026

WuXi Biologics (Cayman) (2269 HK)

1H26: Exceeds Expectations; Robust Demand Fuels Accelerated Growth

Highlights

- WuXi Bio's 1H26 revenue rose 18.4% yoy to Rmb11.79b, ahead of its 13-17% full-year growth guidance, and adjusted net profit attributable to shareholders jumped 38.4% yoy to Rmb3.31b, beating market estimates.
- On the back of the robust growth in backlog and expanding production capacity, the company has raised its 2026 revenue growth to 15-18% yoy, and expects total revenue to accelerate to 20% CAGR for the next three years.
- Maintain BUY and raise target price to HK$67.80, reflecting its stronger-than-expected growth momentum.

1H26 Results

Year to 30 Jun (Rmbm)	1H25	1H26	YoY%
Revenue	9,953.2	11,787.2	18.4
Gross profit	4,252.9	5,448.3	28.1
Selling expenses	(270.1)	(323.0)	19.6
G&A	(781.1)	(860.2)	10.1
R&D	(343.5)	(430.2)	25.2
Operating profit (EBIT)	3,236.3	3,258.1	0.7
Finance income (cost), net	91.8	161.2	75.5
Net profits attributed to shareholders	2,339.3	2,439.8	4.3
Adjusted Net Profit	2,388.8	3,305.7	38.4
Ratios (%)	1H25	1H26	ppts
GP margin	42.7	46.2	3.5
Selling expense	2.7	2.7	0.0
Admin expense	7.8	7.3	(0.6)
R&D Expense	3.5	3.6	0.2
EBIT Margin	32.5	27.6	(4.9)
Net profit margin	23.5	20.7	(2.8)
Adj. Net Margin	24.0	28.0	4.0

Source: Wuxi Bio, UOB Kay Hian

Analysis

- **1H26 results above expectations.** WuXi Biologics (Cayman)'s (WuXi Bio) 1H26 revenue rose 18.4% yoy to Rmb11.79b and gross profit increased 28.1% yoy to Rmb5.45b. Adjusted net profit attributable to shareholders rose 38.4% yoy to Rmb3.31b, lifting adjusted net margin by 4.0ppt yoy to 28.0%.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	18,675	21,790	25,702	31,058	37,217
EBITDA	6,039	8,489	10,039	13,377	16,508
Operating profit	4,642	7,005	7,899	10,806	13,451
Net profit (rep./act.)	3,356	4,908	5,537	7,531	9,319
Net profit (adj.)	4,784	5,640	7,104	8,531	10,319
EPS (Fen)	113.2	134.7	169.7	203.8	246.5
PE (x)	39.6	33.2	26.4	22.0	18.2
P/B (x)	4.4	3.9	3.5	3.0	2.6
EV/EBITDA (x)	34.5	24.5	20.8	15.6	12.6
Dividend yield (%)	-	-	-	-	-
Net margin (%)	25.6	25.9	27.6	27.5	27.7
Net debt/(cash) to equity (%)	(13.5)	(17.3)	(15.5)	(16.3)	(21.1)
Interest cover (x)	38.3	59.3	70.2	93.5	115.4
ROE (%)	8.2	11.0	11.2	13.4	14.1
Consensus net profit	-	-	6,265	7,463	8,963
UOBKH/Consensus (x)	-	-	1.13	1.14	1.15

Source: Wuxi Bio, Bloomberg, UOB Kay Hian

Analyst(s)

Carol Dou
carol.dou@uobkh.com
+ 852 22366749

Sunny Chen
sunny.chen@uobkh.com
+ 852 2826 4857

BUY (Maintained)

Share Price	HK$52.20
Target Price	HK$67.80
Upside	29.9%
Previous TP	HK$45.00

Stock Data

Sector	Health Care
Bloomberg ticker	2269 HK
Shares issued (m)	4,145
Market cap (HK$m)	216,369
Market cap (US$m)	27,603
3-mth avg daily t'over (US$m)	175.9

Price Performance (%)

52-week high/low				HK$52.45/HK$28.48
1mth	3mth	6mth	1yr	YTD
33.5	51.8	36.4	60.0	66.0

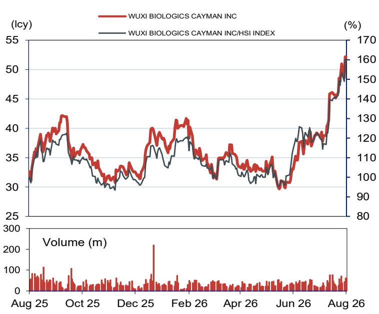
Major Shareholders (%)

WuXi Biologics Holdings	8.47

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	12.66
FY26 Net Cash/Share (Rmb)	1.94

Price Chart

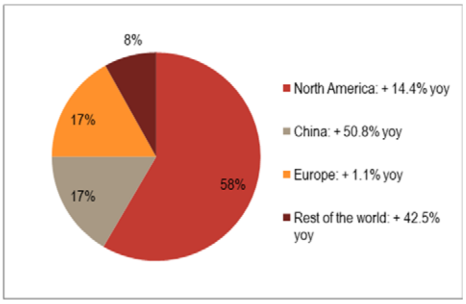


Source: Bloomberg

Company Description

Wuxi Biologics is a leading biologics outsourcing service provider.

Regional Revenue (1H26)



Source: WuXi Bio, UOB Kay Hian

- **Revenue growth accelerated to 18.4% yoy in 1H26, led by North America and China.** North America revenue rose 14.4% yoy to Rmb6.89b and remained the largest contributor at 58.4% of the total. Revenue from China grew 50.8% yoy to Rmb1.96b while the rest of the world grew 42.5% yoy to Rmb0.95b. Europe was broadly flat at Rmb1.99b (+1.1% yoy). By stage, pre-IND revenue jumped 27.2% yoy to Rmb5.28b, or 44.8% of the total, early-phase revenue rose 9.7% yoy to Rmb1.46b, and late-phase and commercial manufacturing revenue increased 10.5% yoy to Rmb4.74b, or 40.2% of the total. By segment, XDC revenue grew 37.8% yoy to Rmb3.68b, well ahead of the biologics segment, which grew 11.3% yoy to Rmb8.11b.
- **Gross margin expanded 3.5ppt yoy to 46.2%.** Continued operating leverage, better capacity utilisation and productivity gains lifted gross margin by 3.5ppt yoy to 46.2% in 1H26. Selling expenses rose 19.6% yoy and administrative expenses rose 10.1% yoy, while R&D expenses rose 25.2% yoy. Adjusted net earnings rose 38.3% yoy to Rmb3.3b.
- **Robust backlog underpins sustainable growth outlook.** WuXi Bio added 169 new integrated projects in 1H26 (comprising 123 organic wins (up 43% yoy) plus 46 acquired from BioDlink), taking the total to 1,064. Among these, late-phase and commercial manufacturing projects rose to 78 and 28 respectively. It also secured 16 external molecules under its “Win-the-Molecule” strategy, including four late-phase and one commercial manufacturing project. Total backlog rose to US$25.1b, comprising US$12.6b of service backlog and US$12.4b of potential milestone fees, and the backlog due within three years rose to US$5.5b.
- **Raises 2026 revenue target to 15-18% yoy, expects 20% revenue CAGR over the next three years.** On the back of robust market demand and a continue shift in its pipeline mix towards complex modalities, the company has raised its 2026 revenue growth target from 13-17% yoy to 15-18% yoy and expects approximately 20% revenue CAGR over the next three years. The improved growth outlook is also supported by strong commercial manufacturing revenue growth of approximately 30% CAGR in 2026-29, alongside further expansion of manufacturing capacity.
- **Global capacity expansion continues.** WuXi Bio currently has five research centres, 10 development centres and 18 manufacturing centres globally. In response to strong market demand, it will continue to expand its global manufacturing footprints. In 1H26, capex amounted to approximately Rmb2.8b, primarily allocated to the expansion of WuXi Biologics and WuXi XDC facilities in Singapore, Biologics facility in the US, as well as WuXi XDC’s expansion in China. The company expects total capex for 2026 and 2027 to reach approximately Rmb7.1b and Rmb8b, respectively.

Valuation/Recommendation

- **Maintain BUY with a higher target price of HK$67.80**, based on the DCF model with WACC of 10.0% and terminal growth rate of 5%. Our target price reflects the company’s stronger-than-expected growth momentum.

Earnings Revision/Risk

- We fine-tune our 2026-28 revenue growth assumptions from 17.0%/15.3%/14.3% yoy to 18.0%/20.8%/19.8% yoy respectively to factor in its robust backlog growth. We also raise our 2026 gross margin forecast slightly to 46.5%.
- **Risks:** a) Worse-than-expected geopolitical risks, b) possible delays in interest rate cuts could lead to a slower-than-expected recovery of the biotech sector, and c) risks in overseas business expansion.

Share Price Catalyst

- a) Strong 1H26 results and robust backlog underpinning the 2026 growth guidance; b) continued acceleration in new project wins and more molecules entering late-phase and commercial manufacturing; and c) further margin expansion as the new facilities ramp up utilisation.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	21,790	25,702	31,058	37,217
EBITDA	8,489	10,039	13,377	16,508
Deprec. & amort.	1,483	2,139	2,571	3,058
EBIT	7,005	7,899	10,806	13,451
Associate contributions	-	-	-	-
Net interest income/(expense)	252	291	334	334
Pre-tax profit	7,257	8,190	11,140	13,785
Tax	(1,524)	(1,638)	(2,228)	(2,757)
Minorities	(825)	(1,016)	(1,381)	(1,709)
Net profit	4,908	5,537	7,531	9,319
Net profit (adj.)	5,640	7,104	8,531	10,319

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	27,739	32,754	38,236	42,233
Other LT assets	7,822	8,612	8,612	8,612
Cash/ST investment	9,214	8,702	10,550	15,759
Other current assets	18,922	19,196	21,468	24,076
Total assets	63,697	69,263	78,866	90,679
ST debt	874	225	225	225
Other current liabilities	7,434	8,240	8,931	9,716
LT debt	169	450	450	450
Other LT liabilities	2,180	2,202	2,202	2,202
Shareholders' equity	47,249	51,695	60,607	71,635
Minority interest	5,791	6,450	6,450	6,450
Total liabilities & equity	63,697	69,263	78,866	90,679

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	10,147	7,833	9,513	11,875
Pre-tax profit	7,257	8,190	11,140	13,785
Tax	(1,524)	(1,638)	(2,228)	(2,757)
Deprec. & amort.	1,429	2,085	2,517	3,004
Working capital changes	(1,322)	88	(1,581)	(1,823)
Non-cash items	-	-	-	-
Other operating cashflows	4,306	(892)	(334)	(334)
Investing	(7,035)	(7,790)	(7,523)	(6,523)
Capex (growth)	(4,160)	(7,486)	(8,000)	(7,000)
Proceeds from sale of assets	-	-	-	-
Others	(2,875)	(304)	477	477
Financing	(2,177)	(555)	(143)	(143)
Dividend payments	-	-	-	-
Issue of shares	-	-	-	-
Proceeds from borrowings	(1,593)	(367)	-	-
Loan repayment	-	-	-	-
Others/interest paid	(584)	(188)	(143)	(143)
Net cash inflow (outflow)	935	(512)	1,848	5,209
Beginning cash & cash equivalent	8,279	9,214	8,702	10,550
Changes due to forex impact	-	-	-	-
Ending cash & cash equivalent	9,214	8,702	10,550	15,759

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	46.0	46.5	47.0	47.5
Pre-tax margin	33.3	31.9	35.9	37.0
Net margin	22.5	21.5	24.2	25.0
ROA	8.1	8.3	10.2	11.0
ROE	11.0	11.2	13.4	14.1
Growth				
Turnover	16.7	18.0	20.8	19.8
Gross profit	30.9	19.2	22.1	21.1
Pre-tax profit	50.1	12.9	36.0	23.7
Net profit	46.3	12.8	36.0	23.7
Net profit (adj.)	17.9	25.9	20.1	21.0
EPS	19.1	25.9	20.1	21.0
Leverage				
Debt to total capital	2.2	1.3	1.1	0.9
Debt to equity	2.2	1.3	1.1	0.9
Net debt/(cash) to equity	(17.3)	(15.5)	(16.3)	(21.1)
Interest cover	59.3	70.2	93.5	115.4