# BIOTECH & HEALTHCARE VALUATION

www.valtech-valuation.com

Valtech
Valuation Advisory

# BIOTECH IN FOCUS

As of 19 April 2021, there are 28 companies listed on HKEx under Chapter 18A of the Main Board Listing Rules.

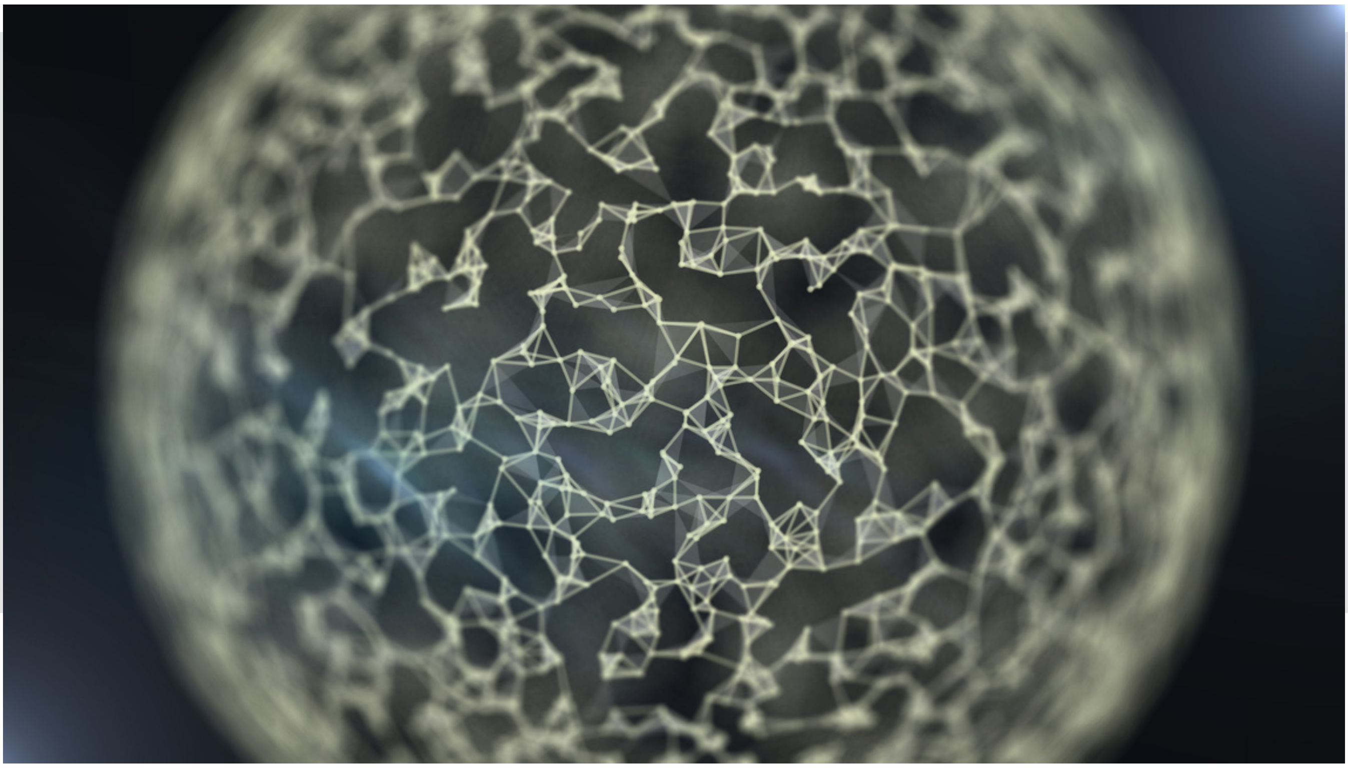
According to PwC, the Total IPO fund raised in Hong Kong is predicted to hit historical high in 2021. Listings of biotech companies in Hong Kong are expected to remain active in 2021 and Hong Kong is on its way to become the best listing platform for biotech companies in Asia.

According to a publication by S&P Global in early 2021, the momentum of global M&A in healthcare sector slowed in 2020. This was probably caused by uncertainties amid COVID-19 especially in the first half of 2020.

In the global context, the market is still active and there are ongoing sizable merger and acquisitions. PwC foresees that mid-size biotechnology companies, including those focusing on cell and gene therapy, cancer, and next-generation biologics, will continue to attract interest from major pharmaceutical companies. The same is expected for companies providing medical devices, vaccines, therapies and diagnostics related to pandemic response.

### Top Five Biotech Companies in Hong Kong (by Market Cap) as at 31 Mar 2021

| Stock Code | Name of Securities | 中文 | Market Cap As of 31 Mar 2021 (HK$'bn) | Revenue for FY2020 (HK$'mn) | Profit FY2020 (HK$'mn) |
|---|---|---|---|---|---|
| 2269 | WUXI BIO | 藥明生物 | 410 | 6,315 | 1,576 |
| 2359 | WUXI APPTEC | 藥明康德 | 403 | 18,607 | 2,779 |
| 6160 | BEIGENE | 百濟神州 | 240 | 2,396 | (11,857) |
| 1801 | INNOVENT BIO | 信達生物 | 115 | 4,325 | (1,175) |
| 9688 | ZAI LAB-SB | 再鼎醫藥 | 91 | 379 | (2,086) |



Valtech
Valuation Advisory

# BIOTECH VALUATION SCOPE

**Risk Adjusted NPV Approach**

The standard valuation method in the drug development industry. It is another form of discounted cash flow model. Valtech has established model for valuing biotech projects and enterprises.

Particularly, key areas of focus include market size, estimated market share, sale price, costs and capital expenditure. Meanwhile, the way of entering into market is also important. Biotech enterprises may do it one-stop or cooperate with established pharmaceutical companies or medical device manufacturers. These areas are covered in the valuation process.

**Public Transaction Database**

Valuation Cross Check by Market Approach is equally important for robust valuation result. We have established solid tools and database to assist clients in valuation of biotech and healthcare projects. Our database covers transactions in the international capital markets.

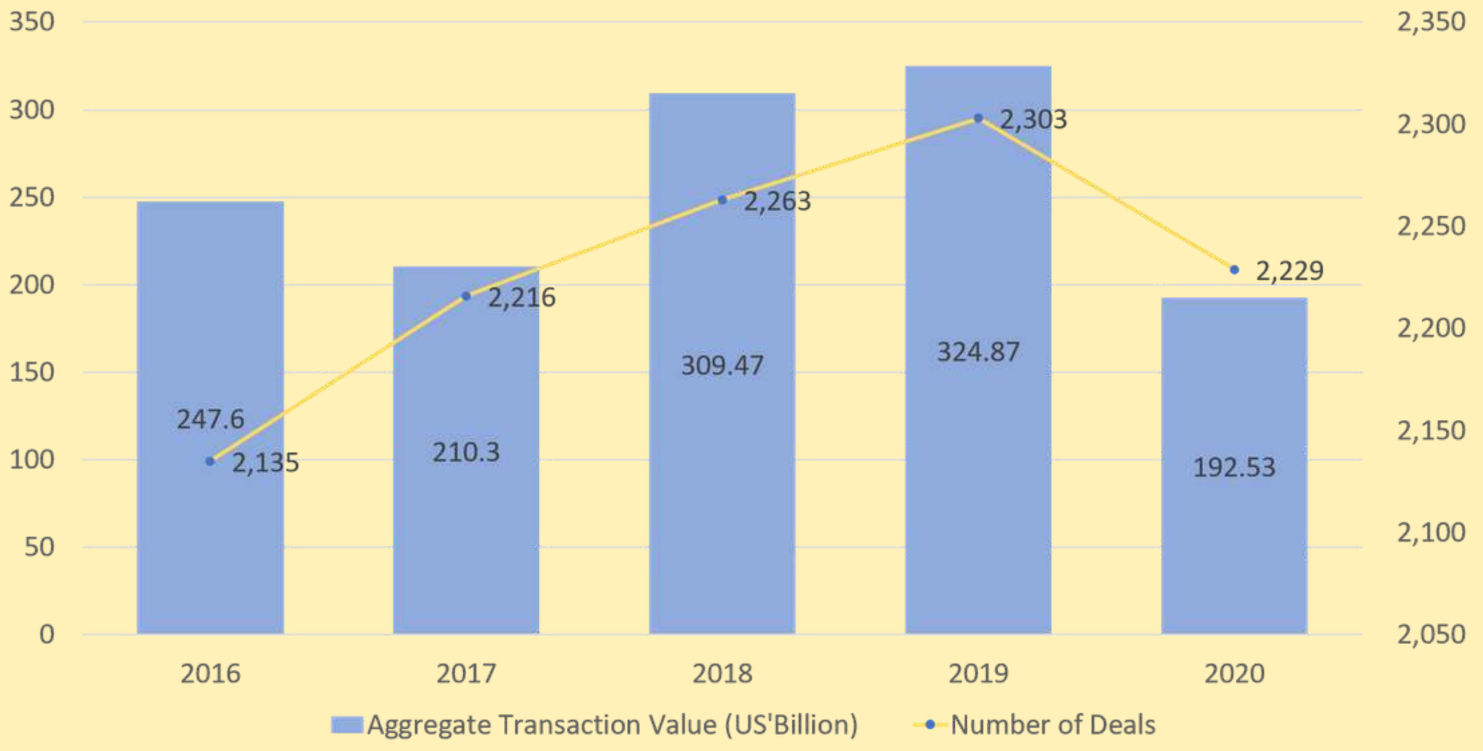
**Clinical Trial Phase**

Given the uncertainties associated with valuation of biotech enterprises, valuers can put stronger effort in benchmarking. A solid pool of comparable listed companies and comparable transaction will be highly useful to support valuation assumptions at different clinical trial phase.

**Therapeutical Area(s) Covered by Our Database**

- Oncology
- Immunology
- Genetic testing
- Cardiovascular
- Vaccine
- Liver disease (HCV, HIV, HBV)
- Nervous system
- Infectious and autoimmune diseases etc.

Valtech Valuation Advisory




Source: S&P Global

# RECENT TRANSACTIONS

**Alexion Pharmaceuticals, Inc.**

in April 2021, AstraZeneca PLC AZN announced that the U.S. Federal Trade Commission or FTC has allowed the company to close its impending merger with Alexion Pharmaceuticals, Inc. In December 2020, AstraZeneca entered into a definitive agreement to acquire Alexion for $39 billion. The acquisition will enable AstraZeneca to strengthen its position in immunology.

**MYR GmbH**

In March 2021, Gilead Sciences, Inc. (Nasdaq: GILD) announced the completion of the previously announced transaction to acquire MYR GmbH for up to approximately €1.45 billion in aggregate cash consideration. The acquisition provides Gilead with Hepcludex® (bulevirtide), which was conditionally approved by the European Medicines Agency for the treatment of chronic hepatitis delta virus (HDV) in adults with compensated liver disease in July 2020.

Our database and technology are updated regularly to provide professional valuation advice to our clients.
Please feel free to connect to our key members for enquiry

**Max Tsang**, CPA, CFA, FRM, MRICS, MStat
Tel: +852-23889262 Email: max.tsang@valtech.hk

**Jimmy Wong**, CPA, CFA, FRM, MFin
Tel: +852-23889262 Email: jimmy.wong@valtech.hk