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WuXi AppTec Co Ltd | Asia Pacific

An 800-ton Capacity Expansion at WuXi STA (2027-2029)

MORGAN STANLEY ASIA LIMITED+

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WuXi AppTec Co Ltd (603259.SS, 603259 CG)
Top Pick

China Healthcare | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	Rmb200.00
Up/downside to price target (%)	27
Shr price, close (Oct 13, 2026)	Rmb157.35
52-Week Range	Rmb173.60-87.09
Sh out, dil, curr (mn)	2,565
Mkt cap, curr (mn)	Rmb461,775
EV, curr (mn)	Rmb416,388
Avg daily trading value (mn)	Rmb5,186

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	6.63	8.06	7.74	8.95
Prior EPS (Rmb)**	-	-	-	-
Revenue, net (Rmb mn)	45,456	59,803	68,956	78,926
EBITDA (Rmb mn)	26,568	32,047	31,618	36,308
ModelWare net inc (Rmb mn)	19,195	23,476	22,544	26,071
P/E	13.8	19.5	20.3	17.6
P/BV	3.3	5.0	4.2	3.6
RNOA (%)	51.4	61.2	53.5	57.6
ROE (%)	32.7	29.5	24.4	23.9
EV/EBITDA	8.3	12.7	12.4	10.2
Div yld (%)	1.9	1.3	1.3	1.5
FCF yld ratio (%)**	5.3	4.4	4.3	6.0
Leverage (EOP) (%)	(44.6)	(53.7)	(58.4)	(65.9)

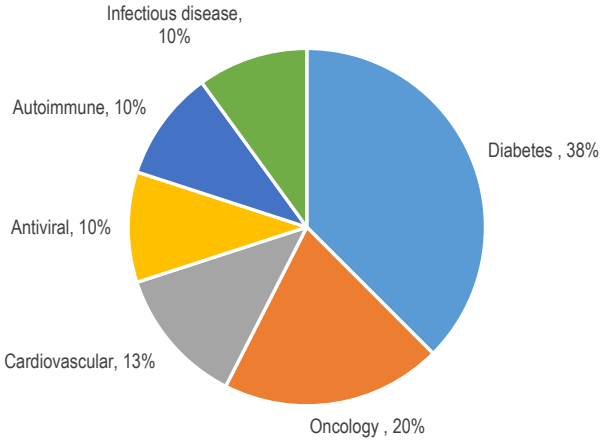
Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

Key Takeaways

- API Intelligence reported an Rmb10.1bn investment in expanding Changzhou STA, a WuXi AppTec subsidiary, spanning multiple years.
- The additional site is 630 Chinese mu (equivalent to ~420,000 sqm). Its annual capacity is 800 tons of APIs spanning six therapeutic areas.
- The expanded site is focused on technology services and process/sample development for stability and toxicology testing, specifically for branded drug APIs.

In the context of WuXi AppTec's capex plans and other leading indicators, this latest expansion is a very good data point. Below is the allocation of its annual tonnage by therapeutic area. Of these, peptide projects were listed in oncology, diabetes, infectious disease, and cardiovascular. The Rmb10.1bn will be deployed starting December 2026 for three years. For 2026, WuXi has set the target of expanding small molecule reactor capacity by 25% (4,000 to 5,000 cubic meters) and solid-phase peptide synthetic capacity by 30% (100,000L to 130,000L). Thus, this latest STA expansion would be incremental to these targets, and serves as a strong leading indicator for 2027 performance. The capex guidance for 2026 is Rmb7.5-8.5bn, including a portion allocated to the new Changzhou site.

Exhibit 1: An 800-ton capacity expansion at Changzhou STA - allocation by therapeutic area



Note: Mass in tonnage = total volume (cubic meters) x filling coefficient (working volume percentage) x density of reaction mixture (ton/cubic meter). Source: API Intelligence; Morgan Stanley Research.

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Valuation Methodology and Risks

WuXi AppTec Co Ltd (2359.HK)

Our H-share price target is derived from our A-share price target. We assume an HKD:RMB exchange rate of 1.10. For the A-shares, we use a discounted cash flow methodology, assuming a WACC of 10% and a terminal growth rate of 4%.

Risks to Upside

- Continual rise in outsourcing propensity from MNCs for blockbuster drugs;
- New drug targets and leads emerging at a much faster pace with the help of AI, leading to demand for wet lab services;
- Margins expansion from higher utilization rates.

Risks to Downside

- Missed expectations for end-market sales of significant commercial contracts, e.g., loss of exclusivity.
- Volatility in VC/PE funding;
- Sino-US relations.

WuXi AppTec Co Ltd (603259.SS)

Base case, discounted cash flow methodology. Key assumptions: a WACC of 10% and terminal growth rate of 4%.

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(as of September 30, 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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.

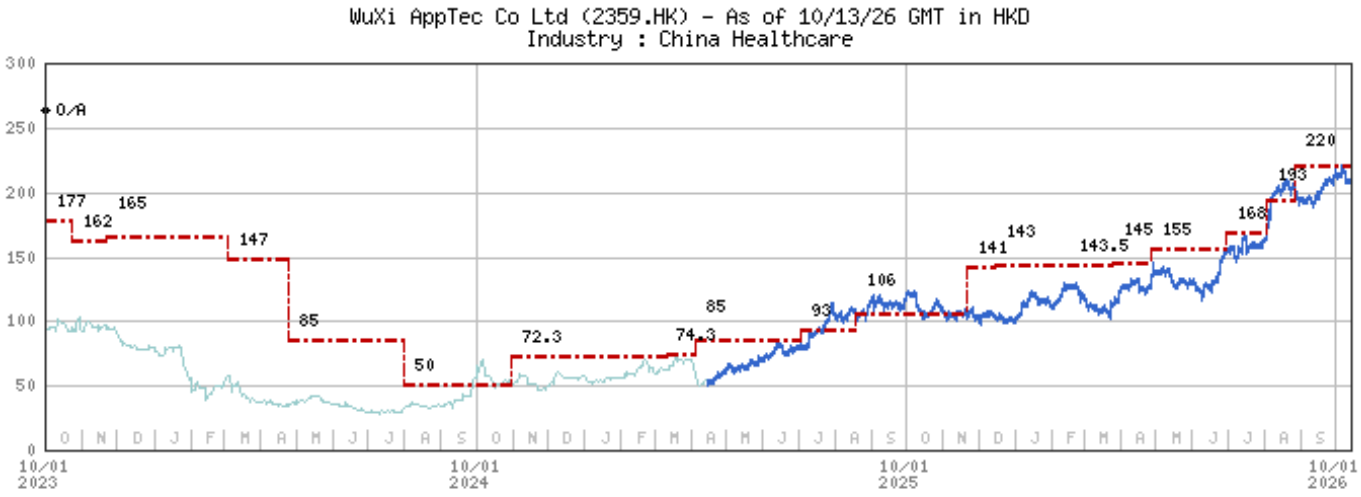
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Stock Price, Price Target and Rating History (See Rating Definitions)



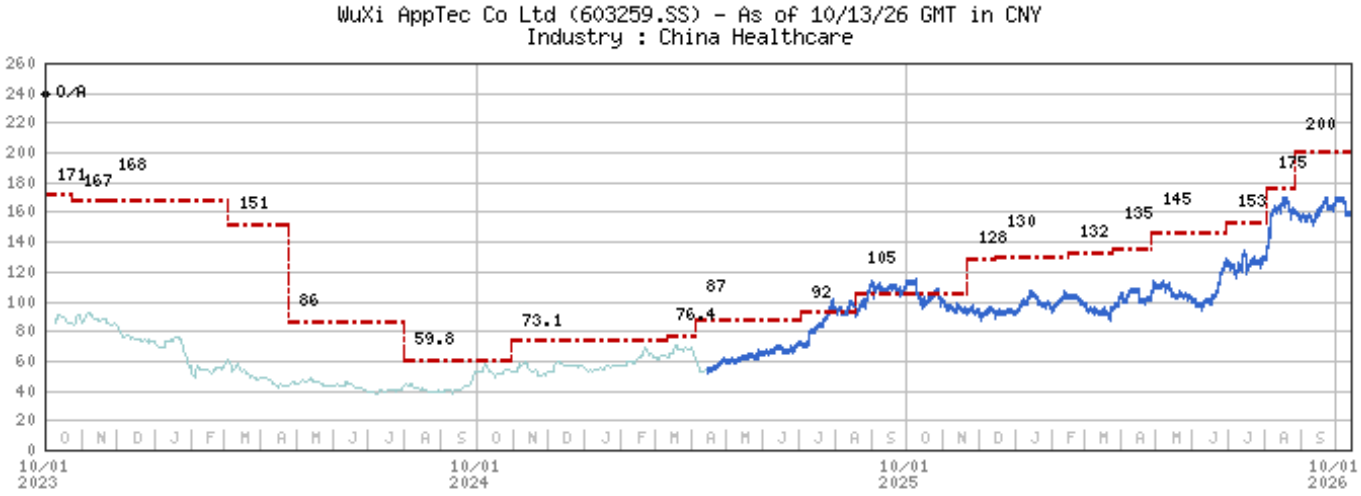
Stock Rating History: 10/1/21 : O/A

Price Target History: 8/13/21 : 207; 11/3/21 : 211; 4/14/22 : 191; 5/11/22 : 178; 8/4/22 : 155; 8/8/22 : 177; 10/24/23 : 162; 11/22/23 : 165; 3/4/24 : 147; 4/24/24 : 85; 7/31/24 : 50; 10/30/24 : 72.3; 3/11/25 : 74.3; 4/5/25 : 85; 7/3/25 : 93; 8/19/25 : 106; 11/21/25 : 141; 12/15/25 : 143; 2/16/26 : 143.5; 3/25/26 : 145; 4/27/26 : 155; 6/29/26 : 168; 8/3/26 : 193; 8/27/26 : 220

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 View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Stock Rating History: 10/1/21 : O/A

Price Target History: 8/13/21 : 188; 11/3/21 : 192; 4/14/22 : 174; 5/11/22 : 152; 8/4/22 : 142; 8/8/22 : 153; 1/30/23 : 171; 10/24/23 : 167; 11/22/23 : 168; 3/4/24 : 151; 4/24/24 : 86; 7/31/24 : 59.8; 10/30/24 : 73.1; 3/11/25 : 76.4; 4/5/25 : 87; 7/3/25 : 92; 8/19/25 : 105; 11/21/25 : 128; 12/15/25 : 130; 2/16/26 : 132; 3/25/26 : 135; 4/27/26 : 145; 6/29/26 : 153; 8/3/26 : 175; 8/27/26 : 200

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
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INDUSTRY COVERAGE: China Healthcare

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/13/2026)
Alexis Yan, CFA		
3SBio (1530.HK)	O (08/01/2025)	HK$14.76
Adicon Holdings Ltd (9860.HK)	O (08/03/2023)	HK$4.47
Aier Eye Hospital Group (300015.SZ)	U (07/08/2024)	Rmb7.84
Alibaba Health Information Technology (0241.HK)	U (05/28/2025)	HK$2.85
Angelalign Technology Inc (6699.HK)	E (03/17/2023)	HK$82.05
APT Medical Inc (688617.SS)	O (10/21/2025)	Rmb251.92
Beauty Farm Medical and Health Industry (2373.HK)	O (01/21/2026)	HK$17.20
Beijing Tiantan Biological Products Corp (600161.SS)	O (05/27/2024)	Rmb12.32
China Medical System (0867.HK)	E (05/16/2025)	HK$10.32
China Resources Boya Bio-pharmaceutical (300294.SZ)	E (05/27/2024)	Rmb14.42
CSPC Pharmaceutical Group (1093.HK)	O (08/15/2012)	HK$9.07
Dian Diagnostics Group Co Ltd (300244.SZ)	U (07/20/2026)	Rmb20.56
Fosun Pharmaceutical (2196.HK)	O (09/08/2025)	HK$17.51
Fosun Pharmaceutical (600196.SS)	O (09/08/2025)	Rmb23.51
Guangzhou Kingmed Diagnostics (603882.SS)	U (07/08/2024)	Rmb29.03
Gushengtang Holdings Ltd (2273.HK)	O (07/08/2024)	HK$27.20
Hansoh Pharmaceutical Group Co Ltd (3692.HK)	O (07/16/2019)	HK$31.54
Huadong Medicine Co Ltd (000963.SZ)	U (05/06/2024)	Rmb26.58
Hygeia Healthcare Holdings Co., Ltd. (6078.HK)	O (07/30/2020)	HK$9.54
Imeik Technology Development Co Ltd (300896.SZ)	U (01/21/2026)	Rmb92.96
JD Health International Inc. (6618.HK)	E (05/28/2025)	HK$36.22
Jiangsu Hengrui (600276.SS)	O (07/01/2025)	Rmb45.51
Jiangsu Hengrui (1276.HK)	O (07/01/2025)	HK$46.66
Jinxin Fertility Group Ltd (1951.HK)	U (07/14/2025)	HK$2.28
MicroPort Scientific Corp. (0853.HK)	E (09/25/2023)	HK$6.08
Mindray Bio-Medical (300760.SZ)	O (07/15/2020)	Rmb164.94
Nanjing Leads Biolabs Co Ltd (9887.HK)	O (09/16/2026)	HK$44.50
Peijia Medical Ltd (9996.HK)	O (06/18/2020)	HK$4.40
Ping An Healthcare and Technology (1833.HK)	E (05/28/2025)	HK$5.74
Shandong Weigao (1066.HK)	E (07/10/2020)	HK$3.39
Shanghai United Imaging Healthcare Co (688271.SS)	E (02/21/2025)	Rmb106.24
Shenzhen Edge Medical (2675.HK)	O (02/16/2026)	HK$33.02
Shenzhen New Industries (300832.SZ)	O (05/28/2024)	Rmb52.05
Sichuan Kelun Pharmaceutical Co Ltd (002422.SZ)	O (09/03/2026)	Rmb37.83
Simcere Pharmaceutical Group (2096.HK)	++	HK$10.72
Sino Biopharmaceutical (1177.HK)	O (04/09/2019)	HK$5.35
Zylox-Tonbridge Medical Technology Co. (2190.HK)	O (08/05/2021)	HK$21.06
Jack Lin		
Abbisko Cayman Ltd (2256.HK)	O (11/17/2021)	HK$7.72
Akeso, Inc. (9926.HK)	O (05/28/2020)	HK$105.00
Duality Biotherapeutics Inc (9606.HK)	O (05/22/2025)	HK$173.00
Everest Medicines Ltd (1952.HK)	E (03/15/2024)	HK$33.00
HUTCHMED (China) Ltd (0013.HK)	E (05/29/2026)	HK$21.16
HUTCHMED (China) Ltd (HCM.O)	E (05/29/2026)	US$13.68
InnoCare Pharma Ltd (9969.HK)	O (05/29/2026)	HK$12.46
Innovent Biologics Inc (1801.HK)	O (03/03/2026)	HK$91.95
Insilico Medicine (3696.HK)	O (02/03/2026)	HK$43.62
Keymed Biosciences Inc. (2162.HK)	O (08/10/2021)	HK$78.35
RemeGen Co., Ltd. (9995.HK)	E (05/08/2024)	HK$68.35
VISEN Pharmaceuticals (2561.HK)	O (04/29/2025)	HK$18.51
Zai Lab Ltd (ZLAB.O)	O (12/14/2023)	US$24.59

Zai Lab Ltd (9688.HK)	O (12/14/2023)	HK$18.99
Laurence Tam		
Acrobiosystems Co Ltd (301080.SZ)	O (09/11/2025)	Rmb112.91
Apeloa Pharmaceutical Co Ltd (000739.SZ)	O (02/28/2025)	Rmb24.76
Asymchem Laboratories. Inc (002821.SZ)	E (08/01/2025)	Rmb171.65
Asymchem Laboratories. Inc (6821.HK)	E (06/06/2023)	HK$153.70
Beijing Tongrentang (600085.SS)	U (11/03/2014)	Rmb24.39
Beijing Tongrentang Chinese Medicine (3613.HK)	O (01/14/2015)	HK$5.62
China National Accord Medicines Corp Ltd (000028.SZ)	U (07/25/2022)	Rmb20.14
China Resources Pharmaceutical Group Ltd (3320.HK)	O (06/16/2022)	HK$4.50
China Resources Sanjiu Medical & Pharma (000999.SZ)	O (08/30/2019)	Rmb25.17
China Traditional Chinese Medicine (0570.HK)	U (01/17/2025)	HK$1.22
DaShenLin Pharmaceutical (603233.SS)	O (07/25/2022)	Rmb18.94
Dong E E Jiao Co. (000423.SZ)	O (05/16/2024)	Rmb47.19
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$35.56
Hangzhou Tigermed Consulting (300347.SZ)	E (10/06/2026)	Rmb54.32
Jiangzhong Pharmaceutical Co. Ltd. (600750.SS)	O (02/08/2024)	Rmb22.76
Joinn Laboratories China Co Ltd (603127.SS)	U (10/05/2026)	Rmb50.42
Joinn Laboratories China Co Ltd (6127.HK)	E (02/26/2024)	HK$28.56
Jointown Pharmaceutical Group (600998.SS)	U (07/26/2021)	Rmb5.03
LBX Pharmacy Chain (603883.SS)	O (03/14/2022)	Rmb14.44
Medtide (3880.HK)	E (08/06/2025)	HK$21.02
Nanjing King-friend Biochemical (603707.SS)	O (02/28/2025)	Rmb8.00
Pharmaron (3759.HK)	O (09/25/2024)	HK$28.52
Pharmaron (300759.SZ)	E (09/25/2024)	Rmb40.60
Shandong Xinhua Pharmaceutical Co Ltd (000756.SZ)	U (02/28/2025)	Rmb13.93
Shanghai Pharmaceutical (601607.SS)	E (08/17/2021)	Rmb16.70
Shanghai Pharmaceutical (2607.HK)	O (08/17/2021)	HK$11.10
Shenzhen Hepalink Pharmaceutical (002399.SZ)	U (06/16/2023)	Rmb9.62
Sinopharm Group (1099.HK)	O (02/10/2023)	HK$15.13
Tasly Pharmaceutical Group Co. Ltd (600535.SS)	E (07/19/2024)	Rmb13.97
The United Laboratories (3933.HK)	E (06/13/2017)	HK$7.43
Tofflon Science & Technology Group (300171.SZ)	E (09/11/2025)	Rmb15.33
WuXi AppTec Co Ltd (603259.SS)	O (01/17/2019)	Rmb157.35
WuXi AppTec Co Ltd (2359.HK)	O (01/17/2019)	HK$207.40
WuXi Biologics Cayman Inc (2269.HK)	O (07/17/2017)	HK$51.25
WuXi XDC Cayman Inc. (2268.HK)	O (12/22/2023)	HK$79.60
Yantai Dongcheng Biochemicals Co Ltd (002675.SZ)	E (02/28/2025)	Rmb13.54
Yifeng Pharmacy Chain Co Ltd (603939.SS)	O (07/25/2022)	Rmb25.25
Yixintang Pharmaceutical (002727.SZ)	E (07/25/2022)	Rmb11.76
Yunnan Baiyao Group (000538.SZ)	O (10/11/2021)	Rmb51.99
Zhangzhou Pientzehuang Pharmaceutical (600436.SS)	U (01/21/2022)	Rmb119.84
Zhejiang Hisun Pharmaceutical Co. Ltd. (600267.SS)	U (06/01/2023)	Rmb11.52
Zhejiang Huahai Pharmaceutical Co. Ltd. (600521.SS)	O (06/01/2023)	Rmb16.87
Zhejiang Jiuzhou Pharmaceutical Co Ltd (603456.SS)	E (02/28/2025)	Rmb16.60
Zhejiang Medicine Co. Ltd. (600216.SS)	E (02/28/2025)	Rmb12.19

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