

# Healthcare

## Results review of overseas CXO and life science tools sectors in 2024 & 4Q24: C(D)MOs and tools suppliers excelled; clinical CROs faced a tough market

We have analyzed the 2024 and 4Q24 financial results of key overseas CXOs and upstream companies, covering clinical CROs, preclinical CROs, C(D)MOs, and life science tools suppliers. While the companies in our coverage universe continued to face pressure on revenue and profit growth in 2024, half demonstrated improved performance in 2H24 versus 1H24. Specifically, C(D)MOs and life science tools suppliers showed positive trends in financial performance, demand outlook, and guidance for 2025. Conversely, clinical CROs faced a downturn in demand during 2H24, leading to a generally cautious 2025 outlook. We also note that biotech funding did not see material improvement in 2024, a factor that will likely continue to weigh on preclinical CROs in 2025.

- **Profitability rebounding faster than revenue, with C(D)MOs and upstream suppliers leading the way.** The CXOs and tools suppliers we analyzed generally faced top- and bottom-line pressure in 2024. However, half saw improved performance in 2H24 compared to 1H24. Notably, profitability rebounded at a significantly faster pace than revenue, exhibiting a more pronounced QoQ improvement trend. Sector-wise, upstream suppliers posted the most apparent improvement in 2024, with C(D)MOs also delivering solid results. However, preclinical and clinical CROs underperformed.
- **Uneven global demand recovery across the landscape.** In 2024, C(D)MOs continued to benefit from strong demand for commercial-stage manufacturing. Life science tools companies saw a resurgence in demand as customers largely completed inventory destocking, and the high-base impact of COVID-19-related sales fully mitigated. Consequently, management at C(D)MOs and life science tools companies are more upbeat on 2025 outlook. Preclinical CROs remain hampered by soft early-stage R&D demand due to funding limitations, while clinical CROs were experiencing a marked slowdown in growth, driven by weaker demand which was related to macro factors. Management of these two types of companies expressed caution regarding the 2025 outlook.
- **2025 guidance: C(D)MOs and upstream companies show strength, while preclinical and clinical CROs remain under pressure.** Reflecting the divergent demand trends across sub-sectors, we observe a significant split in the 2025 guidance issued by company management. 2025 guidance of C(D)MO and life science upstream supplier indicated continuous improvement compared to 2024, while preclinical and clinical CRO guidance pointed to a notable deterioration relative to 2024. Notably, C(D)MOs offered the clearest signals of an improving outlook. Lonza anticipates its C(D)MO revenue growth to approach 20% in 2025, close to its 2021 growth rate (during the peak of the pandemic). Samsung Bio projects its CMO revenue to expand by 20-25% in 2025, further building upon the 19% growth achieved in 2024. We believe C(D)MOs are at the forefront of the recovery from the post-COVID demand downturn.
- **Solid underlying demand underpins long-term growth for CXOs and upstream suppliers.** Based on data encompassing global healthcare funding, pharmaceutical R&D spending, and capital expenditures (capex), we maintain that the underlying demand within the global pharmaceutical industry remains healthy, supporting the long-term growth prospects for CXOs and upstream suppliers. Global healthcare funding rose by 1.4% YoY in 2024, marking the first positive growth since 2021. Simultaneously, the robust free cash flow generated by major global pharmaceutical companies will continue to serve as a key funding source for pharmaceutical innovation, particularly amidst the ongoing volatility in the biotech financing market. Furthermore, R&D and capex spending of the global pharmaceutical industry continued their steady upward trajectory in 2023-2024, significantly exceeding levels observed during the COVID-19 pandemic, which has highlighted the strong underlying demand for R&D and manufacturing within the pharmaceutical sector.

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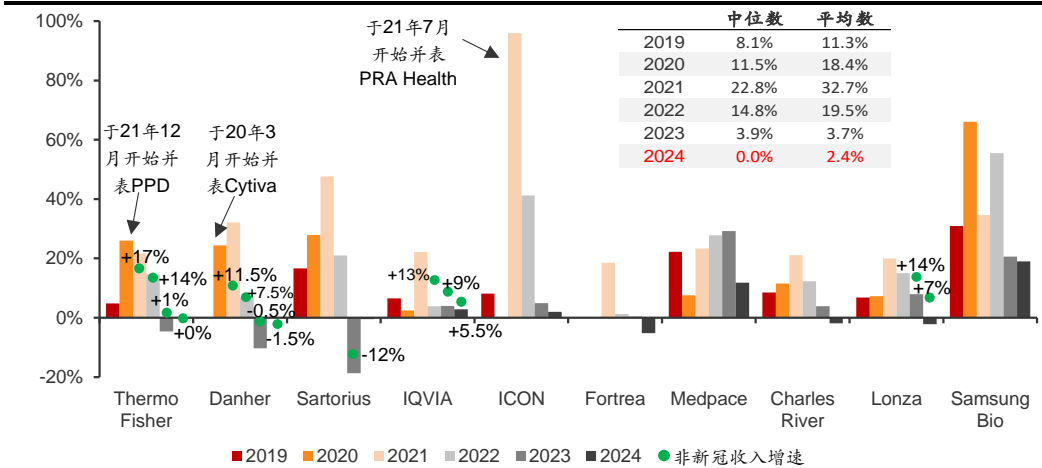
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9. [China C\(D\)MO players to play a vital role in global market - 16 Feb 2022](#)
10. [Deep dive into valuation of China CXO sector - 26 Nov 2021](#)

## Valuation Table

Company	Ticker	Rating	Mkt Cap US\$bn	TP LC	Upside/ Downside	Revenue CAGR FY23-26E	Profit CAGR FY23-26E	P/E (x)		PEG FY25E
Thermo Fisher	TMO US	BUY	197.5	690	+31.8%	2.7%	5.2%	22.4	20.0	4.3
Danaher	DHR US	NR	147.0	na	na	2.6%	3.3%	26.9	24.0	8.1
Samsung Bio	207940 KS	NR	54.6	na	na	20.0%	22.9%	62.2	49.9	2.7
Lonza	LONN SW	NR	46.9	na	na	8.4%	14.7%	34.6	29.1	2.4
IQVIA	IQV US	NR	32.6	na	na	4.1%	6.8%	15.5	14.0	2.3
Charles River	CRL US	NR	8.4	na	na	-1.0%	-3.1%	17.4	15.9	na

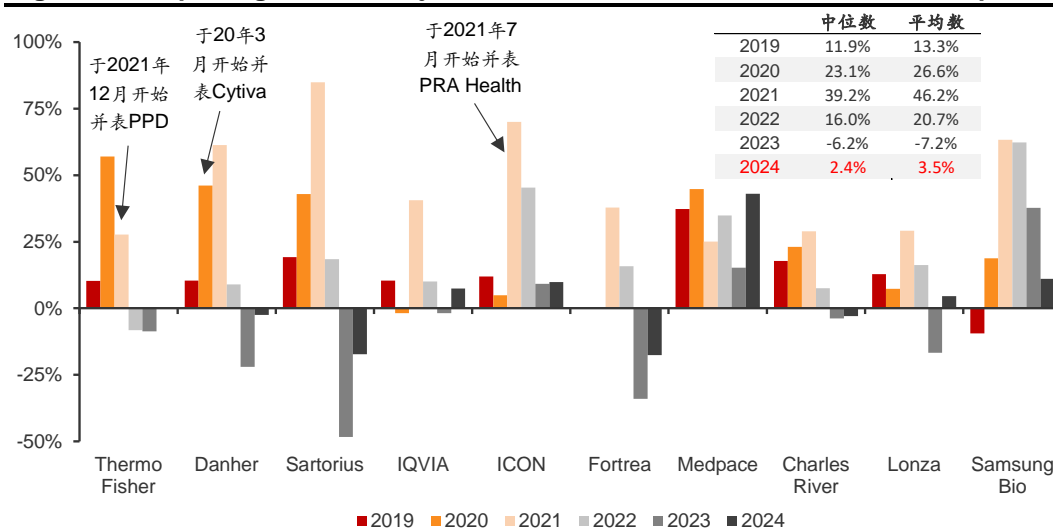
Source: Company data, Bloomberg, CMBIGM estimates. Data as of 4 Mar. 2025.

Figure 1: Revenue growth of major overseas CXOs and life science tool companies



Source: Company data, CMBIGM

Figure 2: Net profit growth of major overseas CXOs and life science tool companies



Source: Company data, CMBIGM

Figure 3: Share price performance of major overseas CXOs and life science tool companies after 4Q24 results

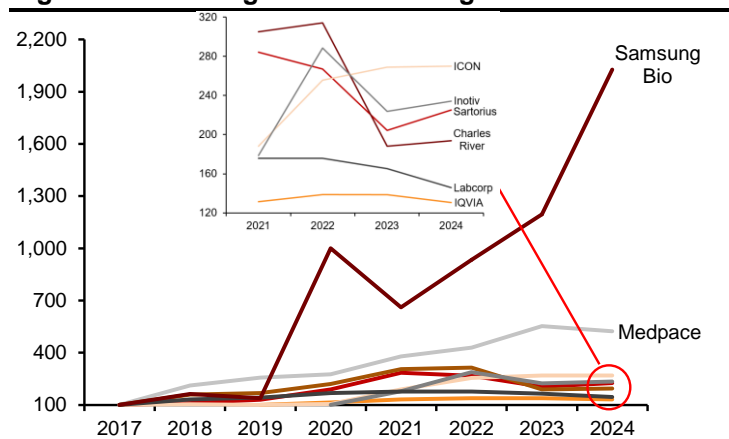
Company	Core business	Share price changes after 4Q24 earnings release			Revenue vs consensus				Net profit/EPS vs consensus			
		1 day	1 week	2 weeks	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Thermo Fisher	Upstream, Clinical CRO, C(D)MO	6.8%	2.5%	-5.3%	Beat	Inline	Inline	Beat	Beat	Beat	Beat	Beat
Danaher	Upstream	-9.7%	-13.2%	-18.6%	Beat	Beat	Beat	Beat	Beat	Beat	Beat	Miss
Sartorius	Upstream	12.8%	8.3%	0.2%	Miss	Inline	Miss	Beat	Miss	Miss	Beat	Beat
IQVIA	Clinical CRO, data services	2.2%	-3.7%	-5.6%	Inline	Inline	Beat	Beat	Beat	Beat	Beat	Beat
ICON	Clinical CRO	5.5%	2.6%	-2.5%	Inline	Inline	Miss	Inline	Inline	Beat	Miss	Inline
Fortrea	Clinical CRO	-25.1%	-22.9%		Miss	Miss	Inline	Miss	Inline	Miss	Miss	Miss
Medpace	Clinical CRO	-7.5%	-3.9%	-3.8%	Inline	Inline	Miss	Inline	Beat	Beat	Beat	Beat
Charles River	Discovery & safety assessment, research model	6.9%	8.2%	6.4%	Beat	Inline	Beat	Beat	Beat	Miss	Beat	Beat
Lonza	C(D)MO	-2.6%	1.9%	2.4%		Inline		Miss		Beat		Miss
Samsung Bio	CMO	1.3%	9.4%	12.9%	Inline	Beat	Beat	Beat	Inline	Beat	Beat	Beat

Source: Bloomberg, CMBIGM

**Figure 4: Changes of bookings**

公司	新签订单变化趋势															
	2018	2019	2020	2021	2022	2023	2024	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	
Sartorius	+	+	+	+	-	-	+	-	-	-	+	-	-	+	+	
IQVIA			+	+	+	-	-	-	-	+	+	-	+	-	-	
ICON	+	+	+	+	+	+	+	-	-	-	-	+	-	-	+	
Medpace	+	+	+	+	+	+	-	-	-	-	+	+	-	-	-	
Charles River	+	+	+	+	+	-	+	+	-	-	+	+	-	+	+	
Inotiv				+	+	-	+	-	-	-	+	-	+	-	+	
Labcorp	+	+	+	+	+	-	-					+	-	+	+	
Samsung Bio	+	-	+	-	+	+	+	+	-	+	-	+	+	+	+	

Source: Company data, CMBIGM

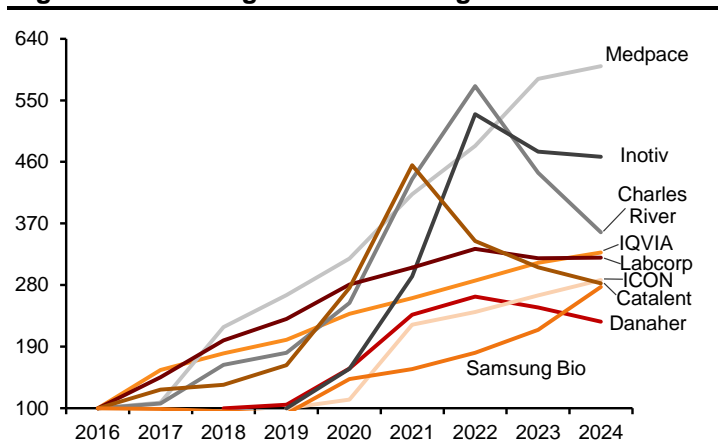
**Figure 5: Relative growth of bookings**

Source: Company data, CMBIGM

**Figure 6: Changes of backlog**

公司	在手订单变化趋势															
	2017	2018	2019	2020	2021	2022	2023	2024	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Danaher		+	+	+	+	-	-	-	-	+	-	-	-	-	-	-
IQVIA	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
ICON	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Medpace	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Charles River	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-	-
Inotiv				+	+	+	-	-	-	+	-	+	-	-	+	+
Labcorp	+	+	+	+	+	+	+	+	+	-	-	+	-	-	+	+
Catalent	+	+	+	+	+	-	-	-								
Samsung Bio	-	-	-	+	+	+	+	+	+	+	+	-	+	+	+	+

Source: Company data, CMBIGM

**Figure 7: Relative growth of backlog**

Source: Company data, CMBIGM

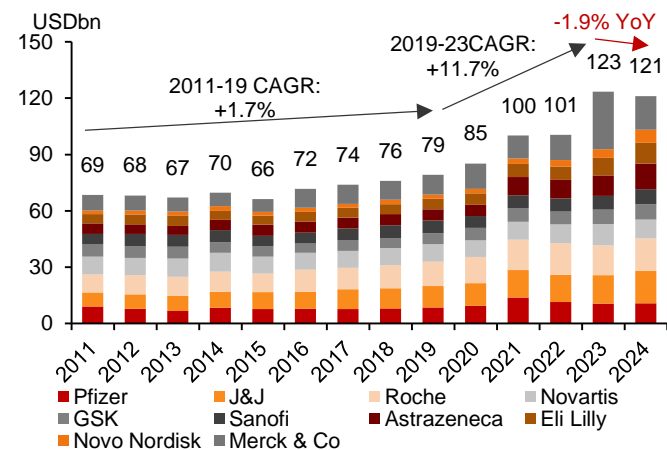
Figure 8: Guidance of 2025

Company	Core business	2024 revenue (YoY)	2025 revenue guidance (YoY)	VS 2024	2024 net profit (YoY)	2025 net profit guidance (YoY)	VS 2024
Thermo Fisher	Upstream, Clinical CRO, C(D)MO	• +0.1% (reported) • +0% (organic)	• (+1.4%) ~ (+2.6%) (reported) • (+3%) ~ (+4%) (organic)	• Improved (reported) ↑ • Improved (organic) ↑	+0.2%	(+5.7%) ~ (+7.5%)	Improved ↑
Danaher	Upstream	• -0.1% (reported) • -1.5% (core)	+~3% (core)	Improved ↑	28.6% (Non-GAAP operating margin)	~28.5% (Non-GAAP operating margin)	Flat ▬
Sartorius	Upstream	• -0.4% (reported) • +0.1% (CC)	Moderate growth (CC)	Improved ↑	-1.8% YoY	Faster than revenue growth	Improved ↑
IQVIA	Clinical CRO, data services	• +2.8% (reported) • +5.5% (organic)	• (+2.1%) ~ (+4.7%) (reported)	• Improved ↑	+7.4%	(+5.1%) ~ (+8.7%)	Deteriorated ↓
-IQVIA (clinical CRO)	Clinical CRO	• +1.6% (reported) • +5% (organic)	• (+2.0%) ~ (+4.4%) (reported) • (+4%) ~ (+6%) (non-COVID)	• Improved (reported) ↑			
ICON	Clinical CRO	+2.0%	(-2.8%) ~ (+4.4%)	Deteriorated ↓	+9.9%	(-7.1%) ~ (+7.1%)	Deteriorated ↓
Fortrea	Clinical CRO	-5.1%	(-9.1%) ~ (-5.4%)	Deteriorated ↓	-17.6%	(-16.0%) ~ (-1.2%)	Improved ↑
Medpace	Clinical CRO	+11.8%	(+0.0%) ~ (+4.8%)	Deteriorated ↓	+43.0%	(-6.5%) ~ (-0.6%)	Deteriorated ↓
Labcorp	Preclinical and clinical lab services	+5.3% (reported)	(+3.0%) ~ (+5.0%)	Deteriorated ↓			
Charles River	Discovery & safety assessment (DSA), research model (RMS)	• -1.9% (reported) • -2.8% (organic)	• (-7.0%) ~ (-4.5%) (reported) • (-5.5%) ~ (-3.5%) (organic)	• Deteriorated (reported) ↓ • Deteriorated (organic) ↓	-2.9%	(-7.0%) ~ (-11.8%)	Deteriorated ↓
-Charles River (RMS)	RMS	• +4.7% (reported) • -0.1% (organic)	• Flat (reported) • Low single digit decline (organic)	• Deteriorated (reported) ↓ • Deteriorated (organic) ↓			
-Charles River (DSA)	DSA	• -6.3% (reported) • -6.2% (organic)	• High single digit decline (reported) • Mid to high single digit decline (organic)	• Deteriorated (reported) ↓ • Flat (organic) ▬			
-Charles River (manufacturing)	C(D)MO	• +6.6% (reported) • +6.8% (organic)	• Low single digit decline (reported) • Flat (organic)	• Deteriorated (reported) ↓ • Deteriorated (organic) ↓			
Samsung Bio	CMO	+19.0%	(+20%) ~ (+25%)	Improved ↑			
Lonza	C(D)MO	• +0.6% (excl. capsule business, reported)	+~20% (CC)	Improved ↑	32.3% (core EBITDA margin, excl. capsule business)	~30% (core EBITDA margin, excl. capsule business)	Deteriorated ↓

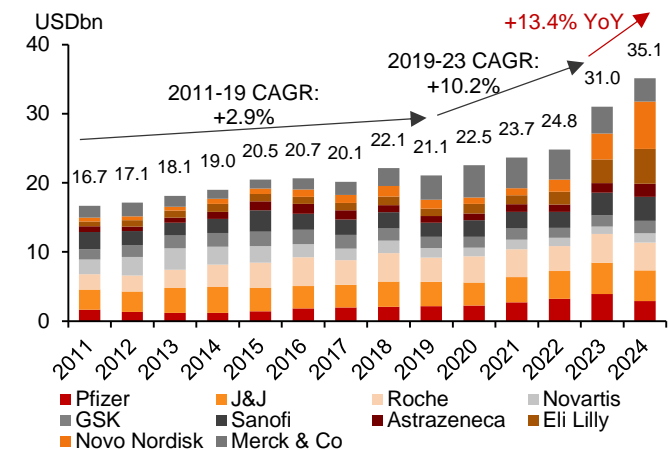
Source: Company data, Bloomberg, CMBIGM

**Figure 9: Global healthcare funding**

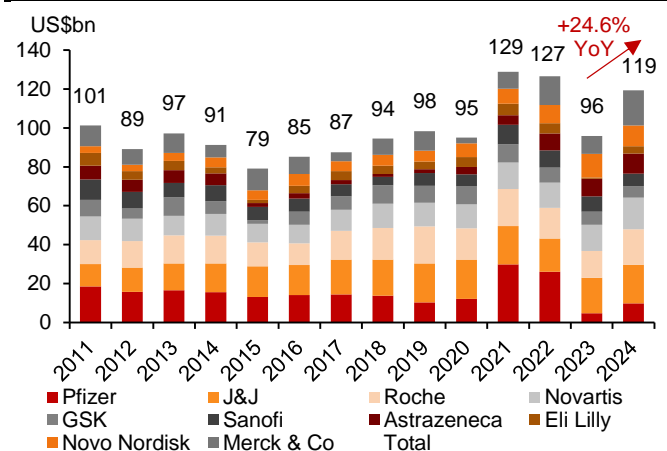
Source: VBData, CMBIGM

**Figure 10: R&D expenses of global major pharmaceutical companies**

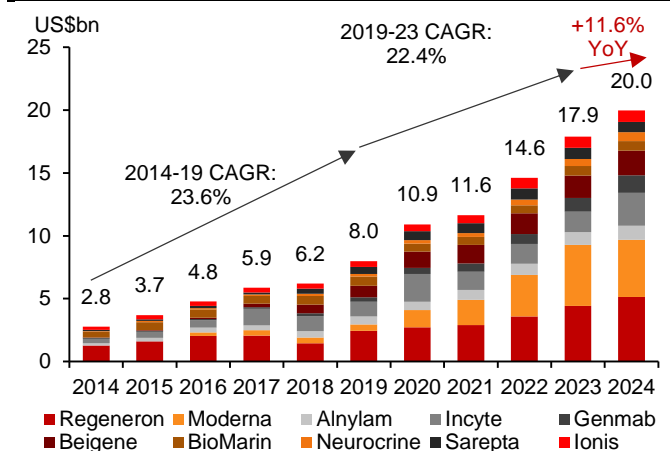
Source: Company data, CMBIGM

**Figure 11: Capex expenses of global major pharmaceutical companies**

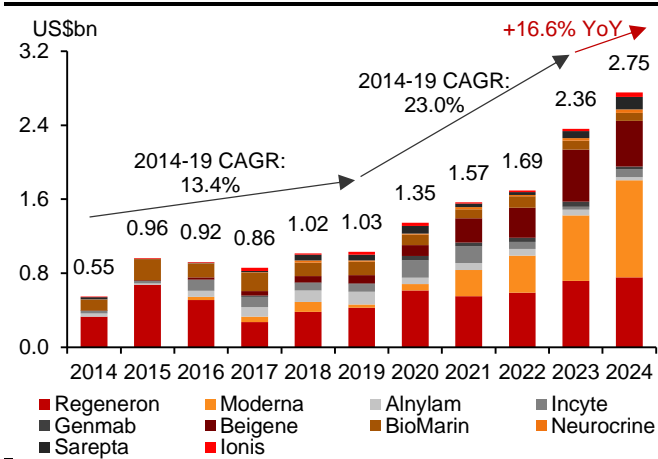
Source: Company data, CMBIGM

**Figure 12: Free cash flow of global major pharmaceutical companies**

Source: Company data, CMBIGM

**Figure 13: R&D expenses of global leading biotech companies**

Source: Company data, CMBIGM

**Figure 14: Capex expenses of global leading biotech companies**


Source: Company data, CMBIGM

**Figure 15: Valuation table**

Company	Ticker	Rating	Mkt Cap	Revenue CAGR	Net profit CAGR	P/E(x)		PEG(x)	PB(x)	ROE	Div. yield
			US\$bn	23-26E	23-26E	25E	26E	25E	25E	25E	25E
Foreign											
Thermo Fisher	TMO US	BUY	197.5	2.7%	5.2%	22.4	20.0	4.3	3.7	16.5%	0.3%
Danaher	DHR US	NR	147.0	2.6%	3.3%	26.9	24.0	8.1	2.8	9.8%	0.6%
Samsung Bio	207940 KS	NR	54.6	20.0%	22.9%	62.2	49.9	2.7	6.5	11.2%	0.0%
Lonza	LONN SW	NR	46.9	8.4%	14.7%	34.6	29.1	2.4	4.1	11.2%	0.9%
IQVIA	IQV US	NR	32.6	4.1%	6.8%	15.5	14.0	2.3	4.8	29.7%	0.0%
LabCorp	LH US	NR	21.3	6.3%	7.2%	15.8	14.4	2.2	2.4	15.7%	1.1%
Sartorius	SRT GR	NR	16.6	5.8%	9.0%	37.0	29.0	4.1	3.5	12.5%	0.5%
ICON	ICLR US	NR	14.9	2.7%	6.0%	13.3	11.8	2.2	1.5	10.3%	0.0%
Medpace	MEDP US	NR	9.7	8.0%	14.6%	25.7	22.9	1.8	11.4	39.3%	0.0%
Charles River	CRL US	NR	8.4	-1.0%	-3.1%	17.4	15.9	na	2.3	11.5%	0.0%
Bachem	BANB SW	NR	4.8	18.2%	17.9%	33.3	24.2	1.9	3.0	8.9%	1.6%
Fortrea	FTRE US	NR	0.9	-4.9%	1.0%	18.3	10.8	18.9	0.6	3.7%	0.0%
Foreign average				6.1%	8.8%	26.9	22.2	4.6	3.9	15.0%	0.4%
Domestic											
WuXi AppTec	603259 CH	BUY	23.7	6.9%	7.5%	14.9	12.9	2.0	2.6	16.3%	1.9%
WuXi Bio	2269 HK	BUY	11.9	12.0%	9.7%	16.1	13.9	1.7	1.9	12.5%	0.0%
Tigermid	300347 CH	BUY	6.2	9.7%	7.2%	32.4	27.0	4.5	2.3	6.7%	0.9%
Pharmaron	300759 CH	NR	6.1	9.8%	11.2%	25.8	22.1	2.3	3.4	12.3%	0.9%
Asymchem	002821 CH	NR	3.9	-0.9%	-11.6%	23.6	19.2	na	1.7	6.6%	1.2%
Joinn Lab	6127 HK	BUY	2.0	4.2%	-1.5%	32.7	20.5	na	1.2	3.7%	1.1%
Domestic average				6.9%	3.7%	24.3	19.3	2.6	2.2	9.7%	1.0%

Source: Bloomberg, CMBIGM estimates

Note: Data as of 4 Mar. 2025.



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