September 16, 2026 09:39 PM GMT

WuXi Biologics Cayman Inc | Asia Pacific

Global Healthcare Conference Small Groups Feedback

MORGAN STANLEY ASIA LIMITED+

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WuXi Biologics Cayman Inc (2269.HK, 2269 HK)

China Healthcare | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	HK$57.00
Up/downside to price target (%)	14
Shr price, close (Sep 16, 2026)	HK$49.94
52-Week Range	HK$54.45-28.48
Sh out, dil, curr (mn)	4,227
Mkt cap, curr (mn)	HK$211,105
EV, curr (mn)	HK$199,594
Avg daily trading value (mn)	HK$1,242

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	1.18	1.30	1.71	2.07
Revenue, net (Rmb mn)	21,790	25,384	30,842	37,188
EBITDA (Rmb mn)	8,076	9,459	11,639	14,323
ModelWare net inc (Rmb mn)	4,908	5,448	7,163	8,639
P/E	24.0	32.8	24.9	20.7
P/BV	2.5	3.3	2.9	2.4
RNOA (%)	16.3	15.6	17.6	18.4
ROE (%)	11.7	11.5	13.3	13.8
EV/EBITDA	13.7	18.0	14.6	11.5
Div yld (%)	0.0	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

Key Takeaways

- Discussions reinforced our understanding that 2027 will be a breakout year for commercial contracts.
- In terms of manufacturing revenue drivers, management would rank: follow-the-molecule > drug products > biosimilars > win-the-molecule.
- Three-year guidance for a 20% revenue CAGR is unchanged, though relative weights among different components (research, development, manufacturing) have shifted.
- AIDD, loosely defined, is expected to broaden the project funnel and lead to more IND filings.
- Depending on the timing of inventory building by customers ahead of drug launches (by end-2026 or early 2027), we think earnings could surprise on the upside.

Branded biologics: WuXi Biologics is the commercial partner for Merck's TROP2 ADC sac-TMT (global primary supplier for the mAb portion), Jazz Pharma's HER2 bispecific Ziihera, Viridian's IGF-1R antibody veligrotug, and Vera Therapeutics' TRUTAKNA. As a leading indicator, 34 and 30 PPQs have been scheduled by regulators for 2026 and 2027, respectively.

Biosimilars: Key drivers include a wave of branded biologics going off patent in the next five years (note), a streamlined regulatory pathway, and WuXi's launch of the WuXia TrueSite platform. The technology uses cell lines that could push mAb titers to an average of 8g/L and up to 12g/L, at 30-50% lower COGS and 30-40% lower manufacturing scale. As of mid-year, WuXi had 17 biosimilar projects in the portfolio.

Three-year guidance: Based on YTD trends, drivers of the 20% CAGR would be 20-30% for research (30% previously), low-to-mid teens for development (10% previously), and 30% for manufacturing (unchanged). AI as an enabler of research (as opposed to *de novo* drug invention) could broaden the project funnel from ~200 to ~300 new IND filings per year.

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Valuation Methodology and Risks

WuXi Biologics Cayman Inc (2269.HK)

Base-case scenario value, discounted cash flow methodology. We assume a WACC of 8.4%, a terminal growth rate of 4% and an HKD:RMB exchange rate of 0.9.

Risks to Upside

- Faster pharmaceutical market growth.
- More outsourcing of R&D globally.
- Stronger-than-expected biotech funding turnaround and more CMO projects though WTM strategy.

Risks to Downside

- A further slowdown in biologics programs from pharma and biotech companies.
- Lower intensity of outsourcing R&D services.
- IP protection or reputation risks.
- Geopolitical risks.

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(as of August 31, 2026)

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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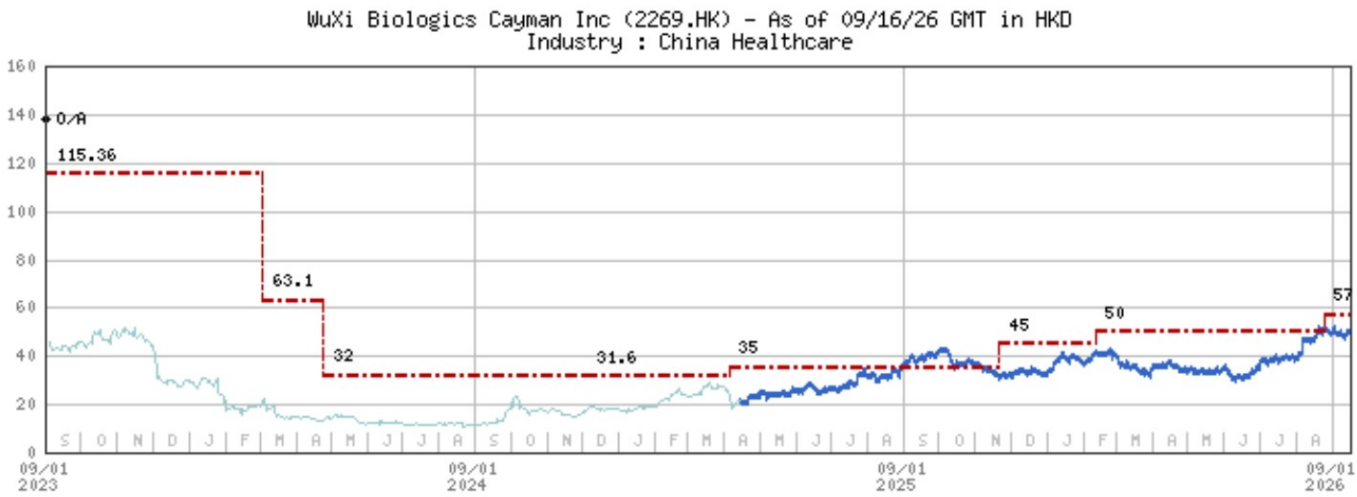
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Stock Rating History: 9/1/21 : O/A

Price Target History: 8/25/21 : 170; 11/4/21 : 175; 3/17/22 : 80; 3/25/22 : 86; 7/12/22 : 108.9; 7/21/22 : 119.8; 9/23/22 : 119.25; 2/16/23 : 119; 5/8/23 : 121; 7/14/23 : 115.36; 3/4/24 : 63.1; 4/24/24 : 32; 12/4/24 : 31.6; 4/5/25 : 35; 11/21/25 : 45; 2/11/26 : 50; 8/25/26 : 57

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -·- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ▬
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INDUSTRY COVERAGE: China Healthcare

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/16/2026)
Alexis Yan, CFA		
3SBio (1530.HK)	O (08/01/2025)	HK$15.68
Adicon Holdings Ltd (9860.HK)	O (08/03/2023)	HK$3.95
Aier Eye Hospital Group (300015.SZ)	U (07/08/2024)	Rmb8.00
Alibaba Health Information Technology (0241.HK)	U (05/28/2025)	HK$2.92
Angelalign Technology Inc (6699.HK)	E (03/17/2023)	HK$87.40
APT Medical Inc (688617.SS)	O (10/21/2025)	Rmb242.85
Beauty Farm Medical and Health Industry (2373.HK)	O (01/21/2026)	HK$18.09
Beijing Tiantan Biological Products Corp (600161.SS)	O (05/27/2024)	Rmb12.03
China Medical System (0867.HK)	E (05/16/2025)	HK$11.05
China Resources Boya Bio-pharmaceutical (300294.SZ)	E (05/27/2024)	Rmb14.00
CSPC Pharmaceutical Group (1093.HK)	O (08/15/2012)	HK$8.81
Dian Diagnostics Group Co Ltd (300244.SZ)	U (07/20/2026)	Rmb18.51
Fosun Pharmaceutical (2196.HK)	O (09/08/2025)	HK$17.14
Fosun Pharmaceutical (600196.SS)	O (09/08/2025)	Rmb21.76
Guangzhou Kingmed Diagnostics (603882.SS)	U (07/08/2024)	Rmb27.16
Gushengtang Holdings Ltd (2273.HK)	O (07/08/2024)	HK$27.08
Hansoh Pharmaceutical Group Co Ltd (3692.HK)	O (07/16/2019)	HK$34.00
Huadong Medicine Co Ltd (000963.SZ)	U (05/06/2024)	Rmb26.26
Hygeia Healthcare Holdings Co., Ltd. (6078.HK)	O (07/30/2020)	HK$9.68
Imeik Technology Development Co Ltd (300896.SZ)	U (01/21/2026)	Rmb88.84
JD Health International Inc. (6618.HK)	E (05/28/2025)	HK$34.30
Jiangsu Hengrui (600276.SS)	O (07/01/2025)	Rmb43.52
Jiangsu Hengrui (1276.HK)	O (07/01/2025)	HK$45.60
Jinxin Fertility Group Ltd (1951.HK)	U (07/14/2025)	HK$2.13
MicroPort Scientific Corp. (0853.HK)	E (09/25/2023)	HK$6.08
Mindray Bio-Medical (300760.SZ)	O (07/15/2020)	Rmb158.03

Nanjing Leads Biolabs Co Ltd (9887.HK)	O (09/16/2026)	HK$54.10
Peijia Medical Ltd (9996.HK)	O (06/18/2020)	HK$4.82
Ping An Healthcare and Technology (1833.HK)	E (05/28/2025)	HK$5.96
Shandong Weigao (1066.HK)	E (07/10/2020)	HK$3.13
Shanghai United Imaging Healthcare Co (688271.SS)	E (02/21/2025)	Rmb101.51
Shenzhen Edge Medical (2675.HK)	O (02/16/2026)	HK$34.32
Shenzhen New Industries (300832.SZ)	O (05/28/2024)	Rmb48.97
Sichuan Kelun Pharmaceutical Co Ltd (002422.SZ)	O (09/03/2026)	Rmb40.52
Simcere Pharmaceutical Group (2096.HK)	E (05/16/2025)	HK$11.17
Sino Biopharmaceutical (1177.HK)	O (04/09/2019)	HK$5.49
Zylox-Tonbridge Medical Technology Co. (2190.HK)	O (08/05/2021)	HK$20.68
Jack Lin		
Abbisko Cayman Ltd (2256.HK)	O (11/17/2021)	HK$8.24
Akeso, Inc. (9926.HK)	O (05/28/2020)	HK$90.40
Duality Biotherapeutics Inc (9606.HK)	O (05/22/2025)	HK$178.20
Everest Medicines Ltd (1952.HK)	E (03/15/2024)	HK$25.98
HUTCHMED (China) Ltd (0013.HK)	E (05/29/2026)	HK$21.32
HUTCHMED (China) Ltd (HCM.O)	E (05/29/2026)	US$13.79
InnoCare Pharma Ltd (9969.HK)	O (05/29/2026)	HK$14.98
Innovent Biologics Inc (1801.HK)	O (03/03/2026)	HK$94.10
Insilico Medicine (3696.HK)	O (02/03/2026)	HK$50.30
Keymed Biosciences Inc. (2162.HK)	O (08/10/2021)	HK$73.25
RemeGen Co., Ltd. (9995.HK)	E (05/08/2024)	HK$73.85
VISEN Pharmaceuticals (2561.HK)	O (04/29/2025)	HK$19.28
Zai Lab Ltd (ZLAB.O)	O (12/14/2023)	US$24.80
Zai Lab Ltd (9688.HK)	O (12/14/2023)	HK$19.37
Laurence Tam		
Acrobiosystems Co Ltd (301080.SZ)	O (09/11/2025)	Rmb91.91
Apeloa Pharmaceutical Co Ltd (000739.SZ)	O (02/28/2025)	Rmb22.59
Asymchem Laboratories. Inc (002821.SZ)	E (08/01/2025)	Rmb182.48
Asymchem Laboratories. Inc (6821.HK)	E (06/06/2023)	HK$164.50
Beijing Tongrentang (600085.SS)	U (11/03/2014)	Rmb23.16
Beijing Tongrentang Chinese Medicine (3613.HK)	O (01/14/2015)	HK$5.84
China National Accord Medicines Corp Ltd (000028.SZ)	U (07/25/2022)	Rmb19.77
China Resources Pharmaceutical Group Ltd (3320.HK)	O (06/16/2022)	HK$4.27
China Resources Sanjiu Medical & Pharma (000999.SZ)	O (08/30/2019)	Rmb23.84
China Traditional Chinese Medicine (0570.HK)	U (01/17/2025)	HK$1.27
DaShenLin Pharmaceutical (603233.SS)	O (07/25/2022)	Rmb18.22
Dong E E Jiao Co. (000423.SZ)	O (05/16/2024)	Rmb46.00
Fu Shou Yuan International Group Ltd (1448.HK)	E (03/19/2025)	HK$2.64
Genscript Biotech Corporation (1548.HK)	O (08/14/2024)	HK$32.56
Hangzhou Tigermed Consulting (300347.SZ)	O (08/01/2025)	Rmb56.80
Jiangzhong Pharmaceutical Co. Ltd. (600750.SS)	O (02/08/2024)	Rmb22.16
Joinn Laboratories China Co Ltd (603127.SS)	E (06/06/2023)	Rmb43.83
Joinn Laboratories China Co Ltd (6127.HK)	E (02/26/2024)	HK$22.16
Jointown Pharmaceutical Group (600998.SS)	U (07/26/2021)	Rmb5.01
LBX Pharmacy Chain (603883.SS)	O (03/14/2022)	Rmb12.69
Medtide (3880.HK)	E (08/06/2025)	HK$19.18
Nanjing King-friend Biochemical (603707.SS)	O (02/28/2025)	Rmb7.37
Pharmaron (3759.HK)	O (09/25/2024)	HK$29.10
Pharmaron (300759.SZ)	E (09/25/2024)	Rmb43.15
Shandong Xinhua Pharmaceutical Co Ltd (000756.SZ)	U (02/28/2025)	Rmb12.73
Shanghai Pharmaceutical (601607.SS)	E (08/17/2021)	Rmb16.16
Shanghai Pharmaceutical (2607.HK)	O (08/17/2021)	HK$10.86
Shenzhen Hepalink Pharmaceutical (002399.SZ)	U (06/16/2023)	Rmb9.42

Sinopharm Group (1099.HK)	O (02/10/2023)	HK$15.03
Tasly Pharmaceutical Group Co. Ltd (600535.SS)	E (07/19/2024)	Rmb13.91
The United Laboratories (3933.HK)	E (06/13/2017)	HK$7.68
Tofflon Science & Technology Group (300171.SZ)	E (09/11/2025)	Rmb13.79
WuXi AppTec Co Ltd (603259.SS)	O (01/17/2019)	Rmb157.71
WuXi AppTec Co Ltd (2359.HK)	O (01/17/2019)	HK$195.10
WuXi Biologics Cayman Inc (2269.HK)	O (07/17/2017)	HK$49.94
WuXi XDC Cayman Inc. (2268.HK)	O (12/22/2023)	HK$74.85
Yantai Dongcheng Biochemicals Co Ltd (002675.SZ)	E (02/28/2025)	Rmb12.57
Yifeng Pharmacy Chain Co Ltd (603939.SS)	O (07/25/2022)	Rmb22.61
Yixintang Pharmaceutical (002727.SZ)	E (07/25/2022)	Rmb10.79
Yunnan Baiyao Group (000538.SZ)	O (10/11/2021)	Rmb50.84
Zhangzhou Pientzehuang Pharmaceutical (600436.SS)	U (01/21/2022)	Rmb116.60
Zhejiang Hisun Pharmaceutical Co. Ltd. (600267.SS)	U (06/01/2023)	Rmb11.36
Zhejiang Huahai Pharmaceutical Co. Ltd. (600521.SS)	O (06/01/2023)	Rmb16.21
Zhejiang Jiuzhou Pharmaceutical Co Ltd (603456.SS)	E (02/28/2025)	Rmb15.13
Zhejiang Medicine Co. Ltd. (600216.SS)	E (02/28/2025)	Rmb12.41

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