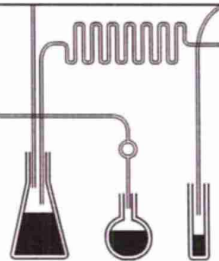


Client: Chi Med
Source: Shares (Main)
Date: 24 January 2013
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Get a good dose of Hutchison



» Upgrades to follow earnings and portfolio developments

Mark Dunne

EARNINGS FORECAST UPGRADES could follow at **Hutchison China Meditech (HCM:AIM)** if key milestones are achieved in the next 18 months. Risk-tolerant investors should buy in to the gathering momentum.

Analysts believe the Hong Kong-based pharmaceutical and health-related consumer products play will grow sales at a compound clip of some 12.3% a year out to 2014 and thus easily outpace its target markets. This progress will be partly driven by positive newsflow from **Chi-Med's** oncology portfolio and its Volitinib cancer treatment. Its UK division should also perform well, with its operating profits predicted to increase by as much as \$2 million.

Other areas to watch include the £230 million cap's joint venture formed with global food giant **Nestlé (NESN:VX)** last November to develop and market medicines and nutritional products.

Chi-Med's financial statements already look healthy. In the first half of the year its unaudited revenues increased 25% year-on-year to \$102.9 million, while its operating profit jumped almost 100% to \$7.2 million. The firm also has \$26.5 million in net cash on its balance sheet.

Shares says: ➕ **SPECULATIVE BUY** at 452.5p.