

Edgar Filing: Amphastar Pharmaceuticals, Inc. - Form FWP

Amphastar Pharmaceuticals, Inc.  
Form FWP  
June 25, 2014

Filed Pursuant to Rule 433 of the Securities Act of 1933

Issuer Free Writing Prospectus dated June 24, 2014

Relating to Preliminary Prospectus dated June 13, 2014

Registration No. 333-196097

Amphastar Pharmaceuticals, Inc.

Update and Supplement to Preliminary Prospectus

Dated June 13, 2014

This free writing prospectus relates to the initial public offering of common stock of Amphastar Pharmaceuticals, Inc. and should be read together with the preliminary prospectus dated June 13, 2014 (the Preliminary Prospectus ) that was included in Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-196097), as filed with the U.S. Securities and Exchange Commission (the SEC ) on June 13, 2014 (as so amended, the Registration Statement ), before deciding to invest in the common stock offered thereby. Capitalized terms used, but not defined, herein have the meanings set forth in the Preliminary Prospectus. References to Amphastar, we, us and our are used in the manner described in the Preliminary Prospectus. The filed copy of the Preliminary Prospectus may be accessed through the following link:

<http://www.sec.gov/Archives/edgar/data/1297184/000104746914005558/a2220476zs-1a.htm>

The following information updates and supersedes the information contained in the Preliminary Prospectus to the extent that such information is inconsistent therewith, or was prepared based on assumptions that are inconsistent with the information below.

**8,000,000 shares**

**Amphastar Pharmaceuticals, Inc.**

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Common Stock, par value \$0.0001 per share

<b>Issuer:</b>	Amphastar Pharmaceuticals, Inc.
<b>Common stock offered by us:</b>	4,640,000 shares
<b>Common stock offered by the selling stockholder:</b>	3,360,000 shares
<b>Total common stock offered:</b>	8,000,000 shares
<b>Underwriters over-allotment option:</b>	1,200,000 shares
<b>Common stock to be outstanding after this offering:</b>	43,405,940 shares (assuming no exercise of the underwriters over-allotment option)
<b>Initial public offering price:</b>	\$7.00 per share
<b>Underwriting discount:</b>	\$0.49 per share
<b>Gross proceeds to the issuer before underwriting discount and expenses:</b>	Approximately \$32.5 million (or \$40.9 million if the underwriters over-allotment option is exercised in full).
<b>Net proceeds to the issuer after underwriting discount and expenses:</b>	Approximately \$26.6 million (or \$34.4 million if the underwriters over-allotment option is exercised in full).
<b>Use of proceeds:</b>	We intend to use the net proceeds from this offering for product development, working capital and other general corporate purposes. We may also use a portion of the net proceeds for potential acquisitions of technologies, assets, products or businesses that expand or complement our current business; however, we currently do not have any agreements or commitments relating to any potential acquisitions for which we would use any of the net proceeds. We will not receive any of the proceeds from the sale of shares to be offered by the selling stockholder.

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<b>Ticker/Exchange for common stock:</b>	AMPH/The NASDAQ Global Select Market
<b>Pricing date:</b>	June 24, 2014
<b>Closing date:</b>	June 30, 2014
<b>Underwriters:</b>	Jefferies LLC, BMO Capital Markets Corp., Piper Jaffray & Co. and Needham & Company, LLC
<b>CUSIP:</b>	03209R 103

### **Changes to Information in the Preliminary Prospectus**

The following changes are made to the information set forth in the Preliminary Prospectus and will be reflected in the final prospectus for the offering.

#### *Update to Prospectus Summary Summary Consolidated Financial Data*

The Pro Forma as Adjusted column in the second table on page 8 of the Preliminary Prospectus under the heading Prospectus Summary Summary Consolidated Financial Data is hereby revised as follows:

- The entry for Cash, cash equivalents, restricted cash and short-term investments is revised from 90,771 to 80,058
- The entry for Working capital is revised from 141,788 to 131,075
- The entry for Total assets is revised from 382,420 to 371,707
- The entry for Total stockholders equity is revised from 288,853 to 278,140
- Footnote 1 is hereby revised and replaced in its entirety with: Reflects, on a pro forma as adjusted basis, the sale of 4,640,000 shares of common stock by us in this offering at the initial public offering price of \$7.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

#### *Update to Risk Factors*

The first and third sentences of the risk factor If you purchase shares of common stock sold in this offering, you will incur immediate and substantial dilution on page 46 of the Preliminary Prospectus is hereby revised and replaced in its entirety with:

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- First sentence: If you purchase shares of common stock in this offering, you will incur immediate and substantial dilution in the amount of \$1.51 per share, because the initial public offering price of \$7.00 is substantially higher than the pro forma net tangible book value per share of our outstanding common stock.
- Third sentence: Investors who purchase shares in this offering will contribute approximately 14.61% of the total amount of equity capital raised by us through the date of this offering, but will only own approximately 10.68% of our outstanding shares.

The second sentence of the risk factor Future sales of our common stock may cause our stock price to decline on page 46 of the Preliminary Prospectus is hereby revised and replaced in its entirety with:

Based upon shares outstanding as of May 30, 2014, after this offering, assuming no exercise of the underwriters over-allotment option, approximately 43,435,940 shares of common stock will be outstanding.

The second sentence of the risk factor Jack Y. Zhang and Mary Z. Luo, each of whom serves as a director and an executive officer, own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval on page 47 of the Preliminary Prospectus is hereby revised and replaced in its entirety with:

Our directors, executive officers and each of our stockholders who own greater than 5% of our outstanding common stock and their affiliates, in the aggregate, will own approximately 26.82% of the outstanding shares of our common stock after this offering, assuming no exercise of the underwriters over-allotment option, based on the number of shares outstanding as of May 30, 2014 and after giving effect to the sale of shares by the selling stockholder in connection with this offering.

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***Update to Use of Proceeds***

The first sentence on page 54 of the Preliminary Prospectus under the heading "Use of Proceeds" is hereby revised and replaced in its entirety with:

We estimate that the net proceeds from our sale of 4,640,000 shares of common stock in this offering will be approximately \$26.6 million (or \$34.4 million if the underwriters exercise their over-allotment option in full), based upon the initial public offering price of \$7.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Paragraph 2 is deleted in its entirety.

***Update to Capitalization***

The "Pro Forma as Adjusted" column in the second table on page 56 of the Preliminary Prospectus under the heading "Capitalization" is hereby revised as follows:

- The entry for "Cash, cash equivalents, restricted cash and short-term investments" is revised from 90,771 to 80,058
- The number 42,765,940 in the "Stockholders' equity" row label is revised to 43,405,940
- The entry for "Additional paid-in capital" is revised from 216,659 to 205,946
- The entry for "Total stockholders' equity" is revised from 288,853 to 278,140
- The entry for "Total capitalization" is revised from 330,353 to 319,640
- Footnote 1 is deleted in its entirety.

***Update to Dilution***

The disclosure set forth on pages 57 and 58 of the Preliminary Prospectus under the heading "Dilution" is hereby replaced in its entirety with the disclosure set forth below:

**DILUTION**

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If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock upon completion of this offering.

Investors participating in this offering will incur immediate and substantial dilution. Our net tangible book value as of March 31, 2014 was \$211.9 million, or \$5.46 per share of our common stock. Net tangible book value per share represents the amount of our total tangible assets (total assets less intangible assets) less total liabilities, divided by the number of shares of our common stock outstanding.

After giving effect to our sale in this offering of 4,640,000 shares of our common stock, at the initial public offering price of \$7.00 per share and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2014 would have been \$238.5 million, or \$5.49 per share of our common stock. This represents an immediate increase in pro forma net tangible book value of \$0.03 per share to our existing stockholders before this offering and an immediate dilution of \$1.51 per share to new investors purchasing shares in this offering.

The following table illustrates this dilution:

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Initial public offering price per share	\$	7.00
Net tangible book value per common share as of March 31, 2014	\$	5.46
Increase per share attributable to new investors		0.03
Pro forma net tangible book value per share after this offering		5.49
Dilution per share to new investors	\$	1.51

The following table shows on a pro forma as adjusted basis, as of March 31, 2014, after giving effect to this offering on the initial public offering price of \$7.00 per share, the difference between existing stockholders and new investors with respect to the total number of shares of common stock purchased from us, the total consideration paid to us for these shares, and the average price per share paid, before deducting estimated underwriting discounts and commissions and estimated offering expenses:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	38,765,940	89.3%	\$ 155,192,140	82.7%	\$ 4.00
New investors	4,640,000	10.7	32,480,000	17.3	7.00
<b>Total</b>	<b>43,405,940</b>	<b>100.0%</b>	<b>\$ 187,672,140</b>	<b>100.0%</b>	<b>4.32</b>

There will be further dilution to new investors with respect to the shares issued pursuant to stock options or delivered pursuant to DSUs.

As of March 31, 2014, the aggregate intrinsic value of in-the-money vested options was \$0.1 million and the aggregate value of our vested and unvested DSUs was \$0.02 million and \$2.8 million, respectively, based on a fair value for our common stock of \$7.00 per share, which is the initial public offering price set forth on the cover page of this prospectus. As of March 31, 2014, we had \$14.4 million and \$5.2 million of unrecognized share-based compensation expense, net of estimated forfeitures, related to stock options and DSUs, respectively, that we expect will be recognized over a weighted-average period of 2.6 years and 3.7 years, respectively.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' over-allotment option. If the underwriters exercise their over-allotment option in full, our existing stockholders would own 86.9% and our new investors would own 13.1% of the total number of shares of our common stock upon the completion of this offering, and the number of shares of common stock held by new investors participating in this offering will be increased to 5,840,000 shares or 13.1% of the total number of shares of common stock expected to be outstanding after this offering.

The number of shares of our common stock to be outstanding after this offering is based on a total of 38,765,940 shares of our common stock outstanding as of March 31, 2014, and excludes:

- 11,745,577 shares of common stock issuable upon exercise of options outstanding as of March 31, 2014, with a weighted-average exercise price of \$15.40 per share;

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- 406,255 shares of common stock issuable upon delivery of DSUs outstanding as of March 31, 2014; and
  - 2,139,587 shares of common stock reserved for future grant under our stock incentive plans as of March 31, 2014.
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***Update to Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Common Stock Valuation***

The last sentence on page 75 of the Preliminary Prospectus under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Common Stock Valuation is hereby revised and replaced in its entirety with:

As of March 31, 2014, the aggregate intrinsic value of in-the-money vested options was \$0.1 million and the aggregate value of our vested and unvested DSUs was \$0.02 million and \$2.8 million, respectively, based on a fair value for our common stock of \$7.00 per share, which is the initial public offering price set forth on the cover page of this prospectus.

***Update to Principal and Selling Stockholders***

The third sentence on page 138 of the Preliminary Prospectus under the heading Principal and Selling Stockholders is hereby revised and replaced in its entirety with:

The percentage of beneficial ownership after this offering shown in the table is based on 43,435,940 shares of common stock outstanding after the closing of this offering, assuming no exercise of the underwriters' over-allotment option.

The following entries in the table shown on page 138 under the heading Principal and Selling Stockholders are hereby revised as follows:

- For Applied Physics & Chemistry Laboratories, Inc., the Percentage column under the heading Beneficial Ownership After the Offering is changed from 17.83% to 17.57%
- For Jack Y. Zhang, the Percentage column under the heading Beneficial Ownership After the Offering is changed from 24.73% to 24.38%
- For Mary Z. Luo, the Percentage column under the heading Beneficial Ownership After the Offering is changed from 24.73% to 24.38%
- For All directors and executive officers as a group (12 persons), the Percentage column under the heading Beneficial Ownership After the Offering is changed from 27.20% to 26.82%

***Update to Shares Eligible for Future Sale***

The third sentence on page 146 of the Preliminary Prospectus under the heading Shares Eligible for Future Sale is hereby revised and replaced in its entirety with:

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Upon the completion of this offering, we will have a total of 43,435,940 shares of common stock outstanding based upon 38,795,940 shares outstanding as of May 30, 2014, assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options prior to completion of this offering.

The first bullet on page 146 of the Preliminary Prospectus under the heading "Shares Eligible for Future Sale - Rule 144" is hereby revised such that 427,359 is replaced with 434,359 .

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*Update to Underwriting*

The first table on page 152 of the Preliminary Prospectus under the heading "Underwriting" is hereby revised as follows:

- The entry for "Total" under the column "Number of Shares" is changed from 7,360,000 to 8,000,000

The second sentence on page 153 of the Preliminary Prospectus under the heading "Underwriting - Option to Purchase Additional Shares" is hereby revised and replaced in its entirety with:

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to 1,200,000 additional shares at the public offering price, less the underwriting discount.

*Recent Developments*

On or about June 23, 2014, Teva Pharmaceuticals Industries Ltd., or Teva, received approval from the FDA of its ANDA for its generic enoxaparin product. Once Teva's generic enoxaparin product is commercialized, it may have an adverse effect on our market share, revenue and gross profit from our enoxaparin product.

**Amphastar has filed a registration statement (including the Preliminary Prospectus) with the Securities and Exchange Commission (SEC) for the offering to which this communication relates. Before you invest, you should read the Preliminary Prospectus in that registration statement and other documents Amphastar has filed with the SEC for more complete information about Amphastar and this offering. You may get these documents for free by visiting EDGAR on the SEC web site at [www.sec.gov](http://www.sec.gov). Alternatively, a copy of the Preliminary Prospectus may be obtained from: Jefferies LLC, telephone: (877) 547-6340, e-mail: [Prospectus\\_Department@Jefferies.com](mailto:Prospectus_Department@Jefferies.com); BMO Capital Markets Corp., telephone: (800) 414-3627, email: [bmoprospectus@bmo.com](mailto:bmoprospectus@bmo.com); or Piper Jaffray & Co., telephone: (800) 747-3924, email: [prospectus@pjc.com](mailto:prospectus@pjc.com).**

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