

Hutchison China MediTech (Chi-Med)

Canada Pension Plan invests \$100m at \$30 per ADS

17 November 2020

- Canada Pension Plan Investments (CPP), a globally invested [pension fund](#) for c 20m Canadians, has invested \$100m in Hutchison China MediTech (Chi-Med) via a private placement. CPP takes a long-term and strategic investment view, seeking to identify the future industry leaders in high growth sectors and supporting them in their development plans.
- The new shares, in the form of 3.33m ADS (each equivalent to 5 ordinary shares) are priced at \$30.00 per ADS, in line with the prior 30 day volume weighted average price. Chi-Med will receive the full proceeds of the placing, which will be employed for the continued development of the clinical pipeline and building of the global commercial infrastructure.
- A total of 16.67m new shares (3.33m ADS) will be issued and listed on AIM on 26 November. The total number of shares in issue will then be 727.7m, each of which has one vote.
- This continues to be a busy time for Chi-Med despite the COVID-19 pandemic. The current clinical pipeline continues to deliver, with the next wave of product candidates preparing to enter the clinic; the commercial traction in China is translating into meaningful revenues, with further product launches and regulatory filings due in the near-term; and the infrastructure is being established to support the global development pipeline.
- Over 30 trials are underway, with eight oncology programmes in clinical development for the China market and five for global markets. The three leading assets – fruquintinib (Elunate), surufatinib, and savolitinib – all have important clinical and regulatory news flow in the next six months in Chi-Med’s home market and globally.

Price (US ADS) (UK share)	\$30.42 469p
Market Cap	\$4.16bn £3.33bn
Exchanges	NASDAQ AIM London
Sector	Healthcare
Company codes	HCM HCM.L
Corporate client	Yes

Company description:

Hutchison China MediTech is a Hong Kong headquartered biopharma focused on discovering, developing and commercializing innovative targeted therapeutics and immunotherapies for the treatment of cancer and autoimmune diseases. It has a diverse pipeline of first-in-class/best-in-class selective oral tyrosine kinase inhibitors in development for the China and global markets.

Trinity Delta view: This \$100m equity raise provides a useful reminder of the progress Chi-Med is making across multiple fronts and ensures that sufficient funding is in place to maintain momentum. We expect increased visibility for the three lead assets, as well as other commercial and development catalysts, over the next six to 18 months to provide scope for significant upside potential. Updating our current valuation of £4.17bn (£5.87/share), or \$5.42bn (\$38.17/ADS), for the new funds raised, and factoring in dilution, translates into a new Chi-Med valuation of £4.25bn (£5.84/share) or \$5.52bn (\$37.95/ADS), with the anticipation of further value uplifts in the coming months.

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