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Hutchison China MediTech

Interim results

Establishing a global operational presence

Pharma & biotech

Highlights from Hutchison China MediTech's (HCM) H118 results relate to the substantial pipeline-related newsflow expected in 2018/19, the recent expansion of its US and international operations (which will enable HCM to execute its international R&D and commercialization strategies) plus strong operational and financial performance by the China commercial platform division. Fruquintinib (third-line CRC) remains on track to launch in China by year end (approval decision expected by the CNDA in the next few months). Encouraging Phase II data so far on savolitinib (first-line NSCLC exon14m/deletion) could lead to accelerated approval in China, contingent on final data (expected in 2020) being consistent with data to date. We value HCM at $6.4bn.

Year end	Revenue ($m)	Net profit ($m)	EPADS ($)	DPADS ($)	P/E (x)	Yield (%)
12/16	216.1	11.7	0.10	0.0	297	N/A
12/17	241.2	(26.7)	(0.22)	0.0	N/A	N/A
12/18e	163.6	(71.7)	(0.54)	0.0	N/A	N/A
12/19e	180.1	(92.7)	(0.70)	0.0	N/A	N/A

Note: Dividend yield excludes withholding tax. Investors should consult their tax advisor regarding the application of any domestic and foreign tax laws.

Expansion of US and international operations

HCM has established an office in New Jersey, US and has appointed a US CMO and a Head of International Operations (both individuals are experienced industry veterans). This highlights HCM's commitment to its global R&D strategy; it has the financial strength ($416.9m in available resources as of 30 June 2018) to initiate its global commercial strategy, which is critical given the late clinical development stage of the R&D pipeline and the necessity to expand its clinical trial programs internationally to maximize economic returns.

Savolitinib potential for accelerated China approval

Highly encouraging data from the ongoing savolitinib Phase II (China) NSCLC-MET exon14 mutation/deletion patients have prompted discussions with the Chinese National Drug Administration (CNDA) on an approval pathway. The agency has indicated that if Phase II data complete with patient ORR in excess of 50%, this Phase II trial should be sufficient for submitting an NDA in this indication.

Financials: Guidance updated, higher R&D expenses

HCM has updated its FY18 net loss guidance to $39-72m (from $19-52m), reflecting $20m higher than anticipated adjusted R&D expenses (non-GAAP) due to the rapid expansion of operations, higher clinical trial costs in China and the impact of employee share incentive schemes. All other guidance is unchanged.

Valuation: $6.4bn or $48.2/ADS

Our increased valuation of $6.4bn or $48.2/ADS (from $6.4bn or $47.9/ADS) results from rolling forward our DCF and updating FX rates, offset by a lower net cash position at 30 June 2018 and higher R&D in 2018 and 2019. We value the Innovation Platform (IP) at $4,780.5m and placing the Commercial Platform's (CP) 2018e share of net profit on a 20.4x rating gives $848.2m (945p/share).

20 August 2018

Price	**US$29.7**
Market cap	**US$4.0bn**
	ADR/Ord conversion ratio 1:0.5
Net cash (US$m) at 30 June 2018	295.8
ADSs in issue	133.0
ADS code	HCM
ADS exchange	NASDAQ
Underlying exchange	AIM
Depository	NASDAQ

ADR price performance

52-week high/low	$41.1	$23.5

Business description

Hutchison China MediTech (Chi-Med; HCM) is an innovative China-based biopharmaceutical company targeting the global market for novel, highly selective oral oncology, and immunology drugs. Its established China Healthcare business is growing ahead of the market.

Next events

Fruquintinib China NDA approval and launch in CRC	H218
Fruquintinib FALUCA top-line data	Q418
Savolitinib MES data	Late 2018

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Global expansion underway

In terms of the international commercial opportunity, we forecast that HCM has the financial strength (see recently published outlook note, Jewels in the crown) to initiate its global commercial strategy given the late clinical stage of the R&D pipeline. At the interim results HCM announced that it has now commenced the operations of Hutchison MediPharma (US), with its new US office in New Jersey, US. HCM has appointed two experienced senior personnel: a US CMO and Head of International Operations. This highlights HCM's commitment to its global R&D strategy; while the majority of its TKI assets have demonstrated efficacy and tolerability in trials to date, much of these data are limited to Chinese patients. HCM has already commenced the global development program for fruquintinib (US Phase I bridging studies) and sulfatinib (US Phase I/II pancreatic NET and BTC). However, to build on further trials for the range of cancer indications and number of assets in the pipeline, it makes more sense for the international (ex-Asia) clinical, regulatory and commercial strategies to be directed from an international-oriented operation manned by industry veterans (the US CMO is ex Eli Lilly, while the Head of International Operations is ex-Gilead) who are experienced in dealing with the FDA and other international regulatory bodies. We anticipate further key personnel appointments as HCM builds its international team.

Our analysis concludes that much higher economic value resides in the strategy to develop and commercialize its own assets, in particular with respect to fruquintinib (ex-China), sulfatinib, epitinib, and HMPL-523. We believe HCM can start to initiate its global commercial strategy based initially on fruquintinib, but with a view to leveraging the late-stage oncology portfolio given multiple potential drug approvals in 2020/21. We therefore expect HCM to become a major China and international oncology company.

Pipeline update

Exhibit 1 highlights the plethora of clinical and regulatory milestones likely in 2018/19. The next date of importance relates to fruquintinib approval and launch (third-line CRC) in China by year end, marking a major milestone as the company's first internally developed asset to launch in China. Additionally, HCM's multi-asset focused R&D strategy means a plethora of late-stage clinical trials initiations and data from ongoing trials are expected in 2018/19.

Exhibit 1: Potential key milestones for 2018/19

Product	Indication	Date	Next news
Savolitinib	Papillary renal cell carcinoma	H218	Molecular epidemiology study (n>200) in papillary renal cell carcinoma data – possible BTD-enabling.
	NSCLC	H119	Initiation of a global Phase II/III pivotal study in second-line NSCLC in combination with Tagrisso (randomized, chemo-doublet controlled).
	NSCLC	H218	Initiation of a global Phase II/III (single-arm) study evaluating savolitinib combination with Tagrisso in MET+ NSCLC (second line/third line) in third-generation EGFR TKI refractory patients.
Fruquintinib	CRC	H218	China NDA approval (third-line CRC) and launch (contingent on approval).
	NSCLC	Q418	China Phase III (FALUCA) top-line data (third-line monotherapy).
Epitinib	NSCLC with brain metastases	H218	Initiate China Phase III first-line EGFRm NSCLC with brain metastases.
Sulfatinib	BTC	H119	Initiate China Phase III study in chemo-refractory biliary tract cancer.
HMPL-523	Cancer	December 2018	Potential presentation of Phase I dose-escalation study data in hematological cancer at ASH in December 2018.
HMPL-689	Cancer	H119	Present Phase I dose-escalation data in Australian healthy volunteers.

Source: Company presentations, Edison Investment Research

Savolitinib NSCLC chance of accelerated approval in China

Savolitinib's most advanced indications are PRCC and NSCLC, in which two registration studies are underway: the global Phase III MET+ papillary renal cell carcinoma (PRCC) and the Phase II in MET exon14/mutation/deletion NSCLC (China registration intent). Partner AstraZeneca (AZN) plans to initiate two additional registration studies in the NSCLC indication in H218 and H119.

At the interim results, HCM presented a potential scenario of accelerated approval for savolitinib in China for NSCLC MET exon14 mutation/deletion patients. Following encouraging Phase II data so far (unpublished at 40% enrolment) in this single-arm study, HCM held discussions with the China National Drug Administration (CNDA) on an approval pathway for this indication. The agency has indicated that if the Phase II data on completion (likely to report a full dataset 2020) are as compelling as the data so far (ORR in excess of 50% in 50 patients), HCM could submit an NDA on the Phase II data alone.

HCM has provided detail on its development plans for the savolitinib global combination Phase II/III program in conjunction with partner AZN. In conjunction with data presented so far on savolitinib and Tagrisso combination therapy, and the recent approvals for Tagrisso (first-line NSCLC), AZN has prioritized the development of savolitinib in NSCLC. AZN's Tagrisso received FDA (April 2018) and European approval (June 2018) for first-line therapy in all EGFRm-positive NSCLC on the back of positive data presented at ESMO 2017 (FLAURA), which demonstrated that Tagrisso significantly improved PFS in first-line EGFRm patients compared with Iressa/Tarceva. We expect Tagrisso to change the treatment paradigm and become standard of care for EGFRm-positive NSCLC. AZN reported $760m Tagrisso sales in H118 (+82% CER), reflecting growth in second-line use and an encouraging start of use in the first-line setting. First-generation inhibitors Iressa and Tarceva only target EGFR exon 19 and 21 mutations; the majority of acquired resistance to these inhibitors is through T790M, which Tagrisso can target. After T790M acquired resistance, MET is believed to be one of the next major drivers of resistance, hence savoltininb's potential utility in second-line and third-line combination use. HCM and AZN are testing whether combinations of savolitinib and Tagrisso/Iressa will be able to effectively inhibit these multiple cancer proliferation pathways following Tagrisso use.

AZN therefore plans to initiate a global, pivotal Phase II/III (single-arm) study in H218 evaluating savolitinib in combination with Tagrisso in MET+ NSCLC (second/third line) in third-generation EGFR TKI (Tagrisso) refractory patients. Furthermore, a global Phase II/III pivotal study in MET+, T790M- second-line NSCLC in combination with Tagrisso is expected to start in H119. The trial design will depend on the outcome of the mature TATTON B data and preliminary TATTON D results, and the outcome of regulatory discussions. We believe combination therapies across multiple cancer indications will continue to widen the eligible patient populations for savolitinib, accounting for the significant upgrades to the numbers in our recent outlook note, Jewels in the crown, published on 31 May 2018.

HCM now anticipates that interim data from the ongoing molecular epidemiology study (MES) in PRCC will be available over the coming months and full data in late 2018. These data, if supportive, could in conjunction with the Phase II data, form part of an accelerated approval from the US FDA under the breakthrough therapy designation for the PRCC indication. MES is a pooled analysis of over 200 historic (global) patient samples in an effort to determine if MET-driven PRCC has worse treatment outcomes/survival than MET-independent PRCC. It will give an understanding of how these patients responded to current standards of care such as Pfizer's sunitinib and give clarity on progression-free survival (PFS) and overall survival (OS) expected in MET-driven patients.

Fruquintinib third-line CRC potential China launch in 2018

HCM and partner Eli Lilly submitted the NDA for fruquintinib for third-line CRC to the CNDA (formerly known as CFDA) in June 2017 and we anticipate approval and launch of fruquintinib in China in Q418 by Eli Lilly. The Phase III FALUCA (third-line NSCLC) trial in China has fully enrolled 527 patients, and OS maturity and top-line data are expected in Q418. The Phase III FRUTIGA trial (second-line gastric cancer) in combination with paclitaxel should read out interim data in 2019. Positive data could trigger a proof-of concept related milestone payment (~$10m) from partner Eli Lilly if the trial reaches its predefined target.

Global expansion plans for fruquintinib continue; the Phase I US trial is expected to complete later this year. Fruquintinib is an oral small molecule, highly selective VEGFR1, VEGFR2 and VEGFR3 inhibitor that HCM is developing to compete in the ~$18bn VEGFR market, which is dominated by Roche's Avastin (bevacizumab) a VEGF-A inhibitor, an intravenously administered monoclonal antibody (Roche reported 2017 sales of $6.8bn). There remains a need for a small molecule (oral) VEGFR inhibitor that positively affects PFS and OS with a more tolerable side effect profile than intravenously administered biologic agents such as Avastin. Avastin inhibits VEGF A protein, while fruquintinib targets VEGF receptors. Our view is that fruquintinib's more tolerable safety profile (as a result of its highly selective inhibition of VEGFR1/2/3 vs competitor products) could enable improved efficacy, particularly when used as combination treatments (e.g. with immunotherapy agents such as PD-L1 inhibitors) and thus drive its utilization in earlier lines of therapy. We highlight recent Roche data published on its Avastin combination with Tecentriq (PD-L1) plus chemotherapy (carboplatin plus paclitaxel) for first-line NSCLC. Interim analysis of the Phase III IMpower150 study reported a significant improvement on survival in the intention-to-treat, wild-type population: median OS = 19.2 versus 14.7 months on the comparator arm of Avastin plus chemotherapy; hazard ratio (HR) = 0.78, 95% CI: 0.64-0.96; p=0.016). The FDA has granted Roche priority review for this combination plus carboplatin plus paclitaxel (chemotherapy) in first-line advanced NSCLC.

In the near term, fruquintinib could be HCM's first internally developed TKI to launch (in China) for colorectal cancer (CRC). However, its full commercial potential will depend on approval across a range of cancers in China and its relevance in the non-China patient population. Its global development program will be critical in this rapidly moving and competitive space.

Sulfatinib NET China Phase III interim data in 2019

Sulfatinib could be the first of HCM's wholly owned assets to reach the China market. Two major China Phase III studies: SANET-p (pancreatic neuroendocrine tumors) and SANET-ep (non-pancreatic neuroendocrine tumors) are expected to report interim results in H219 and H119 respectively. Furthermore, following encouraging POC data from the Phase II study in biliary tract cancer (BTC), a Phase III BTC trial in China will initiate in H119; BTC represents a high unmet need due to limited treatment options and a steadily growing patient population. Given the expansion of its international operations, we highlight that the global Phase Ib/II study (NCT02549937) in pancreatic NET and BTC patients started enrolling patients in the US in July 2018.

HMPL-523 preliminary dose-escalation data at ASH 2018

HMPL-523 (SYK inhibitor for oncology and immunology indications), the Australia and China Phase I dose-escalation study, has completed and preliminary dose-escalation data in patients with hematological malignancies will be presented at ASH 2018. HCM is increasing the number of trial sites to support the Phase Ib/II expansion in a range of indolent non-Hodgkin's lymphoma (NHL) subtypes. Following resubmission of additional data (relating to a metabolite of the product) requested by the US FDA, the HMPL- 523 IND application has been approved and the Phase II POC in a hematological cancer could initiate in late 2018/early 2019.

HMPL-453 AUS Phase I halted

HMPL-453, a novel small molecule PAN FGFR inhibitor 1/2/3, is in Phase I dose escalation studies for advanced solid tumors. HCM has announced the discontinuation of the Australian study due to serious (but not life threatening) FGFR target related toxicities. These toxicities have not been replicated in the China study which is ongoing albeit with additional measures designed to minimize risk to patients. We do not include HMPL-453 in our valuation of HCM.

Valuation: $6.4bn ($48.2/ADS)

Our increased valuation of $6.4bn or $48.2/ADS (from $6.4bn or $47.9/ADS) is a result of rolling forward our DCF and updating FX rates, offset by a lower net cash position at 30 June 2018 and increasing R&D expenses in 2018 and 2019 to reflect the higher cost of clinical trials in China (Exhibit 2). We value the Innovation Platform (IP) at $4,780.5m and placing the Commercial Platform's (CP) 2018e share of net profit on a 20.4x rating gives $848.2m. Adding in a terminal value of $491.8m and net cash at 30 June 2018 of $295.8m results in a value of $6.4bn.

Exhibit 2: HCM valuation

Product	Indication	Launch	Peak sales ($m)	Value ($m)	Probability	rNPV ($m)	rNPV/ share ($/share)	rNPV/ ADS ($/ADS)
Savolitinib (AZD6094/volitinib)	Papillary renal cell carcinoma	2020 (China) 2021 (ROW)	$64m (China) $267m (ROW)	204.7	75%**	152.6	2.3	1.1
	Clear cell carcinoma	2022 (China) 2022 (ROW)	$169m (China) $987m (ROW)	317.6	35%	109.5	1.6	0.8
	NSCLC	2021 (China) 2021 (ROW)	$387m (China) $2.5bn (ROW)	831.7	75%	623.8	9.4	4.7
	Gastric Ca	2022 (China) 2023 (ROW)	$326m (China) $750m (ROW)	342.0	35%	115.9	1.7	0.9
	Pulmonary sarcomatoid ca	2021 (Global)	$476m (Global)	368.1	50%	183.0	2.8	1.4
Fruquintinib	CRC	2018 (China) 2022 (ROW)	$149m (China) $565m (ROW)	784.1	90%	705.7	10.6	5.3
	NSCLC	2020 (China) 2021 (ROW)	$334m (China) $721m (ROW)	1,109.8	75%	832.4	12.5	6.3
	Gastric Ca	2020 (China) 2022 (ROW)	$292m (China) $392m (ROW)	726.2	75%	544.7	8.2	4.1
Sulfatinib	NET	2021 (China) 2021 (ROW)	$79m (China) $454m (ROW)	852.3	75%	639.2	9.6	4.8
	Thyroid ca	2021 (China) 2022 (ROW)	$72m (China) $212m (ROW)	285.9	50%	143.0	2.1	1.1
	Biliary tract	2023 (China) 2023 (ROW)	$190m (China) $137m (ROW)	345.3	50%	163.7	2.5	1.2
Epitinib	NSCLC	2021 (China) 2022 (ROW)	$198m (China) $212m (ROW)	532.9	75%	399.7	6.0	3.0
Theliatinib	Esophageal ca	2022 (China) 2022 (ROW)	$328m (China) $129m (ROW)	632.7	10%	63.3	1.0	0.5
HMPL-523	RA	2023 (WW)	$1.6bn (Global)	820.3	10%	82.0	1.2	0.6
	Hematological cancers	2023 (WW)	$95m (China) $86m (ROW)	124.4	30%	22.0	0.3	0.2
Valuation of IP only				$8,278.0		$4,780.5	$71.87	$35.93
CP				848.2	100%	848.2	12.75	6.38
Net cash at 30 June 2018				295.8	100%	295.8	4.4	2.22
Terminal value				491.8	100%	491.8	7.4	3.70
Valuation				$9,913.8		$6,416.3	$96.5	$48.23

Source: Edison Investment Research. Note: *Non-risk adjusted NPV per share assumes 100% probability of success. **Probability reflects likely filing with Phase II data for BTD. Ca = cancer.

Financials: CP robust net income growth

H118 results continue to highlight robust net income growth in the CP division (CP continues to be HCM's primary profit and cash-generative division in the near term). Consolidated revenue at the group level in H118 declined by 19% to $102.2m (H117: $126.6m) with the IP division contributing $13.6m (reflecting service fees and clinical trial reimbursement costs from partners but no milestone payments compared to $9.5m in H117) and consolidated CP sales contributing $88.6m (H117: $103.9m). The top line reflects changes to the sales model relating to the CNDA two-invoice system roll-out in China; while gross revenue amounts are affected, overall profit contribution from these business activities remain substantially unchanged. Operating income in the CP division grew to $31.0m (+22%) on an adjusted (non-GAAP) basis. Growth drivers include Shanghai Hutchison Pharmaceuticals Limited's (SHPL) coronary artery disease Prescription Drugs business, service fees on Seroquel and Concor, and the elimination of production capacity constraints on the Consumer Health businesses.

HCM has updated its guidance for the FY18 net loss to $39-72m (from $19-52m), reflecting $20m higher than anticipated adjusted R&D expenses (non-GAAP) due to rapid expansion of operations, higher clinical trial costs in China and the impact of employee share incentive schemes. All other guidance metrics remain unchanged. Importantly the increase in R&D not only reflects the progression of the pipeline, but also highlights changing dynamics in the drug development world in China. Changes to the Hong Kong listing rules led to a flurry of biotech listings this year as well as a hunt for biotech talent in China. Retention of employees through participation in a share incentive scheme is a necessary operating cost.

Net loss at the group level reported a loss of $32.7m in H118 (versus a profit of $1.7m in H117). R&D expenses increased significantly, reflecting investment throughout the portfolio ($60.1m H118 versus $31.6m in H117). S&M expenses declined to $9.4m in H118 (versus $9.7m in H117), while administrative expenses increased to $14.5m (versus $12.0m in H117). We have revised our R&D expenses and now forecast increases to $126.5m and $154.5m in 2018 and 2019 (reported GAAP basis), respectively, reflecting the substantial need for investment in the burgeoning clinical trial programs across the IP division, and the higher costs of China-related R&D as mentioned above. Guidance for adjusted (non-GAAP) R&D expenses stands at $130-140m. The adjusted R&D expenses exclude the impact of the revenue received from external customers to the IP division, which is reinvested into clinical trials.

Guidance for 2018 also reflects variance in net income to include unknown timing of one-time property gains (guidance $0-20m) from Guangzhou land, the timing of which is subject to Guangzhou government policy. We forecast net losses at the group level of $71.7m in 2018 and $92.7m in 2019 (versus 2017 reported loss of $26.7m).

HCM reported a healthy cash position with cash and cash equivalents and short-term investments of $322.5m, and unutilized bank borrowing facilities of $94.4m (at 30 June 2018) at the group level. HCM had $26.7m in bank borrowings at 30 June 2018. In October 2017, HCM raised $301.3m gross ($292.7m net) in new equity capital via a follow-on offering on NASDAQ.

Exhibit 3: Financial summary

US$'000s	2016	2017	2018e	2019e
December	US GAAP	US GAAP	US GAAP	US GAAP
PROFIT & LOSS				
Revenue	216,080	241,203	163,563	180,105
Cost of Sales	(156,328)	(175,820)	(89,900)	(94,632)
Gross Profit	59,752	65,383	73,663	85,473
Research and development	(66,871)	(75,523)	(126,500)	(154,500)
Other overheads	(39,578)	(43,277)	(45,353)	(51,260)
EBITDA	(44,264)	(50,692)	(93,690)	(113,909)
Operating Profit (before amort. and except.)	(46,697)	(53,417)	(98,190)	(120,287)
Intangible Amortization	0	0	0	0
Operating Profit	(46,697)	(53,417)	(98,190)	(120,287)
Net Interest	(1,129)	(235)	(155)	208
Exceptionals	0	0	0	0
Pre-Tax Profit (norm)	(47,356)	(53,536)	(98,345)	(120,079)
Pre-Tax Profit (reported)	(47,356)	(53,536)	(98,345)	(120,079)
Tax	(4,331)	(3,080)	(3,000)	(5,004)
Equity investments, after tax	66,244	33,653	34,524	37,390
Profit After Tax (norm)	14,557	(22,963)	(66,821)	(87,692)
Profit After Tax (reported)	14,557	(22,963)	(66,821)	(87,692)
Minority	(2,859)	(3,774)	(4,900)	(5,000)
Discontinued operations	0	0	0	0
Net profit (norm)	11,698	(26,737)	(71,721)	(92,692)
Net profit (reported)	11,698	(26,737)	(71,721)	(92,692)
Average Number of Shares Outstanding (m)	59.7	61.7	66.5	66.5
EPS - normalized (c)	19.6	(43.3)	(107.8)	(139.4)
EPS - normalized and fully diluted (c)	19.5	(43.3)	(107.8)	(139.4)
EPS - (reported) (c)	19.6	(43.3)	(107.8)	(139.4)
Average number of ADS outstanding (m)	119.4	123.4	133.0	133.0
Earnings per ADS - normalized ($)	0.10	(0.22)	(0.54)	(0.70)
Earnings per ADS ($)	0.10	(0.22)	(0.54)	(0.70)
BALANCE SHEET				
Fixed Assets	175,057	165,737	177,761	195,774
Intangible Assets	3,606	3,738	3,513	3,194
Tangible Assets	9,954	14,220	21,945	32,886
Investments	161,497	147,779	152,303	159,694
Current Assets	167,380	432,195	361,301	239,634
Stocks	12,822	11,789	14,000	7,778
Debtors	49,349	53,566	66,659	73,231
Cash	79,431	85,265	59,098	25,081
St investments	24,270	273,031	213,000	125,000
Other	1,508	8,544	8,544	8,544
Current Liabilities	(95,119)	(104,600)	(115,256)	(101,294)
Creditors	(35,812)	(25,344)	(36,000)	(22,038)
Short term borrowings	(19,957)	(29,987)	(29,987)	(29,987)
Other	(39,350)	(49,269)	(49,269)	(49,269)
Long Term Liabilities	(43,258)	(8,366)	(8,366)	(8,366)
Long term borrowings	(26,830)	0	0	0
Other long term liabilities	(16,428)	(8,366)	(8,366)	(8,366)
Net Assets	204,060	484,966	415,440	325,748
Minority	(19,790)	(23,233)	(28,133)	(33,133)
Shareholder equity	184,270	461,733	387,307	292,615
CASH FLOW				
Operating Cash Flow	(9,569)	(8,943)	(71,493)	(103,017)
Net Interest	0	0	0	0
Tax	0	0	0	0
Capex	(4,327)	(5,019)	(12,000)	(17,000)
Acquisitions/disposals	0	0	0	0
Dividends	(564)	(1,594)	(2,700)	(2,000)
Equity financing and capital movements	97,076	291,737	0	0
Other	(29,270)	(255,761)	60,026	88,000
Net Cash Flow	53,346	20,420	(26,167)	(34,017)
Opening net debt/(cash and ST investments)	18,051	(56,914)	(328,309)	(242,111)
Increase/(decrease) in ST investments	24,270	248,761	(60,031)	(88,000)
Other	(2,651)	2,214	0	0
Closing net debt/(cash and ST investments)	(56,914)	(328,309)	(242,111)	(120,094)

Source: Source: Hutchison China MediTech reports, Edison Investment Research. Note: Equity investments after tax include the net profit contribution from JVs.

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