



Evolve  
Capital Partners

Qudian Inc.

October 2017

Summary of Initial Public Offering

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Qudian.com

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SPECIALIZED INVESTMENT BANKERS AT  
THE INTERSECTION OF FINANCE & TECHNOLOGY

# Qudian Inc. IPO – Executive Summary

## Initial Public Offering Overview



NYSE: QD



### Description

Qudian Inc. operates online consumer finance platforms by using big data-enabled technologies, such as artificial intelligence and machine learning, to transform the consumer finance experience in China. It offers online credit products such as small cash and merchandise credit products.



### Use of Proceeds

Qudian will receive net proceeds of approximately US\$798.9 million from this offering. The company anticipates using the net proceeds to engage in marketing and borrower engagement activities, strategic acquisitions, and general corporate purposes.

Source(s): Company website, 424B4 filing

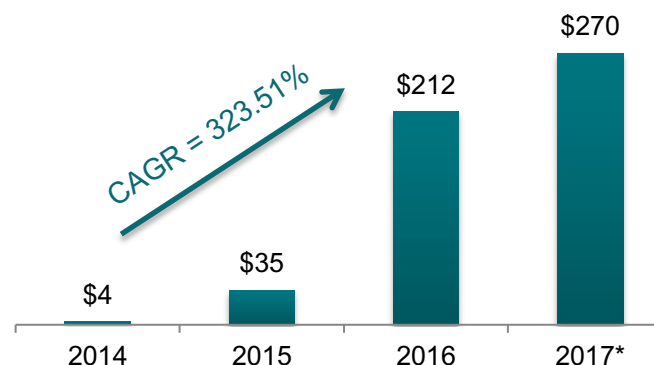
	Headquarters	Beijing, China
	Founded	2014
	Employees	1,014
	Listing Date	10/18/2017
	Lead Underwriters	CREDIT SUISSE Morgan Stanley
	Offering Price	\$24.00
	Shares Offered	37.5 million American Depositary Shares (including 1.9 ADSs named from selling shareholders)
	Gross Proceeds	\$900 million

# Qudian Inc. IPO – Executive Summary

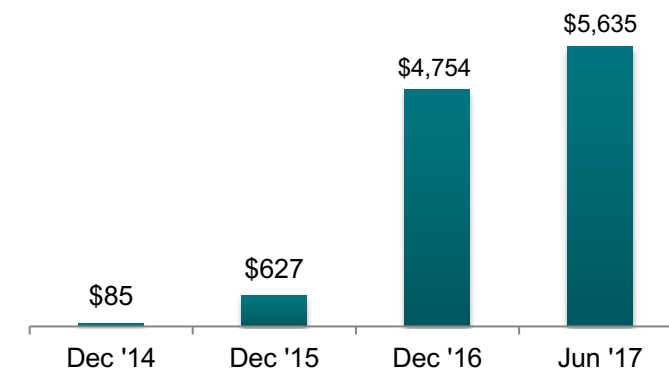
## Key Metrics – IPO

Shares Offered at the time of IPO*	37.5 million
Number of Shares per ADS	1
Issue Price (per ADS)	\$24.00
Total Shares Outstanding after IPO*	330 million
Market Value at Issue Price <sup>1</sup>	\$7.9 billion
Enterprise Value at Issue Price <sup>2</sup>	\$8.4 billion
EV / LTM Sales	26.79x
Listing Date	10/18/2017
First Day Closing Price	\$29.18

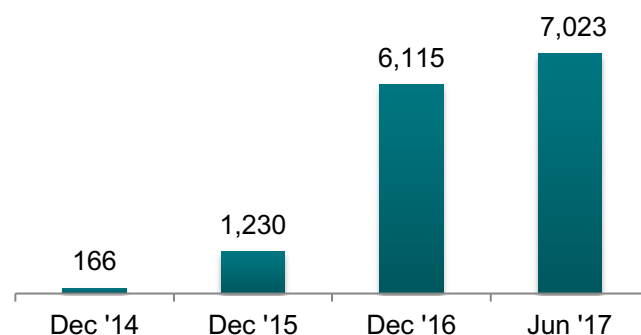
### Total Revenue (\$mm)



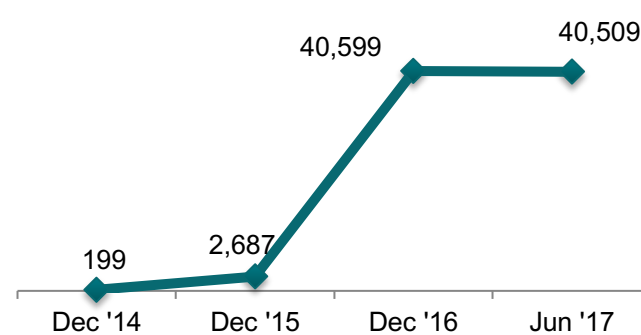
### Transaction Amount (Credit Drawdowns) (\$mm)



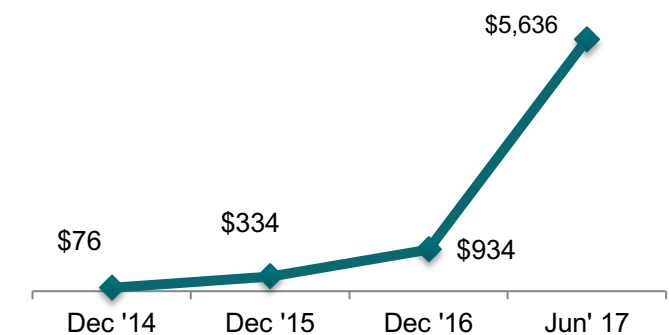
### Number of Active Borrowers (k)



### Number of Transactions (k)



### Outstanding Principal (\$mm)



Source(s): Capital IQ and 424B4 filings

1. Market Value based on shares outstanding from 424B4 filings and IPO issue price of \$24.0;

2. Enterprise Value is based on the calculated Market Value at Issue Price and Net Debt for as on December 31, 2016 taken from 424B4 filings.

\* The financials in 2017 are recorded in six months ended June 30,

# Qudian Inc. IPO – Executive Summary

## Company Overview

*Qudian is the largest online provider of small cash credit products in China in terms of the number of active borrowers and the amount of transactions in the six months ended June 30, 2017.*

- Qudian targets hundreds of millions of quality, unserved or underserved young, mobile-active consumers in China.
- The company is a pure online platform, with nearly all of the credit facilitated through mobile devices, providing consumers with a convenient experience.
- The company currently offers cash credit products, which provide funds in digital form, and merchandise credit products.
- Qudian aggregates borrowers' behavioral data as inputs for its credit assessment model and utilizes machine learning to accurately assess borrowers' credit profiles.
- The company has established a strategic partnership with Ant Financial and cooperates with a variety of institutional funding partners such as banks, a consumer finance company, and other institutions to secure sufficient amounts of funding for credit drawdowns.



Qudian has facilitated approximately **RMB38.2 billion (US\$5.6 billion)** in transactions to **7 million** active borrowers.



**480** merchandise suppliers on the platform offer **48** million registered users with an expanding range of product categories.



The total revenue increases from **RMB24.1 million (US \$3.9 million)** in 2014 to **RMB1,442.8 million (US\$212.8 million)** in 2016. The total revenues further from **RMB371.6 million** in the six months ended June 30, 2016 to **RMB1,833.1 million (US\$270.4 million)** in the same period in 2017.



Qudian enjoys over **82.7%** repeat borrowers.



Qudian processed an average of **9,521** credit drawdowns and **21,482** repayments per hour.

Source(s): Company Website, Form F-1 and 424B4 filings



# Qudian Inc. IPO – Executive Summary

## Company Overview

### Credit Products Offered

- Qudian's platform facilitates two types of credit products:
  - Cash credit products, which provide funds in digital form
  - Merchandise credit products
- Cash credit products** comprise short-term, unsecured lines of credit that can be drawn down at any time, subject to the company's approval at the time of each drawdown request.
- Merchandise credit products** are for financing borrowers' direct purchase of merchandise on an installment basis through the marketplace that connects consumers with merchandise suppliers. Only customers with approved merchandise credit limits can make purchases.

	Cash credit products	Merchandise credit products
<b>Maturity (months)</b>	2 months	8 months
<b>Average Size (\$)</b>	\$136	\$184

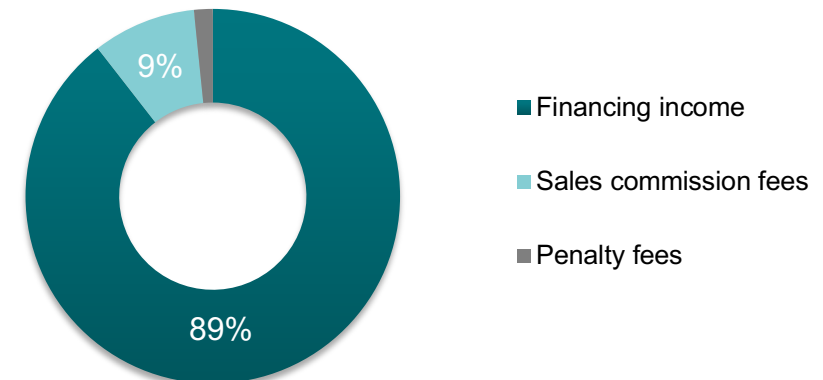
Source(s): Company Website, SEC filing

### Revenue Streams

Qudian has two major revenue streams:

- Financing income** is referred to as financing service fees. The Company charges financing service fees for facilitating the financing, managing the financing platform and for acting as a guarantor for the financing.
- Sales commission fees** are earned from its merchandise installment credit services on the products purchased from suppliers on behalf of the borrowers. The fee earned is fixed based on the retail sales price without considering the financing terms chosen by the borrower.

#### Total Revenue Break Down in 2016



# Qudian Inc. IPO – Executive Summary

## Market Opportunity

### Rapidly growing private consumption level in China

According to the Oliver Wyman Report, China's private consumption is expected to grow at a **CAGR of 6.8%** from 2015 to 2021. Consumers' willingness to spend manifests an increase in demand for consumer credit.

### Shifting toward an internet-driven economy

The number of mobile payment users is expected to increase from 469 million in 2016 to 697 million in 2021. Gross merchandise value, or GMV, of the online retail and mobile commerce market in China is expected to grow to **\$1.8 trillion** and **\$1.5 trillion**, respectively, in 2021.

### Innovative financial solutions for large potential customer base

Consumers in China between the ages of 18 and 35, amount to approximately **367 million** in 2016 and many of these individuals are active shoppers with no credit history. Qudian provides easily accessible and affordable finance solutions to these borrowers.

### Evolving lending marketplace

Given capital availability, growing consumer income, improved government regulations and financially active consumers with no credit history or difficult access to credit, the consumer lending marketplace in China is expected to grow at a **CAGR of 61%** from 2016 to 2020.

### Qudian's strengths include:

- Market leadership
- Small credit, big data
- Effective data-driven analytics and credit assessment model
- Ant Financial partnership
- Collaboration with institutional funding partners
- Highly competitive operating efficiency
- Visionary and experienced management team






### Qudian's growth strategies include:

- Investing in technology
- Increasing the diversity and depth of funding sources
- Broadening user reach
- Expanding and enhancing product offerings and
- Attracting and retaining exceptional employees

Source(s): Company Website, 424B4 filings

# Qudian Inc. IPO – Executive Summary

## Financing History

Date	Series/Type	Amount (\$million)	Lead Investor(s)	Transaction Notes
07/08/2016	Series F	\$428.0	 联络 lianluo	The company raised \$428 million of Series F venture funding from Hangzhou Liaison Interactive Information Technology and Phoenix Wealth Holding Group.
08/11/2015	Series E	\$200.0	 蚂蚁金服 ANT FINANCIAL	The company raised \$200 million of Series E venture funding from Ant Financial, Kunlun Wanwei Technologies and Source Code Capital.
04/08/2015	Series D	\$100.0	 KUNLUN www.kunlun.com	The company raised \$100 million of Series D venture funding from lead investor, Beijing KunLun Wanwei Technologies. Source Code Capital also participated in the round.
12/02/2014	Series C	\$100.0	 源码资本 SOURCE CODE CAPITAL	The company raised \$100 million of Series C venture funding in a deal led by Source Code Capital.
08/15/2014	Series B	\$25.0	 源码资本 SOURCE CODE CAPITAL	The company raised \$25 million of Series B venture funding in a deal led by Source Code Capital.
01/04/2014	Series A	-	-	-

Source(s): Crunchbase.com

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