CHINA CRO & CDMO

2Q/1H26 Wrap up: From earnings recovery to growth durability; improving innovation activity supports the next leg of the cycle

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CDMO earnings reinforced our view that the recovery is becoming increasingly broader and durable, with China CRO/CDMOs outperforming by a significant margin in 3M and YTD (+55%/+61% vs. +10%/+8% for our healthcare coverage). Most companies delivered **solid 2Q/1H26 results**, supported by strong order momentum, improving utilization and multiple **guidance upgrades** from key leaders, particularly WuXi AppTec, with FX headwind partially offset/digested by the market. Importantly, the recovery is no longer driven solely by commercial-stage demand as we are seeing **increasingly tangible evidence of improving activity across the front end of the R&D cycle**, supported by domestic BD/licensing-out momentum, active global M&A and gradually stabilizing biotech funding conditions. The **broad-based increase in capex plans** across the sector further reinforces management confidence in backlog conversion and medium-term demand visibility, particularly across peptides, ADCs, oligonucleotides and bi-specific biologics.

Looking into 2027, the debate is shifting from whether recovery is occurring to how durable the next growth cycle can be. While investors are increasingly constructive on near-term earnings delivery, attention is gradually moving toward commercial manufacturing visibility and the pace at which late-stage projects/ PPQ can translate into sustainable commercial revenues, while positioning remains supportive following the strong 3Q earnings, despite specialist investors periodic profit taking amid shareholder-disposal concerns and recurring geopolitical headlines.

We believe incremental fund flows and additional demand catalysts remain the keys to further multiple expansion. Generalist investor engagement continues to rise as improving fundamentals increasingly outweigh FX and geopolitical concerns. Beyond earnings recovery at reasonable valuation, we believe emerging drivers could help support sentiment and extend the sector re-rating cycles, including accelerating AI-for-Science/AIDD adoption (See Anthropic's protein design analysis), renewed pharma innovation sentiment following **Moderna**'s positive Phase 3 melanoma mRNA data (See Salveen's note), and potential valuation support from developments around **Section 1260H** and broader US-China regulatory discussions.

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Key takeaways from 2Q/1H26 earnings: strong delivery, guidance upgrades and improving growth visibility

- **Broad-based earnings beat and margin expansion.** Most CDMOs delivered solid 2Q/1H26 results despite FX headwinds. WuXi AppTec reported revenue growth of +47.7% y/y and adjusted earnings growth of +91.7% y/y, while WuXi Biologics and WuXi XDC also delivered meaningful earnings outperformance supported by improving utilization, operating leverage and a richer mix of late-stage/commercial projects. Growth was driven by strong demand across GLP-1, ADCs, peptides and bi-/multi-specific antibodies.
- **Guidance upgrades reinforce confidence in sector fundamentals.** Guidance revisions were a key highlight this quarter. WuXi AppTec raised FY26 revenue growth guidance to 35-39% from 18-22%, while WuXi Biologics increased FY26 revenue growth guidance to 15-18% from 13-17% and Pharmaron lifted guidance to 15-20% from 12-18%. Genscript delivered the most significant upgrade, raising LSG revenue growth guidance to 25-30% from 15-18%, reflecting accelerating AIDD demand. The breadth of upgrades suggests improving earnings visibility and supports further consensus revisions into 2027.
- **Order momentum remains exceptionally strong, providing increasing visibility into 2027 growth**. Backlog growth remained robust across the sector, with WuXi AppTec backlog up 25% y/y, WuXi Biologics total backlog up 24% y/y and three-year backlog up 30% y/y, WuXi XDC service backlog up 50% y/y and total backlog up 62% y/y, while Asymchem reported backlog growth of 54% y/y and new-order growth of 55% y/y. Pharmaron also delivered 30% y/y total order growth and 50%+ y/y CDMO order growth. Demand continues to be driven by GLP-1, ADC, peptide, oligonucleotide and biologics projects, alongside improving domestic biotech activity and funding.
- **Encouraging signs of recovery in early-stage innovation activity:** Beyond continued strength in commercial-stage GLP-1 and late-stage manufacturing, we are seeing increasingly tangible evidence of recovery across discovery, preclinical and early clinical development. WuXi AppTec reported c.10% growth in small-molecule discovery revenue and a sharp acceleration in new molecule additions, with newly added preclinical and Phase I molecules reaching 167 in 2Q26 (vs. 80 in 1Q26), rebounding significantly from an average of c.90 per quarter in 2025 and approaching the 2022-23 peak level of c.180 per quarter. Demand in early-stage services also remained healthy, with WuXi Testing growing 35% y/y in 2Q26. WuXi Biologics added a record 169 integrated projects in 1H26, of which more than 70% were bi-/multi-specific antibodies and ADCs, while WuXi XDC reported a record 51 newly signed integrated projects, reflecting c
R&D activity across ADC and bioconjugate development. Pharmaro
30% y/y growth in Clinical Development Services new project orde
these indicators suggest that the sector's recovery is becoming incr
broad-based, supported not only by commercial-stage execution b
improving innovation activity, aided by domestic BD/licensing-out



global M&A activity and gradually improving biotech funding conditions.

- **Accelerating capex reflects confidence in long-term demand and backlog conversion.** Several companies increased investment plans during the quarter. WuXi AppTec raised FY26 capex guidance to Rmb7.5-8.5bn, from Rmb6.5-7.5bn previously. Pharmaron increased FY26 capex to approximately Rmb3.6bn, around Rmb1bn above FY25 levels, versus its earlier plan of only modest growth. Asymchem raised FY26 capex guidance to Rmb2.6-2.8bn from an original Rmb2.1bn budget and expects FY27 capex to exceed Rmb3bn. WuXi Biologics maintained FY26 capex at approximately Rmb7.1bn and signaled further acceleration toward ~Rmb8bn in 2027. Investment remains concentrated in peptides, oligonucleotides, ADCs, biologics manufacturing and overseas capacity expansion, underscoring management confidence in future demand visibility.
- **AIDD is emerging as a tangible demand contributor rather than a future concept.** AI-driven drug discovery was one of the most notable themes during the earnings season. Genscript reported approximately US$40mn of AIDD-related revenue in 1H26 and expects more than US$100mn in 2H26, driving a sharp guidance upgrade and additional capacity expansion. Pharmaron indicated that approximately 7-8% of Laboratory Services revenue is currently linked to AI-related customers, with AI-biotech companies accounting for 2 of its top 20 clients and 4 of its top 50 clients. WuXi Biologics highlighted growing AIDD-related opportunities, with protein-related services growing by 30%.

Investor feedback and key things to watch in 2H26

Exhibit 1: Summary of investor feedback, GS view, and key things to watch for CRO/CDMO

Company (Ticker, Rating)	Investor feedback	GS view	Key things to watch (earnings / near-term)
WuXi AppTec (2359.HK/ 603259.SH, B/B)	Following the 2Q26 beat and guidance raise, investor focus has shifted to FY27 growth durability and margin sustainability. Key questions center on the longevity of GLP-1 demand, growth diversification beyond peptides, backlog conversion into 2027, and whether current profitability represents a new margin base or cyclical peak.	We believe 2Q26 materially strengthened FY27 visibility, supported by 25% y/y backlog growth to Rmb66.4bn, accelerating Phase III/commercial project additions, and broad-based strength across Small Molecule, TIDES and Testing. The increasing mix of late-stage and commercial programs should continue to support margins, while improving early-stage activity provides encouraging signs of a broader industry recovery beyond GLP-1.	1) FY27 growth outlook and backlog conversion; 2) GLP-1/TIDES durability and contribution mix 3) Early-stage recovery and new project intake trends 4) 1260H list progress
Pharmaron (3759.HK/ 300759.SZ, B/N)	Investors have become increasingly constructive following the strong CDMO order momentum and guidance raise. The debate is shifting toward whether Pharmaron can successfully execute its follow-the-molecule strategy, translating early-stage CRO relationships into commercial manufacturing opportunities, while some investors are looking for greater disclosure on AIDD-related demand and customer traction.	We view Pharmaron as well positioned for a broader CRO/CDMO recovery given its relatively high exposure to early-stage discovery and development activities. Continued strengthening in discovery, safety assessment and CDMO orders supports improving earnings visibility, while commercial-project wins and growing MNC penetration further validate the CRDMO model. The oral GLP-1 commercial manufacturing milestone and increasing AI-related customer engagement provide additional optionality beyond the core recovery thesis.	1) Disclosure on commercial model and order volumes; 2) Timing of orforglipron China approval, 3) Margin sustainability post-prelims; 4) Broader GLP-1 related capacity utilization. 5) AIDD demand, customer exposure and monetization
WuXi XDC (2268.HK, B)	Investors have become more constructive on ADC demand and early-stage order strength, with backlog and project additions continuing to surprise positively. The debate remain on the visibility of commercial projects, with investors seeking greater visibility on commercial project conversion, BLA progression, and the potential margin impact from the Singapore facility ramp-up.	We remain constructive given continued strength in early-stage demand, record order intake and improving commercial visibility. Strong backlog growth and increasing Phase III/PPQ activity support medium-term growth, while we believe current valuation already reflects much of investors' concerns regarding Singapore-related margin dilution and commercial execution risk	1) Orders / backlog conversion (late-stage ADCs); 2) Singapore ramp-up (utilization, initial orders) and margins during capacity absorption; 3) Client concentration & pipeline progression.
WuXi Biologics (2269.HK, N)	Stronger-than-expected order momentum, particularly in D and early-stage programs, has improved investor confidence in the growth outlook. The debate has increasingly shifted toward M conversion, with investors seeking greater visibility on commercial manufacturing ramp-up, PPQ progression and the pace at which backlog converts into revenue. While the FY26 guidance raise was encouraging, it came slightly below some investors' expectations given the strength of order intake and earnings delivery	We remain constructive given robust backlog growth, strong D demand and improving 2027 visibility. The key catalyst from here is successful conversion of the increasingly stronger late-stage pipeline into manufacturing revenue. We view commercial project additions, PPQ execution, biosimilar opportunities and M growth acceleration as the key ingredients needed to support a broader re-rating.	1) New order momentum, 2) Capacity utilization; 3) Manufacturing (M) conversion visibility
Asymchem (6821.HK/ 002821.SZ, B/N)	The 2Q revenue miss has largely been digested, with investors increasingly focused on whether the exceptionally strong order momentum can translate into sustained growth through 2027. The key debate is shifting from quarterly earnings volatility toward commercial conversion, utilization ramp and the returns from the company's aggressive expansion in peptides, oligonucleotides and ADC-related capacities.	We remain constructive given 54%+ order growth and 54% backlog growth, which provide improving visibility into FY27. Management's decision to materially increase capex in both FY26 and FY27 reinforces confidence in long-term demand across peptides, oligonucleotides and biological macromolecules. We view the expanding pipeline, including peptide, oligo and toxin-linker programs, as supportive of medium-term growth despite near-term margin noise associated with capacity build-out	1) FY27 backlog conversion and revenue visibility. 2) Peptide / GLP-1 demand and commercial project progression; 3) ADC and oligonucleotide pipeline development 4) Utilization ramp of newly added capacities
Tigermed (3347.HK/ 300347.SZ, B/B)	The stronger order acceleration in 2Q has largely validated the recovery thesis, shifting investor focus toward the pace of revenue and earnings conversion. Key debates now center on whether improving order momentum can translate into sustainable profit recovery, the impact of AI on industry pricing, and remaining uncertainty surrounding the CSRC investigation.	We continue to see encouraging signs of recovery, supported by accelerating domestic orders, improving MNC activity, and early pricing stabilization. While earnings conversion may remain gradual given legacy contracts and AI investment spending, improving utilization and AI-driven efficiency gains should support a progressive recovery in margins and profitability.	1) Sustainability of MNC China-only POC trial momentum; 2) RFP conversion and backlog build; 3) Results of the CSRC investigation; 4) Pricing recovery trajectory
Genscript (1548.HK, B)	Strong LSG growth driven by the ramp-up of AIDD demand, along with the 2X growth guidance in 2027 (consistent with global peers), boosted the investor confidence with upgrades in both LSG earnings and PE multiple. Increasingly, investors are discussing on the sustainability of the demand and the global TAM of AIDD in gene-to-protein synthesis.	We remain constructive on the near-term AIDD demand, given that relatively lack of high-quality wet lab data (particularly the bias towards positive data) remains the key bottleneck of AIDD. We view GenScript as well-positioned in the DNA-to-protein business, with key competitive moat in the data quality and high throughput, which are particularly important during the "test-and-learn" cycle to train better AIDD models.	1) Sustainability of AIDD demand. 2) evolving landscape with eyes on potential pricing / margin changes

Source: Goldman Sachs Global Investment Research

Strong order momentum and guidance upgrades reinforce earnings visibility; FX and geopolitical concerns increasingly absorbed by the market

Exhibit 2: New order momentum continued in 2Q, with signs of early-stage recovery
CDMO new order and backlog growth summary

Note: 1) * for continuing operations; 2) new order based on backlog within 3 years for WuXi Biologics; 3) cal. denotes new order based on calculation, rest per company
CCY = constant currency, ex-FX impact

New order growth, y/y	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26
WuXi AppTec	-1% (cal.)	30%*	25%*	12%*	18%*	n.a.	n.a.	ccy 25%*	1H26 40%* (ccy 45%)
WuXi Biologics	15% (cal.)	13%-15%*	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a
WuXi XDC	n.a.	75% (cal.)	n.a.	1H25 48%	n.a.	2H25 29% (cal.)	41%	n.a.	1H26 47% (cal.)
Asymchem	n.a.	20%	Maintain the momentum	n.a.	9M25 double digit	n.a.	n.a.	n.a.	n.a.
Tigermed	-19%	7%	20%	Aug YTD mid teens	9M25 mid teens	n.a.	21%	High double digit	1H26 30%+ y/y
Pharmaron	n.a.	>20%	10%	1H25 10%	9M25 13%	n.a.	14%	30%	1H26 30%
Lab service	n.a.	15%	10%	1H25 10%	9M25 12%	n.a.	12%	20%	1H26 20%
CMC	n.a.	35%	10%	1H25 20%	9M25 20%	n.a.	13%	50%	1H26 50%

Note:1) * for continuing operations; 2) calculated based on disclosed backlog for WuXi AppTec, WuXi Bio (backlog within 3 years), and WuXi XDC;
3) per company for Asymchem; 4) WuXi XDC 1H26 growth on service backlog

Backlog growth, y/y	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26
WuXi AppTec	7%	47%*	47%*	1H25 37%*	9M25 41%*	n.a.	29%* (ccy 34%*)	24% (ccy 29%)*	1H26 25%* (ccy 30%)
WuXi Biologics	6%	11%*	n.a.	1H25 29%*	n.a.	n.a.	24%*	n.a.	1H26 24%*
WuXi XDC	82%	71%	n.a.	1H25 58%	n.a.	n.a.	50%	n.a.	1H26 50%*
Asymchem	n.a.	>20%	n.a.	n.a.	n.a.	n.a.	32%	n.a.	n.a.
Chemical macromolecule	n.a.	n.a.	n.a.	1H25 90%	n.a.	n.a.	128%	n.a.	1H26 163%
Biological macromolecule	n.a.	n.a.	n.a.	1H25 60%	n.a.	n.a.	56%	n.a.	1H26 89%
Drug products	n.a.	n.a.	n.a.	1H25 35%	n.a.	n.a.	49%	n.a.	1H26 31%

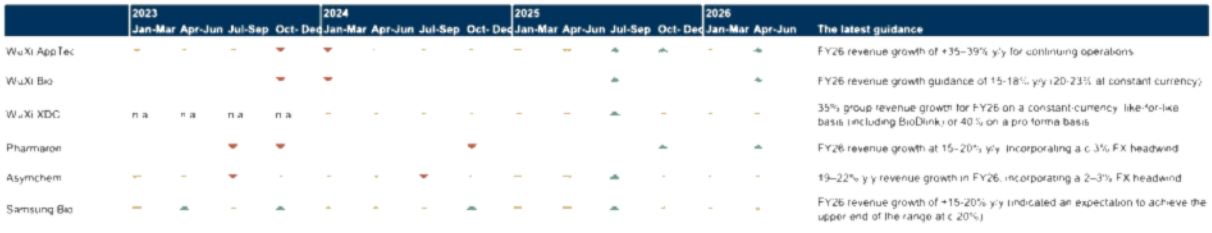
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: Continuing strong order momentum supporting sustained growth for Asian CDMOs in 2Q26

	Update in 1H26/2Q26 earnings call				
	Last report	FY26 Guidance	New order (NO), Backlog and demand recovery	New modality (GLP-1/ADC etc.)	Capex (FY26) & capital allocation
China					
WuXi AppTec	2Q26 revenue / adj. NP beat	Raised 35–39% for continuing operations (from 18-22%) TIDES +45% y/y (from 40% post 1Q26 / 30% at the start of 2026) adj. FCF at Rmb13.5-14.5bn (from Rmb10.5-11.5bn)	Backlog for continuing operations reached Rmb66.4bn as of 1H26, +25.2% y/y, (vs. Rmb59.8bn in 1Q26 and Rmb58.0bn at YE25)	Small molecule D&M +66.9% and TIDES +74.9% on continued progression of late-stage and commercial programs, strong backlog conversion and capacity ramp-up, particularly for GLP-1 related demand	Raised FY26 Capex guidance to Rmb7.5-8.5bn (from Rmb6.5-7.5bn) to support accelerated global capacity expansion and the earlier-than-expected launch of the new Changzhou site
Asymchem	2Q26 revenue / adj. NP miss	Maintained FY26 revenue growth guidance of 19-22%	Total backlog of US$1.67bn as of Aug 26, +53.8% y/y; newly signed orders +54.6% y/y. Growth was primarily driven by chemical and biological macromolecules	Backlog: chemical/biological macromolecules +163.5%/+88.7% y/y; Currently 60 peptide drug projects with 25 obesity-related programs, 74 oligonucleotide projects; 58 toxin-linker projects	Raised Capex guidance to Rmb2.6-2.8bn (from Rmb2.1bn); with FY27 Capex exceed Rmb3bn
WuXi XDC	2Q26 revenue / adj. NP beat	Maintained: 35% group revenue growth for FY26 for standalone and 40% as on consolidated, both on a constant-currency, and 30–35% revenue CAGR target for 2025–30	Service backlog c.US$2.0bn, +50.4% y/y; total backlog (incl. potential milestone) c.US$2.2bn, +62.2% y/y.	75%+ are memerging novel targets/payload-linkers and modalities c.30% ADCs with novel targets/payload-linkers, c.22% XDC, c.16% bsAb; c.8% dual-payload	Maintained: FY26 capex Rmb3.1bn incl. Rmb1.68bn BioDlink, ~Rmb500mn Singapore and ~Rmb900mn domestic, cumulative capex target ~Rmb8bn (from prior Rmb7bn) by 2030
Pharmaron	2Q26 revenue in line / adj. NP slightly higher	Raised FY26 revenue growth guidance to 15-20% (from 12-18%), incorporating a c.3% FX headwind, and expects margins to continue improving sequentially through 2H26	Total new project orders (PO) +30% y/y, CDMO +50% y/y, Lab Services +20% y/y, Clinical Development Services +30% y/y	Signed an agreement with an MNC for an oral GLP-1 DP; also noted capacity expansion in solid-phase and future liquid-phase peptide manufacturing for cyclic peptide, as well as bioconjugates to support ADC commercialization	Raised its FY26 capex budget to c.Rmb3.6bn, +1bn from FY25 level (vs. prior guidance of slightly above FY25 levels at the start of the year)
WuXi Bio	2Q26 revenue / adj. NP beat	Raised revenue growth guidance to +15-18% y/y or 16-20% ccy, 5% FX impact (from 13-17% y/y or 16-20% ccy, 3% FX impact)	Total backlog US$25.1bn, +24% y/y, (US$12.6bn service backlog, US$12.4bn potential milestone fees) 3-year backlog increased c.30% y/y to US$5.5bn	70%+ of newly signed projects were bi-/multi-specific antibodies and ADCs	Maintained FY26 capex plan of approximately Rmb7.1bn; indicated acceleration in FY27 to c.Rmb8bn
Tigermed	2Q26 revenue in line, adj. NP slightly higher than GSe	Double-digit revenue growth in FY26, new order growth not lower than FY25	Net new orders (new signings less cancellations) grew more than30% y/y		Maintained full-year AI investment plan of approximately Rmb200mn (<Rmb50mn in 1H26)
Genscript	2Q26 revenue / adj. NP beat	Raised FY26 LSG guidance to +25-30% revenue growth (from +15-18%); adj. GPM/OPM 55%+/25%+ (from 52%/19%). ProBio +25-30% fee-for-service revenue growth (from +20-25%); Bestzyme +8-10% revenue growth (from +10-15%) with adj. GPM 43%+	AIDD as key driver for LSG beat, and AIDD orders carry c.20pp higher GPM than conventional protein expression orders	AIDD orders are typically more complex candidates with more diverse targets and modalities. Strong ProBio recovery form biologics and emerging in-vivo CAR-T	Guided accelerated capex (c.US$130mn for FY26, vs. US$48mn in 1H26)

Source: Company data, Data compiled by Goldman Sachs Global Investment Research

Exhibit 4: Guidance upgrade from major CDMO names to provide further support for share-price outperformance



Source: Company data, Data compiled by Goldman Sachs Global Investment Research

Exhibit 5: FX headwinds from RMB strength remain headwind...

USD/CNY down ~5.6% in 3Q26 YTD average vs 3Q25 average



Source: Bloomberg

Exhibit 6: ...while largely expected by the market

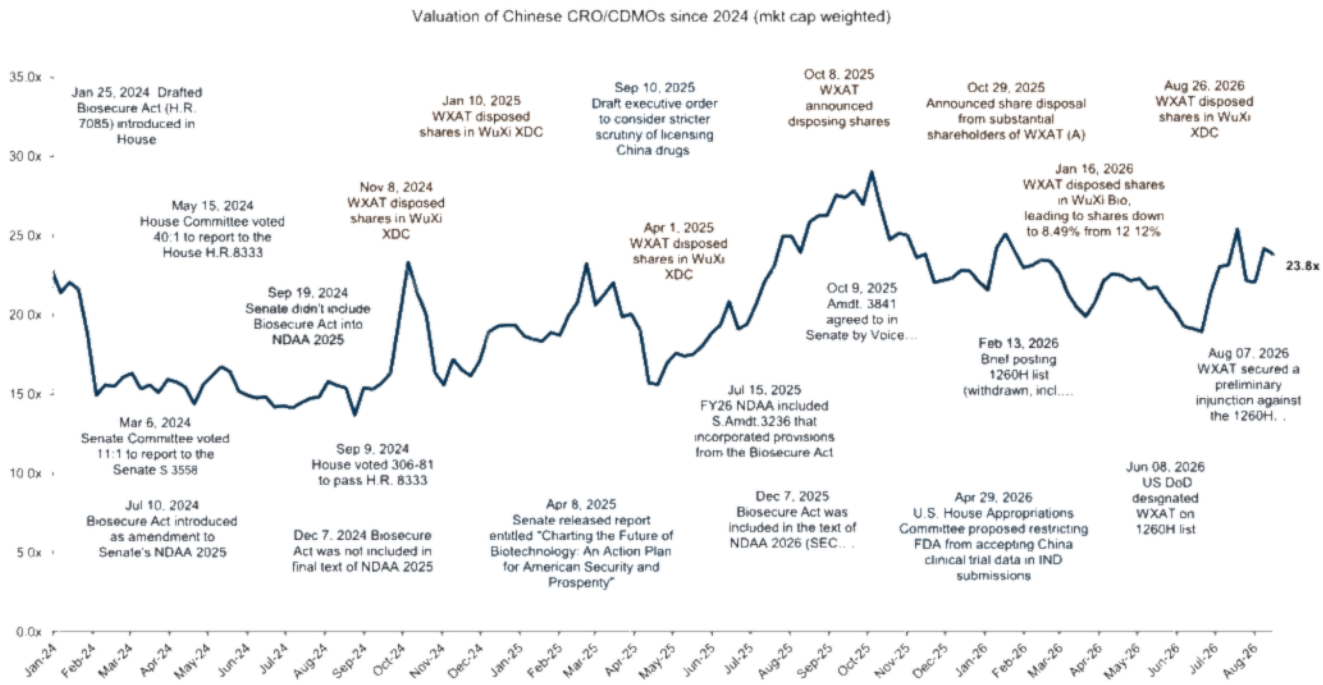
Company	FX impact
WuXi Apptec	c.4% FX headwind on FY26 revenue growth; c.300bps impact on GPM in 1H26
WuXi Bio	Revenue impact at c.5% (from c.3%) for FY26; c.300bps impact on adj. GPM in 1H26
WuXi XDC	c.4.5% impact on 1H revenue growth
Asymchem	150bps impact in 1H on GM (vs. 120bps in 1Q)
Pharmaron	3% FX impact on revenue growth in FY26 guidance

Source: Company data, Goldman Sachs Global Investment Research

Geopolical/ Biosecure act: preliminary injunction provides near term ease, while 1260H list remove pending final decision

- **1260H litigation — preliminary injunction secured; OMB list release the next catalyst:** Following its June 11, 2026 lawsuit against the DoD, WuXi AppTec filed a motion for preliminary injunction with the U.S. District Court for D.C. on June 29, 2026; the Court held a hearing on July 22 and, **on August 7, 2026 (U.S. time)**, **granted the preliminary injunction**, barring the DoD from enforcing, implementing, or giving effect to its Section 1260H "Chinese military company" designation during the litigation. As per the company, operations remain fully functional, and it expects the facts to prevail under objective judicial review. We see the **upcoming OMB list release as the next near-term catalyst and a potential source of share-price volatility, though** the **impact on fundamentals has been limited so far**, consistent with the grandfather clauses and the lack of viable alternatives with comparable capacity and technical expertise outside China.

Exhibit 7: Chinese CRO/CDMOs have been relatively less sensitive to geopolitical uncertainty than last year



Source: Company data, Reuters, Congress.gov

Recent US innovation and funding developments offer encouraging read-across for China CRO/CDMOs

We view several recent developments in the US biotech ecosystem as incrementally positive read-across for China CRO/CDMOs, not only because they support commercial manufacturing demand in areas such as GLP-1, but more importantly because they signal a broadening recovery across the innovation value chain. In our view, stronger innovation activity, improving biotech financing conditions and increasing strategic M&A could translate into higher demand across both early-stage discovery/development services and later-stage manufacturing over time.

A healthier US biotech backdrop supports new project creation. According to the latest biotech outlook, Salveen attributes the recent XBI outperformance to: (i) a resurgence in M&A activity (US$143bn YTD deal value vs. US$200bn in FY25); (ii) continued innovation momentum, despite some program-specific disappointments, coupled with reduced regulatory and development risk for selected companies; and (iii) supportive macro and rotation dynamics, alongside improving capital market activity. In our view, these factors are supportive of biotech funding, business development activity and project formation going forward.

Eli Lilly's continued GLP-1 momentum reinforces both near-term and long-term outsourcing demand. Eli Lilly's continued GLP-1 momentum reinforces both near-term and long-term outsourcing demand. Lilly delivered a larger-than-expected earnings beat and guidance raise, driven by broad-based strength across its incretin portfolio. Management highlighted continued volume tailwinds from expanding obesity coverage in the US, encouraging early indicators for oral GLP-1 uptake, limited impact from ex-US

generic semaglutide to date, and improving momentum in non-incretin pipeline assets. For CDMOs, sustained demand growth across both injectable and oral GLP-1 products continues to support investment across the manufacturing supply chain, spanning peptide APIs, oral small molecules and related development activities. In addition, management noted increasing business development activity, with both deal pace and average deal size trending higher, which could provide incremental support for broader innovation activity beyond the GLP-1 category.

Moderna's mRNA Vaccines positive Phase 3 data read out unlocks the oncology vertical: mRNA disclosed highly anticipated data from the Phase 3 INTerpath-001 study evaluating MRK-partnered individualized neoantigen therapy intismeran in combination with Keytruda in Stage II-IV adjuvant melanoma (n= 1,137) and we spoke with management. At a pre-specified interim analysis, the combination demonstrated statistically significant and clinically meaningful improvements in recurrence free survival (primary endpoint) and distant metastasis-free survival (key secondary) versus Keytruda and per protocol, **the study will continue to evaluate other secondary endpoints, including overall survival**. In her view, the positive topline Phase 3 INTerpath-001 result is encouraging, and is the initial unlock for MRNA's cancer vertical with upcoming catalyst to watch Phase 2 data in renal cell carcinoma (RCC) in 2026/early-27 followed by muscle invasive bladder cancer and Phase 3 non-small cell lung cancer (NSCLC) data in 2027, where success in RCC would suggest likely efficacy in indications where Keytruda is effective).

Relevant research report as follows:

Moderna Inc. (MRNA): Intismeran Phase 3 success in melanoma unlocks the oncology vertical (Salveen Richter, Aug 16, 2026)

Americas Healthcare: Biotechnology: 2Q earnings preview: Macro and idiosyncratic narratives drive performance (Salveen Richter, CFA, Jul 20, 2026)

Eli Lilly & Co. (LLY): Commercial Momentum, Uninterrupted

What we forecast and where we change

Exhibit 8: Our estimates for sales and net income

		Sales (Rmb mn)		Sales growth		Net income (Rmb mn)		Net income growth		Adj. net income (Rmb mn)		Adj. net income growth		Valuation (PE)		Performance	
Ticker	Company name	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	27	28	1M	6M
CRO/CDMO																	
2268.HK	WuXi XDC	8,161	10,861	37%	33%	1,805	2,828	22%	57%	2,292	2,972	33%	30%	26X	20X	40%	23%
603259.SS	WuXi AppTec Co. (A)	60,835	72,891	34%	20%	26,360	27,368	37%	4%	24,091	28,705	61%	19%	16X	14X	23%	72%
2359.HK	WuXi AppTec Co. (H)	60,835	72,891	34%	20%	26,360	27,368	37%	4%	24,091	28,705	61%	19%	16X	14X	18%	70%
6821.HK	Asymchem (H)	7,982	9,768	20%	22%	1,098	1,810	-3%	65%	1,477	1,915	18%	30%	23X	19X	23%	80%
002821.SZ	Asymchem (A)	7,982	9,768	20%	22%	1,098	1,810	-3%	65%	1,477	1,915	18%	30%	33X	28X	15%	87%
300759.SZ	Pharmaron (A)	16,775	19,559	19%	17%	1,893	2,481	14%	31%	2,181	2,598	20%	19%	29X	25X	20%	64%
3759.HK	Pharmaron (H)	16,775	19,559	19%	17%	1,893	2,481	14%	31%	2,181	2,598	20%	19%	17X	14X	30%	67%
2269.HK	WuXi Biologics	25,518	30,521	17%	20%	5,327	6,883	9%	29%	6,705	7,694	19%	15%	23X	20X	31%	36%
3347.HK	Tigermed (H)	7,967	9,243	17%	16%	448	1,126	-50%	151%	584	841	64%	44%	35X	26X	8%	-9%
300347.SZ	Tigermed (A)	7,967	9,243	17%	16%	448	1,126	-50%	151%	584	841	64%	44%	52X	38X	3%	-9%
1521.HK	Frontage Holdings	298	329	16%	10%	12	15	77%	26%	26	27	66%	4%	12X	10X	7%	18%
1548.HK	Genscript	900	1,176	-6%	31%	-114	113	79%	199%	-114	113	79%	199%	89X	40X	123%	228%

Source: Goldman Sachs Global Investment Research

Exhibit 9: We raise our TPs by +10% on average
Close price as of Sep 03, 2026

		Rating	Target Price					Div Yld	TR +/-	Vol-atility	RAR	M&A Rank	Abs Perf	
Ticker	Company name	New	New	Old	% chg	TP +/-	Close Price	FY1	12M				1M	6M
2268.HK	WuXi XDC	B	97.90	90.70	8%	34%	73.10	0.0%	34%	57%	0.6	3	40%	23%
6821.HK	Asymchem	B	168.20	164.90	2%	26%	133.80	1.1%	27%	64%	0.4	3	23%	81%
3759.HK	Pharmaron	B	37.20	33.20	12%	26%	29.60	0.9%	27%	55%	0.5	3	30%	68%
603259.SS	WuXi Apptec	B	186.80	172.40	8%	19%	156.63	1.8%	21%	44%	0.5	3	22%	67%
2359.HK	WuXi Apptec	B	220.10	192.70	14%	15%	192.20	1.7%	16%	47%	0.3	3	18%	71%
300759.SZ	Pharmaron	N	47.80	41.90	14%	11%	43.00	0.5%	12%	49%	0.2	3	19%	59%
002821.SZ	Asymchem	N	185.20	181.50	2%	10%	168.22	0.8%	11%	54%	0.2	3	14%	82%
2269.HK	WuXi Biologics	N	55.80	49.00	14%	10%	50.70	0.0%	10%	47%	0.2	3	31%	37%
1548.HK	Genscript	B	38.54	34.24	13%	6%	36.30	0.0%	6%	62%	0.1	3	123%	229%
1521.HK	Frontage	S	1.07	0.94	14%	(18%)	1.30	0.0%	(18%)	54%	-0.3	3	7%	18%

No changes in estimates and TP for Tigermed

Source: Goldman Sachs Global Investment Research

Exhibit 10: Estimate changes

		Sales chg (%)			EPS chg (%)			
Ticker	Company name	FY26	FY27	FY28	FY26	FY27	FY28	What we have changed
1521.HK	Frontage Holdings	7%	8%	9%	37%	31%	28%	Revised up earnings to reflect the consolidation and reversal of impairment
1548.HK	Genscript	0%	0%	1%	5%	34%	22%	Revised up the margin assumption for LSG, slower the growth in OpEx, increased operating leverage
2359.HK	WuXi Apptec	1%	4%	5%	24%	15%	17%	Revised up earnings to reflect stronger-than-expected margins, supported by a solid backlog and commercial project delivery
3759.HK	Pharmaron	0%	2%	3%	1%	2%	4%	Reflect the positive profit alert, driven by stronger-than-expected CDMO growth and improving order visibility under the CRDMO model
2269.HK	WuXi Biologics	1%	3%	4%	1%	3%	4%	Revised up earnings to reflect stronger order flows, particularly from Development projects
2268.HK	WuXi XDC	0%	1%	1%	(1%)	3%	3%	Fine-tuned estimates on slightly higher revenue
6821.HK	Asymchem	1%	2%	4%	(12%)	(4%)	(6%)	Revised up revenue to reflect the strong backlog on hand, while lowering margins due to the mix shift, adjusted the A_H premium from 20% to 25% to mark to the market

No changes in estimates and TP for Tigermed

Source: Goldman Sachs Global Investment Research

Chinese players still trade at a discount versus regional peers post outperformance

Exhibit 11: WuXis still trading at a discount versus peers, despite having a similar growth profile over next 2-3 years...
Data as of Sep 04, 2026

PE

	2020	2021	2022	2023	2024	2025	2026 YTD
WuXi Apptec (A)	57.1x	87.3x	53.6x	24.4x	17.2x	14.1x	17.9x
WuXi Bio	73.5x	157.8x	62.9x	35.4x	19.8x	14.7x	21.1x
WuXi XDC					56.5x	28.6x	32.3x
Samsung Bio			118.3x	74.9x	57.9x	53.2x	41.0x
Lonza	24.9x	36.3x	46.6x	26.6x	29.0x	33.5x	27.3x

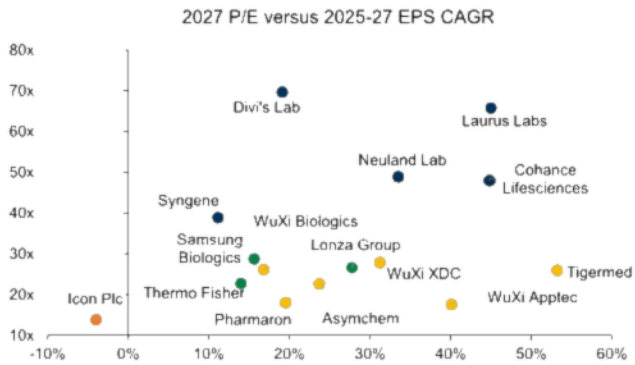
PEG

WuXi Apptec (A)	1.79	2.84	1.72	1.60	0.92	1.17	0.93
WuXi Bio	1.86	3.41	1.47	1.01	0.87	0.90	0.82
WuXi XDC	na	na	na	na	0.54	0.71	1.09
Samsung Bio	na	na	na	2.92	2.85	2.46	2.19
Lonza	2.67	2.66	2.45	1.68	na	1.78	11.68

	PEG Avg			WuXi Discount versus Samsung&Lonza			
	2020-2026	2024-2026	2020-2023	2020-2026	2024-2026	2020-2023	2026 YTD
WuXi Apptec (A)	1.49	1.00	1.99	-51%	-73%	-25%	-87%
WuXi Bio	1.45	0.96	1.94	-52%	-74%	-27%	-88%
WuXi XDC	0.80	0.80	na		-79%	na	-84%
Samsung Bio	2.60	2.52	2.92				
Lonza	3.49	4.99	2.36				

Source: Bloomberg

Exhibit 12: ...while Chinese players still trade at a discount versus regional peers
H-share for the Chinese names; data as of Sep 04, 2026

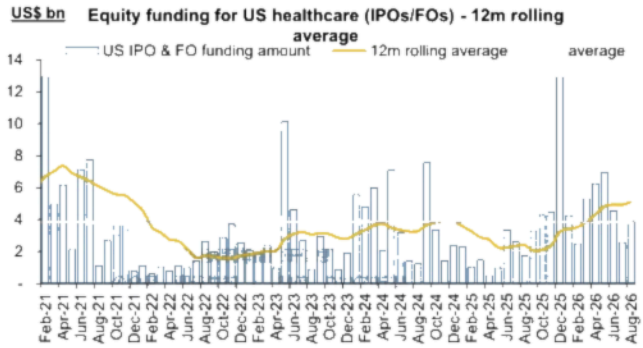


Bloomberg estimates for Not Covered names/sharelines. Different colours denote different regions

Source: Bloomberg, Goldman Sachs Global Investment Research

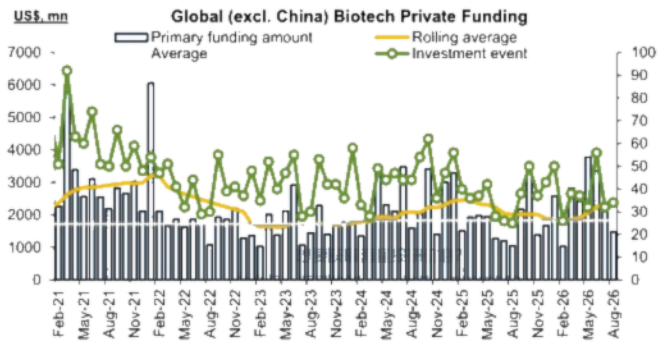
Funding chart

Exhibit 13: Global HC funding recovery intact; 12m rolling average continues to climb
Equity funding for US healthcare (IPOs/FOs) by month



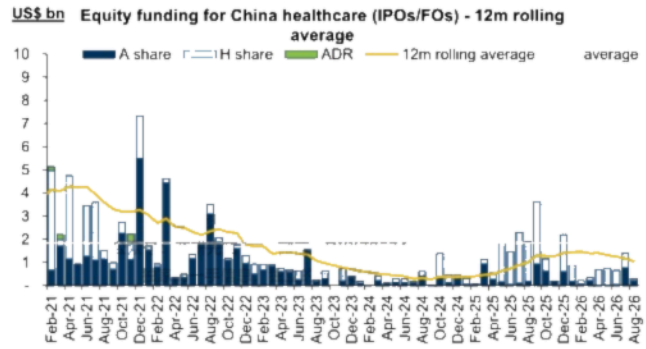
Source: Wind

Exhibit 14: ...same for global private biotech funding
Global private biotech funding by month



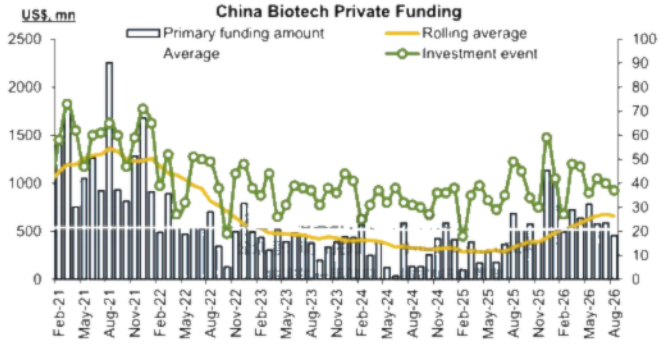
Source: Pharmcube

Exhibit 15: China public HC funding remained light in Aug...
Equity funding for China healthcare (IPOs/FOs) by month



Source: Wind

Exhibit 16: ...versus sustained amount for China private biotech funding
China private biotech funding by month



Source: Pharmcube

Valuation and risks

Ticker	Company name	Valuation and risks
CRO/ CDMO		
2359.HK	WuXi Apptec	Our 12-month target price of HK$220.1 (H) (from HK$192.7) is based on a 12m fwd P/E at 20x (unchanged). The A-share TP of Rmb186.8 (A) (from Rmb172.4) is derived based on the H-share TP with HKD/CNY 0.92 and A/H premium of -7.5% (from -2.5%). We are Buy-rated. Downside risks: 1) GLP-1 concentration risks. 2) Pricing pressure arising from domestic and global peers. 3) Geopolitical uncertainty. 4) Uncertainty in the success-based business discovery model; 5) Slower-than-expected ramp-up of new business.
6821.HK	Asymchem	We are Buy/Neutral on Asymchem H/A. Our 12m TPs (H/A) of HK$168.2 (from HK$164.9) for H share and Rmb185.2 (from Rmb181.5) for A share are based on an 12m fwd P/E of 25x (from 24x, mark-to-market). Our target price for the A-share is derived based on an A-H premium of 20%. Key downside risks include: 1) Sensitivity to loss of key clients; 2) Pricing pressure from domestic and global competition; 3) Regulation risk and biotech financing downturn; 4) Growing labor costs and talent retention challenges; 5) Geopolitical uncertainty. Upside risk (for A-share): 1) Faster-than-expected ramp-up in emerging services (peptides, ADC, oligonucleotides); 2) Increasing GLP-1-linked small molecule orders.
2269.HK	WuXi Biologics	Our 12-m TP of HK$55.8 (from HK$49.0) is based on a 12m forward P/E of 25x (unchanged). We are Neutral rated. Key upside risks: If the final US legislation affects federal-funded projects only or WuXi names are excluded from the proposed bill. Downside risks: 1) Legislative outcome at the higher end of our scenarios with US revenue excluded or ex-China revenue excluded. 2) cooling of global or China biotech funding. 3) a higher-than-expected number of commercial projects being transferred out; 4) increasing competition from global competitors, and 5) geopolitical uncertainties.
3759.HK	Pharmaron	We are Buy/Neutral on Pharmaron H/A. Our 12-m TPs of HK$37.2 (H) / Rmb47.8 (A) (from HK$33.2(H) / Rmb41.9 (A)) are based on 12m fwd P/E of 21x (from 20x, mark-to-market). Our target price for the H-share is derived based on an A-H premium of 40.0% (from 37.5%). Key upside risks (for A-share): 1) Accelerated revenue conversion from increasing customer engagement/RFP with a better-than-expected biotech funding recovery. 2) better than-expected facilities ramp-up or lower loss of overseas facilities, and 3) better-than-expected order signing or improving profitability for CGT business. Downside risks (both H- and A-shares): 1) Escalation in US-China trade tensions. 2) growing labor cost and challenges in retaining key talent, and 3) a slowdown in global pharma R&D spending or venture capital/IPO market financing.
2268.HK	WuXi XDC	Our 12m TP of HK$97.9 (from HK$90.7) is based on a 12-month forward P/E of 35x (unchanged). We are Buy-rated. Key downside risk: 1) Slower demand from weak biotech funding; 2) Increasing competition from global peers; 3) Geopolitical uncertainty; 4) Loss of key clients / late-stage projects; 5) Delayed manufacturing expansion; 6) Clinical development risk of the ADC market.
3347.HK	Tigermed	Our 12m TP of Rmb65.9 for the A-share is based on SOTP, with Rmb49.3 for core operations derived from a 10-year DCF and Rmb16.6 for investment assets by book value. Our 12m TP of HK$52.1 for the H-share is based on a 38% discount to the A share. We are Buy-rated. Downside risks: 1) geopolitical risk, e.g. stricter US regulatory reviews or higher fees for clinical trials, 2) continuing order impairment; 3) continuing weakness in front-end demand and investment, 4) slower-than-expected global expansion, and 5) lagging market consolidation.
1521.HK	Frontage Holdings	Our 12m TP of HK$1.07 (from HK$0.94) is based on 2028E exit P/E of 20x (unchanged) with earnings CAGR at 28%, discounted back to 2027E at a COE of 11.0%. We are Sell-rated. Upside risks: 1) Faster-than-expected domestic demand recovery; 2) better-than-expected performance of overseas operations, 3) improved pricing mix or margin expansion.
1548.HK	Genscript	Our 12-month target price of HK$38.54 (from HK$34.24) is based on a SOTP comprising: 1) life-science group valued on a 2029E exit PE of 28x (unchanged) and discount rate of 10.5%, in line with our other covered CRO names, 2) Legend Biotech based on a risk-adjusted DCF analysis (9% discount rate, 1% terminal growth rate), 3) other two segments (ProBio, Bestzyme) which are based on DCF valuation (discount rate of 10.5% for both and terminal growth rate of 3%/2% for ProBio/Bestzyme), and 3) holding company discount of 20% on top of the SOTP valuation. We are Buy-rated. Key risks include: 1) regulation risk and biotech funding downturn; 2) growing labor costs and challenges in retaining key talent. 3) risk from high revenue exposure to ex-China businesses; 4) lower-than-expected ramp up of AIDD demand.

Source: Goldman Sachs Global Investment Research