

IPO FACT SHEET

Pharmaron Beijing Co., Ltd (3759)

ISSUE STATISTICS

Offer Size:	HK\$4,020.5m – HK\$4,603.2m
Placement Tranche:	116,536,100 H Shares
Price:	HK\$34.50 – HK\$39.50
Board lot:	100
Entry fee:	HK\$3,989.81
Historical PE	71.41x – 81.76x
Net tangible asset per share:	HK\$8.84 – HK\$9.56
Market Cap (post-IPO):	HK\$26,803.3m – HK\$30,687.8m
Open:	14 Nov 2019
Close:	12.00 noon on 20 Nov 2019
Trading:	28 Nov 2019
Sponsor:	Goldman Sachs (Asia) L.L.C., CLSA Capital Markets Limited and Orient Capital (Hong Kong) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	2,294,118	40.4%
2018	2,908,123	26.8%
Profit for the year/period		
2017	218,664	27.6%
2018	335,843	53.6%

BACKGROUND

- They are a leading fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for their customers.
- They are the second largest pharmaceutical R&D service platform in China and one of the top three drug discovery service providers globally in terms of total revenue in 2018, according to Frost & Sullivan.
- They have successfully evolved from a pure laboratory chemistry service provider to an end-to-end pharmaceutical R&D service platform with operations in China, the U.S. and the U.K. to cater to a full spectrum of customers' needs. In 2016 and 2017, they further expanded their service offerings and strengthened their technology platforms through acquisitions in the U.S. and the U.K.
- According to Frost & Sullivan, they are the only pharmaceutical R&D service provider that offers integrated pharmaceutical R&D solutions that combine radioisotope based compound synthesis-clinical-analysis techniques with their AMS isotope analysis technologies.
- In addition, their experience to conduct regulatory filings in various jurisdictions and their total solution approach enable their customers to file investigational new drug (IND) applications for their drug candidates in China, the U.S. or Europe in parallel and better support them when they enter into the overseas markets, which provides greater flexibility and efficiency in their business development strategies.
- They have a large, diverse and loyal customer base. As of June 30, 2019, they had an aggregate of over 1,000 customers, which included all of the top 20 global pharmaceutical companies that contributed to 31.3% of their revenue in 2018, and many reputable biotech companies. In 2016, 2017, 2018, the six months ended June 30, 2019 and the nine months ended September 30, 2019, they provided pharmaceutical R&D services to 623, 767, 846, 780 and 937 customers, respectively.

BUSINESS STRATEGIES

- Continue to maintain their leading position in pharmaceutical R&D services of small molecule innovative drugs and further expand their development service offerings.
- Continue to develop and acquire innovative pharmaceutical R&D technologies.
- Further capitalize on the evolving and fast-growing China market.
- Deepen collaborations with existing customers and broaden customer base.
- Further strengthen capabilities for biologics.

- Continue to attract, train and retain talents to support their long-term and sustainable growth.

COMPETITIVE STRENGTHS

- Leading fully-integrated pharmaceutical R&D service platform with strong capabilities and comprehensive service offerings across the globe.
- Global operations with state-of-the-art technologies to provide customized solutions.
- Well positioned to capture growth opportunities arising from the continued industry landscape evolution.
- Reputable, loyal and expanding customer base that contributes to their sustainable growth and business collaboration.
- Dedicated, stable and visionary management team supported by experienced talent pool.

KEY RISKS

- Their business largely depends on their customers' demand for pharmaceutical R&D services and their budget for R&D expenditure.
- Their success depends on their ability to attract, train, retain and motivate highly skilled scientists and other technical personnel.
- The continuing and collaborative efforts of their senior management and key scientific personnel are crucial to their success, and their business could be severely disrupted if they lose their services.
- If they fail to protect the intellectual property rights or confidential information of their customers, they may be subject to legal liabilities and their reputation may be damaged.
- Any failure to comply with existing laws, regulations and industry standards or any adverse actions by the competent authorities against them could adversely affect their reputation and their business, financial condition, results of operations and prospects.
- Their failure to obtain or renew certain approvals, licenses, permits or certificates required for their business may materially and adversely affect their business.
- They face foreign exchange risk, and fluctuations in exchange rates could have a material adverse effect on their financial condition and results of operations.
- They face increasing competition and may not be able to compete effectively, which may result in downward pricing pressure or reduced demand for their services.
- They may not be able to execute their growth strategies or manage their growth effectively.
- If their service quality does not meet their customers' evolving needs, or if they fail to meet their customers' audit and inspections, their customers may not continue to purchase their services.
- Their business may be materially and adversely affected by the increasing trade tensions between the U.S. and China.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To expand capacities and capabilities of their laboratory and manufacturing facilities in the PRC.	1,219.6	30.0%
To fund further expansion of their businesses in the U.S. and U.K.	406.5	10.0%
To establish their pharmaceutical R&D services platform for discovery and development of biologics.	813.1	20.0%
For their expansion in clinical development services.	609.8	15.0%
To expand their capacity and/or capabilities through potential acquisitions of CRO and CMO companies and/or businesses.	609.8	15.0%
For their general corporate and working capital purposes.	406.5	10.0%
Total:	4,065.3	100.0%

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