WuXi XDC (2268 HK)

A rapidly-growing leader in global XDC field

BUY (Initiate)

Target Price	**HK$74.00**
Up/Downside	**38.2%**
Current Price	**HK$53.55**

China Healthcare

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Stock Data

Mkt Cap (HK$ mn)	64,176.7
Avg 3 mths t/o (HK$ mn)	327.1
52w High/Low (HK$)	62.60/18.70
Total Issued Shares (mn)	1198.4

Source: FactSet

Shareholding Structure

WuXi Biologics	50.1%
WuXi AppTec	21.9%

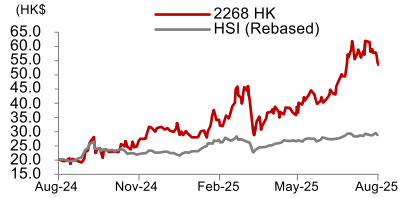
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-9.1%	-7.0%
3-mth	45.5%	35.4%
6-mth	66.6%	52.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

WuXi XDC has evolved into a leader in the global XDC outsourcing service industry. The Company provides "all-in-one" services in its facilities located in WuXi City, and is currently building manufacturing facilities in Singapore. The Company is actively expanding its project pipeline, with 19 projects in PhIII and 11 in the PPQ stage. Late-stage and commercial projects will serve as a solid foundation for sustained revenue growth in the coming years. We initiate coverage on WuXi XDC with a BUY rating and a TP of HK$74.0.

- **The booming global XDC market.** The global ADC market is experiencing rapid growth, with China's growth rate surpassing the global average. As the technology advances, the industry has gradually overcome multiple issues affecting the efficacy and safety profiles of ADC drugs, including reduced immunogenicity and enhanced specificity, better linkers stability in circulation, and improved ADC homogeneity. The global pharmaceutical industry is actively pushing the transformation from ADCs to XDCs with expanded therapeutic applications. The number of newly initiated clinical trials for XDCs worldwide surged from 83 in 2022 to 163 in 2024 (CAGR: 40% YoY). In 2024, 60% of new XDC trials in the world were initiated by Chinese companies. XDC-related licensing deals are booming worldwide, with China becoming an active out-licensing hub. In China, 7 of the Top 20 biologics licensing deals in history are XDC drugs, with all Top 3 being XDC-related projects.
- **A globally leading one-stop XDC service provider.** WuXi XDC has evolved into a leader in the global XDC outsourcing service industry. WuXi XDC's platform spans the entire XDC drug R&D process and covers all key components of XDC drug production. From 2021 to 2024, the Company's total revenue increased sharply from RMB311mn to RMB4,052mn with a CAGR of 135%. The Company is actively expanding its project pipeline, with 19 projects in PhIII and 11 in PPQ stage. Late-stage and commercial projects will serve as a solid foundation for sustained revenue growth in the coming years. As of the end of 1H25, backlog reached US$1,329mn, up 58% YoY, on top of the strong growth of 82%/71% YoY in 2023/24.
- **Strong competency supported by capacity and technology.** WuXi XDC provides "all-in-one" services in its facilities located in WuXi City, and is currently building manufacturing facilities in Singapore. In 2024, capex exceeded RMB1.5bn (+184% YoY), and the Company anticipated that to reach RMB1.56bn in 2025E. In response to the sustainable R&D demand coupled with the upcoming commercial production, WuXi XDC expects to commit over RMB7bn in capex from 2026 to 2029. Additionally, WuXi XDC stands at the forefront of the global wave of innovation by building globally competitive technology platforms, such as conjugation platform WuXiDARx, linker platform X-LinC, and payload platform WuXiTecan-1/ WuXiTecan-2.
- **Initiate at BUY.** Our TP of HK$74.0 is based on a 10-year DCF model with WACC of 9.67% and terminal growth of 2.0%. We forecast WuXi XDC's revenue to grow by 45.7%/ 35.7%/ 30.9% YoY and adjusted net income to increase by 40.0%/ 32.4%/ 30.8% YoY in 2025E/ 26E/ 27E, respectively.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	2,124	4,052	5,906	8,014	10,488
YoY growth (%)	114.4	90.8	45.7	35.7	30.9
Adjusted net profit (RMB m	412	1,174	1,643	2,176	2,846
YoY growth (%)	112.1	184.8	40.0	32.4	30.8
EPS (Adjusted) (RMB)	0.38	0.91	1.26	1.68	2.19
Consensus EPS (RMB)	na	na	1.25	1.69	2.26
P/E (Adjusted) (x)	136.2	57.1	41.2	31.1	23.8

Source: Company data, Bloomberg, CMBIGM estimates

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According to Frost & Sullivan, the global ADC drug market expanded rapidly from US$2.0bn in 2018 to US$7.9bn in 2022, representing a CAGR of 40.4%, and is expected to grow at a CAGR of 30% to US$64.7bn by 2030. As of Aug 2025, the US FDA and China NMPA have approved 15 and 12 ADCs (only counting first approvals), respectively. 13 of the US-approved drugs were approved after 2016, while all 12 of the ADCs approved in China happened after 2019. Several blockbuster drugs have emerged in the global ADC field. For instance, Enhertu's global sales reached nearly US$3.5bn in 2024, representing a CAGR of 98% in 2020-2024.

As the technology advances, the industry has gradually overcame multiple issues affecting the efficacy and safety profiles of ADC drugs, including reduced immunogenicity and enhanced specificity through the use of fully humanized antibodies, improved linkers with better stability in blood circulation and more uniform DAR distribution, site-specific conjugation technology to produce homogeneous ADCs with well-characterized DARs and desired toxicity profiles, etc. The global pharmaceutical industry is actively pushing the transformation from ADCs to XDCs. Moreover, XDC drugs are expected to expand ADC's therapeutic applications into areas such as autoimmune disorders, diabetes, and cardiovascular diseases, further amplifying the market potential of XDC therapies.

XDC-related clinical trials is growing rapidly, with China acting as the largest driver. According to the data from PharmCube, the number of newly initiated clinical trials for XDCs worldwide surged from 83 in 2022 to 163 in 2024 (CAGR: 40% YoY). In 2024, 60% of new XDC trials in the world were initiated by Chinese companies, a significant increase from only 36% in 2022. However, XDC target selections tend to be overcrowded. ADCs targeting HER2 accounted for 9.7% of all ADC drugs, while the Top10 targets collectively represent 57.3% of all ADCs under clinical research.

XDC-related licensing deals are booming worldwide, with China becoming an active out-licensing hub. In total, 81 XDC-related deals were signed in 2023 globally, with upfront payments reaching US$6.3bn and total deal size amounting to US$65bn, both marking historical highs. The momentum in XDC licensing has remained at a relatively healthy level through 2024 and 2025 YTD. China stands out as the most active out-licensor of XDC projects globally. China's XDC-related total deal value in 2025 YTD has already been approaching the historical high in 2023. Large-scale licensing deals are not rare in the global XDC sector. In 2023, 11 of the Top 20 global biologics BD deals involved XDCs, with all Top 3 being XDC drugs. Similarly in China, 7 of the Top 20 biologics licensing deals in history are XDC drugs, with all Top 3 being XDC-related projects.

WuXi XDC setting itself as a globally leading one-stop XDC service provider

WuXi XDC has evolved into a leader in the global XDC outsourcing service industry. WuXi XDC's platform spans the entire XDC drug R&D process—from drug discovery to commercial manufacturing—and covers all key components of XDC drug production. Driven by its globally leading technologies and production capacities, along with the surge in global demand for XDC drug R&D, WuXi XDC has experienced remarkable growth in revenue over the past years. From 2021 to 2024, the Company's total revenue increased sharply from RMB311mn to RMB4,052mn, representing a CAGR of 135% during the period.

Project pipeline of WuXi XDC is growing with a balance of speed and quality. By the end of 1H25, the Company had a total of 225 ongoing integrated projects in its pipeline, a significant increase of 139% compared to 94 projects in 2022. The expanding project

pipeline is set to generate a strong funnel effect going forward. As of the end of 1H25, the Company had 19 projects in Ph III clinical trials, including 11 in the PPQ stage, compared with 15 and 8, respectively, in 2024. 2024 also marked a milestone as WuXi XDC successfully landed its first commercial project. These late-stage and commercial projects will serve as a solid foundation for sustained revenue growth in the coming years. The increase in the number of projects at WuXi XDC has led to a significant and persistent growth of backlog. As of the end of 1H25, backlog reached US$1,329mn, representing a 58% YoY increase, on top of the strong growth of 82%/71% YoY in 2023/24.

Strong competency supported by capacity and technology

WuXi XDC is building a global network covering China and Singapore. Notably, the Wuxi site features an "all-in-one" capability, where key production elements are all located in close proximity. This integrated setup enables WuXi XDC to manage its supply chain more efficiently and align R&D with manufacturing operations more effectively. Establishing capacity in Singapore marks a significant step toward global dual-sourcing strategy. The Singapore facility will feature manufacturing capabilities for antibody intermediates, DS and DP. Singapore site has reached mechanical completion in Jun 2025 and is on track to reach GMP release in 1H26. In 2024, the Company's capex exceeded RMB1.5bn, a significant YoY increase of 184%, while management anticipates to maintain the investment intensity for 2025 with capex to be RMB1.56bn. In response to the sustainable R&D demand coupled with the upcoming commercial production, WuXi XDC expects to commit over RMB7bn in capex from 2026 to 2029, targeting to further enhancing its domestic and international manufacturing capabilities in the medium term.

The XDC industry is entering an era of next-generation technology competition. Driven by optimism about the broader potential of conjugated drugs, the global pharmaceutical industry is now actively exploring a transition from ADCs to XDCs. This transition involves innovation across multiple dimensions, including payloads, linkers, antibodies, and conjugation technologies. WuXi XDC stands at the forefront of the global wave of XDC innovation, actively pursuing solutions to several key challenges that will shape the future of XDC development. To support this mission, WuXi XDC has built globally competitive technology platforms, such as proprietary conjugation platform WuXiDARx, linker platform X-LinC, and payload platform WuXiTecan-1/ WuXiTecan-2.

Initiate at BUY with TP of HK$74.0

We derive a TP of HK$74.0 on a 10-year DCF valuation with WACC of 9.67% and terminal growth rate of 2.0%. Looking ahead, we forecast WuXi XDC to maintain its strong growth momentum in 2024-27, mainly driven by sustainable demand for R&D and manufacturing of XDCs in the global pharmaceutical industry as well as the expected surge of late- and commercial-stage projects in WuXi XDC's pipeline. We project that revenue will reach RMB5.9bn/ 8.0bn/ 10.5bn in 2025E/ 26E/ 27E, representing 45.7%/ 35.7%/ 30.9% YoY growth for respective years with a CAGR of 37.3%. We project that WuXi XDC's adjusted net profit will maintain strong growth momentum going forward, reaching RMB1.6bn/ 2.2bn/ 2.8bn in 2025E/ 26E/ 27E, representing YoY growth of 40.0%/ 32.4%/ 30.8%, respectively, and a CAGR of 34.3%.

Investment risks

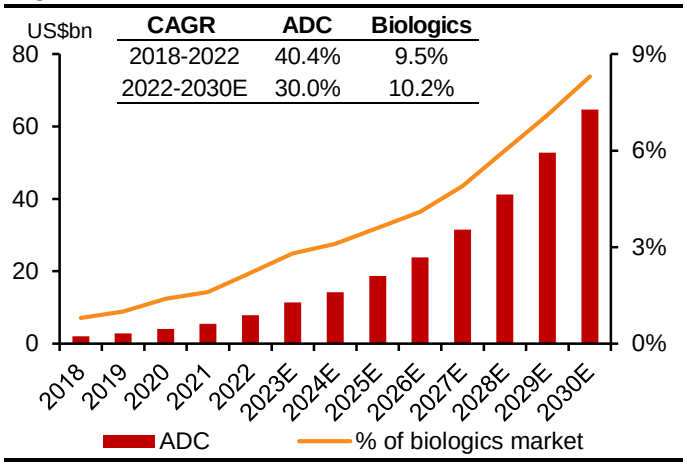
1) Uncertainties in the recovery trend of global biotech funding and demand from biotech clients; 2) uncertainties in the demand trend of global mid- and large-size pharmaceutical companies amid the challenging macro and geopolitical environment; 3) slower-than-expected R&D progress of projects in WuXi XDC's pipeline, leading to slower revenue growth in the future; 4) WuXi XDC's incompetency in obtaining customers contracts due to various factors, such as the lack of necessary technologies and/or human resources and customer's concerns of working with WuXI XDC amid geopolitical uncertainties.

The booming global XDC industry

Global ADC market expected to maintain strong growth momentum

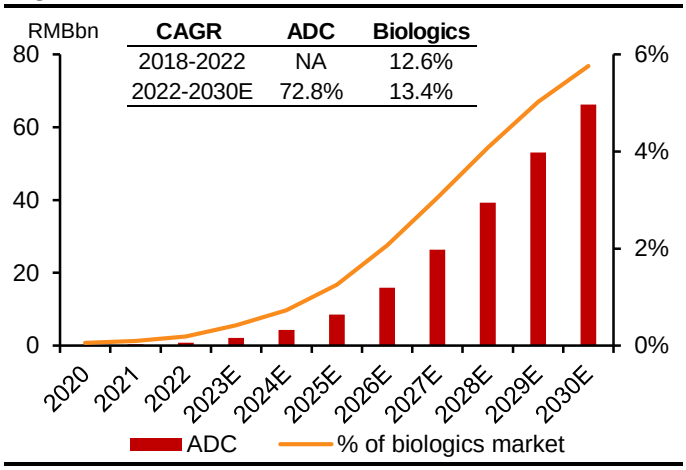
The global Antibody-Drug Conjugate (ADC) drug market is experiencing rapid growth, with China's growth rate surpassing the global average. Since the launch of the world's first ADC drug in 2000, continuous technological advancements in the global pharmaceutical industry have validated the clinical efficacy and safety of ADCs, significantly driving their therapeutic applications. According to Frost & Sullivan, the global ADC drug market expanded rapidly from US$2.0bn in 2018 to US$7.9bn in 2022, representing a CAGR of 40.4% during the period. It is projected that the market will continue to grow at a CAGR of 30%, reaching US$64.7bn by 2030. Note that the growth rate of ADC drug market in China is expected to significantly outpace that of the global market, with a CAGR of 72.8% in 2022-2030. In addition, the share of ADC drugs within the global biologics market is projected to increase fast, rising from 0.8% in 2018 to 8.3% by 2030.

Figure 1: Global ADC market size



Source: Frost & Sullivan, CMBIGM

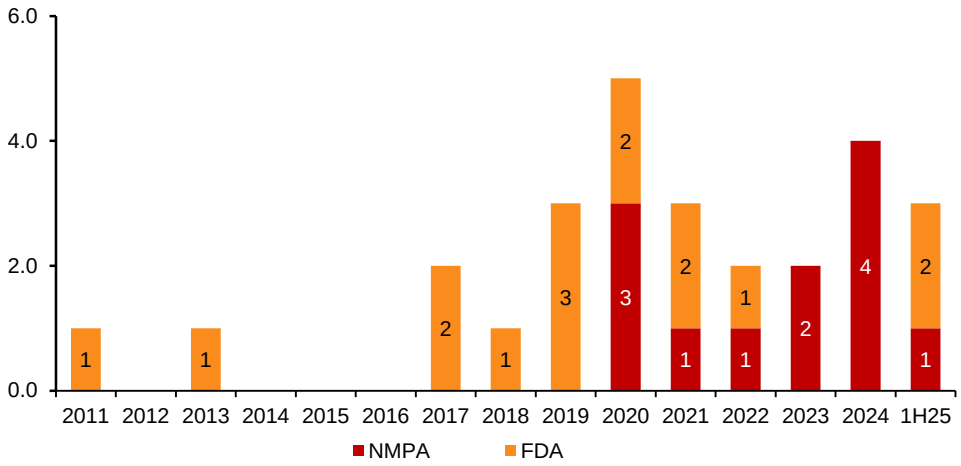
Figure 2: China ADC market size



Source: Frost & Sullivan, CMBIGM

The global ADC market is witnessing a surge in ADC approvals, particularly with marketing approvals in China accelerating significantly. Mylotarg, approved by the US FDA in 2000 for the treatment of acute myeloid leukemia (AML), was the first ADC approved globally. However, due to the failure in its Phase III confirmatory clinical trial as well as concerns over safety, the drug was voluntarily withdrawn from the market in 2010. With advancements in ADC technology, an increasing number of ADC drugs have been approved, especially after 2017. As of Aug 2025, the US FDA and China NMPA have approved 15 and 12 ADCs (only counting first approvals), respectively. 13 of the US-approved drugs were approved after 2016, while all 12 of the ADCs approved in China happened after 2019. Specifically, FDA approved two ADC products in 1H25, after no approval in both 2023/24. Considering the rapid and continuous increase in the number of ADC-related clinical trials globally, we expect that more ADC drugs will be approved for marketing in the future.

Figure 3: Number of ADC drugs approved by FDA and NMPA (as of Aug 2025)



Source: FDA, NMPA, CMBIGM. Note: Only first approvals are counted.

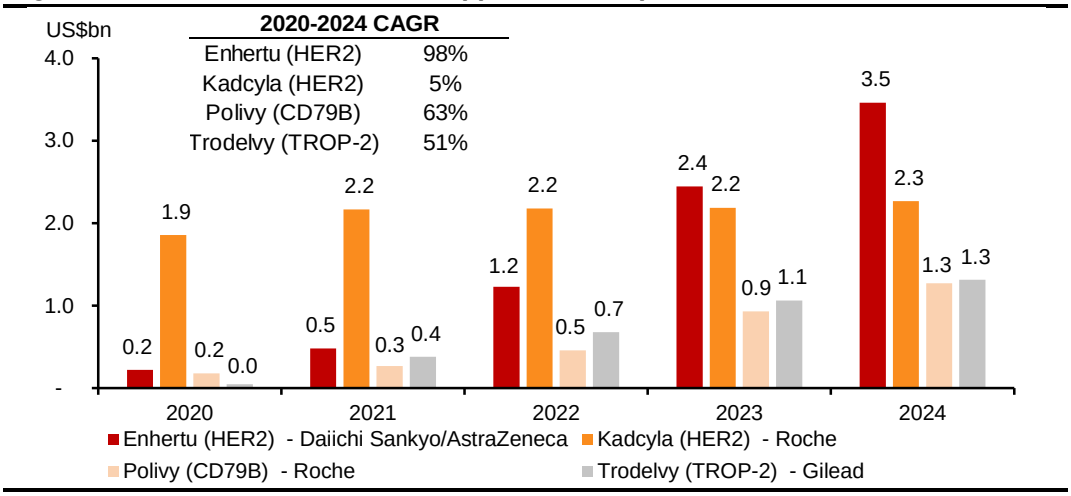
Figure 4: ADC drugs approved in US and China (as of Aug 2025)

Drug	Target	Developer	Indication	DAR	Conjugation technique	Linker	Payload	First approval	
								FDA	NMPA
Brentuximab Vedotin (Adcetris)	CD30	Seagen/ Takeda	Lymphoma	~4	Cysteine coupling	MC-VC-PABC	MMAE	2011	2020
Ado-Trastuzumab Emtansine (Kadcyla)	HER2	Roche	Breast cancer	~3.5	Lysine coupling	MCC	DM1	2013	2020
Gemtuzumab Ozogamicin (Mylotarg)	CD33	Pfizer	Leukemia	2-3	Lysine coupling	Hydrazone	Calicheamicin	2017	
Inotuzumab Ozogamicin (Besponsa)	CD22	Pfizer	Leukemia	~6	Lysine coupling	Hydrazone	Calicheamicin	2017	2020
Moxetumomab Pasudotox (Lumoxiti)	CD22	AstraZeneca	Leukemia		Genetically fused		PE38	2018	
Polatuzumab Vedotin (Polivy)	CD79B	Roche	Lymphoma	~3.5	Cysteine coupling	MC-VC-PABC	MMAE	2019	2023
Enfortumab Vedotin (Padcev)	NECTIN-4	Seagen/ Astellas	Urothelial cancer	~4	Cysteine coupling	MC-VC-PABC	MMAE	2019	2024
Fam-Trastuzumab Deruxtecan (Enhertu)	HER2	Daiichi Sankyo/ AstraZeneca	Breast cancer	~8	Cysteine coupling	MC-GGFG	DXd	2019	2023
Sacituzumab Govitecan (Trodelvy)	TROP-2	Gilead	Breast cancer	~7.6	Cysteine coupling	CL2A (MCC-PEG-carbonate)	SN-38	2020	2022
Belantamab Mafodotin (Blenrep)	BCMA	GSK	Myeloma	~4	Cysteine coupling	MC	MMAF	2020	
Disitamab vedotin (爱地希)	HER2	RemeGen	Gastric cancer	4	Cysteine coupling	MC-VC-PABC	MMAE		2021
Loncastuximab Tesirine (Zynlonta)	CD19	ADC Therapeutics	Lymphoma	~2.3	Cysteine coupling	MC-PEG-VA-PABC	PBD dimer	2021	2024
Tisotumab Vedotin (Tivdak)	TF	Genmab/ Seagen	Cervical cancer	4	Cysteine coupling	MC-VC-PABC	MMAE	2021	
Mirvetuximab Soravtansine (Elahere)	FR-A	ImmunoGen/ Huadong Medicine	Ovarian cancer	~3.4	Lysine coupling	Sulfo-SPDB	DM4	2022	2024
Sacituzumab tirumotecan (佳泰莱)	TROP-2	Kelun Biotech	Breast cancer	~7.4	Cysteine coupling	Sulfonyl pyrimidine-CL2A-carbonate linker	Topoisomerase I inhibitor		2024
Datopotamab deruxtecan (Datroway)	TROP-2	Daiichi Sankyo/ AstraZeneca	Breast cancer	~4	Cysteine coupling	MC-GGFG	DXd	2025	
Telisotuzumab vedotin (Emrelis)	c-Met	AbbVie	Lung cancer	~3	Cysteine coupling	MC-VC-PABC	MMAE	2025	
Trastuzumab rezetecan (艾维达)	HER2	Hengrui	Lung cancer	6	Cysteine coupling	MC-GGFG	Topoisomerase I inhibitor		2025

Source: FDA, PharmCube, CMBIGM

Several blockbuster drugs have emerged in the global ADC field. Multiple ADC drugs approved after 2010 have rapidly gained market shares due to their outstanding efficacy and safety profiles. Commercially successful ADCs include Adcetris by Seagen/Takeda, Kadcyla by Roche, and Enhertu by Daiichi Sankyo/AstraZeneca, to name but a few. Roche's Kadcyla is the world's first ADC drug approved for the treatment of solid tumors and has become an integral part of Roche's product portfolio for breast cancer. The global annual sales of Kadcyla exceeded US$2bn for several consecutive years. Enhertu, co-developed by Daiichi Sankyo and AstraZeneca, has shown tremendous therapeutic potential in the breast cancer field and is set to become a mega-blockbuster drug. Enhertu's global sales reached nearly US$3.5bn in 2024, representing a CAGR of 98% in 2020-2024. As it is recently demonstrating clinical benefit for breast cancer as a frontline treatment, sales of Enhertu are expected to maintain a strong momentum going forward, in our view. With ADCs expanding into frontline therapies and indications beyond oncology, more blockbuster drugs are expected to emerge in the ADC market, per our view.

Figure 5: Global sales of selected approved ADC products



Source: Company data, CMBIGM
Note: CAGR for Trodelvy refers to the period of 2021-2024 since the drug was approved by FDA in Mar 2020.

The ongoing transition from ADCs to XDCs

Since the R&D exploration of ADCs in the 1980s, ADC technologies have generally evolved into its fourth generation.

First-generation ADCs: The earliest ADCs were primarily composed of conventional chemotherapeutic agents conjugated to murine-derived antibodies via non-cleavable linkers. Later, the use of more effective cytotoxic agents in combination with humanized monoclonal antibodies (mAbs) significantly improved efficacy and safety, leading to the development of first-generation ADCs such as gemtuzumab ozogamicin (Mylotarg) and inotuzumab ozogamicin (Besponsa). These drugs employed humanized mAbs of IgG4 isotype and conjugated potent cytotoxic calicheamicin via acid-labile linkers. While the first-generation ADCs exhibited some degree of targeting capability, their therapeutic window was limited by issues such as high off-target toxicity arose from linker instability, high immunogenicity due to antibody aggregation, and high drug heterogeneity with variable drug-to-antibody ratios (DARs) caused by random conjugation method.

Second-generation ADC drugs significantly reduced immunogenicity and enhanced specificity through the use of humanized or fully humanized antibodies. Representative drugs such as brentuximab vedotin (Adcetris) and ado-trastuzumab emtansine (Kadcyla) utilized IgG1 isotype mAbs, which are more suitable for bioconjugation with small-molecule

payloads and offer strong cancer cell targeting. More toxic payloads were used to improve water solubility and conjugation efficiency, allowing antibodies to carry more payloads while avoiding antibody aggregation. At the same time, improved linkers provided better stability in blood circulation and more uniform DAR distribution. These enhancements led to improved clinical efficacy and safety. However, the second-generation ADCs still faced challenges such as a narrow therapeutic window due to off-target toxicity and drug distribution heterogeneity caused by non-site-specific conjugation.

Third-generation ADCs, including polatuzumab vedotin (Polivy) and enfortumab vedotin (Padcev), introduced site-specific conjugation technology to produce homogeneous ADCs with well-characterized DARs (2 or 4) and desired toxicity profiles, further reducing immunogenicity and off-target toxicity. Additionally, the use of more hydrophilic linker helped balance the high hydrophobicity of certain cytotoxic payloads, thereby improving retention time in circulation and enhancing specific binding of ADCs to tumor cells. Nevertheless, the third-generation ADCs may still cause toxicity due to their potent payloads and face issues of drug resistance.

Fourth-generation ADCs build upon the third generation by using highly effective, low-toxicity payloads, such as Top1 inhibitors and immune modulators, to increase the DARs to 7–8, translating into stronger anti-tumor activity. Representative drugs include trastuzumab deruxtecan (Enhertu) and sacituzumab govitecan (Trodelvy). Moreover, some ADCs have replaced full-length antibodies with antigen-binding fragments (Fabs) to improve stability in circulation and enhance internalization by tumor cells.

Figure 6: Technology advancement roadmap for ADCs

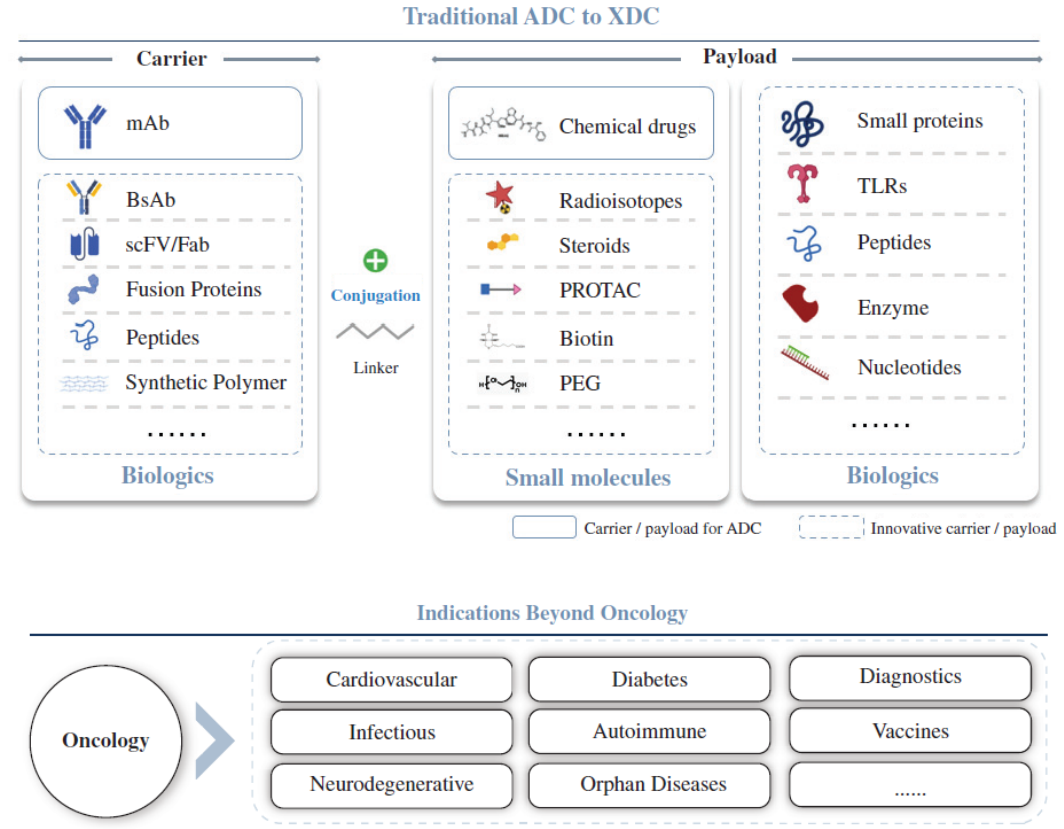
	Antibody	Linker	Attachment site	Conjugation method	Payload	Pros and cons	Representative drug
1st Generation	Mouse-original or chimeric humanized antibodies	Cleavable	Lysine	Random DAR: uncontrollable	Traditional chemotherapy agents	Cons: High immunogenicity; unstable linker; high heterogeneity; off-target toxicity	Mylotarg CD33 2000/2017
2nd Generation	Humanized or fully humanized antibodies	Cleavable and non-cleavable	Lysine; cysteine	Random; DAR: 4-8	Tubulin inhibitors; DNA damaging agents	Pros: Low immunogenicity; bystander effects Cons: narrow treatment window; heterogeneity; off-target toxicity	Kadcyla HER2 2013
3rd Generation	Fully Humanized antibodies	Cleavable and non-cleavable	Engineered cysteine; unnatural amino acids; glycan remodeling; enzyme conjugation	Site-specific conjugation; DAR: 2-4	Tubulin inhibitors; DNA damaging agents	Pros: Low immunogenicity; uniform DAR value; less off-target toxicity; higher stability Cons: possible toxicity due to highly potent payloads	Polivy CD79b 2019
4th Generation	Fully Humanized antibodies	Cleavable and non-cleavable	Engineered cysteine; glycan remodeling; enzyme conjugation	Site-specific conjugation; DAR: 7-8	Top1 inhibitors; photosensitizer; PROTAC; immune modulators…	Pros: uniform DAR value; high anticancer activity; high specificity Cons: insufficient stability	Enhertu HER2, 2019 Trodelvy TROP2, 2020

Source: PharmCube, Frost & Sullivan, CMBIGM

Next-generation ADC technologies involve comprehensive innovations to existing platforms. The global pharmaceutical industry is actively pushing the transformation from ADCs to XDCs, which includes innovations in payloads, linkers, antibodies, and conjugation technologies. In addition to traditional mAbs, XDCs can also use bispecific antibodies, peptides, antibody fragments as carriers. For example, peptides, due to their smaller molecular weight than antibodies, can improve cell permeability and reduce manufacturing complexity. Regarding payloads, researchers are investigating the use of

small molecules such as PROTACs, radioisotopes, and biotin, as well as macromolecules including enzymes, nucleotides, and peptides. Although the fourth-generation ADCs have made significant progress in linker stability compared to earlier generations, further optimization of linkers remains a key research focus. The goal is to ensure that ADC drugs maintain stability in the bloodstream while releasing their payloads specifically within the tumor microenvironment. Moreover, XDC drugs are expected to facilitate the expansion of ADC's therapeutic applications beyond oncology into areas such as autoimmune disorders, diabetes, and cardiovascular diseases, further amplifying the market potential of XDC therapies.

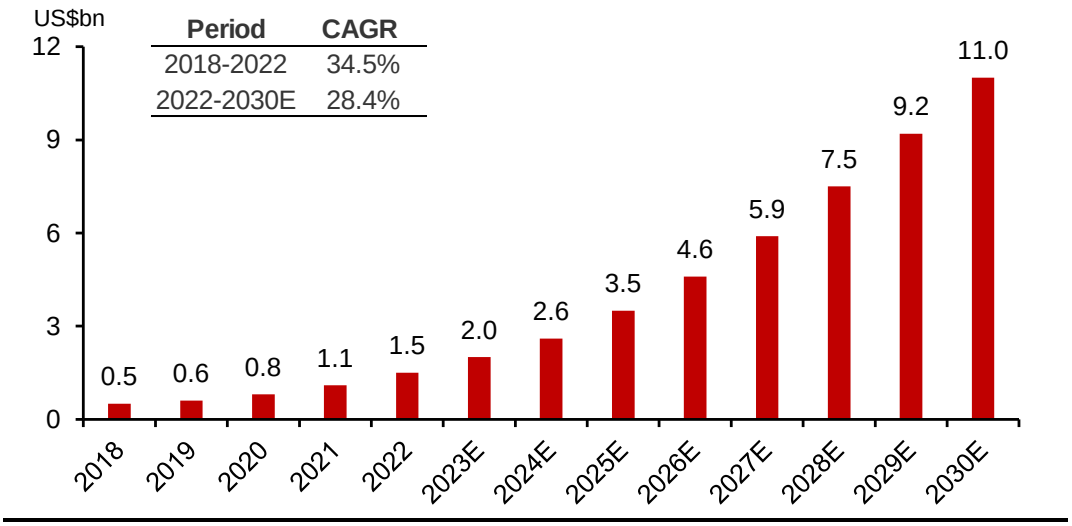
Figure 7: Transition from traditional ADCs to XDC and application expansion



Source: Frost & Sullivan, CMBIGM

The demand for outsourced R&D and manufacturing services of XDCs is expected to maintain rapid growth. The continuous and rapid technological iteration of XDC therapies has led to increased complexity in drug structure, driving a growing need for specialized outsourced R&D and manufacturing services. According to WuXi XDC, the outsourcing rate in the global bioconjugate R&D market had reached around 70% by the end of 2022, much higher than the 34% outsourcing rate for other biologics. According to Frost & Sullivan, the global XDC outsourcing services market grew from US$0.5bn in 2018 to US$1.5bn in 2022 at a CAGR of 34.5% and is projected to continue growing at a CAGR of 28.4%, reaching US$11.0bn by 2030.

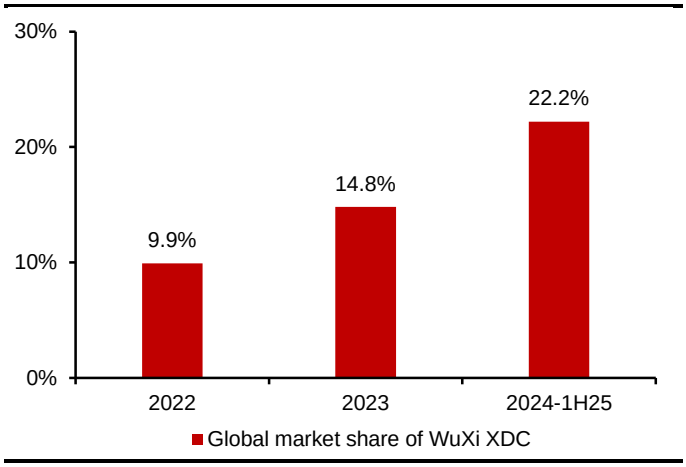
Figure 8: Global ADC and broader bioconjugates outsourcing services market size



Source: Frost & Sullivan, CMBIGM

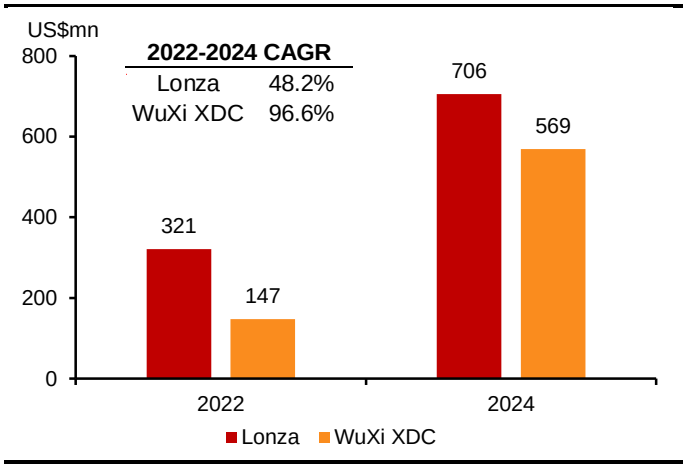
Lonza and WuXi XDC are leaders in the global XDC outsourcing services market. According to Frost & Sullivan, Lonza and WuXi XDC were the Top 2 XDC outsourcing service providers globally in 2022, with market shares of 21.4% and 9.9%, respectively. While Lonza leads WuXi XDC in terms of revenue size, WuXi XDC has been experiencing faster revenue growth. Based on our calculations, WuXi XDC's revenue surged to ~US$569mn in 2024, equivalent to 81% of Lonza's revenue from ADC business in the same year, significantly higher than 46% recorded in 2022. Based on estimates from WuXi XDC, the Company has substantially expanded its global market to 22.2% in the period of 2024-1H25. We expect both companies to maintain their leading positions in the global industry in the future backed by their leading technology and capacity.

Figure 9: Market share of WuXi XDC in global market



Source: Company data, CMBIGM

Figure 10: Comparison of revenue of WuXi XDC and Lonza's ADC segment



Source: Frost & Sullivan, company data, CMBIGM
Note: CMBIGM calculated Lonza's revenue in 2024 based on publicly available information.

The industry is showing tremendous enthusiasm in developing XDCs

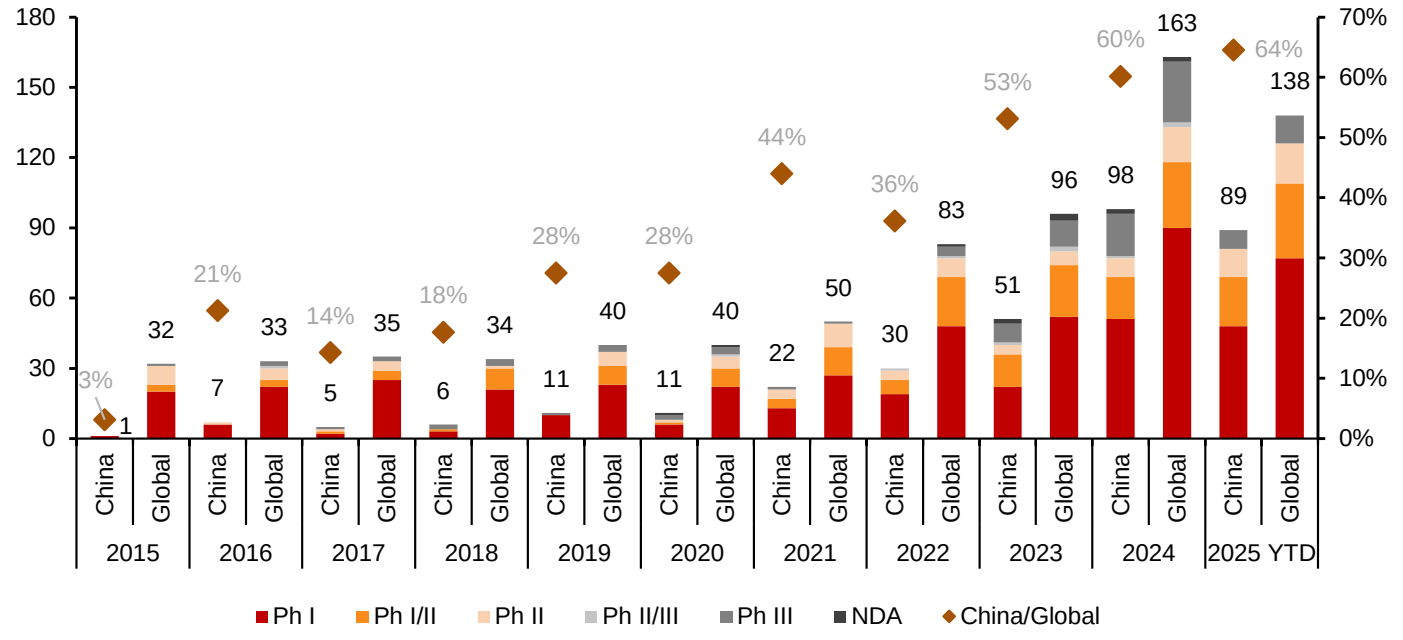
XDC-related clinical trials is growing rapidly, with China acting as the largest driver. Since 2022, there has been growing enthusiasm in the global pharmaceutical industry for the R&D of XDC-related drugs, partly fuelled by a number of major M&As and collaboration deals involving blockbuster ADC drugs. Notable deals include AstraZeneca's US$6.9bn partnership with Daiichi Sankyo for the co-development of Enhertu in 2019 and Gilead's US$21bn acquisition of Immunomedics in 2020.

According to data from PharmCube, the number of newly initiated clinical trials for XDCs worldwide surged from 83 in 2022 to 163 in 2024 (CAGR: 40% YoY). Notably, Chinese companies have become the largest source of newly initiated XDC clinical trials. In 2024, 60% of new XDC trials in the world were initiated by Chinese enterprises, a significant increase from only 36% in 2022. Additionally, the global pharmaceutical industry's focus on XDC has persisted into 2025, with the number of new XDC trial initiations in 2025 YTD reaching nearly 85% of the number in full year 2024. Again, Chinese companies remained highly active in starting clinical trials of XDCs, contributing over 64% of these new trial initiations in 2025 YTD.

ADC remains the key focus of global XDC R&Ds. Newly-initiated XDC-related clinical trials accounted for ~5% of all new biologics clinical trials globally in 2019-2021. Ever since then, the fast-growing interests into XDC R&Ds have led to a continuous expansion in the cut of XDC in the global biologics pipeline, raising to 14.1% in 2025 YTD. XDC R&Ds are more preferred in China, with new XDC clinical trials represented 16.6% of all biologics clinical trials in 2025 YTD, compared to only 3.3% in 2020.

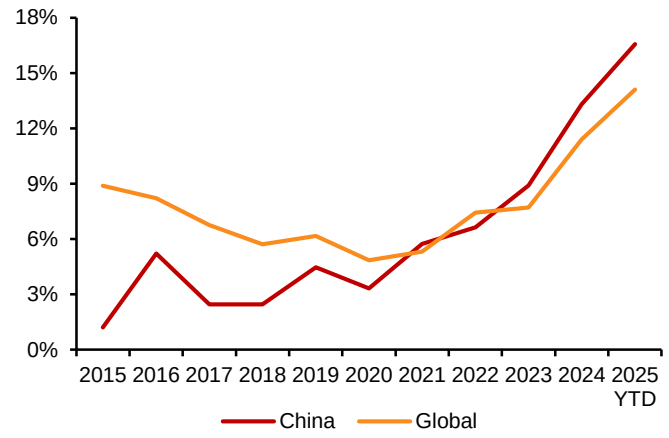
XDC target selections tend to be overcrowded. According to PharmCube, over 600 clinical projects on XDC drugs have been initiated globally since 2020, including 309 ADC-related trials (205 of which are from China), making ADCs the most prominent category within the XDC field. Other types of XDC drugs with relatively less popularity include antibody radionuclide conjugates (ARC) and peptide radionuclide conjugates (PRC). It is worth noting that a handful of targets dominate the global ADC pipeline, raising concerns about market saturation and over-competition for clinical resources. Specifically, ADCs targeting HER2 accounted for 9.7% of all ADC drugs, while the Top10 targets collectively represent 57.3% of all ADCs under clinical investigations. Particularly, the target overconcentration is even more pronounced in China. The clustering of ADC targets means that companies must differentiate in drug designs and indication selections in order to improve the likelihood of R&D success and maximize commercial returns.

Figure 11: Number of newly-initiated XDC-related clinical trials



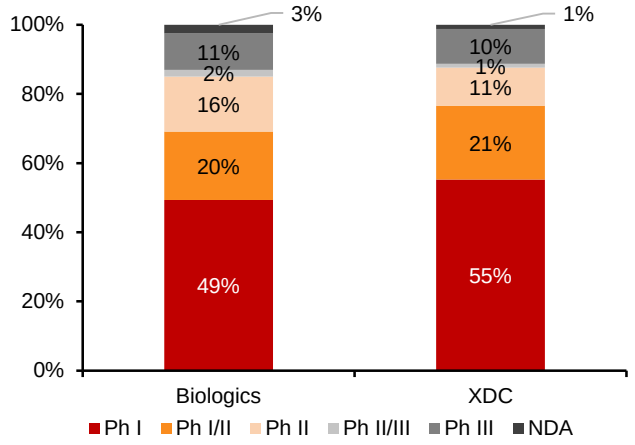
Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 12: XDC as % of biologics under clinical development



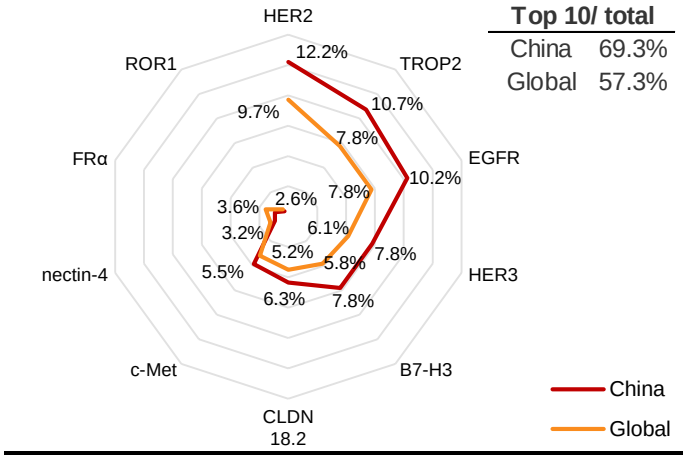
Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 13: Breakdown of global XDC and biologics pipeline under clinical development since 2020



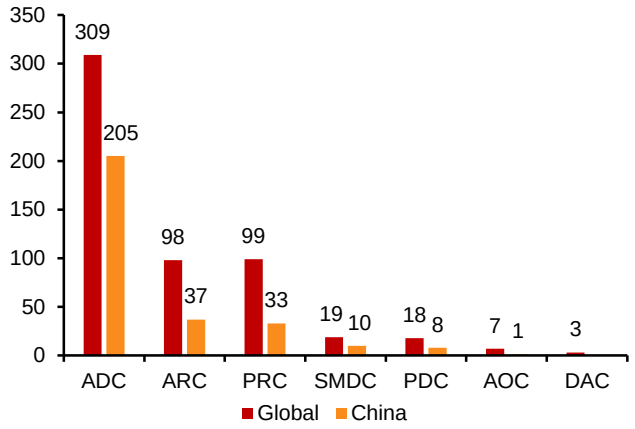
Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 14: ADC pipeline concentration - top 10 targets since 2020



Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 15: Breakdown of XDC pipelines under clinical development since 2020



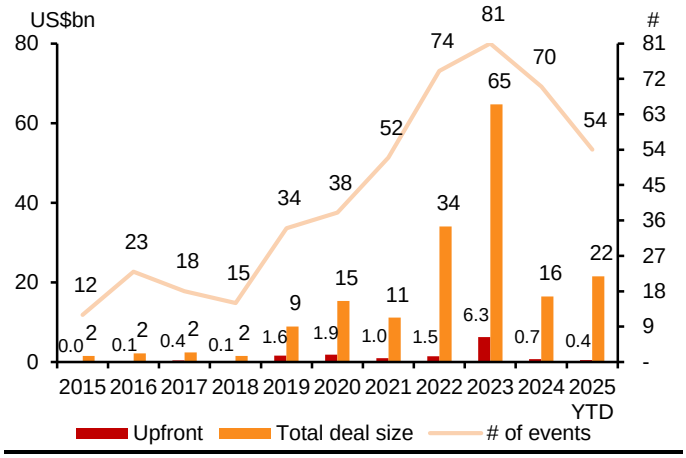
Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

XDCs gaining favor with capital market

XDC-related licensing deals are booming worldwide, with China becoming an active out-licensing hub. In 2019, AstraZeneca and Daiichi Sankyo signed a landmark US$6.9bn collaboration agreement for the ADC drug Enhertu, which ignited a wave of licensing activities across the global XDC space. Despite a sharp downturn in the global pharmaceutical market in 2023, as reflected by trends of biotech funding data, the growth trajectory of XDC-related licensing deals continued that year. In total, 81 XDC-related deals were signed in 2023, with upfront payments reaching US$6.3bn and total deal size amounting to US$65bn, both marking historical highs. The momentum in XDC licensing remained at a relatively healthy level through 2024 and 2025 YTD. In 2025 YTD, among the global licensing deals, XDC-related transactions accounted for 6%/ 31%/ 34% of upfront payments/ total deal size/ deal number, respectively, largely aligning with historical averages. China stands out as the most active out-licensor of XDC projects globally. Unlike the global trend, China's XDC-related BD activities rebounded in 2024 and lasted into 2025. China's XDC-related total deal value in 2025 YTD has already been approaching the historical high in 2023. In 2025 YTD, upfront payments/ total deal value/ deal counts from

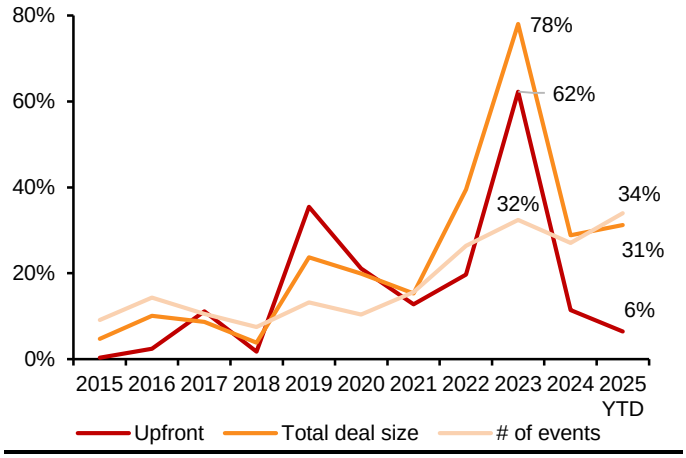
Chinese licensors represent 74%/ 94%/ 31% of the global XDC-related licensing deals, respectively.

Figure 16: Global XDC BD size



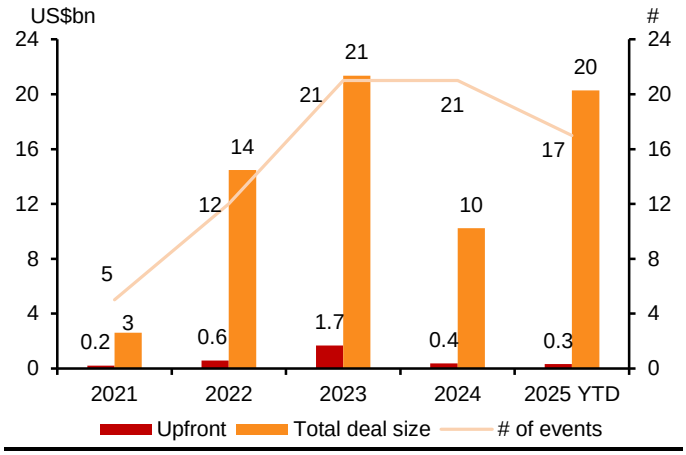
Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 17: Global XDC BD size as % of biologics



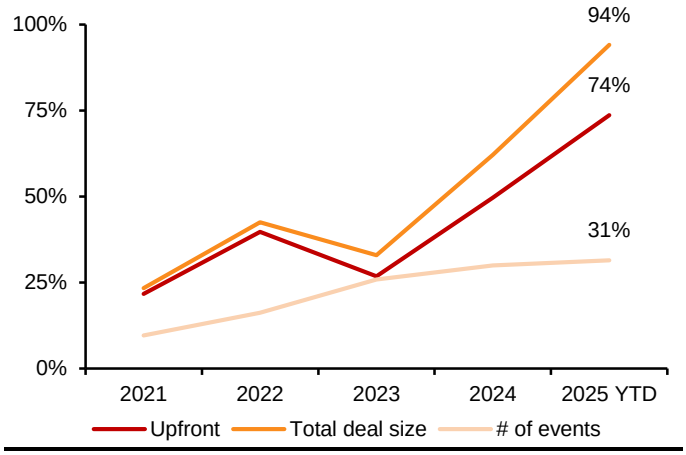
Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 18: China XDC out-licensing BD size



Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Figure 19: China XDC out-licensing deal size as % of global



Source: PharmCube, CMBIGM
Note: 2025 data cutoff is 26 Aug 2025

Large-scale licensing deals are not rare in the global XDC sector, reflecting the industry's strong recognition on the therapeutic potential of XDCs. According to PharmCube, 2023 marked the most active year for global XDC licensing transactions in history. In that year, 11 of the Top 20 global biologics BD deals involved XDCs, with all Top 3 being XDC drugs. Notably, Merck and Daiichi Sankyo signed a collaboration agreement covering three ADC drugs, with an upfront payment of US$4bn and a total deal size of US$22bn, representing the highest upfront and total deal value in the history of the global pharmaceutical industry. Similarly in China, 7 of the Top 20 biologics licensing deals in history are XDC drugs, with all Top 3 being XDC-related projects. Among them, Biokin Pharma (百利天恒) out licensed a bispecific ADC drug to Bristol Myers Squibb (BMS) with an upfront payment of US$800mn and a total deal size of US$8.4bn, making it the third-largest deal by total value and the second-largest by upfront payment in the history of China's pharmaceutical industry.

Figure 20: Global Top 20 biologics BD deals by total deal size in 2023

Ranking	Date of deal	Licensor	Licensee	Total deal size (US$bn)	Upfront (US$bn)	XDC or not?
1	2023-10-19	Daiichi Sankyo	Merck & Co.	22,000	4,000	Yes
2	2023-12-12	百利天恒 (Biokin)	Bristol-Myers Squibb	8,400	800	Yes
3	2023-09-07	Nurix Therapeutics	Seagen	3,460	60	Yes
4	2023-06-09	Quell Therapeutics	AstraZeneca	2,085	85	No
5	2023-12-28	科望医药 (Elpiscience)	Astellas Pharma	1,737	37	No
6	2023-12-20	翰森制药 (Hanson)	GSK	1,710	185	Yes
7	2023-12-26	LCB	Janssen Biotech	1,700	100	Yes
8	2023-01-09	Voyager Therapeutics	Neurocrine Biosciences	1,685	136	No
9	2023-04-03	映恩生物 (Duality)	BioNTech	1,670	170	Yes
10	2023-10-20	翰森制药 (Hanson)	GSK	1,570	85	Yes
11	2023-10-30	恒瑞医药 (Hengrui)	Merck KGaA	1,515	171	Yes
12	2023-10-04	Teva Pharmaceutical	Sanofi	1,500	500	No
13	2023-01-04	药明生物 (WuXi Bio)	GSK	1,500	40	No
14	2023-07-10	映恩生物 (Duality)	百济神州 (BeOne)	1,300	Not disclosed	Yes
15	2023-07-17	Scribe Therapeutics	Sanofi	1,240	40	No
16	2023-01-05	CytomX Therapeutics	Moderna	1,235	35	No
17	2023-02-23	康诺亚 (Keymed)	AstraZeneca	1,188	63	Yes
18	2023-01-09	TRexBio	Eli Lilly	1,155	55	No
19	2023-11-13	传奇生物 (Legend)	Novartis	1,110	100	No
20	2023-12-15	和铂医药 (Harbour)	Seagen	1,103	53	Yes

Source: PharmCube, CMBIGM

Figure 21: China Top 20 biologics out-licensing deals in history by total deal size

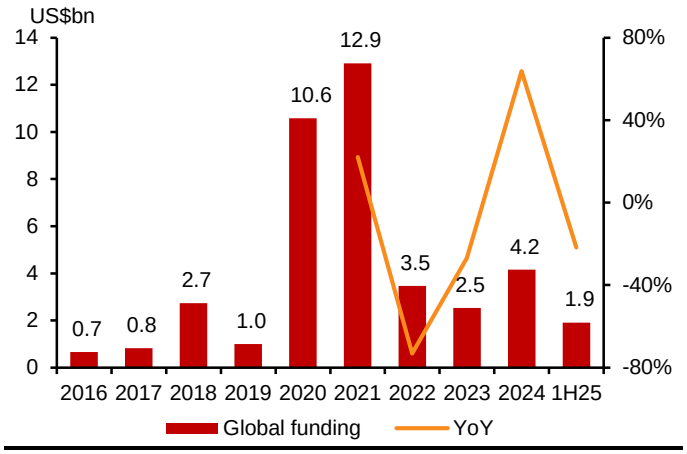
Ranking	Date of deal	Licensor	Licensee	Total deal size (US$bn)	Upfront (US$bn)	XDC or not?
1	2025-01-13	启德医药 (GeneQuantum)	Biohaven	13,000	Not disclosed	Yes
2	2022-12-22	科伦博泰 (Kelun Biotech)	Merck & Co.	9,475	175	Yes
3	2023-12-12	百利天恒 (Biokin)	Bristol-Myers Squibb	8,400	800	Yes
4	2025-05-20	三生制药 (3SBio)	Pfizer	6,150	1,250	No
5	2022-12-06	康方生物 (Akeso)	Summit Therapeutics	5,000	500	No
6	2025-03-21	和铂医药 (Harbour)	AstraZeneca	4,680	175	No
7	2025-06-26	荣昌生物 (Remegen)	Vor Biopharma	4,230	125	No
8	2024-11-14	礼新医药 (LaNova)	Merck & Co.	3,288	588	No
9	2021-12-20	百济神州 (BeOne)	Novartis	2,895	300	No
10	2021-08-09	荣昌生物 (Remegen)	Seagen	2,600	200	Yes
11	2025-01-09	先为达生物 (Sciwind)	Verdiva Bio	2,470	70	No
12	2021-01-11	百济神州 (BeOne)	Novartis	2,200	650	No

13	2024-08-01	宜明昂科 (ImmuneOnco)	Instil Bio	2,150	10	No
14	2020-06-08	信达生物 (Innovent)	Roche	2,100	Not disclosed	No
15	2023-12-28	科望医药 (Elpiscience)	Astellas Pharma	1,737	37	No
16	2023-12-20	翰森制药 (Hanson)	GSK	1,710	185	Yes
17	2024-06-13	明济生物 (FutureGen)	AbbVie	1,710	150	No
18	2017-12-21	传奇生物 (Legend)	Johnson & Johnson	1,700	350	No
19	2023-04-03	映恩生物 (Duality)	BioNTech	1,670	170	Yes
20	2023-10-20	翰森制药 (Hanson)	GSK	1,570	85	Yes

Source: PharmCube, CMBIGM
Note: Data cutoff is 26 Aug 2025

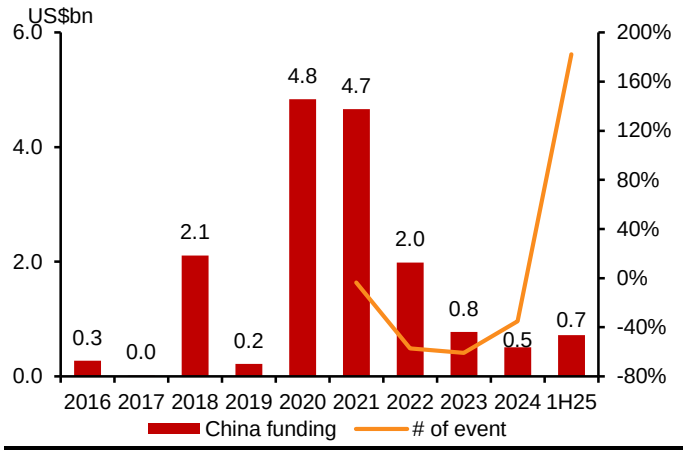
Funding of the global XDC sector is showing early signs of recovery, with a more pronounced rebound in China. According to data from PharmCube, global funding in the XDC sector exceeded US$10bn in both 2020 and 2021, reaching the historical highs. Although funding value of XDC sector, mirroring the global pharmaceutical market trend, declined significantly in 2022 and 2023, XDC-related financing rebounded strongly in 2024, with a YoY increase of 64.8%. Funding on XDC projects in 1H25 has almost reached nearly half of that in the full year of 2024, signalling a continuous recovery in the XDC field. In the meantime, global financing for innovative drugs only showed weak signs of recovery in 2024, which has been further weakened in 1H25 due to lower-than-expected rate cut by the US Fed as well as rising global macro uncertainties. Notably in China, strong signs of funding recovery have emerged in China's XDC sector in 1H25, with remarkable YoY growth of 182%, surpassing the full-year total funding value for 2024. Simultaneously, the funding of China innovative drugs demonstrated a rebound in 1H25 with YoY growth of 30%. Note that the strong recovery in China innovative drugs was mainly driven by the secondary market.

Figure 22: Global XDC funding



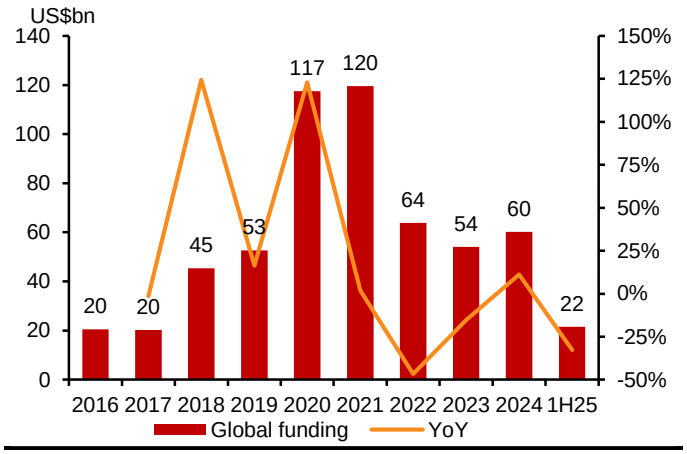
Source: PharmCube, CMBIGM

Figure 23: China XDC funding



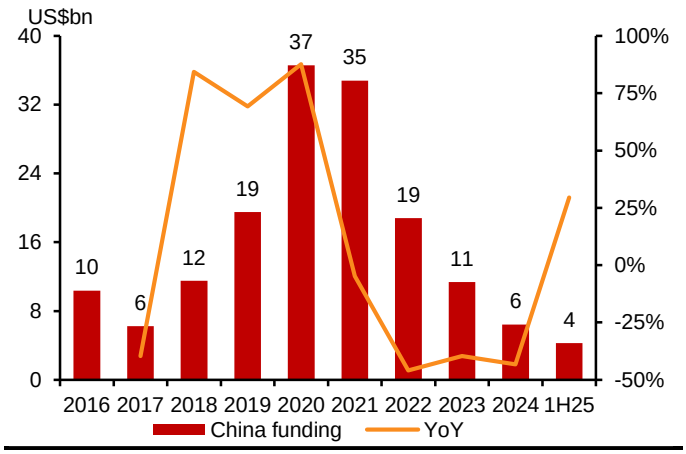
Source: PharmCube, CMBIGM

Figure 24: Global funding for innovative drugs



Source: PharmCube, CMBIGM

Figure 25: China funding for innovative drugs



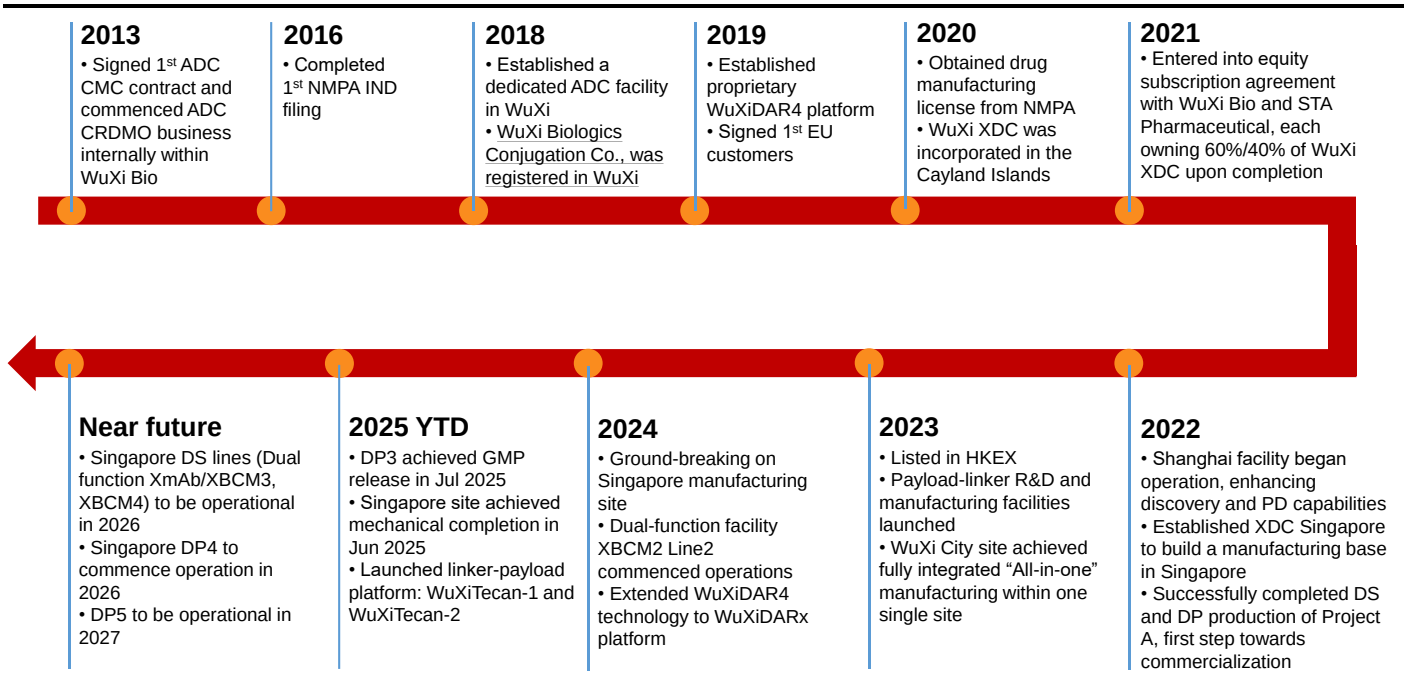
Source: PharmCube, CMBIGM

WuXi XDC setting itself as a globally leading one-stop XDC service provider

Rapid and sustained growth in its history

WuXi XDC has evolved into a leader in the global XDC outsourcing service industry. The Company's history can be traced back to 2013, when it signed its first ADC CMC contract as an internal department of WuXi Biologics. This marked the inception of its business explorations into the promising XDC field. With the increasing global investment in the XDC field and the Company's continuous investments in technologies and production capacities, WuXi XDC has emerged as a global leader in the XDC space. The Company provides "all-in-one" services in its facilities located in WuXi City, which is rare in the global XDC outsourcing services sector. In addition, the Company is currently building a global manufacturing and service network spanning China and Singapore, aiming to form a global "dual-sourcing" business model. Leveraging its strengths in XDC-related technologies and capacities, the Company is well-positioned to ride on the wave of XDC R&D in the global pharmaceutical industry.

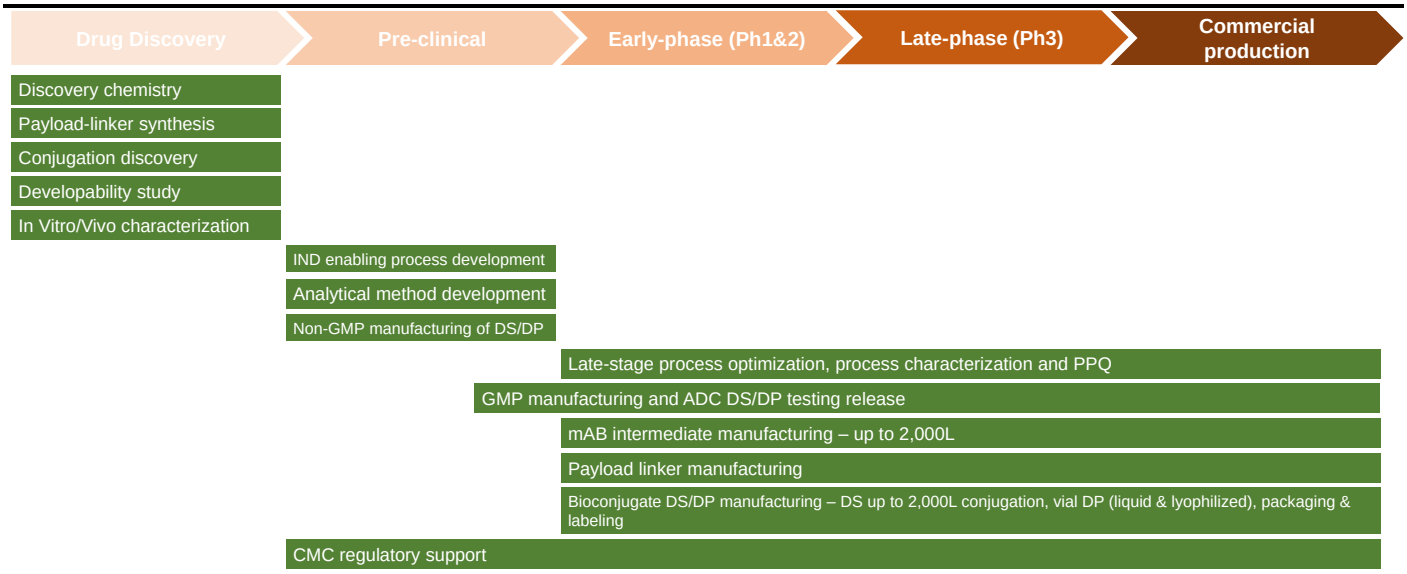
Figure 26: History and key achievement of WuXi XDC



Source: Company data, CMBIGM

WuXi XDC is one of the few one-stop XDC service platforms in the world. In the pharmaceutical R&D and manufacturing outsourcing industry, a one-stop service platform can provide clients with comprehensive solutions, reducing the risks associated with switching suppliers at different stages of drug R&D. This, in turn, helps lower R&D costs and shortens development timelines. WuXi XDC's platform spans the entire XDC drug R&D process—from drug discovery to commercial manufacturing—and covers all four key components of XDC drug production, namely bioconjugation, monoclonal antibody drug substance (mAB DS), payload-linker, and drug product (DP). Notably, WuXi XDC has established an "all-in-one" service capability within its manufacturing facilities in Wuxi City, where facilities with dedicated capabilities for bioconjugation, mAb DS, payload-linker and DP are proximately located in one city, enabling WuXi XDC to better manage its supply chain, coordinate R&D and manufacturing operations and accelerate timeline for clients.

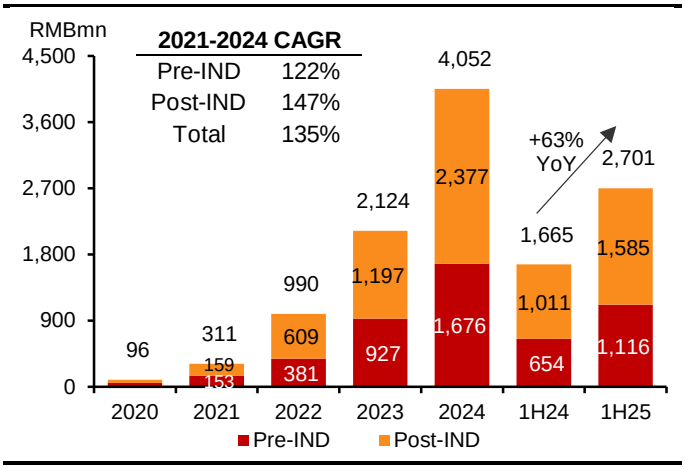
Figure 27: One-stop capability of WuXi XDC



Source: Company data, CMBIGM

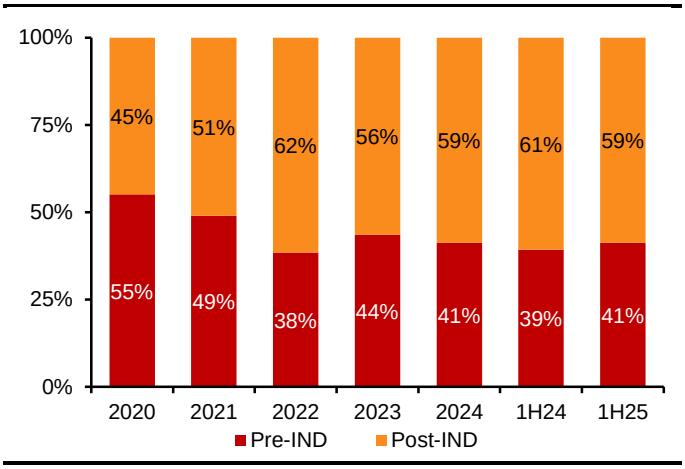
WuXi XDC has maintained rapid growth momentum in business scale. Driven by its globally leading technologies and production capacities, along with the surge in global demand for XDC drug R&D, WuXi XDC has experienced remarkable growth in both revenue and profit over the past years. From 2021 to 2024, the Company's total revenue increased sharply from RMB311mn to RMB4,052mn, representing a CAGR of 135% during the period. Notably, revenue from post-IND projects grew at an even faster CAGR of 147% in 2021-24, which indicated the steady advancement of the Company's project pipeline. As a result, post-IND revenue accounted for 59% of total revenue in 2024, up from 51% in 2021. WuXi XDC has maintained strong growth momentum in 1H25, delivering 63% YoY growth for revenue during the period.

Figure 28: Revenue of WuXi XDC by project stages



Source: Company data, CMBIGM

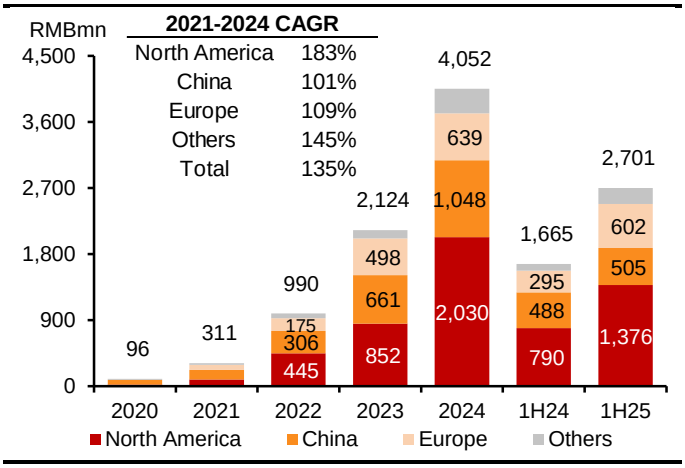
Figure 29: Revenue breakdown of WuXi XDC by project stages



Source: Company data, CMBIGM

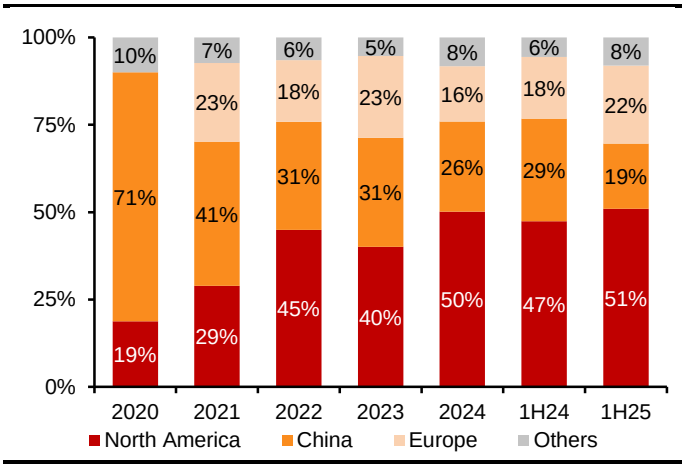
Geographically, WuXi XDC has diversified revenue sources. The US was the Company's largest revenue contributor, accounting for 50%/51% of total revenue in 2024/1H25. It has also been the fastest-growing region in recent years, driven by the booming demand from US clients as well as the rapid clinical progress of ADC projects licensed from China to the US. Despite this, China remains a key source of revenue, contributing 26%/19% of total revenue in 2024/1H25.

Figure 30: Revenue of WuXi XDC by project regions



Source: Company data, CMBIGM

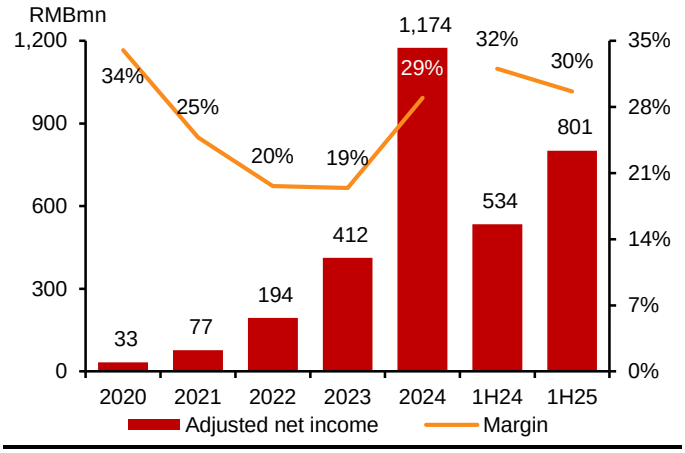
Figure 31: Revenue breakdown of WuXi XDC by project regions



Source: Company data, CMBIGM

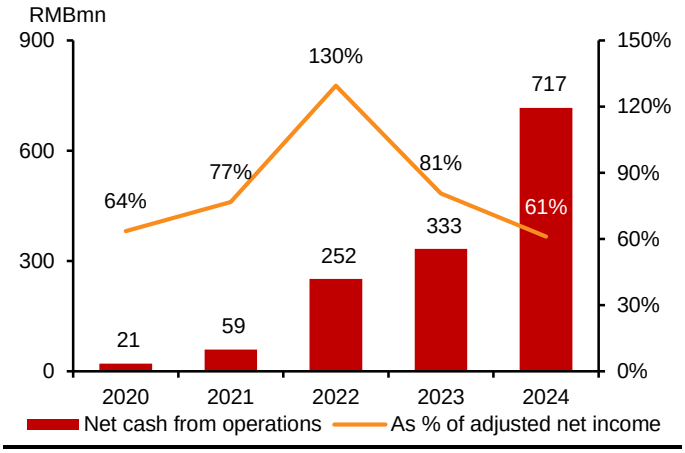
As the Company's revenue increased, WuXi XDC experienced sustainable margin expansion due to the economies of scale. In 2024, the Company's adjusted net income increased remarkably by 185% YoY to RMB1,174mn, translating into a net profit margin of 29%, a significant improvement compared to 19.4% in 2023. The net profit margin was maintained at above 30% in 1H25 as the Company is actively hiring and expanding capacities.

Figure 32: Adjusted net income of WuXi XDC



Source: Company data, CMBIGM

Figure 33: Net cash from operations of WuXi XDC



Source: Company data, CMBIGM

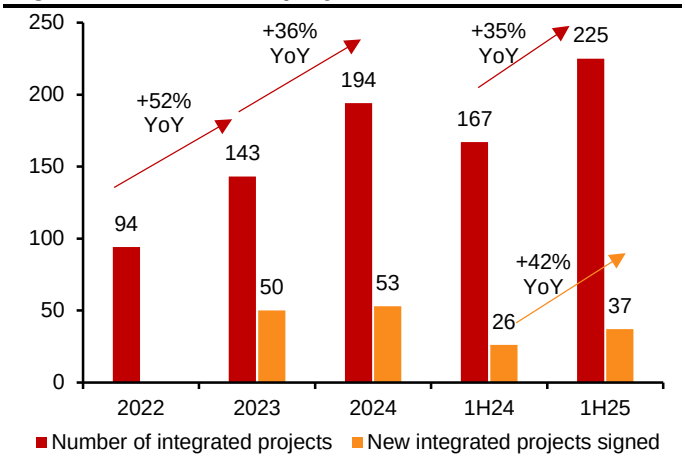
A rich pipeline coupled with abundant backlog

Project pipeline of WuXi XDC is growing with a balance of speed and quality. By the end of 1H25, the Company had a total of 225 ongoing integrated projects in its pipeline, a significant increase of 139% compared to 94 projects in 2022. This rapid pipeline expansion reflects the Company's continued success in earning the trust of global clients, which was also demonstrated by 53/37 new integrated projects signed in 2024/1H25. In addition, XDC ranked first globally in the number of IND approvals obtained for clients in 2024/1H25, while the Company was involved in 60%/>75% of China-originated ADC out-licensing deals (total deal size exceeding US$1bn) in 2024/1H25, indicating the strong capability to empower customers innovation. Moreover, 23/13 integrated projects were transferred from external sources to WuXi XDC during 2024/1H25, further demonstrating the Company's high recognition in speed and service quality in the global XDC outsourcing services market.

The expanding project pipeline is set to generate a strong funnel effect going forward. As early-stage projects progress to later stages which typically come with larger contract

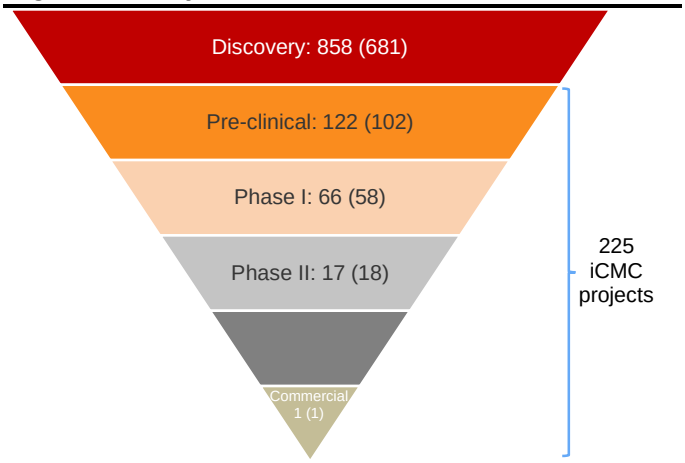
values and longer contract duration, WuXi XDC is anticipated to see greater momentum for revenue growth going forward. By the end of 1H25, WuXi XDC had cumulatively executed 858 XDC projects in the drug discovery stage and 122 projects in the preclinical phase, while serving 66 in Phase I clinical trials and 17 in Phase II clinical trials. As expected, the large pool of early-stage projects gradually move into late-stage clinical and commercial projects, supporting a significant leap in the Company's business growth in the long run. As of the end of 1H25, the Company had 19 projects in Phase III clinical trials, including 11 in the Process Performance Qualification (PPQ) stage, compared with 15 and 8, respectively, in 2024. Notably, 2024 also marked a milestone as WuXi XDC successfully landed its first commercial project in its history. These late-stage and commercial projects will serve as a solid foundation for sustained revenue growth in the coming years.

Figure 34: Number of projects of WuXi XDC



Source: Company data, CMBIGM

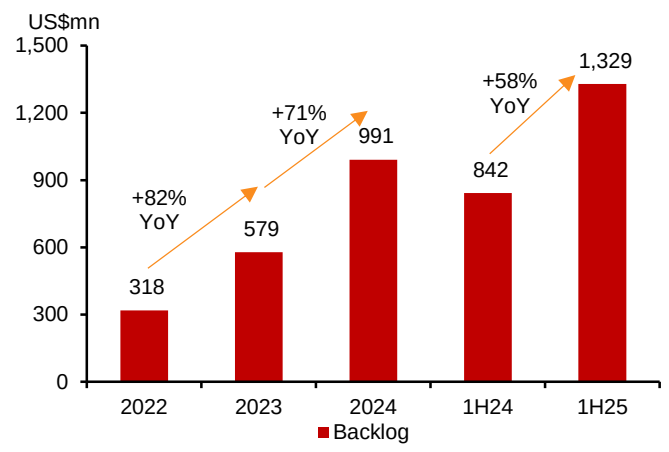
Figure 35: Project breakdown as of 1H25



Source: Company data, CMBIGM
Note: iCMC projects refer to integrated projects.

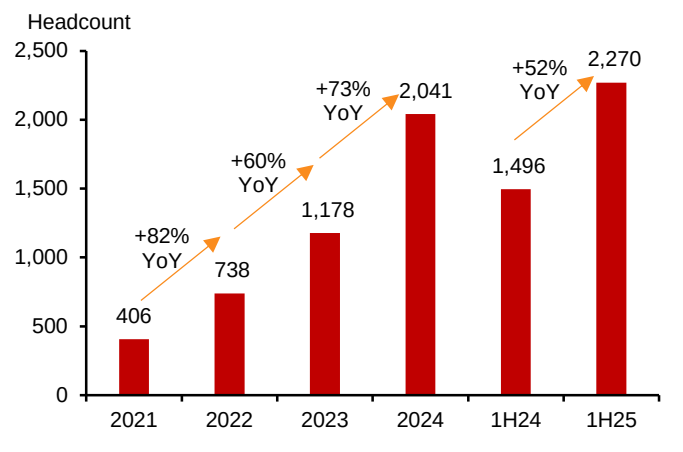
A rapidly-growing backlog bodes well for the sustainable growth of future revenue. The increase in the number of projects at WuXi XDC has led to significant and persistent growth of backlog. As of the end of 1H25, the backlog of WuXi XDC reached US$1,329mn, representing a 58% YoY increase, on top of the strong growth of 82%/71% YoY recorded in 2023/24. To meet the surging demand from clients, WuXi XDC has continuously expanded its talent pool to secure project delivery timeline and quality. By the end of 1H25, the Company had 2,270 employees, over fivefold increase compared to 2021.

Figure 36: Backlog of WuXi XDC



Source: Company data, CMBIGM

Figure 37: Employee number of WuXi XDC



Source: Company data, CMBIGM

Strong competency supported by capacity and technology

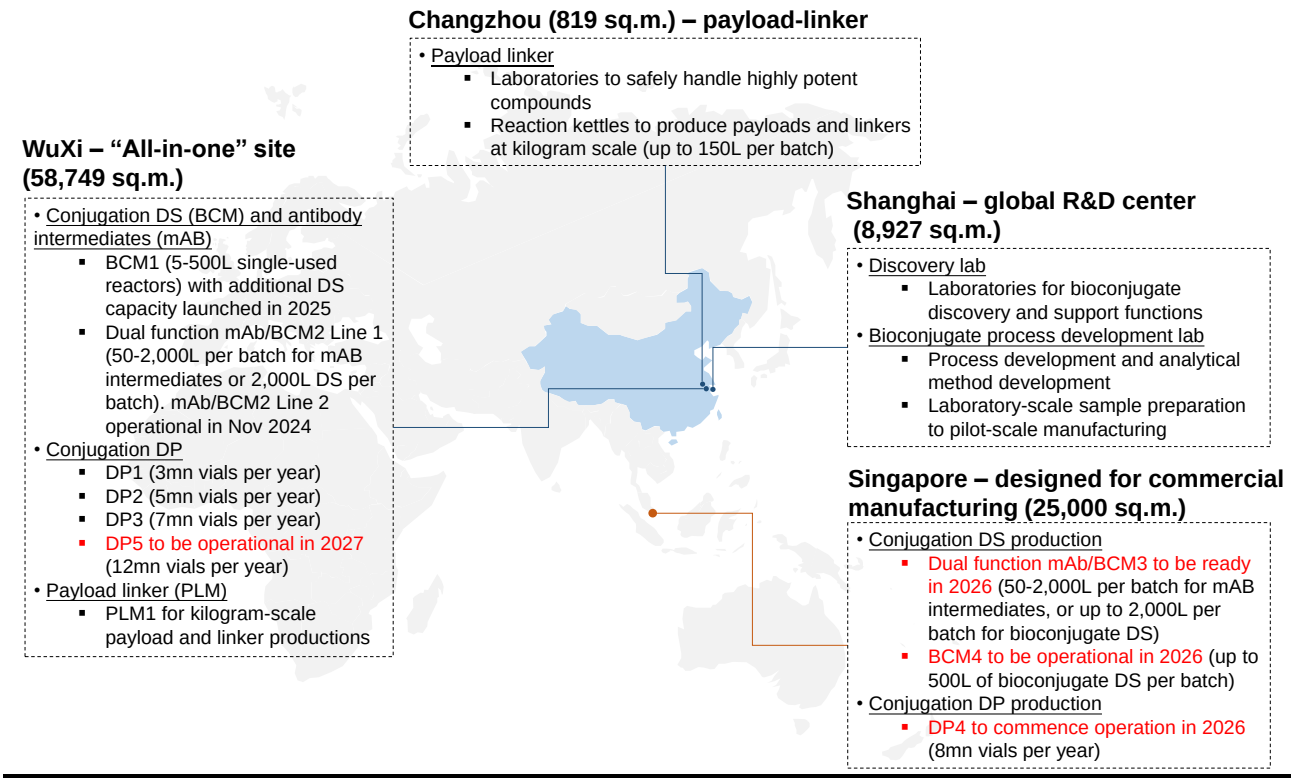
Globally leading capacity with ambitious expansions

Building a global "dual-source" network

WuXi XDC is building a global network covering China and Singapore. Leveraging its origins within WuXi Bio, WuXi XDC strategically began its capacity expansion in the Yangtze River Delta region, allowing the Company to fully capitalize on the synergies with WuXi Bio during its early growth phase. In 2018, WuXi XDC established its first dedicated ADC facility in Wuxi City. Through continuous expansion, the Wuxi site has evolved into the core of WuXi XDC's manufacturing network. The Company set up a R&D center in Shanghai and a payload-linker production facility in Changzhou, thereby forming a closely-connected domestic manufacturing network. Notably, the Wuxi site features an "all-in-one" capability, where key production elements are all located in close proximity. This integrated setup enables WuXi XDC to manage its supply chain more efficiently and align R&D with manufacturing operations more effectively. As a result, the Company can accelerate project timelines, reduce production costs, and enhance operational flexibility. Particularly, WuXi XDC can move forward an XDC project from DNA sequence to IND submission within 13 to 15 months, approximately 50% faster than the industry average.

Establishing capacity in Singapore marks a significant step toward global dual-sourcing strategy. In 2022, WuXi XDC established XDC Singapore to drive its capacity expansion in the country, which is a global hub for pharmaceutical manufacturing. The Singapore facility will feature manufacturing capabilities for antibody intermediates, DS and DP. Singapore site has reached mechanical completion in Jun 2025 and is on track to reach GMP release in 1H26. Once operational, the site will support customer needs from clinical through commercial production, representing a cornerstone of WuXi XDC's manufacturing network.

Figure 38: The growing global manufacturing network of WuXi XDC

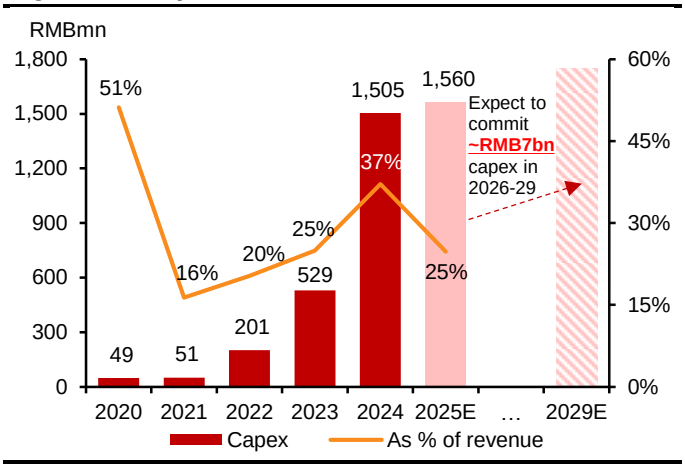


Source: Company data, CMBIGM
Note: Facilities marked in red indicate ongoing expansion plans.

WuXi XDC is actively expanding its production capacity to meet growing customer demand. In 2024, the Company's capex exceeded RMB1.5bn, representing a significant YoY increase of 184%, while management anticipates to maintain the investment intensity for 2025 with capex of RMB1.56bn. In response to the sustainable R&D demand coupled with the upcoming commercial production, WuXi XDC expects to commit over RMB7bn in capex from 2026 to 2029, targeting to further enhancing its domestic and international manufacturing capabilities in the medium term. In addition to the large-scale manufacturing facilities under construction in Singapore, WuXi XDC is also proactively expanding its capacities in Wuxi City, currently the core of its manufacturing network.

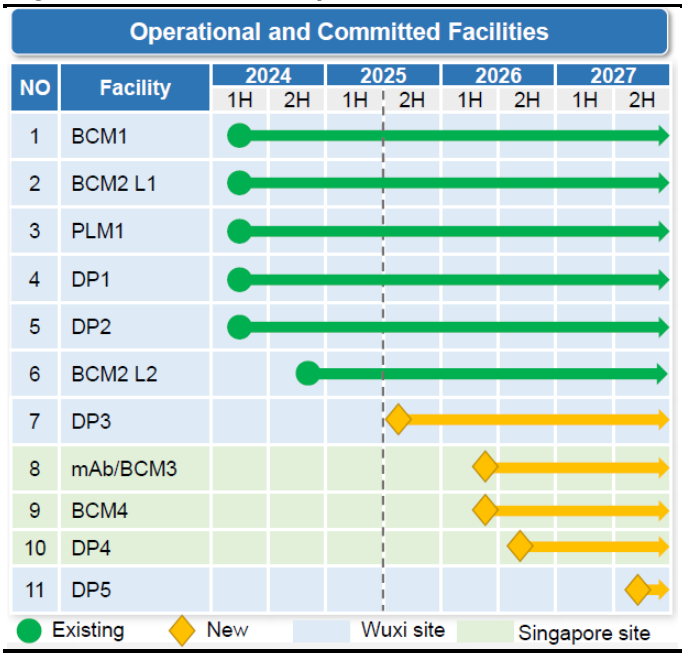
Particularly, as its flagship site in overseas market, WuXi XDC's Singapore facility is expected to support antibody intermediates and DS production at a scale of up to 2,000 liters per batch in 2026, followed by the planned launch of DP site with an annual capacity of 8 million vials in the same year. The Singapore site will have flexibilities to further scale up DP capacity in the future, positioning it as a cornerstone of WuXi XDC's commercial manufacturing. In Wuxi City, key construction projects in 2024 included the dual-function production line BCM2 Line 2, which was operational in Nov 2024, and the DP3 facility with an annual capacity of 8 million vials. In 2025, the Company's expansions focus on bringing the DP3 facility into operation (July 2025) and initiating construction of DP5, another 12-million-vial-per-year facility planned for launch in 2027. As the Company secured its first commercial-stage project in 2024, WuXi XDC's ambitious expansion plans, with a clear emphasis on DP capacity, reflect strong confidence in the business prospect of its commercial manufacturing.

Figure 39: Capex of WuXi XDC



Source: Company data, CMBIGM

Figure 40: Construction plan of WuXi XDC



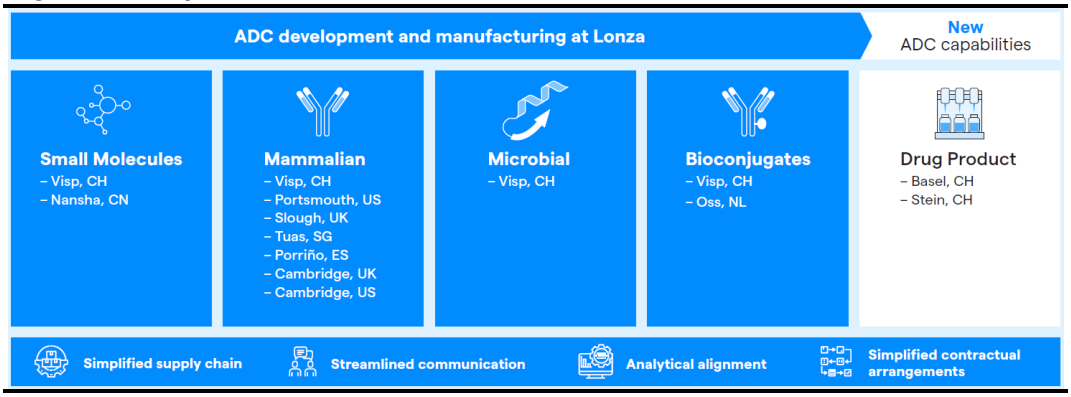
Source: Company data, CMBIGM

The industry is investing heavily in XDC capacities

Lonza continues to strengthen its global manufacturing network for XDCs. A global leader in XDC outsourced services industry, Lonza entered the ADC space as early as 2006 and has since delivered over 1,400 batches for more than 70 different products. Leveraging its deep expertise and capacity in both antibody and small molecule CDMO, Lonza has established a global manufacturing network for XDC products. In recent year, the ADC business has been a key growth driver for Lonza's biologics segment. Similar to WuXi XDC,

Lonza operates “all-in-one” manufacturing facilities in Switzerland. In response to the increasing global demand for XDC outsourcing services, Lonza is actively expanding its production capacity. By the end of 2024, the Company is constructing three new manufacturing facilities in Switzerland, which will significantly enhance its ability to support commercial-stage ADC projects and further solidify its leadership position in the global XDC market.

Figure 41: Capabilities of Lonza on XDCs



Source: Company data, CMBIGM

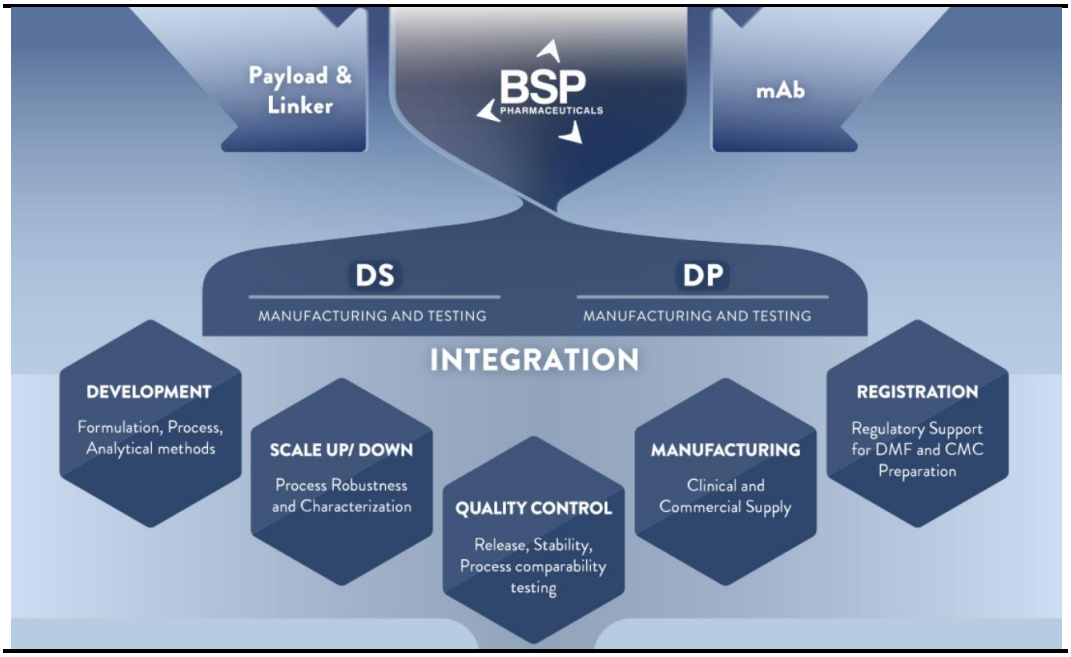
Figure 42: XDC capacity expansion of Lonza

Function	Location	Stage	Scale	Time of operation
A new customer-dedicated filling line	Stein, Switzerland	Commercial		1H25
A dedicated bioconjugation suite for customer	Visp, Switzerland	Commercial	800m^2	2027
Two bioconjugation suites	Visp, Switzerland	Commercial	2*1,200L; 2,000m^2	2028

Source: Company data, CMBIGM

BSP Pharmaceuticals (BSP) has rolled out a major capacity expansion plan. BSP, an Italy-based CDMO specializing in oncology and cytotoxic drugs, offers development and manufacturing services for both conjugation and DP for clients across the globe. Currently operating five conjugation suites, BSP produces the majority of the world’s commercial ADCs supplied in over 80 countries. In April 2024, BSP announced a multi-year expansion plan valued at EUR530mn. The ambitious plan includes the addition of two new conjugation facilities, two sterile cytotoxic manufacturing units, and three new sterile lines for innovative biologics and small molecule drugs at its facility site in Latina, Italy. The entire expansion is expected to be completed by 2028, and will significantly enhance BSP’s capacity to supply both DS and DP for global customers.

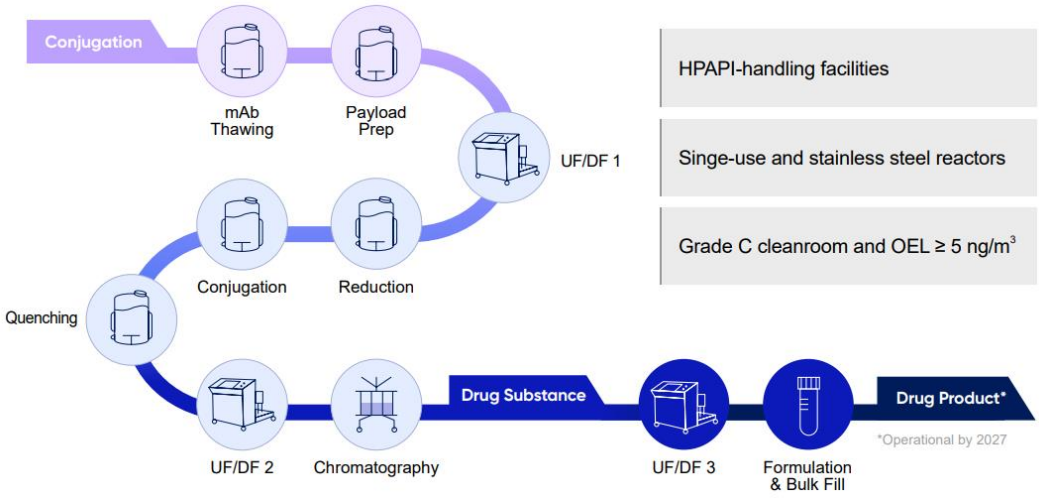
Figure 43: Capabilities of BSP on XDCs



Source: Company data, CMBIGM

Samsung Bio released its first ADC facility with additional investment for further expansion. Samsung Bio has officially launched its first ADC facility in 1Q25. The facility is equipped with both single-use and stainless steel reactors of up to 500 liters, enabling the Company to provide end-to-end services from drug discovery to clinical-stage conjugation and DS manufacturing. In addition, Samsung Bio is constructing a DP manufacturing line, which is expected to commence operation in 2027, enhancing the Company's integrated ADC service offerings. Notably, Samsung Bio' ADC facility is located in the same region as its antibody production facilities. This geographic proximity allows the Company to offer more rapid and streamlined development and manufacturing services, further improving speed and efficiency for its clients.

Figure 44: Capabilities of Samsung Bio on XDCs



Source: Company data, CMBIGM

Cutting-edge technology to support long-term competency

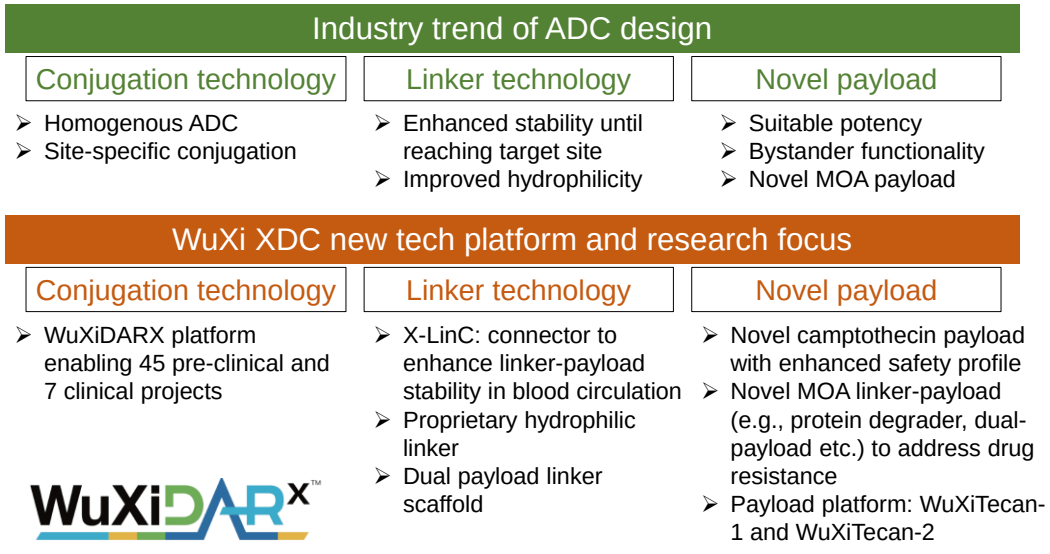
WuXi XDC stays at the forefront of technological innovation in the industry

The XDC industry is entering an era of next-generation technology competition. ADC technologies, after decades of ceaseless developments, has made significant progress in addressing key challenges such as immunogenicity, target selectivity, drug homogeneity, and off-target toxicity. However, driven by optimism about the broader potential of conjugated drugs, the global pharmaceutical industry is now actively exploring a transition from ADCs to XDCs. This transition involves innovation across multiple dimensions, including payloads, linkers, antibodies, and conjugation technologies.

WuXi XDC stands at the forefront of the global wave of XDC innovation, actively pursuing solutions to several key challenges that will shape the future of XDC development. To support this mission, WuXi XDC has built globally competitive technology platforms, such as proprietary conjugation platform WuXiDARx, linker platform X-LinC, and payload platform WuXiTecan-1/ WuXiTecan-2. These platforms are designed to enhance critical attributes of XDC drugs, including improved drug homogeneity and increased linker stability, factors essential for achieving better safety and efficacy. In addition, these innovations also help accelerate the development timeline and reduce manufacturing risks for XDCs, which are key considerations for pharmaceutical companies.

Backed by these industry-leading platforms, WuXi XDC has empowered a growing number of global clients to bring their innovative XDC candidates to market. In 2024/1H25, WuXi XDC participated in 60%/>75% of China-originated XDC out-licensing deals (total deal size exceeding US$1bn), underscoring the Company's critical role in the global XDC market and validating the global recognition of its technological capabilities.

Figure 45: WuXi XDC's continuous investment in frontier technology



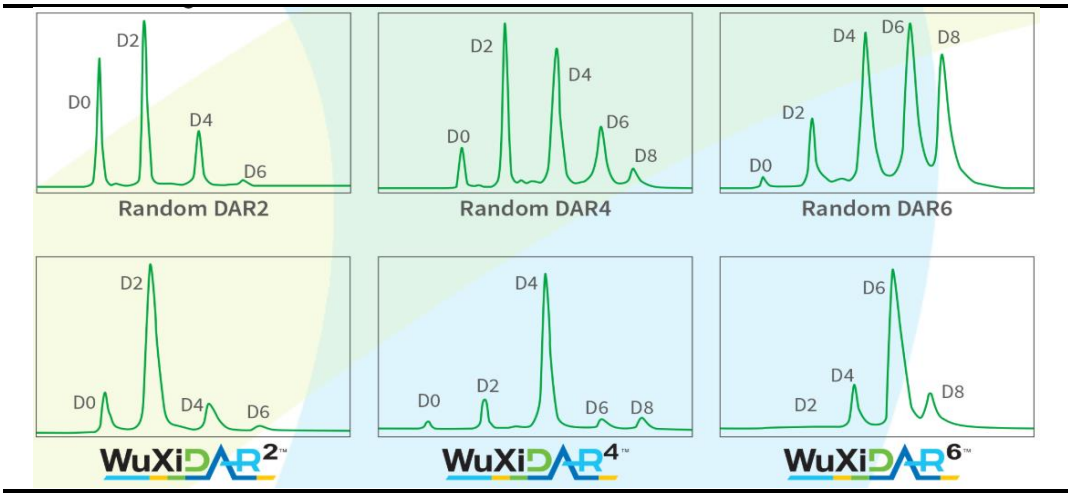
Source: Company data, CMBIGM

The upgraded WuXiDARx technology platform empowers precise conjugation and innovative therapies. WuXi XDC launched its proprietary WuXiDAR4 platform in 2020, which is designed to increase the proportion of drug-antibody ratio 4 (DAR4) and improve overall drug homogeneity in ADC products. These enhancements contribute to better clinical efficacy and safety profiles by optimizing pharmacokinetics and reducing off-target toxicity. Through continuous optimization and improvement, WuXi XDC officially launched the upgraded WuXiDARx platform in 2023 to meet growing client demands for high-homogeneity ADCs with diverse DARs. The platform enables efficient conjugation without

the need for antibody engineering (i.e., native antibody), significantly simplifying the ADC process development and offering strong potential for scalable manufacturing.

Interchain cysteines are the most clinically validated conjugation sites to date. By leveraging the natural cysteine residues of antibodies, WuXiDARx achieves site-specific conjugation with a narrow DAR distribution. This approach not only preserves the native structure and function of the antibody but also avoids the complexity, cost, and regulatory risks associated with antibody engineering, making it highly attractive for biopharmaceutical developers. As of the end of 2024, the WuXiDARx platform has successfully supported 45 preclinical and 7 clinical-stage drug candidates, demonstrating its versatility and growing impact in the field of next-generation conjugated therapeutics.

Figure 46: Comparing random conjugation and WuXiDARx

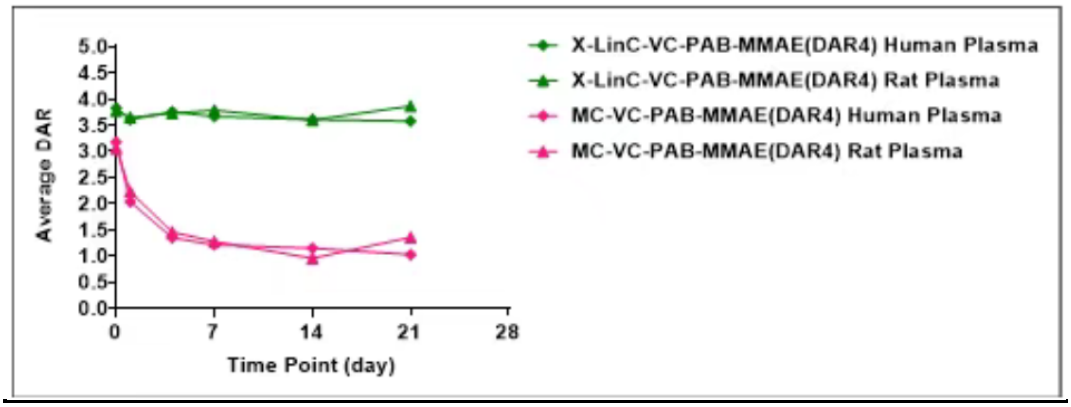


Source: Company data, CMBIGM

WuXi XDC offers a diverse portfolio of linker technologies to enhance XDC stability and therapeutic window. In 2024, WuXi XDC launched its proprietary X-LinC technology platform, featuring a new class of thiol-reactive connectors designed to address the stability limitations of traditional interchain cysteine. The technology can significantly improve plasma stability of ADCs, thereby maximizing therapeutic efficacy while minimizing systemic toxicity. Importantly, the X-LinC platform is fully compatible with WuXi XDC's WuXiDARx conjugation technology, enabling seamless integration of site-specific conjugation and advanced linker chemistry to support the development of more effective and safer ADCs. This compatibility allows for streamlined development workflows, reduced process complexity, and improved manufacturability, acting as critical advantages in accelerating timelines from discovery to commercialization.

In addition to X-LinC, WuXi XDC is actively advancing a pipeline of innovative linker technologies, including novel hydrophilic linkers to improve solubility and pharmacokinetics, as well as dual-payload linkers that enable the delivery of two different cytotoxic agents within a single ADC molecule. The Company launched its payload platform in 1H25, WuXiTecan-1 and WuXiTecan-2, which have shown great efficacy and safety profile in animal models. These cutting-edge linker strategies open new possibilities for targeting heterogeneous tumors, overcoming drug resistance, and expanding the therapeutic potential of ADCs and other XDC modalities.

Figure 47: Plasma stability provided by X-LinC



Source: Company data, CMBIGM

WuXi XDC is enhancing competitiveness through strategic collaborations with industry-leading technology platforms. While actively investing in its own proprietary technology platforms, WuXi XDC also strategically collaborates with industry-leading partners to stay at the forefront of innovation and maintain technological competitiveness. Through those partnerships, WuXi XDC has introduced several cutting-edge conjugation technologies that complement and expand its internal capabilities. These include:

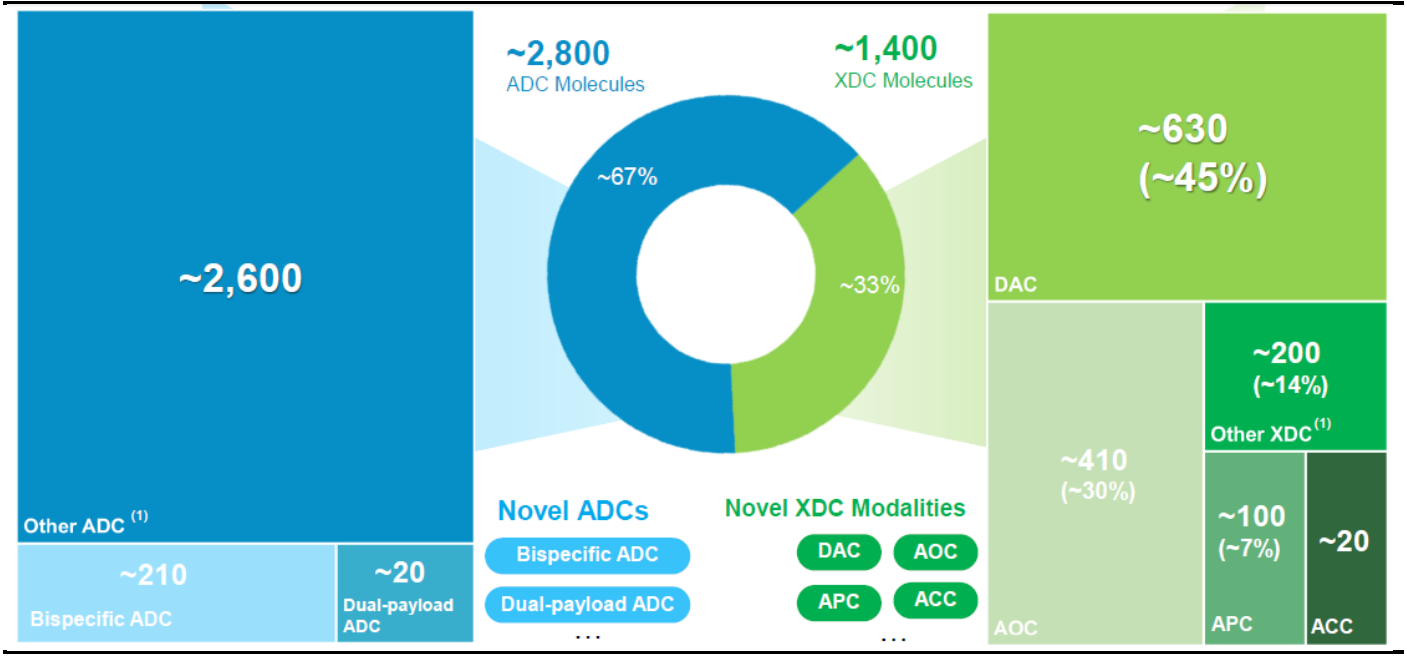
- CysLink – a thiol-rebridging linker technology that is fully compatible with WuXiDAR4, enabling site-specific conjugation via native cysteine residues while improving drug conjugate stability and homogeneity.
- AbClick – an affinity peptide-assisted conjugation platform that offers high specificity and efficiency for site-specific conjugation.
- MCLICK – a chemistry-based site-specific conjugation technology that allows for precise and robust linkage between payloads and targeting molecules without requiring antibody engineering.

By integrating these advanced external technologies, WuXi XDC is able to expand its service portfolio and accelerate the development of a broader range of conjugated modalities. These collaborative efforts further strengthen WuXi XDC's position as a global leader in the development and manufacturing of next-generation bioconjugates.

The ongoing march from ADCs to XDCs within WuXi XDC

WuXi XDC is accelerating its embrace of the industry's shift from ADCs to XDCs. Beyond traditional ADCs, where mAbs are conjugated to small-molecule cytotoxins, global pharmaceutical industry is increasingly exploring new generations of conjugated drug modalities. In 2024 alone, WuXi XDC supported early-stage research for over 4,200 XDC molecules, reflecting the Company's deep involvement in this rapidly evolving space. In the ADC domain, exploration by WuXi XDC has already extended well beyond conventional formats to include bispecific ADCs and dual-payload ADCs. Meanwhile, in the broader XDC field, novel modalities such as DACs (Degrader-Antibody Conjugates), AOCs (Antibody-Oligonucleotide Conjugates), and APCs (Antibody-Peptide Conjugates) are emerging as promising strategies to address previously undruggable targets and expand therapeutic applications. Given the strong momentum in early-stage innovation, the demand for diverse XDC modalities is expected to surge as more global clients advance their candidates into clinical development. With its integrated technology platforms and broad experience across various XDC types, WuXi XDC is well-positioned to serve as a key enabler in this next wave of bioconjugate drug development.

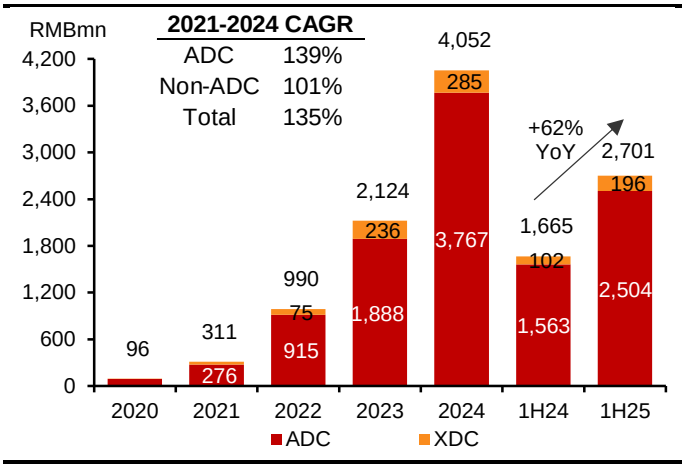
Figure 48: Types of XDC molecules explored by WuXi XDC in 2024



Source: Company data, CMBIGM

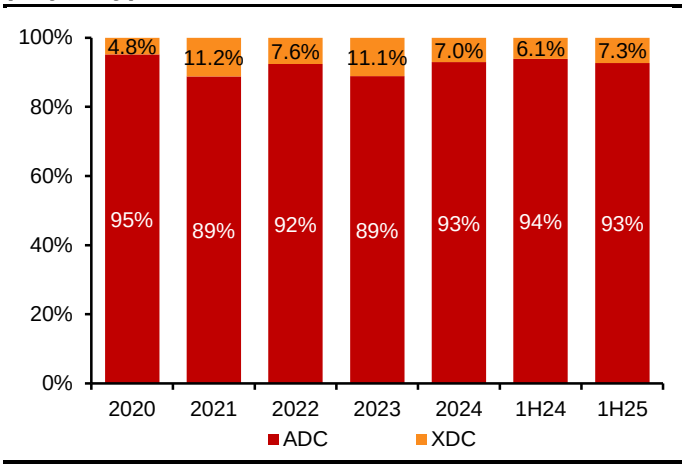
WuXi XDC stands to significantly benefit from the accelerating momentum in the development of XDC therapies across the global market. In 2024, 33% of discovery-stage projects and 15% of clinical-stage projects in 2024 were non-ADC (XDC), representing a steady increase from 23% and 12%, respectively, in 2022. This growing proportion of non-ADC projects in WuXi XDC's pipeline reflects the broader industry trend of diversifying beyond traditional ADCs to explore other conjugation modalities. However, non-ADC programs accounted for only ~7% of WuXi XDC's total revenue in 2024/1H25, a figure that is notably lower than their share in the Company's project pipeline. As more of these non-ADC programs advance into later development stages, their contribution to the Company's revenue is expected to increase accordingly, in our view.

Figure 49: Revenue of WuXi XDC by project types



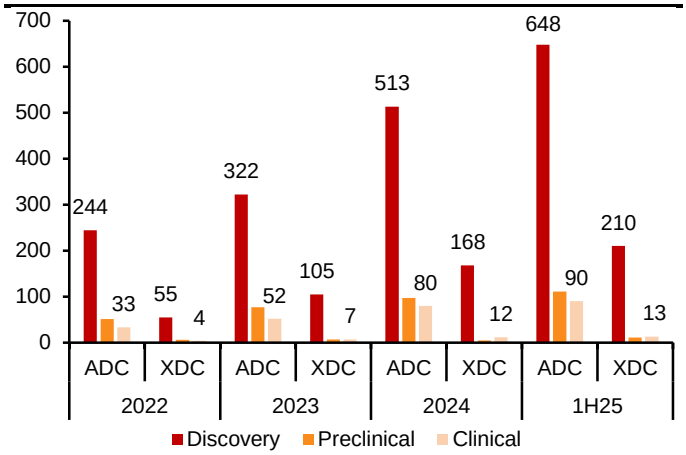
Source: Company data, CMBIGM

Figure 50: Revenue breakdown of WuXi XDC by project types



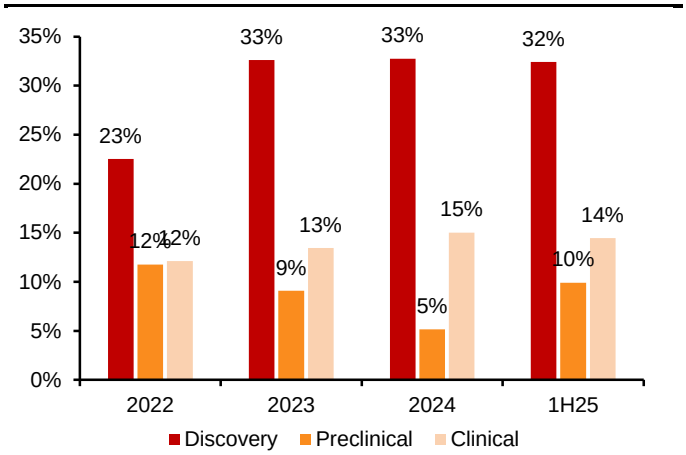
Source: Company data, CMBIGM

Figure 51: Pipeline of WuXi XDC by project types



Source: Company data, CMBIGM

Figure 52: Non-ADC project as % of ADC projects in different R&D stages for WuXi XDC



Source: Company data, CMBIGM

Financial analysis

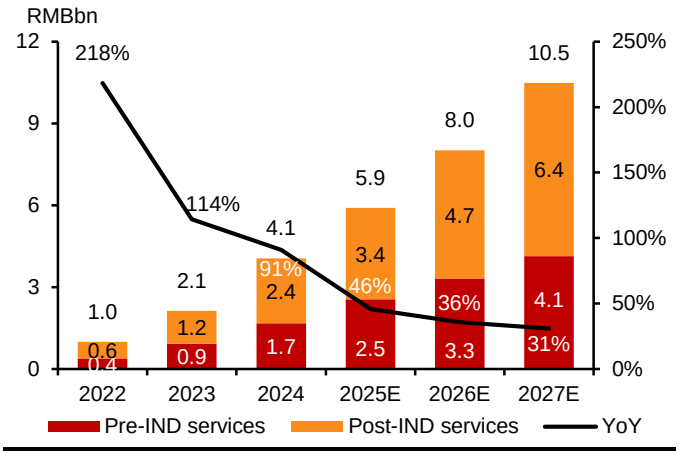
Expect revenue to grow at CAGR of 37.3% in 2024-27E

Driven by the strong R&D and manufacturing demand for ADCs in global market, WuXi XDC experienced exponential revenue growth from 2020 to 2024, with a remarkable CAGR of 155%. As the business scale expanded, the revenue growth rate of WuXi XDC inevitably slowed down in 2020-24, but still substantially exceeded the industry average.

Looking ahead, we forecast WuXi XDC to maintain its strong growth momentum in 2024-27, mainly driven by sustainable demand for R&D and manufacturing of XDCs in the global pharmaceutical industry as well as the expected surge of late- and commercial-stage projects in WuXi XDC's pipeline. We project that revenue will reach RMB5.9bn/ 8.0bn/ 10.5bn in 2025E/ 26E/ 27E, representing 45.7%/ 35.7%/ 30.9% YoY growth for respective years with a CAGR of 37.3%.

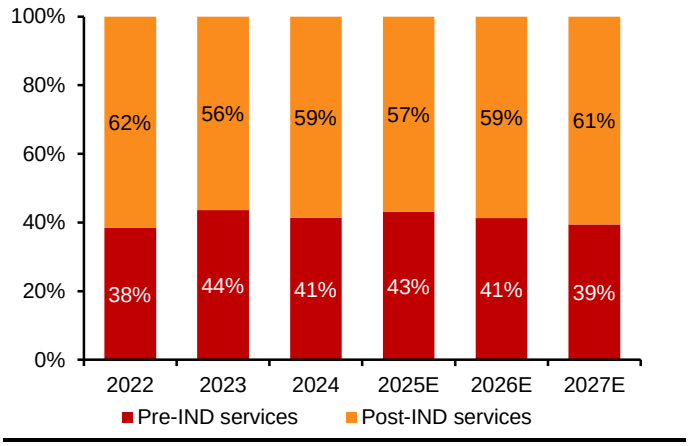
By segment, revenue growth of Pre-IND services segment will be strongly supported by the continuously growing R&D demand for ADCs and other new XDC modalities globally. Hence, we expect that revenue of Pre-IND services will reach RMB2.5bn/ 3.3bn/ 4.1bn in 2025E/ 26E/ 27E with a CAGR of 35.2%. As the Company landed its 1st commercial-stage project in 2024 with more to come in the near future given 11 PPQ projects at hand, we believe that revenue from Post-IND services segment to be an even stronger growth engine for WuXi XDC. As a result, we project that the Company to book revenue of RMB3.4bn/ 4.7bn/ 6.4bn in 2025E/ 26E/ 27E for its post-IND services segment, representing a CAGR of 38.8% during the period.

Figure 53: Revenue forecasts (2022-2027E)



Source: Company data, CMBIGM estimates

Figure 54: Revenue split by segments (2022-2027E)

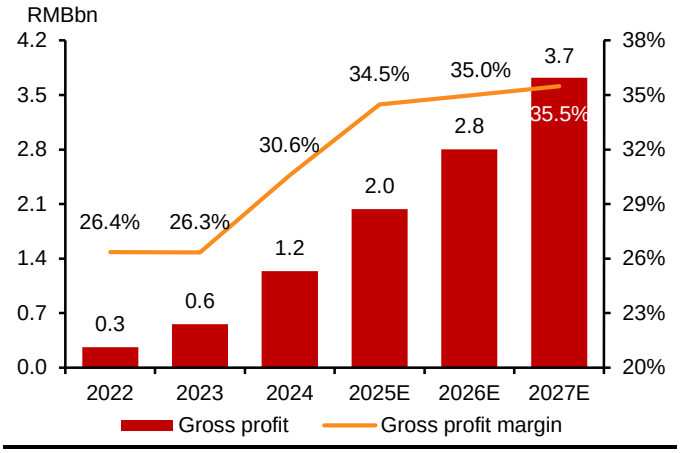


Source: Company data, CMBIGM estimates

Economies of scale expected to fuel steadily improved profitability

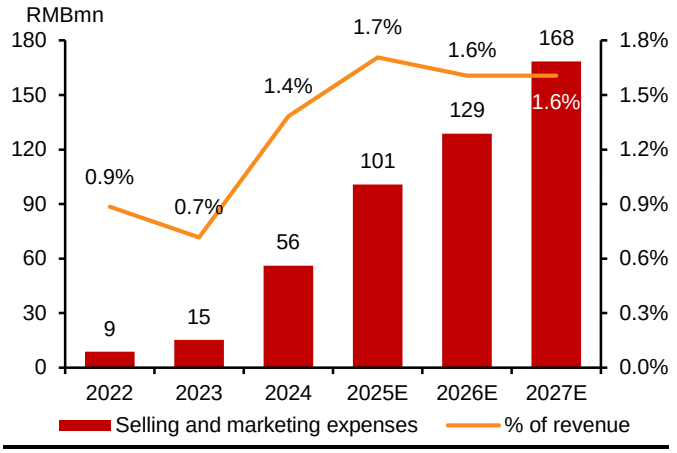
We expect the gross profit margin (GPM) of WuXi XDC to continuously increase in 2025-27E, driven by the economies of scale and ramp-up of manufacturing facilities. We project its GPM to be on an upward trend, reaching 34.5%/ 35.0%/ 35.5% in 2025E/ 26E/ 27E. At the same time, we anticipate that the operating expenses as % of revenue to be well controlled as WuXi XDC can effectively manage the marketing and admin expenses. Specifically, we expect the selling and marketing expenses as % of revenue to be 7.4%/ 7.2%/ 7.2% in 2025E/ 26E/ 27E and admin expenses as % of revenue to be 1.7%/ 1.6%/ 1.6% in 2025E/ 26E/ 27E. In comparison, we think the Company will still need to maintain the intensity on R&D investments to keep enhancing its competency in the global market. Thus, we expect R&D expenses as % of revenue to be 3.8%/ 3.6%/ 3.5% in 2025E/ 26E/ 27E.

Figure 55: Gross profit margin forecasts (2022-2027E)



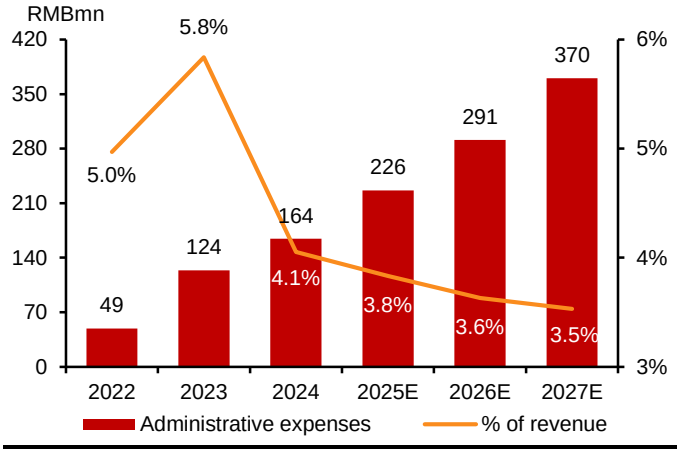
Source: Company data, CMBIGM estimates

Figure 56: Selling and marketing expenses forecasts (2022-2027E)



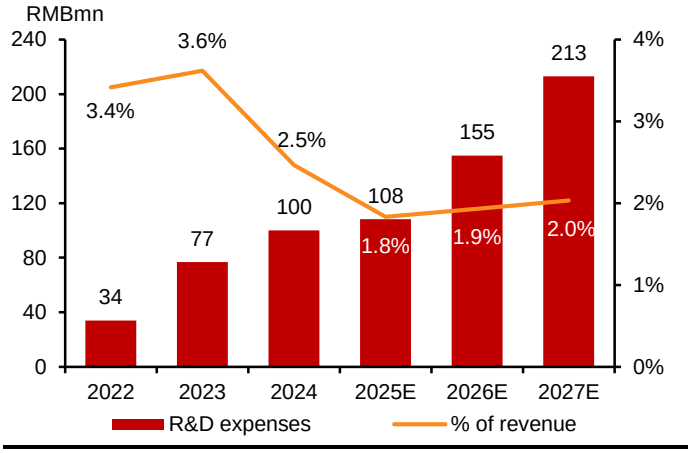
Source: Company data, CMBIGM estimates

Figure 57: Admin expenses forecasts (2022-2027E)



Source: Company data, CMBIGM estimates

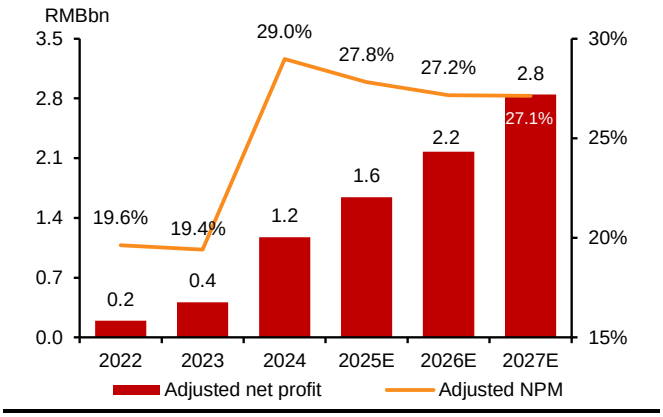
Figure 58: R&D expenses forecasts (2022-2027E)



Source: Company data, CMBIGM estimates

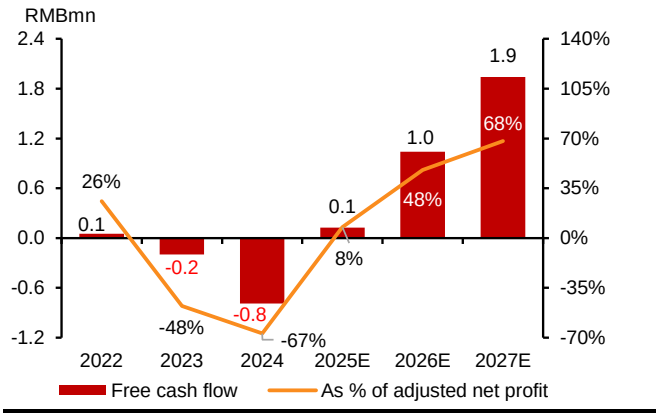
We project that WuXi XDC's adjusted net profit will maintain strong growth momentum going forward, reaching RMB1.6bn/ 2.2bn/ 2.8bn in 2025E/ 26E/ 27E, representing YoY growth of 40.0%/ 32.4%/ 30.8%, respectively, and a CAGR of 34.3%.

Figure 59: Adjusted net profit forecasts (2022-2027E)



Source: Company data, CMBIGM estimates

Figure 60: Free cash flow forecasts (2022-2027E)



Source: Company data, CMBIGM estimates

Figure 61: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,906	8,014	10,488	5,837	7,867	10,242	1.19%	1.87%	2.40%
Gross profit	2,037	2,803	3,721	1,982	2,733	3,658	2.74%	2.58%	1.72%
Operating profit	1,812	2,257	2,997	1,496	2,105	2,964	21.09%	7.21%	1.12%
Adjusted net profit	1,643	2,176	2,846	1,595	2,160	2,829	3.02%	0.76%	0.59%
Adjusted EPS (RMB)	1.26	1.68	2.19	1.25	1.69	2.26	1.27%	-1.11%	-3.07%
Gross margin	34.48%	34.98%	35.48%	33.96%	34.74%	35.72%	+0.52ppt	+0.24ppt	-0.24ppt
Operating margin	30.67%	28.16%	28.58%	25.63%	26.76%	28.94%	+5.04ppt	+1.40ppt	-0.36ppt
Adjusted net margin	27.82%	27.16%	27.13%	27.33%	27.46%	27.62%	+0.50ppt	-0.30ppt	-0.49ppt

Source: Bloomberg, CMBIGM estimates

Figure 62: P&L forecasts (2022-2027E)

(YE 31 Dec) RMBmn	2020	2021	2022	2023	2024	2025E	2026E	2027E
Revenue	96	311	990	2,124	4,052	5,906	8,014	10,488
YoY		*222.9%*	*218.3%*	*114.4%*	*90.8%*	*45.7%*	*35.7%*	*30.9%*
Cost of sales	-88	-198	-729	-1,564	-2,812	-3,870	-5,211	-6,767
% of revenue	*-91.6%*	*-63.5%*	*-73.6%*	*-73.7%*	*-69.4%*	*-65.5%*	*-65.0%*	*-64.5%*
Gross profit	**8**	**113**	**261**	**560**	**1,240**	**2,037**	**2,803**	**3,721**
GPM	*8.4%*	*36.5%*	*26.4%*	*26.3%*	*30.6%*	*34.5%*	*35.0%*	*35.5%*
Other income	41	9	26	92	230	210	28	28
% of revenue	*43.0%*	*2.9%*	*2.6%*	*4.3%*	*5.7%*	*3.6%*	*0.3%*	*0.3%*
Other gains and losses	-3	-1	47	-44	80	-28	100	100
% of revenue	*-2.8%*	*-0.3%*	*4.7%*	*-2.1%*	*2.0%*	*-0.5%*	*1.2%*	*1.0%*
Impairment losses under expected credit loss model, net of reversal	-0	-11	-43	22	-7	-4	0	0
% of revenue	*-0.3%*	*-3.4%*	*-4.4%*	*1.0%*	*-0.2%*	*-0.1%*	*0.0%*	*0.0%*
Selling and marketing expenses	-0	-2	-9	-15	-56	-101	-129	-168
% of revenue	*-0.5%*	*-0.7%*	*-0.9%*	*-0.7%*	*-1.4%*	*-1.7%*	*-1.6%*	*-1.6%*
Administrative expenses	-10	-28	-49	-124	-164	-226	-291	-370
% of revenue	*-10.0%*	*-9.0%*	*-5.0%*	*-5.8%*	*-4.1%*	*-3.8%*	*-3.6%*	*-3.5%*
R&D expenses	-4	-14	-34	-77	-100	-108	-155	-213
% of revenue	*-4.2%*	*-4.4%*	*-3.4%*	*-3.6%*	*-2.5%*	*-1.8%*	*-1.9%*	*-2.0%*
Listing expenses	0	0	0	-54	0	0	0	0
% of revenue	*0.0%*	*0.0%*	*0.0%*	*-2.5%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Finance cost	0	-0	-3	-1	-3	-15	-2	1
% of revenue	*0.0%*	*-0.2%*	*-0.3%*	*0.0%*	*-0.1%*	*-0.3%*	*0.0%*	*0.0%*
Profit before tax	**32**	**67**	**196**	**360**	**1,220**	**1,764**	**2,355**	**3,099**
PBT margin	*33.6%*	*21.5%*	*19.8%*	*16.9%*	*30.1%*	*29.9%*	*29.4%*	*29.5%*
Income tax expense	-6	-12	-40	-76	-150	-247	-330	-434
% tax rate	*18.7%*	*-17.8%*	*-20.5%*	*-21.2%*	*-12.3%*	*-14.0%*	*-14.0%*	*-14.0%*
Profit for the period	**26**	**55**	**156**	**284**	**1,070**	**1,517**	**2,025**	**2,665**
NPM	*27.3%*	*17.7%*	*15.7%*	*13.4%*	*26.4%*	*25.7%*	*25.3%*	*25.4%*
Adjusted net profit	**33**	**77**	**194**	**412**	**1,174**	**1,643**	**2,176**	**2,846**
Adjusted NPM	*34.0%*	*24.8%*	*19.6%*	*19.4%*	*29.0%*	*27.8%*	*27.2%*	*27.1%*

Source: Company data, CMBIGM estimates

Valuation

We derive a TP of HK$74.0 on a 10-year DCF valuation with WACC of 9.67% and terminal growth rate of 2.0%. We are confident in the long-term prospects of WuXi XDC as a leader in global XDC outsourcing services industry, backed by its capabilities to provide one-stop and all-in-one services, to-be-ready global dual-source manufacturing network, and its pioneering position in technological innovation in the industry.

Figure 63: DCF valuation of WuXi XDC

DCF Valuation (in HK$bn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EBIT	1,629	2,357	3,097	3,871	4,800	5,904	7,203	8,715	10,458	12,444
Tax rate	14.01%	14.01%	14.01%	14.01%	14.01%	14.01%	14.01%	14.01%	14.01%	14.01%
EBIT*(1-tax rate)	1,401	2,027	2,663	3,329	4,128	5,077	6,194	7,494	8,993	10,701
+ D&A	180	239	281	338	401	474	554	642	738	841
- Change in working capital	-3	-177	-185	-222	-264	-311	-364	-422	-485	-553
- Capex	-1,560	-1,200	-1,000	-900	-810	-729	-656	-590	-531	-478
FCFF	**18**	**888**	**1,760**	**2,545**	**3,456**	**4,510**	**5,728**	**7,124**	**8,714**	**10,511**
Terminal value										**139,852**

Terminal growth rate	**2.00%**
WACC	**9.67%**
Cost of equity	13.04%
Cost of debt	4.00%
Equity beta	1.10
Risk free rate	2.00%
Market risk premium	10.00%
Target debt to asset ratio	35.00%
Effective corporate tax rate	15.00%
PV of terminal value (HK$bn)	55,584
Total PV (HK$bn)	78,587
Net debt (HK$bn)	-3,304
Equity value (HK$bn)	**81,891**
# of shares (mn)	1,203
Price per share (RMB)	68.08
Price per share (HK$)	**74.00**

Source: CMBIGM estimates. HK$/CNY=0.92.

Figure 64: Valuation range based on sensitivity analysis

Price per share (HK$)		WACC				
		8.67%	**9.17%**	**9.67%**	**10.17%**	**10.67%**
Terminal growth rate	**3.0%**	100.38	90.47	82.10	74.96	68.80
	2.5%	93.95	85.22	77.77	71.34	65.75
	2.0%	88.48	80.70	**74.00**	68.17	63.06
	1.5%	83.77	76.78	70.69	65.36	60.66
	1.0%	79.68	73.33	67.77	62.86	58.50

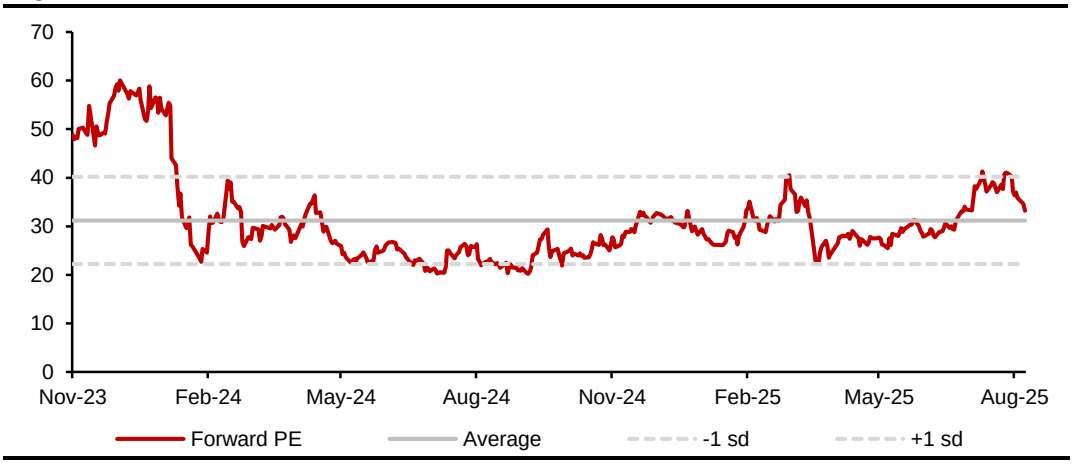
Source: CMBIGM estimates

Figure 65: Global peer valuation

Company	Ticker	Rating	Mkt Cap	Revenue CAGR	Net income CAGR	P/E (x)			PEG (x)	PB (x)	ROE	Div. yield
			US$bn	24-27E	24-27E	25E	26E	27E	25E	25E	25E	25E
Overseas												
Thermo Fisher	TMO US	BUY	184.5	5.3%	7.0%	21.7	19.5	17.4	3.1	3.5	15.9%	0.3%
Danaher	DHR US	NR	147.7	5.5%	7.2%	26.5	24.0	21.8	3.7	2.8	10.4%	0.6%
Samsung Bio	207940 KS	NR	51.9	18.9%	22.9%	48.6	41.0	35.7	2.1	5.8	12.7%	0.0%
Lonza	LONN SW	NR	50.0	12.1%	15.4%	34.6	29.2	24.4	2.2	4.1	11.2%	0.8%
IQVIA	IQV US	NR	31.9	5.4%	5.6%	15.8	14.6	13.1	2.8	5.3	30.1%	0.0%
LabCorp	LH US	NR	23.1	5.7%	8.1%	17.1	15.8	14.5	2.1	2.7	16.2%	1.0%
Sartorius	SRT GR	NR	15.5	8.1%	19.5%	34.5	27.8	22.9	1.8	3.9	10.4%	0.5%
ICON	ICLR US	NR	13.4	1.2%	0.8%	12.9	12.1	11.0	15.7	1.4	9.9%	0.0%
Medpace	MEDP US	NR	13.2	11.6%	6.1%	33.3	30.5	27.4	5.5	nm	nm	0.0%
Charles River	CRL US	NR	8.1	1.7%	2.7%	16.6	15.7	14.6	6.2	2.3	12.5%	0.0%
Bachem	BANB SW	NR	6.0	24.1%	22.3%	39.8	26.7	22.0	1.8	3.3	8.6%	1.4%
Overseas average				**9.0%**	**10.7%**	**27.4**	**23.4**	**20.4**	**4.3**	**3.5**	**13.8%**	**0.4%**
China												
WuXi AppTec	603259 CH	BUY	39.4	15.9%	16.7%	22.3	19.0	16.3	1.3	4.2	17.5%	1.7%
WuXi Bio	2269 HK	BUY	16.6	17.2%	18.1%	23.1	17.9	15.1	1.3	2.4	12.5%	0.0%
WuXi XDC	2268 HK	BUY	8.4	37.3%	34.3%	39.7	30.0	22.9	1.2	7.3	22.0%	0.0%
Tigermed	300347 CH	BUY	7.4	10.7%	26.6%	48.8	40.9	32.4	1.8	2.5	5.5%	0.6%
Pharmaron	300759 CH	NR	6.9	12.7%	16.3%	29.2	24.4	20.8	1.8	3.5	12.2%	0.7%
Asymchem	002821 CH	NR	5.1	15.2%	23.3%	32.5	27.4	23.3	1.4	2.1	6.5%	1.1%
Joinn	603127 CH	NR	3.1	5.4%	nm	73.2	54.5	45.8	nm	2.8	3.9%	0.4%
China average				**16.3%**	**22.6%**	**38.4**	**30.6**	**25.2**	**1.5**	**3.5**	**11.4%**	**0.6%**

Source: Bloomberg, CMBIGM
Note: Data of Thermo Fisher, WuXi AppTec, WuXi Bio and WuXi XDC are based on the latest CMBIGM forecasts, while data of other companies are based on Bloomberg consensus as of 27 Aug 2025.

Figure 66: 12-month forward P/E of WuXi XDC



Source: Bloomberg, CMBIGM.
Note: Data as of 27 Aug 2025.

Risks to our rating and target price

1) Uncertainties in the recovery trend of global biotech funding and demand from biotech clients;

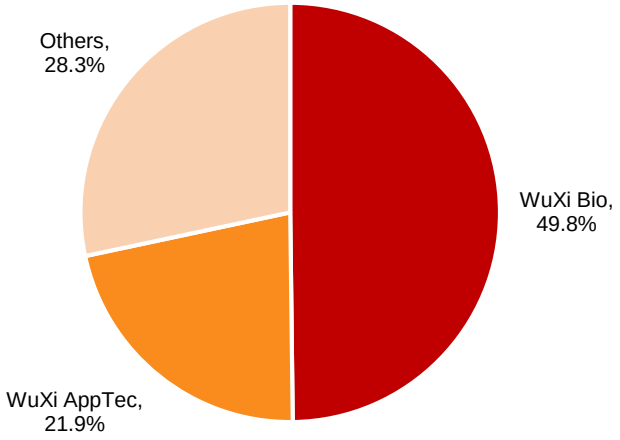
2) Uncertainties in the demand trend of global mid- and large-size pharmaceutical companies amid the challenging macro and geopolitical environment;

3) Slower-than-expected R&D progress of projects in WuXi XDC's pipeline, leading to slower revenue growth in the future;

4) WuXi XDC's incompetency in obtaining customers contracts due to various factors, such as the lack of necessary technologies and/or human resources and customer's concerns of working with WuXI XDC amid geopolitical uncertainties.

Appendix

Figure 67: Shareholder structure of WuXi XDC



Source: Company data, CMBIGM
Note: Data as of 27 Aug 2025.

Figure 68: Management profile of WuXi XDC

Name	Position	Responsibility and experience
Dr. Jincai Li (李锦才)	Executive Director and CEO	• Over 20 years of experience in biologics process development, scale-up cGMP manufacturing. • Obtained a bachelor's degree in chemical engineering and technology and minor in chemistry from Tsinghua University (清华大学) and a doctoral degree majoring in chemical and biochemical engineering from University of Maryland Baltimore.
Mr. Jerry Jingwei Zhang (张靖伟)	Executive Director and Chief operating officer	• Over 25 years of experience in the biotech industry. • Obtained a bachelor's degree in biomedical science from Nankai University (南开大学) and a master's degree in business administration from New York University, Stern School of Business.
Mr. Xiaojie Xi (席晓捷)	Executive Director, CFO and company secretary	• Over 18 years of financial industry experience in the United States and China, including investment banking and private equity investment with many public and private companies. • Obtained a bachelor's degree in biochemistry from Wuhan University (武汉大学), a master's degree in science from Rutgers, The State University of New Jersey, and a MBA degree with distinction from New York University, Stern School of Business.
Dr. Marie Meiying Zhu (朱梅英)	Chief technology officer	• Over 28 years of drug development experience in the biotech industry. • Obtained a bachelor's degree in chemical engineering from Tsinghua University (清华大学), a master's degree in chemical engineering from Illinois Institute of Technology, and a doctoral degree in chemical engineering from the University of Wisconsin-Madison.
Dr. Jianjun Luo (罗建军)	Vice president	• Over 30 years of experience in the biopharmaceuticals industry. • Obtained a bachelor's degree in chemical engineering from Beijing University of Chemical Technology (北京化工大学), a master's degree in chemical engineering from Institute of Process Engineering, Chinese Academy of Sciences (中国科学院过程工程研究所), and a doctoral degree in chemical engineering from Dalhousie University in Canada.

Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**990**	**2,124**	**4,052**	**5,906**	**8,014**	**10,488**
Cost of goods sold	(729)	(1,564)	(2,812)	(3,870)	(5,211)	(6,767)
Gross profit	**261**	**560**	**1,240**	**2,037**	**2,803**	**3,721**
Operating expenses	**(66)**	**(124)**	**(90)**	**(225)**	**(547)**	**(724)**
Selling expense	(9)	(15)	(56)	(101)	(129)	(168)
Admin expense	(49)	(124)	(164)	(226)	(291)	(370)
R&D expense	(34)	(77)	(100)	(108)	(155)	(213)
Others	26	92	230	210	28	28
Operating profit	**195**	**436**	**1,149**	**1,812**	**2,257**	**2,997**
Net Interest income/(expense)	**(3)**	**(1)**	**(3)**	**(15)**	**(2)**	**1**
Others	3	(75)	74	(32)	100	100
Pre-tax profit	**196**	**360**	**1,220**	**1,764**	**2,355**	**3,099**
Income tax	(40)	(76)	(150)	(247)	(330)	(434)
After tax profit	**156**	**284**	**1,070**	**1,517**	**2,025**	**2,665**
Net profit	**156**	**284**	**1,070**	**1,517**	**2,025**	**2,665**
Adjusted net profit	**194**	**412**	**1,174**	**1,643**	**2,176**	**2,846**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**1,402**	**5,200**	**6,101**	**6,605**	**8,424**	**11,244**
Cash & equivalents	335	4,048	3,540	3,850	4,938	6,930
Account receivables	506	956	1,800	1,961	2,594	3,309
Inventories	63	47	119	114	153	199
Financial assets at FVTPL	400	0	434	434	434	434
Other current assets	99	149	209	247	305	372
Non-current assets	**1,094**	**1,535**	**3,023**	**4,403**	**5,364**	**6,082**
PP&E	799	1,246	2,725	4,114	5,084	5,811
Intangibles	51	53	45	37	28	20
Goodwill	215	215	215	215	215	215
Other non-current assets	30	21	38	37	37	36
Total assets	**2,496**	**6,735**	**9,124**	**11,007**	**13,788**	**17,327**
Current liabilities	**1,014**	**1,279**	**2,466**	**2,707**	**3,311**	**4,004**
Short-term borrowings	71	0	478	528	578	628
Account payables	773	915	1,409	1,599	2,153	2,796
Tax payable	12	34	72	72	72	72
Other current liabilities	7	1	3	3	3	3
Contract liabilities	151	328	504	504	504	504
Non-current liabilities	**2**	**2**	**18**	**18**	**18**	**18**
Obligations under finance leases	2	2	15	15	15	15
Deferred income	0	0	3	3	3	3
Other non-current liabilities	0	0	0	0	0	0
Total liabilities	**1,016**	**1,281**	**2,485**	**2,725**	**3,329**	**4,022**
Share capital	0	0	0	0	0	0
Capital surplus	1,480	5,454	6,639	8,282	10,459	13,304
Total shareholders equity	**1,481**	**5,454**	**6,639**	**8,283**	**10,459**	**13,305**
Total equity and liabilities	**2,496**	**6,735**	**9,124**	**11,007**	**13,788**	**17,327**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**196**	**360**	**1,220**	**1,764**	**2,355**	**3,099**
Depreciation & amortization	31	60	110	180	239	281
Tax paid	(43)	(48)	(115)	(247)	(330)	(434)
Change in working capital	(6)	(94)	(401)	(3)	(177)	(185)
Others	74	56	(97)	(10)	153	180
Net cash from operations	**252**	**333**	**717**	**1,685**	**2,239**	**2,941**
Investing						
Capital expenditure	(201)	(529)	(1,505)	(1,560)	(1,200)	(1,000)
Others	(1,078)	438	(1,825)	151	0	0
Net cash from investing	**(1,280)**	**(91)**	**(3,330)**	**(1,409)**	**(1,200)**	**(1,000)**
Financing						
Net borrowings	0	0	478	50	50	50
Proceeds from share issues	0	3,604	0	0	0	0
Others	1,328	(82)	(3)	(15)	(2)	1
Net cash from financing	**1,328**	**3,522**	**475**	**35**	**48**	**51**
Net change in cash						
Cash at the beginning of the year	26	335	4,048	1,925	2,236	3,324
Exchange difference	8	(51)	15	0	0	0
Cash at the end of the year	**335**	**4,048**	**1,925**	**2,236**	**3,324**	**5,316**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	218.3%	114.4%	90.8%	45.7%	35.7%	30.9%
Gross profit	130.0%	114.3%	121.6%	64.3%	37.7%	32.7%
Operating profit	148.1%	123.0%	163.8%	57.6%	24.6%	32.8%
Net profit	183.5%	82.1%	277.2%	41.9%	33.5%	31.6%
Adj. net profit	152.1%	112.1%	184.8%	40.0%	32.4%	30.8%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	26.4%	26.3%	30.6%	34.5%	35.0%	35.5%
Operating margin	19.7%	20.5%	28.4%	30.7%	28.2%	28.6%
Adj. net profit margin	19.6%	19.4%	29.0%	27.8%	27.2%	27.1%
Return on equity (ROE)	20.7%	8.2%	17.7%	20.3%	21.6%	22.4%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.7)	(0.5)	(0.4)	(0.4)	(0.5)
Current ratio (x)	1.4	4.1	2.5	2.4	2.5	2.8
Receivable turnover days	120.8	125.6	124.2	121.2	118.2	115.2
Inventory turnover days	21.7	12.8	10.7	10.7	10.7	10.7
Payable turnover days	398.4	197.0	150.8	150.8	150.8	150.8

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E (adjusted)	na	136.2	57.1	41.2	31.1	23.8
P/B	na	9.2	8.9	7.2	5.7	4.5
P/CFPS	na	151.3	82.3	35.2	26.4	20.1

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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