Chinese streaming company iQiyi prices IPO at $18/share

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iQiyi.com, the Beijing-based online streaming video service provider considered the Netflix of China, rang the opening bell at the Nasdaq Stock Market in Times Square on Thursday, celebrating the company's initial public offering.  
Trading under the symbol of "IQ", the company priced its IPO at $18 per share on Wednesday, to raise a total of $2.25 billion.  
iQiyi, which is majority-owned by Chinese internet search firm Baidu Inc, said it plans to use half the net proceeds from the offering to expand and enhance its content offerings. Other funds will be spent to back technology development and the operation.  
Baidu will continue to be the company's controlling shareholder upon completion of the offering.  
"With the aim to build iQiyi into a great entertainment company driven by technical innovation, we will continue to increase the spending on the future development instead of pursuing short-term returns and profits," Gong Yu, CEO of iQiyi, said before the opening bell on Thursday.  
"I was told that as many investors are unfamiliar with iQiyi's business model, they may undervalue iQiyi's value to some extent," Gong added. "But I don't think it matters. More importantly, we should take a long look at the company's future. And I expect the share price to grow steadily in the long term."  
The company reported revenue of 17.4 billion yuan ($2.8 billion) and a net loss of 3.74 billion yuan in 2017.  
Two key drivers behind iQiyi's revenue growth are the advertisement and subscription fees for the online video streaming services, accounting for 46.9 percent and 37.6 percent respectively of the total in 2017 respectively.  
The company had more than 50 million subscribers by the end of last year, and it had around 126 million daily active mobile users during the last quarter of 2017.  
Ma Shicong, an analyst at Beijing-based internet consultancy Analysys, said she took a rosy view of iQiyi's future development and expects the company to break even in two to three years.  
"Taking the top spot in Chinese online video industry, iQiyi has fostered an environment of continuous innovation and the production of blockbuster content. And the paid membership will continue to be a key driver to boost the revenue growth." Ma added.  
There has been a growing wave of Chinese companies going public in the US. Chinese online entertainment platform Bilibili Inc on Wednesday rang the Nasdaq opening bell, but it had a rocky first day with shares dropping below its IPO price.

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