



Tigermed Consulting Co., Ltd.

泰格醫藥科技股份有限公司

(3347.HK)

Business Overview

Tigermed Consulting Co., Ltd (“The Company”) is a leading China-based provider of comprehensive biopharmaceutical R&D services, with an expanding global presence. According to the Frost & Sullivan Report, it is the largest clinical CRO in China in terms of revenue in 2019 and the number of on-going clinical trials as of the end of 2019, with a market share of 8.4% in 2019. It is also the only China-based clinical CRO among the top 10 global clinical CROs, ranking ninth with a global market share of 0.8% in terms of revenue in 2019 according to the Frost & Sullivan Report. The A Shares of the Company have been listed on the ChiNext market of the Shenzhen Stock Exchange (stock code: 300347) since August 2012.

The Company offers (i) clinical trial solutions and (ii) clinical-related and laboratory services, primarily covering pre-clinical research to post-approval studies for drugs and medical devices. The laboratory services and bioequivalence studies are offered through HKSE-listed subsidiary Frontage Holdings. With comprehensive and integrated service offerings, robust quality management, scientific expertise and extensive regulatory knowledge, The Company helps customers develop drugs and medical devices efficiently and expeditiously in an increasingly complex industry and regulatory environment. Proven track record of quality and on-time delivery has enabled the Company to grow faster than the overall clinical CRO market in China in the Track Record Period, during which it participated in over 400 clinical trials. Headquartered in China, it also has 17 overseas operation sites across 12 countries and regions in the Asia-Pacific region, North America and Europe, catering to the growing demand of Chinese customers expanding overseas, as well as multi-regional R&D projects sponsored by both Chinese and multinational customers.

Clinical trial solutions: the Company provides clinical trial operation services to help biopharmaceutical and medical device companies operate clinical trials for innovative drugs, generic drugs and medical devices. The Company also offer other core clinical services including medical writing, translation and pharmacovigilance services, which are directly associated with clinical trial operations.

Basic Information

Offer Price

HK\$88-HK\$100

Offer Size

107,065,100 H Shares, comprise of Public Offer 5,888,600 H Shares and International Offer 101,176,500 H Shares (subject to reallocation and Over-allotment Option)

Market Capitalization

\$9,422 million to \$10,707 million

Application Period

28 July 2020 – 31 July 2020, Noon

Listing Date

7 Aug 2020

Board Lot

100 shares

Major Shareholders

Dr. Ye	20.69%
Ms. Cao	6.67%

Join Sponsors

BofA Securities, Haitong, CITIC Securities, CICC

Join Global Coordinators

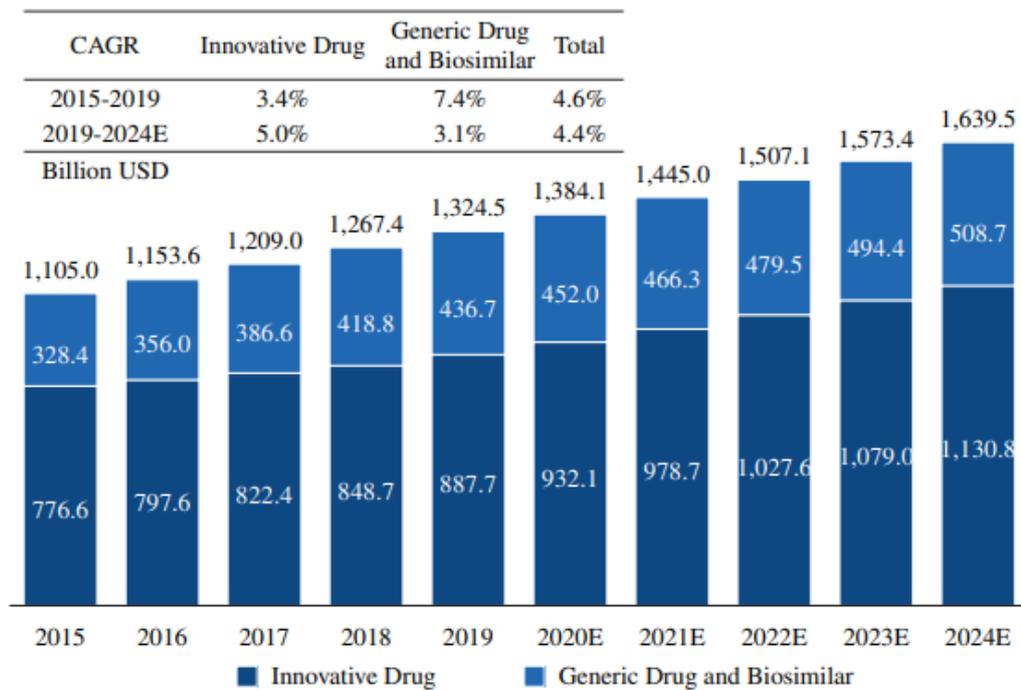
UBS, Jefferies

Joint Bookrunners

CMB International, Credit Suisse, Fosun Hani, ICBC, Orient Secutieis

Clinical-related and laboratory services: the Company also offers various project participants including trial sponsors, clinical research institutions and investigators other ancillary services that provide the necessary support to clinical trial operations, including analytical services (e.g., data management and statistical analysis, and medical imaging), logistical and execution support services (e.g., site management), administrative assistance (e.g., patient recruitment), and consulting services (e.g., GMP consulting). In addition, the Company provides laboratory services that cover both pre-clinical and clinical development stages through HKSE-listed subsidiary, Frontage Holdings.

Breakdown of Global Pharmaceutical Market by Innovative Drug and Generic Drug & Biosimilar, 2015-2024E



Source: Frost & Sullivan Report

Financial Highlights

Summary of Consolidated Statements of Comprehensive Income					
	For the year ended Dec 31			For the three months ended March 31	
	2017	2018	2019	2019	2020
in RMB thousands					
Revenue	1,682,504	2,299,534	2,803,309	604,984	654,971
COGS	(969,752)	(1,318,199)	(1,511,409)	(335,949)	(366,235)
Gross Profit	712,752	981,335	1,291,900	269,035	288,736
Other income	30,912	22,234	64,149	13,223	14,367
Other gain and losses, net	113,347	281,107	361,551	99,516	146,828
Impairment losses	(23,825)	(53,105)	(21,186)	(96)	(4,994)
Selling and marketing expenses	(39,749)	(54,454)	(81,072)	(21,099)	(20,721)
Administrative expenses	(239,106)	(316,423)	(350,510)	(77,022)	(84,328)
R&D	(49,667)	(88,025)	(124,049)	(31,588)	(34,231)
Share of losses/profits of associates	(6,199)	9,598	(9,768)	(13,496)	(2,823)
Finance costs	(11,661)	(19,365)	(42,243)	(9,989)	(14,139)
Profit before tax	486,804	762,902	1,088,772	228,484	288,695
Income tax expense	(92,647)	(107,653)	(113,839)	(26,587)	(25,726)
Profit and total comprehensive income for the year	394,157	655,249	974,933	201,897	262,969

Use of Proceed

The company estimates that they will receive net proceeds of approximately HK\$9,652.6 million after deducting the underwriting fees and expenses payable by them in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK\$94.00 per Offer Share.

- approximately 15.0%, or HK\$1,447.9 million, will be used to expand and enhance service offerings and capabilities across clinical trial solutions services and clinical-related service
- approximately 40.0%, or HK\$3,861.1 million, will be used to fund potential acquisitions of attractive overseas clinical CROs
- approximately 20.0%, or HK\$1,930.5 million, will be used to foster biopharmaceutical R&D ecosystem by making minority investments in companies with innovative business models and growth potential
- approximately 10.0%, or HK\$965.3 million, will be used to repay certain of outstanding borrowings
- approximately 5.0%, or HK\$482.6 million, will be used to develop advanced technologies to enhance the quality and efficiency of comprehensive service offering
- approximately 10.0%, or HK\$965.3 million, will be used for working capital and general corporate purposes



Risks Factors

Risks Relating to Business and Industry

- A reduction in customer demand for or spending on biopharmaceutical R&D services could have a material adverse effect on its business, financial condition, results of operations and prospects.
- If the Company is unable to manage growth or execute strategies effectively, business and prospects may be materially and adversely affected.
- Any failure to comply with existing or future changes in laws, regulations or industry standards or any adverse actions taken by government authorities against the Company could negatively impact its reputation, business, financial condition, results of operations and prospects.
- the failure to obtain or renew certain regulatory approvals, licenses, permits and certificates required for business may materially and adversely affect its business, financial condition, results of operations and prospects.
- the Company may lose or fail to attract customers if service quality does not meet customers' standards or if services do not meet their evolving needs.
- The potential loss of key customers or any of its large contracts could materially and adversely affect its business, financial condition and results of operations.

Risks Relating to Conducting Business in China

- Changes in China's economic, political and social conditions could adversely affect its business, financial condition, results of operations, cash flows and prospects.
- The PRC government policy on foreign investment in the PRC may adversely affect its business and results of operations
- The Company faces foreign exchange risk, and fluctuations in exchange rates could have a material adverse effect on financial condition and results of operations.
- The PRC legal system involves uncertainties that could limit the legal protections available to investors and the Company.

Risk Disclaimer

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