

HUTCHMED

≥\$600m Hong Kong IPO and global offer (104m shares)

21 June 2021

- HUTCHMED has announced its long-anticipated Hong Kong IPO. This forms part of a global offering of 104m new shares. The offer provisionally consists of 13m shares (12.5%) being directed to the Hong Kong public offering and 91m (87.5%) for the International offer. An over-allotment option for up to an additional 15.6m shares, subject to a maximum of 15% of the offer, is also available. The shares may be re-allocated between the Hong Kong and International offers to reflect demand. The Hong Kong shares will be fully fungible with the shares represented by the NASDAQ ADSs (each ADS is equivalent to five shares) and AIM shares.
- The offer price will set on or around Wednesday June 23 (Hong Kong time) and will be based on expected investor demand as well as reflecting prices on the NASDAQ and AIM ahead of pricing. The maximum offer price will be \$29 per ADS, equivalent to 415p per share, which suggests that gross funds of \$600m-\$690m could be raised dependent on whether the over-allotment is used in full. The offer period opened on June 18 and is expected to close on June 23.
- Cornerstone investors have agreed to subscribe to the equivalent of HK\$2,535m, approximately \$325m; which corresponds to 54% of the global offering at the maximum offer price (before any over-allotment). This group of new and existing investors includes The Carlyle Group, Canada Pension Plan, General Atlantic, HBM Healthcare Investments, and CICC.
- Use of funds will be directed towards progressing the extensive late-stage clinical programmes, developing the next waves of earlier stage compounds, strengthening the commercial infrastructure (both in China and globally), as well as bolstering the regulatory functions as more programmes approach approval and increasing manufacturing capacities to reflect expected demand. Interestingly, strategic acquisition opportunities are also mentioned.

Price (US ADS)	\$29.20
(UK share)	418.5p
Market Cap	\$4.48bn £3.12bn
Exchanges	NASDAQ AIM London
Sector	Healthcare
Company codes	HCM HCM.L
Corporate client	Yes

Company description:

HUTCHMED 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.

Analysts

Lala Gregorek
lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Franc Gregori
fgregori@trinitydelta.org
+44 (0) 20 3637 5041

Trinity Delta view: The timing of the fund raise follows hot on the heels of data presented at the ASCO 2021 conference and updates at a recent investor event on several new late-stage programmes to be initiated which highlighted the strength and depth of HUTCHMED's late-stage pipeline. The in-house discovery platform has generated 10 tyrosine kinase inhibitors that have progressed into the clinic: both as monotherapy and, importantly, in combinations, in China and globally. The first product wave is embarking on pivotal global studies and has either secured or is pending first approvals in China, with the next wave progressing through proof-of-concept trials into potential registration enabling studies. 2021 will see tangible signs of the value this has unlocked as the Oncology/Immunology commercial operations are expected to generate \$110m-\$130m in revenues. In line with our policy, we are suspending our forecasts and valuation until the offer is completed. For context, our valuation was \$6.37bn (\$42.80 per ADS) or £4.90bn (658p per share). We shall reinstate updated forecasts and valuations as soon as practicable.

Lala Gregorek

lgregorek@trinitydelta.org
+44 20 3637 5043

Franco Gregori

fgregori@trinitydelta.org
+44 20 3637 5041

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