



Evolve  
Capital Partners

## China Internet Nationwide Financial Services Inc.

August 2017

### Summary of Initial Public Offering



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**SPECIALIZED INVESTMENT BANKERS AT  
THE INTERSECTION OF FINANCE & TECHNOLOGY**

# CIFS IPO – Executive Summary

## Initial Public Offering Overview



**NASDAQ:CIFS**



### Description

China Internet Nationwide Financial Services Inc. provides financial advisory services to meet the financial and capital needs of small-to-medium sized enterprises in China. The company, through its subsidiaries, offers commercial payment, international corporate financing, and intermediary bank loan advisory services, as well as entrusted/direct loans. It also provides value-added Internet information services.



### Use of Proceeds

CIFS plans to use the net proceeds for general corporate purposes, including investment in product development, sales and marketing activities, technology infrastructure, team development, capital expenditures, and improvement of corporate facilities.

Source(s): FORM F-1, Yahoo Finance

	<b>Headquarters</b>	Beijing, China
	<b>Founded</b>	2015
	<b>Employees</b>	32
	<b>Listing Date</b>	08/08/2017
	<b>Lead Underwriters</b>	<b>NETWORK 1 FINANCIAL SECURITIES, INC.</b> Boustead Securities 
	<b>Offering Price</b>	\$10.00 per Share
	<b>Shares Offered</b>	2 million Shares
	<b>Gross Proceeds</b>	\$20 million

# CIFS IPO – Executive Summary

## Key Metrics – IPO

Shares Offered at the time of IPO*	2,023,146
Issue Price	\$10.00
Total Shares Outstanding after IPO	23,000,000
Market Value at Issue Price <sup>1</sup>	\$230.00 million
Enterprise Value at Issue Price <sup>2</sup>	\$228.12 million
EV / LTM Sales	13.51x
Listing Date	08/08/2017
First Day Closing Price	\$12.30

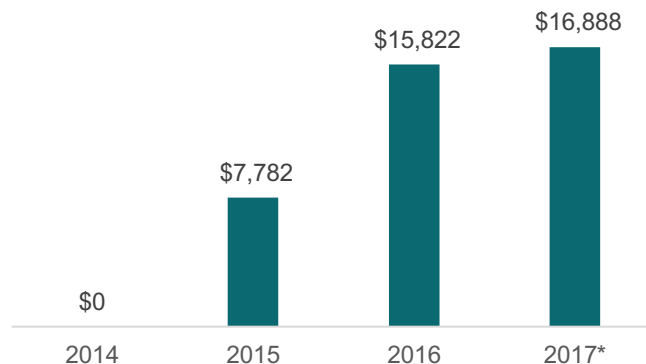
Source(s): F-1 Form and Nasdaq.com

1. Market Value based on shares outstanding from Nasdaq.com and IPO issue price of \$10.00.

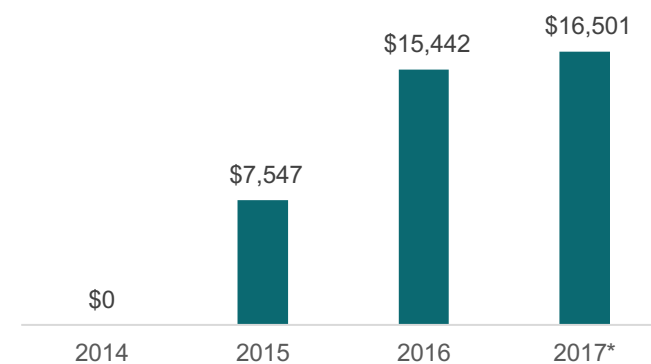
2. Enterprise Value is based on the calculated Market Value at Issue Price and Net Debt for as on December, 2016 from F-1 Form.

\*The financials in 2017 are recorded in LTM

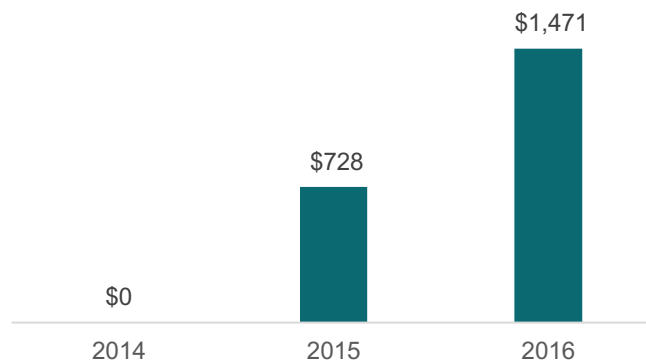
Total Revenue (\$k)



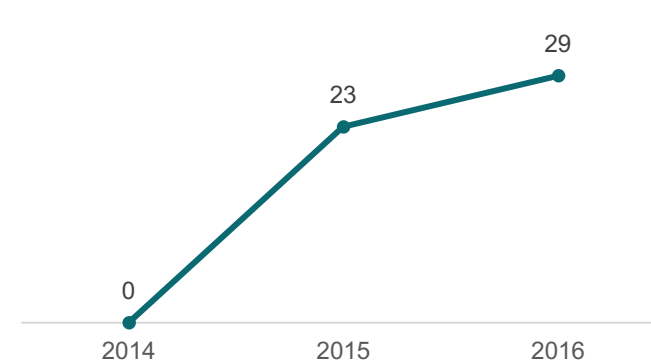
Gross Profit (\$k)



Amount of Financing Advised (\$mm)



Number of Clients Advised



# CIFS IPO – Executive Summary

## Company Overview

*CIFS is a leading provider of business financing solutions to the rapidly growing Small Medium Enterprises (SMEs) in China.*

- CIFS provides financial advisory services to meet the financial and capital needs of small-to-medium sized enterprises.
- Through wholly-owned subsidiaries in Hong Kong/Beijing and a contractually controlled/managed company, CIFS offers commercial payment advisory services, international corporate financing advisory services and intermediary bank loan advisory services.
- The proprietary platform matches borrowers with sources of capital based on a company's unique profile in a safe, efficient, price-transparent environment.
- CIFS's relationships with the banking system and SME in China, combined with its ability to deliver differentiated services, drives its success.
- CIFS received an Internet Content Provider ("ICP") license for value-added Internet information services in December 2015. The ICP license is a permit issued by the Chinese Ministry of Industry and Information Technology to permit China-based websites to operate in China.



*CIFS has arranged **\$1.47 billion** in 2016 in small business funding.*



*The number of clients advised has increased to **29** from 2014 to 2016.*



*The total revenue increases from **\$7.78 million** in 2015 to **\$15.82 million** in 2016.*



*Approximately **66%** of revenue in 2016 was derived from providing commercial payment advisory services, in which CIFS helped **19** SMEs obtain acceptance bills from banks.*

Source(s): Company Website, F-1 Form



# CIFS IPO – Executive Summary

## Company Overview

### Service Offered

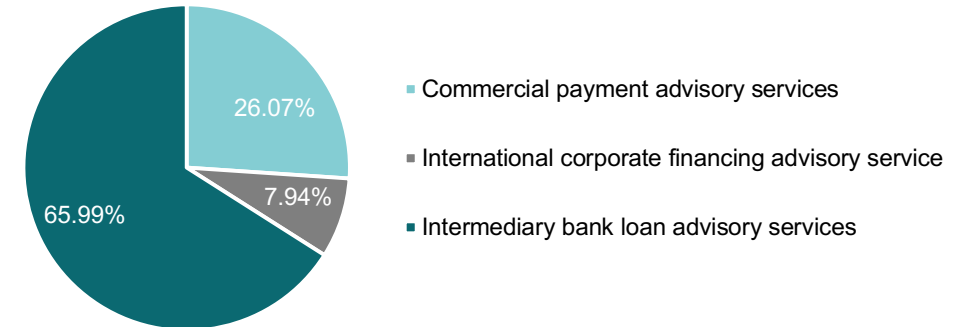
- **Commercial payment advisory services**
  - CIFS provides services to clients so that they may obtain acceptance bills from banks.
- **International corporate financing advisory services**
  - CIFS helps clients that have overseas financing needs obtain financing to support their overseas business development.
- **Intermediary bank loan advisory services**
  - The company helps clients (typically SMEs) obtain loan financing from PRC banks. CIFS works closely with banks to help identify and negotiate loan financing packages for such clients.
- **Entrusted loans/direct loans**
  - CIFS earns interest income from its lending business.

### Revenue Streams

CIFS generates revenues in the following major areas:

- Commercial payment advisory
- International corporate financing advisory
- Intermediary bank loan advisory

#### Revenue Breakdown in 2016 by Major Service Lines



Source: Prospectus

# CIFS IPO – Executive Summary

## Market Opportunity

### Growing consumption market and increasing demand for consumer finance

By 2019, China's consumption loan balance is expected to reach RMB41.1 trillion (approximately **\$6.185.62 trillion**) according to the Han Ding Report.

### Increasing demand of the consult services

According to the China Association for Scientific and Technological Advice and the National Bureau of Statistics data, from 2007 to 2014, the Chinese consulting industry maintained rapid and stable growth, with an average annual growth rate of **11.23%**.

### Rapid development of the financial advisory industry

From 2007 to 2014, the industry revenues grew from RMB 6.73 billion (approximately **\$1.01 billion**) to RMB 24.45 billion (approximately **\$3.68 billion**), with an average growth rate of **21.38%**.

### Strong government support

“One Belt One Road Initiatives” presents new opportunities for Chinese companies' outbound investment and will further spur demand for overseas financing. The total amount of China's outbound investment increased from **\$21.2 billion** in 2006 to **\$123.1 billion** in 2014, representing a year-on-year growth rate of **14.2%**.

Source: F-1 Form

### CIFS's strengths include:

- Experienced and committed management team
- Substantial potential client base
- Strong relationships with domestic and overseas banks
- Innovative financial solutions

### CIFS's growth strategies include:

- Strengthening service capabilities with a focus on higher margin commercial payment advisory service
- Expanding geographical coverage
- Enhancing ability to attract, incentivize and retain talented professionals
- Expansion of service portfolio
- Enhancing the IT infrastructure

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