EDISON

Hutchison China MediTech

2020 insights

2020 insights into a breakout year

Pharma & biotech

2019 has been a landmark year and we expect momentum to accelerate as Hutchison China MediTech (HCM) continues on its path to become a global biotech with a marketed portfolio of innovation-led oncology drugs. Achievements in 2019 include the addition of Elunate on China's exclusive NRDL list and surufatinib's China NDA submission following impressive data in NET. 2020–21 are pivotal years. Surufatinib should become the second asset to launch in China, partner AZN could launch savolitinib in China for NSCLC (MET Exon 14) in 2021 and, importantly, this drug could be the first of HCM's innovation assets to launch globally in 2022 (for c-Met positive NSCLC in combination with Tagrisso, a blockbuster opportunity). We think recent underperformance is unjustified given the emerging strength of its broad, late-stage innovation pipeline and the opportunity for long-term growth and enhanced economic returns.

Year end	Revenue (US$m)	Net profit* (US$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/17	241.2	(26.7)	(4.3)	0.0	N/A	N/A
12/18	214.1	(74.8)	(11.3)	0.0	N/A	N/A
12/19e	182.9	(119.7)	(17.4)	0.0	N/A	N/A
12/20e	194.6	(187.3)	(27.2)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Powerhouse of innovation expands globally

HCM has accelerated global (ex-China) development of its wholly owned assets (fruquintinib, surufatinib, HMPL-523 and HMPL-689). The recent capital raise of $110m (gross proceeds) provides additional funding flexibility as R&D is set to increase to support global registration studies. HCM has three registration trials ongoing; six programmes are expected to progress into registration-enabling trials (three global, three China). We expect further investment internationally ahead of potential asset launches globally from 2024 onwards. Long-term economic value resides in HCM's ability to commercialise its basket of oncology products.

2020 vision of China opportunities

Elunate is being commercialised in China (third-line CRC) by partner Eli Lilly, a major inflection point for HCM and validation of its R&D philosophy. Its inclusion on China's NRDL means it is available in all state-run hospital pharmacies and patients on NHSA insurance schemes will be reimbursed (albeit it at a lower price). Surufatinib's efficacy in NET has been substantiated by the early cessation of both Phase III trials (SANET-ep in June 2019 and SANET-p in January 2020) as the drug met the PFS endpoint ahead of expectations. HCM has filed an NDA in China for ep-NET, and this could be its first unpartnered asset to market (late 2020).

Valuation: $6.0bn or £6.74/share

We value HCM at $6.0bn (£6.74/share) vs $5.7bn (£7.01/share) previously. Our product forecasts remain unchanged. We increase our R&D expenses for 2020 to reflect progression of the global trials. Our valuation reflects forecast net cash of $163m at end December 2019 plus $105m net proceeds from the January 2020 capital raise, and we roll forward our model and update for FX.

30 January 2020

Price	**381p**
Market cap	**£2,625m**
	$1.30/£
Net cash ($m) and short-term investments at end 2019 plus $105m net raise	267.9
Shares in issue	688.9m
Free float	49%
Code	HCM
Primary exchange	AIM/Nasdaq
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(1.3)	25.6	14.6
Rel (local)	0.9	21.6	3.8
52-week high/low	476.00p		272.00p

Business description

Hutchison China MediTech is an innovative China-based biopharmaceutical company targeting the global market for novel, highly selective oral oncology and immunology drugs. Its established commercial platform business continues to expand its outreach.

Next events

FY19 results	3 March 2020
Surufatinib start global PIII NET trials	H120
China NDA file for savolitinib in NSCLC Exon 14 deletion	H120

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Edison profile page

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Swiftly moving towards global commercialisation

HCM's recent share price underperformance provides an opportunity to revisit the investment case. We believe the long-term investment case is solid, with multiple near-term catalysts on the horizon. With HCM's financial strength and its drive to retain the economic value of its assets, the next steps for the company are to commercialise its own assets firstly in China then internationally (outside of current partnerships). The launch of Elunate in China with partner Eli Lilly and subsequent inclusion on China's exclusive National Reimbursement Drug List (NRDL) are significant milestones, giving us confidence in the company's ability to execute on its R&D philosophy of building first- or best-in-class molecules with lower toxicity profiles to enable combination-based strategies for the treatment of cancers. We expect the next approvals in China to be for surufatinib NET, savolitinib in NSCLC MET Exon 14 deletion (NDA to be filed in Q220) and fruquintinib line extension in gastric cancer (Phase III FRUTIGA interim analysis mid-2020).

HCM is accelerating its operations as it transitions into a global biotech. Importantly, clinical and regulatory teams are now fully operational in the US and EU. HCM's first global approval (we forecast launch in 2022) in the US/EU could be for a savolitinib combination with AstraZeneca's (AZN) Tagrisso in MET+ EGFRm NSCLC. Exhibit 1 highlights the plethora of clinical and regulatory catalysts ahead. 2020–22 are thus pivotal years as HCM expands its global clinical trial programmes and invests in growing its international infrastructure to leverage on the potential for multiple asset launches from 2024 onwards.

Exhibit 1: 2020 catalysts

Product	Indication	Date	Next news
Global (ex-China)			
Savolitinib	PRCC	H120	**Data:** Interim Phase II data (CALYPSO) for savolitinib in combination with Imfinzi in RCC
		H120	**Data:** Early Phase III data (SAVOIR) savolitinib monotherapy, possible data presentation at ASCO
	NSCLC	Mid-2020	**Data:** Interim Phase II data (SAVANNAH) for savolitinib in combination with Tagrisso in second/ third-line NSCLC
	NSCLC/RCC/GC	H220	Potentially announce plans for further US Phase II/III studies in NSCLC/ RCC/Gastric cancer
Fruquintinib (Elunate)	CRC	H120	Initiation of a US/EU Phase II/III pivotal trial in third/fourth-line CRC*
	Solid tumours	H120	Initiation of Phase I/Ib PD-1 US combination trial
Surufatinib	Pancreatic NET (pNET)	H120	Initiation of pivotal Phase II/III PD-1 trial in pNET*
	NET	H120	Initiation of Phase III (US/EU)
HMPL-523	Hem malignancies	H220	Phase I expansion studies (subjective to supportive data)
HMPL-689	Hem malignancies	H220	Phase I expansion studies (subjective to supportive data)
China			
Savolitinib	NSCLC	H120	**Data from Phase II and NDA submission** for first-line NSCLC* (MET exon 14 patients)
	NSCLC	H220	Initiation of Phase III study 2L NSCLC in combination with Iressa
Fruquintinib (Elunate)	Gastric cancer	H120	**Data:** Second interim analysis from Phase III study (FRUTIGA) for fruquintinib in combination with Taxol for second-line gastric cancer **Interim data 2L FRUTIGA**
Surufatinib	Non-pancreatic NET	H220	**Approval and launch:** NDA filed H219
	Pancreatic NET	H120	**NDA filing:** Phase III interim data (SANET-p) presented and trial stopped early due to efficacy
	Biliary tract cancer (BTC)	H120	**Data:** Phase III interim data for second-line BTC
HMPL-523	Indolent NHL	2020	Initiation of a registration study, subject to supportive data
HMPL-689	Indolent NHL	2020	Initiation of a registration study, subject to supportive data
HMPL-306	Solid tumours	2020	Novel target IDH1/2 inhibitor Phase I initiation

Source: HCM presentations, Edison Investment Research. Note: *Subject to regulatory interaction.

2020 vision for the year ahead

Exhibit 1 highlights HCM's global and China development plans across its burgeoning pipeline, which includes clinical trial readouts, trial initiations, NDA submissions and potential approvals. We summarise below the recent developments and what to expect in 2020–22 for each late-stage asset. Savolitinib's, surufatinib's and fruquintinib's Phase III programmes (in combination and as monotherapies) across multiple cancer indications will define the eligible patient populations for these compounds. HCM now has a total of eight clinical-stage assets and a number of second-generation immunotherapy compounds moving towards entering the clinic in China and internationally

Elunate China NRDL inclusion is key to driving volumes

Elunate is now being commercialised in China (third-line colorectal cancer, CRC) by partner Eli Lilly. The early sales trajectory is notable (H119 implied in-market sales of $11.4m), but the most interesting opportunity relates to its inclusion on China's NRDL, effective from 1 January 2020. Elunate is required to be available in all state-run hospital pharmacies and patients on NHSA insurance schemes will be reimbursed (albeit it at a lower price). Elunate was the first innovative China developed oncology asset to be approved in its domestic market. Multiple clinical trials are ongoing and positive data could support line extension strategies. The next development focus is on Phase III gastric cancer (FRUTIGA), for which approval could occur in 2022. FRUTIGA is a combination trial (second line) evaluating fruquintinib and established chemotherapy agent Taxol (paclitaxel) for the treatment of advanced gastric cancer patients (n>500) who have progressed after first-line standard chemotherapy (5-fluorouracil and platinum doublets). If the FRUTIGA Taxol combination data are positive, this would enable fruquintinib use in earlier lines of gastric cancer. The second interim analysis by the Independent Data Monitoring Committee (IDMC) is expected in mid-2020. International development plans include an FDA end of Phase II meeting (H120); the US Phase Ib/II CRC trial initiated in 2019 has completed enrolment and the US/Europe Phase III registration trial is expected to initiate in mid-2020.

Combination studies are key to establishing targeted therapies in many oncology settings given the rapid rise of the PD-1/PD-L1 class of therapeutics to treat a broad range of cancers regardless of PD 1 status. For fruquintinib, HCM has a global partnership with Innovent Biologics and its PD-1 inhibitor sintilimab (IBI308) and a China-focused collaboration with Genor BioPharma and its PD-1 inhibitor genolimzumab (GB226). These trials are currently in dose-finding/safety run-in studies in China and/or globally. Importantly, HCM retains the full development and commercial rights to fruquintinib outside China (assuming regulatory approvals are achieved). Exhibit 2 highlights the status of fruquintinib clinical trials in a broad range of oncology indications.

Exhibit 2: Fruquintinib clinical trials

Treatment	Indication	Sites	Trial	Notes
Fruquintinib MT	Third-line CRC (chemotherapy refractory)	China	Phase III FRESCO	Approved and launched
Fruquintinib MT	Third-line/fourth-line CRC (Stivarga/Lonsurf refractory/intolerant)	US/EU	Phase III	US/EU registration study in planning
Fruquintinib and Taxol	Second-line gastric cancer	China	Phase III FRUTIGA	Second interim data 2020
Fruquintinib MT	Third-line NSCLC (chemotherapy refractory)	China	Phase III FALUCA	Did not meet median OS (primary endpoint), all secondary endpoints met
Fruquintinib and Iressa	NSCLC first-line (EGFRm+)	China	Phase II NCT02976116	Completed enrolment. Data presented at ESMO Asia in November 2019.
Fruquintinib and genolimzumab (PD-1)	Solid tumours	China	Phase I	Ongoing
Fruquintinib and Tyvyt (PD-1)	Solid tumours	China	Phase I	Ongoing

Source: Edison Investment Research, Hutchison China MediTech. Note: MT: monotherapy.

Surufatinib NETs an unmet need

Surufatinib could be the first of HCM's unpartnered assets to reach the China market in 2020. The China NDA was accepted in November 2019, based on data from Phase III SANET-ep for advanced non-pancreatic neuroendocrine tumours (NET), and priority review was granted in December. Surufatinib's China Phase III programme consists of two studies evaluating the drug (vs placebo) in pancreatic NET (SANET-p, planned n=195) and non-pancreatic NET (SANET-ep, actual n=198), thus covering all NET patient types. In June 2019, HCM announced that the independent data monitoring committee had recommended stopping the Phase III SANET-ep non-pancreatic NET trial early following positive interim data. This was based on the trial meeting its primary endpoint of PFS and the trial was unblinded a year ahead of schedule. Subsequently, on the basis of these data, HCM filed the China NDA in October 2019. More recently, proof of surufatinib's unequalled utility across the breadth of NET tumours was supported by the early cessation of the pancreatic NET (SANET-p) trial as surufatinib met its primary endpoint of PFS earlier than expected. We expect data from SANET-p to be submitted to the China regulatory body and this could potentially lead to a broader label encompassing all NET; Surufatinib could be the first universal drug to treat NET in all patients regardless of tumour subtype. We forecast launch in China in late 2020. Ahead of potential launch, HCM expects to have 300–350 reps in place, making up the China oncology commercial team.

Following encouraging POC data from the Phase II study in biliary tract cancer (BTC), HCM recently initiated a pivotal open-label Phase IIb/III BTC trial (NCT03873532) in China, with the first patient dosed in March 2019. BTC represents a high unmet need due to limited treatment options and an increasing patient population. HCM is developing the drug internationally: the global Phase Ib/II study (NCT02549937) in pancreatic NET (second-line in Sutent/Afinitor refractory cancer) and BTC started enrolling US patients in July 2018. Surufatinib's global registration trial is at the planning stage, with US and Europe Phase III trials estimated to start in H220. The FDA has granted orphan drug designation for the pancreatic NET indication. HCM recently initiated a Phase II study, NCT04169672, in patients with advanced tumours in combination with Shanghai Junshi Biosciences' PD-1 inhibitor Tuoyi (toripalimab), which was recently approved in China for melanoma.

Exhibit 3: Surufatinib clinical development

Treatment	Indication	Sites	Trial	Notes
Surufatinib MT	Pancreatic NET	China	Phase III SANET-p	Positive interim analysis in January 2020 will support an NDA submission in early 2020
Surufatinib MT	Extra-pancreatic NET	China	Phase III SANET-ep	Met primary endpoint of PFS. NDA accepted in November 2019
Surufatinib MT	Biliary tract cancer (chemotherapy refractory)	China	Phase IIb/III NCT03873532	First patient dosed 22 March 2019
Surufatinib MT	Pancreatic NET (second-line; Sutent/Afinitor refractory) Biliary tract cancer (chemotherapy refractory), ep-NET and soft tissue sarcoma	US	Phase Ib NCT02549937	US/EU registration study in planning
Surufatinib + Tuoyi (PD-1)	Solid tumours	China	Phase II NCT04169672	Trial enrolling patients
Surufatinib + Tuoyi (PD-1)	Solid tumours	US	Phase I	Safety run-in in planning

Source: Edison Investment Research, Hutchison China MediTech. Note: NET = neuroendocrine tumours, MT = monotherapy.

Savolitinib China debut on the cards in 2021

An estimated 2–3% of newly diagnosed NSCLC patients have a specific mutation known as MET Exon 14 skipping (Exon 14 of the MET gene is not functioning or deleted) leading to c-MET over expression. In China, HCM estimates this to be >10,000 patients. Primary data from the Phase II have demonstrated efficacy in these hard-to-treat patients, and although the patient size is relatively small, this indication could be savolitinib's first China NDA submission in Q220 and its first monotherapy indication in the region (launch in 2021). In the longer term in China, we believe a

savolitinib plus Tagrisso combination will expand use in other subsets of NSCLC. In the field of lung cancer, AZN's Tagrisso is raising the bar as it moves into the first-line setting in EGFR mutation-positive NSCLC (median OS of 38.6 months Tagrisso vs 31.8 months on Iressa/Tarceva FLAURA first-line treatment study), reporting sales of $2.3bn in the first nine months of 2019, its second full year on the market. The implication here is that savolitinib's largest opportunity could be in combination with Tagrisso in EGFRm MET+ NSCLC patients, as MET mutations are the biggest driver in Tagrisso resistance. The savolitinib/Tagrisso combination could rewrite the second-line/third-line treatment paradigm and our forecast peak sales could be conservative. Following the encouraging data from the TATTON study, in December 2018, AZN and HCM initiated the global registration study SAVANNAH for Tagrisso-refractory NSCLC patients (enrolment is expected to complete by end 2020). This specific subset of patients has an unmet medical need and, although we forecast a 2022 launch, breakthrough therapy designation could lead to earlier approval and launch. Interim data are expected in mid-2020 and the strength of the data will determine whether a larger Phase III is required as part of the US regulatory submission package, although it could be sufficient for an NDA filing.

Successful commercialisation of savolitinib in kidney cancer (both ccRCC and PRCC) now hinges on SAVOIR data and CALYPSO, an investigator-sponsored Phase II study combining savolitinib with AZN's PD-L1 inhibitor Imfinzi (durvalumab). In clear cell renal cell carcinoma (ccRCC) PD-(L)1 immune checkpoint inhibitors are revolutionising the treatment landscape. The combination of MET inhibition with PD-(L)1 inhibition could have utility in this space, as underlined by the promising preliminary data from CALYPSO presented at ASCO GU 2019. HCM has indicated that renal cancer regulatory plans will be determined post data presentation at ASCO 2020.

Exhibit 4: Savolitinib key clinical trials

Treatment	Indication	Sites	Trial	Notes
Savolitinib +Tagrisso	NSCLC (2/3L EGFRm (TKI refractory; MET+)	Global	Phase Ib/II TATTON	Completed, interim data presented at AACR 2019 and ESMO Asia 2019
Savolitinib +Tagrisso	NSCLC (2/3L EGFRm (Tagrisso refractory; MET+)	Global	Phase II SAVANNAH	Initiated December 2018
Savolitinib MT	NSCLC (1L MET Exon 14 skipping)	China	Phase II NCT02897479	Enrolment completed
Savolitinib MT	Papillary RCC (MET+)	Global	Phase III SAVOIR	Suspended due to MES study and CALYPSO study. Data on the preliminary cohort to be submitted for presentation at ASCO
Savolitinib +Imfinzi	Papillary RCC	UK/Spain	Phase II CALYPSO	Interim data presented at ASCO GU 2019, primary completion expected
Savolitinib +Imfinzi	Clear cell RCC (VEGFR TKI refractory)	UK/Spain	Phase II CALYPSO	Investigator-sponsored study; data expected early-2020
Savolitinib MT	Gastric cancer (MET amplification)	South Korea	Phase II VIKTORY	Completed, data published H219
Savolitinib MT	Metastatic castration-resistant prostate cancer (mCRPC)	Canada	Phase II CCTG 1234B	Investigator-sponsored study, primary completion end-2020

Source: Edison Investment Research, Hutchison China MediTech. Note: MT = monotherapy.

Global development of HMPL-523 and HMPL-689

Longevity for R&D-driven biopharmaceutical companies is dependent on having a pipeline of innovative assets that span both indications and development phases. HCM's strategy to date has focused on developing best-in-class kinase inhibitors that target solid cancers. The next wave of internally developed assets, HMPL-523 (Syk inhibitor) and HMPL-689 (PI3Kδ inhibitor), are kinase inhibitors, which have a clinical focus for various haematological (blood) cancers and autoimmune conditions. Concurrent global and Chinese clinical programmes are ongoing as outlined below and, importantly, both are moving rapidly towards global registration studies.

HMPL-523 targets Syk, an enzyme believed to be involved in a diverse range of biological functions including autoimmune disorders and haematological malignancies. HCM believes that HMPL-523 is a potential best-in-class molecule and potentially first-in-class for haematological malignancies, and we anticipate that launch in China in 2023 is feasible. Phase Ib dose expansion is ongoing in

separate Chinese and Australian studies and will be used to guide a Chinese Phase II/III registration study, which is planned to start in 2020. Following recent IND approval, an EU/US Phase I/Ib clinical study for HMPL-523 has started in advanced relapsed or refractory lymphoma (NCT03779113). Outside oncology, HMPL-523 is in a Phase I study in patients with immune thrombocytopenia (ITP) in China (NCT03951623).

HMPL-689 is in a Phase I dose escalation study in Chinese patients with haematological malignancies, with top-line data expected in H120. Recent IND approval has enabled the start of a parallel US/EU Phase I/Ib study in patients with indolent non-Hodgkin lymphoma (NHL).

Valuation

We value HCM at $6.0bn (£6.74/share) vs $5.7bn (£7.01/share) previously. Our product forecasts remain unchanged. Our valuation reflects forecast net cash of $163m at end December 2019 plus $105m net proceeds from the January 2020 capital raise, and we roll forward our model and update for FX. We use a risk-adjusted net present value (NPV) method to discount future cash flows for the innovation platform (savolitinib, fruquintinib, surufatinib, epitinib, HMPL-523 and HMPL-689, valuation of $4,359.9m). We use earnings-based multiples for HCM's commercial platform (subsidiaries and JVs). Applying a 20.4x multiple to our forecast 2019 net attributable profit (equity in earnings of equity investees, net of tax) for the JVs of $39.2m yields a valuation of $800.4m (Exhibit 5). Our SOTP valuation does not include HCM's early phase assets HMPL-453 (FGFR inhibitor), HMPL-306 (IDH1/2 inhibitor) or HMPL-309 (EGFR WT) or its discovery platform.

Exhibit 5: HCM SOTP valuation

Product	Indication	Launch/peak	Peak sales	Value ($m)	Probability	rNPV ($m)	rNPV/share ($/share)	rNPV/ share (£)	rNPV/ADS ($/ADS)	NPV per share (£)
Savolitinib	PRCC	2024/28 (China)	$64m (China)	95.0	50%	53.6	0.08	0.06	0.39	0.11
		2022/26 (ROW)	$267m (ROW)	81.3	75%	58.8	0.09	0.07	0.43	0.09
	ccRCC	2025/29 (China)	$169m (China)	98.4	35%	31.0	0.04	0.03	0.22	0.11
		2023/27 (ROW)	$658m (ROW)	102.7	35%	35.9	0.05	0.04	0.26	0.11
	NSCLC	2022/26 (China)	$387m (China)	275.0	75%	205.4	0.30	0.23	1.49	0.31
		2022/26 (ROW)	$1.7bn (ROW)	387.8	75%	290.9	0.42	0.32	2.11	0.43
	Gastric Ca	2023/27 (China)	$326m (China)	153.4	35%	51.3	0.07	0.06	0.37	0.17
		2024/28 (ROW)	$757m (ROW)	140.1	35%	49.0	0.07	0.05	0.36	0.16
Fruquintinib	CRC	2018/22 (China)	$199m (China)	102.8	100%	102.8	0.15	0.11	0.75	0.11
		2023/27 (ROW)	$565m (ROW)	1,257.0	75%	940.1	1.36	1.05	6.82	1.40
	NSCLC	2025/29 (China)	$393m (China)	91.6	50%	40.7	0.06	0.05	0.30	0.10
		2025/29 (ROW)	$721 (ROW)	845.3	50%	402.3	0.58	0.45	2.92	0.94
	Gastric Ca	2021/25 (China)	$340m (China)	181.6	75%	135.6	0.20	0.15	0.98	0.20
		2025/29 (ROW)	$392m (ROW)	510.1	50%	245.5	0.36	0.27	1.78	0.57
Surufatinib	NET	2020/25 (China)	$169m (China)	433.5	90%	390.1	0.57	0.44	2.83	0.48
		2024/28 (ROW)	$454m (ROW)	692.9	50%	334.3	0.49	0.37	2.43	0.77
	BTC	2022/26 (China)	$187m (China)	426.3	75%	319.1	0.46	0.36	2.32	0.48
		2024/28 (ROW)	$143m (ROW)	190.5	50%	89.6	0.13	0.10	0.65	0.21
Epitinib	Glioblastoma	2023/27 (China)	$42m (China)	146.3	30%	42.2	0.06	0.05	0.31	0.16
HMPL-523	Haematological cancers	2023/27 (China)	$143m (China)	302.7	30%	86.4	0.13	0.10	0.63	0.34
		2025/29 (ROW)	$584m (ROW)	834.6	30%	238.9	0.35	0.27	1.73	0.93
HMPL-689	Haematological cancers	2024/28 (China)	$102m (China)	167.4	30%	44.6	0.06	0.05	0.32	0.19
		2025/29 (ROW)	$468m (ROW)	617.9	30%	171.8	0.25	0.19	1.25	0.69
Commercial Platform				800.4	100%	800.4	1.16	0.89	5.81	0.89
Unallocated costs				(414.2)	100%	(414.2)	(0.60)	(0.46)	(3.01)	(0.46)
Est net cash Dec 2019*				268.0	100%	268.0	0.39	0.30	1.95	0.30
Terminal Value				1,022.3	100%	1,022.3	1.48	1.14	7.42	1.14
Valuation				**$9,810.7**		**$6,036.3**	**$8.8**	**£6.74**	**$43.81**	**£10.95**
Valuation of IP only				$6,514.4		$4,359.9	$6.33	£4.87	$31.64	£7.27

Source: Edison Investment Research. Note: *Plus $105m net proceeds from January 2020 capital raise. Non-risk adjusted NPV per share assumes 100% probability of success. FX rate = $1.30/£. Number of shares outstanding = 688.9m.

Exhibit 6: Financial summary

USD'000s	2017	2018	2019e	2020e
December	US GAAP	US GAAP	US GAAP	US GAAP
PROFIT & LOSS				
Revenue	241,203	214,109	182,885	194,589
Cost of Sales	(175,820)	(143,944)	(136,135)	(141,020)
Gross Profit	65,383	70,165	46,749	53,569
Research and development	(75,523)	(114,161)	(146,500)	(219,000)
Other overheads	(43,277)	(48,645)	(51,604)	(53,401)
EBITDA	(50,692)	(88,975)	(146,714)	(213,366)
Operating Profit (before amort. and except.)	(53,417)	(92,641)	(151,355)	(218,832)
Intangible Amortisation	0	0	0	0
Operating Profit	(53,417)	(92,641)	(151,355)	(218,832)
Net Interest	(235)	4,969	2,459	930
Exceptionals	0	0	0	0
Profit Before Tax (norm)	(53,536)	(86,655)	(148,897)	(217,902)
Profit Before Tax (reported)	(53,536)	(86,655)	(148,897)	(217,902)
Tax	(3,080)	(3,964)	(5,004)	(5,200)
Equity investments, after tax	33,653	19,333	39,233	40,813
Profit After Tax (norm)	(22,963)	(71,286)	(114,667)	(182,289)
Profit After Tax (reported)	(22,963)	(71,286)	(114,667)	(182,289)
Minority	(3,774)	(3,519)	(5,000)	(5,000)
Discontinued operations	0	0	0	0
Net profit (norm)	(26,737)	(74,805)	(119,667)	(187,289)
Net profit (reported)	(26,737)	(74,805)	(119,667)	(187,289)
Average Number of Shares Outstanding (m)	617.2	664.3	688.9	688.9
EPS - normalised (c)	(4.3)	(11.3)	(17.4)	(27.2)
EPS - normalised and fully diluted (c)	(4.3)	(11.3)	(17.4)	(27.2)
EPS - (reported) (c)	(4.3)	(11.3)	(17.4)	(27.2)
Average number of ADS outstanding (m)	123.4	132.9	137.8	137.8
Earnings per ADS - normalised ($)	(0.02)	(0.06)	(0.09)	(0.14)
Earnings per ADS ($)	(0.02)	(0.06)	(0.09)	(0.14)
BALANCE SHEET				
Fixed Assets	165,737	161,577	176,169	192,947
Intangible Assets	3,738	3,533	3,301	3,028
Tangible Assets	14,220	16,616	22,207	27,014
Investments	147,779	141,428	150,661	162,905
Current Assets	432,195	370,541	257,853	155,665
Stocks	11,789	12,309	11,189	11,591
Debtors	53,566	56,392	56,000	29,855
Cash	85,265	86,036	64,775	113,330
St investments	273,031	214,915	125,000	0
Other	8,544	889	889	889
Current Liabilities	(104,600)	(85,479)	(104,056)	(97,935)
Creditors	(25,344)	(26,180)	(44,757)	(38,636)
Short term borrowings	(29,987)	0	0	0
Other	(49,269)	(59,299)	(59,299)	(59,299)
Long Term Liabilities	(8,366)	(34,384)	(34,384)	(34,384)
Long term borrowings	0	(26,739)	(26,739)	(26,739)
Other long term liabilities	(8,366)	(7,645)	(7,645)	(7,645)
Net Assets	484,966	412,255	295,583	216,293
Minority	(23,233)	(23,259)	(28,259)	(33,259)
Shareholder equity	461,733	388,996	267,324	183,034
CASH FLOW				
Operating Cash Flow	(8,943)	(32,847)	(99,171)	(169,445)
Net Interest	0	0	0	0
Tax	0	0	0	0
Capex	(5,019)	(6,364)	(10,000)	(10,000)
Acquisitions/disposals	0	0	0	0
Dividends	(1,594)	(1,282)	(2,000)	(2,000)
Equity financing and capital movements	291,737	(2,322)	0	105,000
Other	(255,761)	50,116	89,910	125,000
Net Cash Flow	20,420	7,301	(21,261)	48,555
Opening net debt/(cash)	(56,914)	(328,309)	(274,212)	(163,036)
Increase/(decrease) in ST investments	248,761	(58,116)	(89,915)	(125,000)
Other	2,214	(3,282)	0	0
Closing net debt/(cash)	(328,309)	(274,212)	(163,036)	(86,591)

Source: Company accounts, Edison Investment research

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