

CORPORATE PRESENTATION

August 2013



Singapore's first AABB accredited private cord blood bank.



Cordlife Singapore & Hong Kong are
aa Accredited



www.cordlife.com

Introduction

Financial Highlights

Dividend

Industry Outlook

INTRODUCTION

cordlife 
one chance, one choice.



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Who We Are

- Incorporated in 2001, Cordlife is transitioning into a multi-product healthcare company catering to the mother and child segment
- Currently the two main products are cord blood banking and umbilical cord tissue banking, with new products in the pipeline

Cord Blood Banking

Collection at birth, processing, testing, cryopreservation and storage of stem cells from the umbilical cord blood

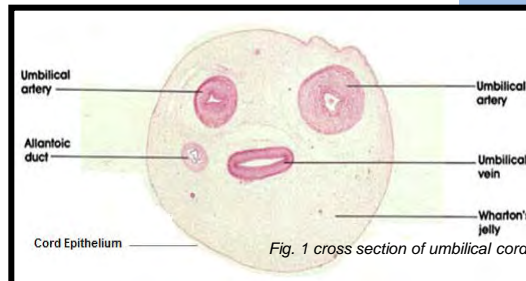
- Cordlife 360 ° - offers added complementary protection for added peace of mind
- Shield 360 ° - a pregnancy complication and congenital illness coverage for mother and child



Umbilical Cord Tissue Banking

Collection, processing, testing, cryopreservation and storage of the umbilical cord tissue

- Launched in Hong Kong in March 2011
- Launched in Singapore in May 2013



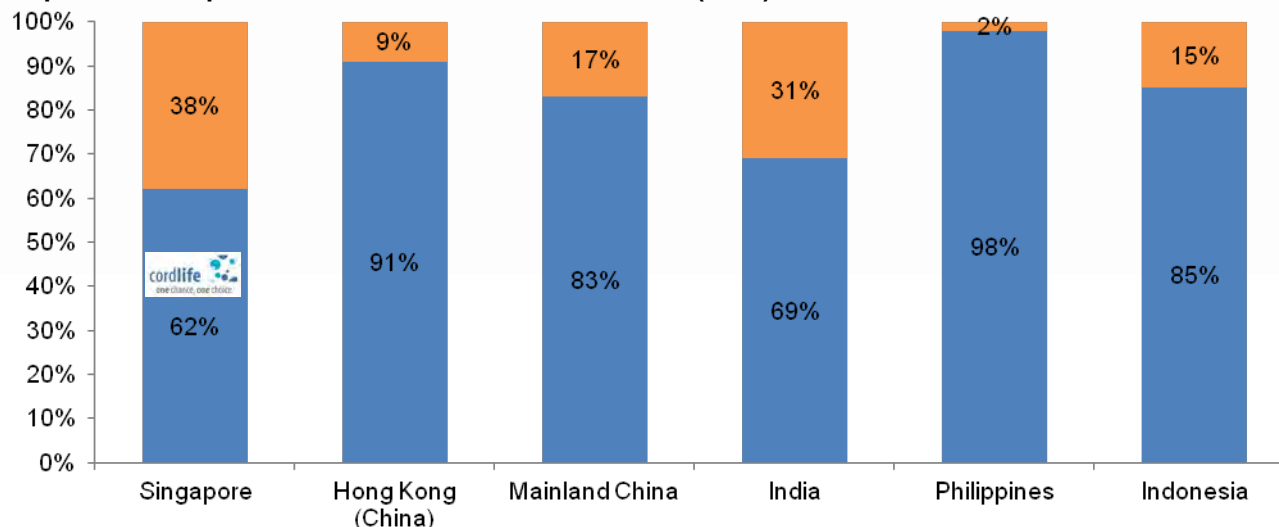
Market Leadership In Cord Blood Banking

Amongst the top 3 private cord blood banks in 5 key markets

	Singapore	Hong Kong	Mainland China	India	Philippines	Indonesia
Top 1	Cordlife	HealthBaby	CCBC	LifeCell	CordLife	CordLife
Top 2	StemCord	CordLife	Zhongyuan	CryoBanks	StemCord*	BabyBanks*
Top 3	-	CryoLife	Shandong	CordLife	Medical City	StemCord*
Total # of Companies	2	6	8	11	5	5

In every market studied, the **top three** private cord blood banking companies – which includes **Cordlife** in Singapore, Hong Kong, India, Indonesia and the Philippines – represent **over 69%** market share in each market.

Top Three Companies' Market Share in Private Sector (2011)



In both Indonesia and the Philippines, high concentration is mainly due to the small number of companies.

Unlike mainland China, India has no limit on the location and number of companies involved in the private cord blood banking business, with less concentration as a result.

*Note: *StemCord does not have storage facility in Indonesia and Philippines, while BabyBanks does not have storage facility in Indonesia*

■ Top 3* ■ Others

Source: Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

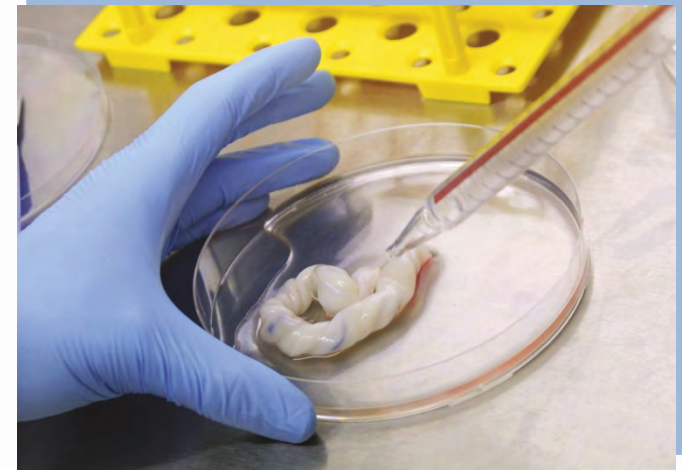
Umbilical Cord Tissue Banking

Umbilical cord tissue banking services available in Cordlife
Singapore*, Hong Kong, Philippines and India



Boost recurring income streams

- **Umbilical cord tissue banking is a natural extension of parents' desire for better healthcare options for their children.**
- **In line with Cordlife's growth plans to offer complementary services to its clients**



**Cord
Blood**

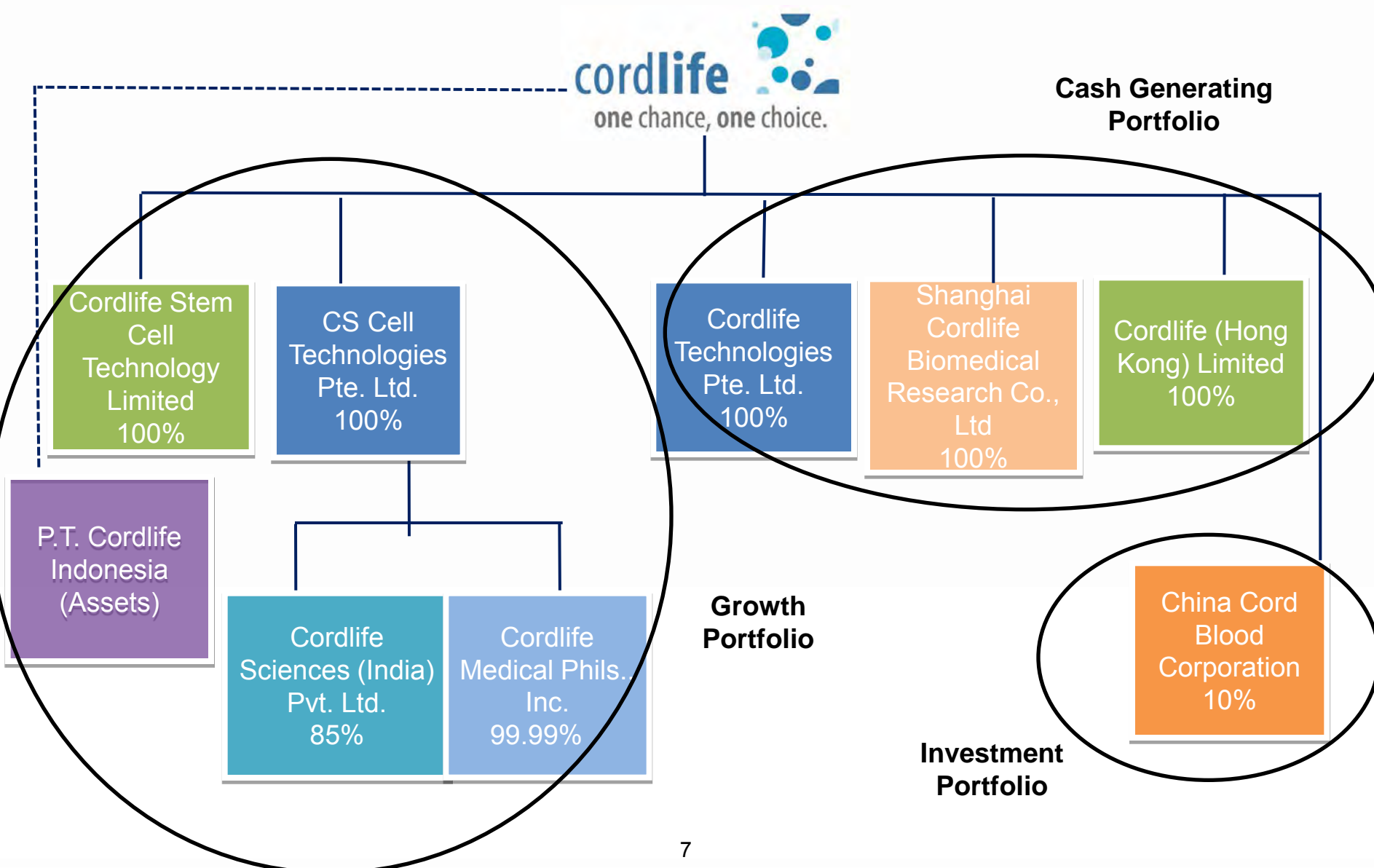
Rich in
Hematopoietic
stem cells

**Cord
Tissue**

Rich in Mesenchymal
and Epithelial
stem cells

*Note: *In May 2013, Cordlife Technologies Pte Ltd, a wholly-owned subsidiary of Cordlife Group Limited, launched umbilical cord tissue banking service in Singapore. The storage and banking of umbilical cord tissue services provided in Singapore is currently not licensed by the Ministry of Health, Singapore. This service is provided on a research/clinical trial basis.*

Group Structure



Cordlife has its own local cord blood storage & processing facilities in the various countries of operation. The facility in Singapore is fully-owned; while facilities in other countries have long term leases locked-in

Expanded capacity of up to 650,000 cord blood units for Singapore's cord blood storage facility launched in April 2013
– Enable economies of scale

Drive long term fixed costs downwards
– Maintain high, consistent margins

Matching of local operating costs with local operating revenue
– Natural hedge for foreign currency exposure

Growth Strategy

Economies
of Scope

New Products Catering to
the Mother & Child Segment

Umbilical Cord
Tissue Banking

Cord Blood Banking

Launched



Acquired

10% Interest in **China**
Cord Blood

Cordlife **India**

Cordlife
Philippines

Certain assets of
Cordlife **Indonesia**

China's largest cord
blood banking
operator

One of India's
top three
cord blood
banking
operators*

Philippines'
largest cord
blood bank*

Indonesia's largest
cord blood bank*

Economies
of Scale

Singapore's largest and Hong Kong's
second largest cord blood banks

FINANCIAL HIGHLIGHTS



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FY2013 Financial Highlights

- ❑ Revenue increased 14.6% year-on-year, driven by rise in number of client deliveries
- ❑ Net profit after tax surged 94.7% to S\$13.5 million
- ❑ Excluding one-off items, net profit grew 33.6% to S\$11.8 million
- ❑ Gross profit margin increased slightly from 71% in FY2012 to 73% in FY2013
- ❑ Strong balance sheet with cash and cash equivalents of S\$23.3 million and low gearing of 0.08x
- ❑ Recommend final dividend of 1.0 cent in addition to interim dividend of 1.0 cent; total dividend of 2.0 cents





Financial Highlights



**REVENUE AND CORE NET PROFIT INCREASED BY 14.6% AND 33.6% RESPECTIVELY
GROSS MARGIN INCREASED SLIGHTLY FROM 71% IN FY2012 TO 73% IN FY2013**

	FY2012	FY2013	+(-)% Chg
Total Revenue (S\$'mil)	30.3	34.7	14.6
Cost of Sales (S\$'mil)	(8.7)	(9.4)	7.2
Gross Profit (S\$'mil)	21.5	25.3	17.6
Gross Profit Margin (%)	71.1	73.0	1.9p.p
Net Profit (S\$'mil)	6.9	13.5	94.7
Net Profit (S\$'mil) excl one-off items*	8.8	11.8	33.6
Net Profit Margin (%) excl one-off items	29.2	34.0	4.8p.p
Earnings Per Share (S cents)**	4.03	5.80	43.9

Note: Figures might not tally due to rounding of numbers

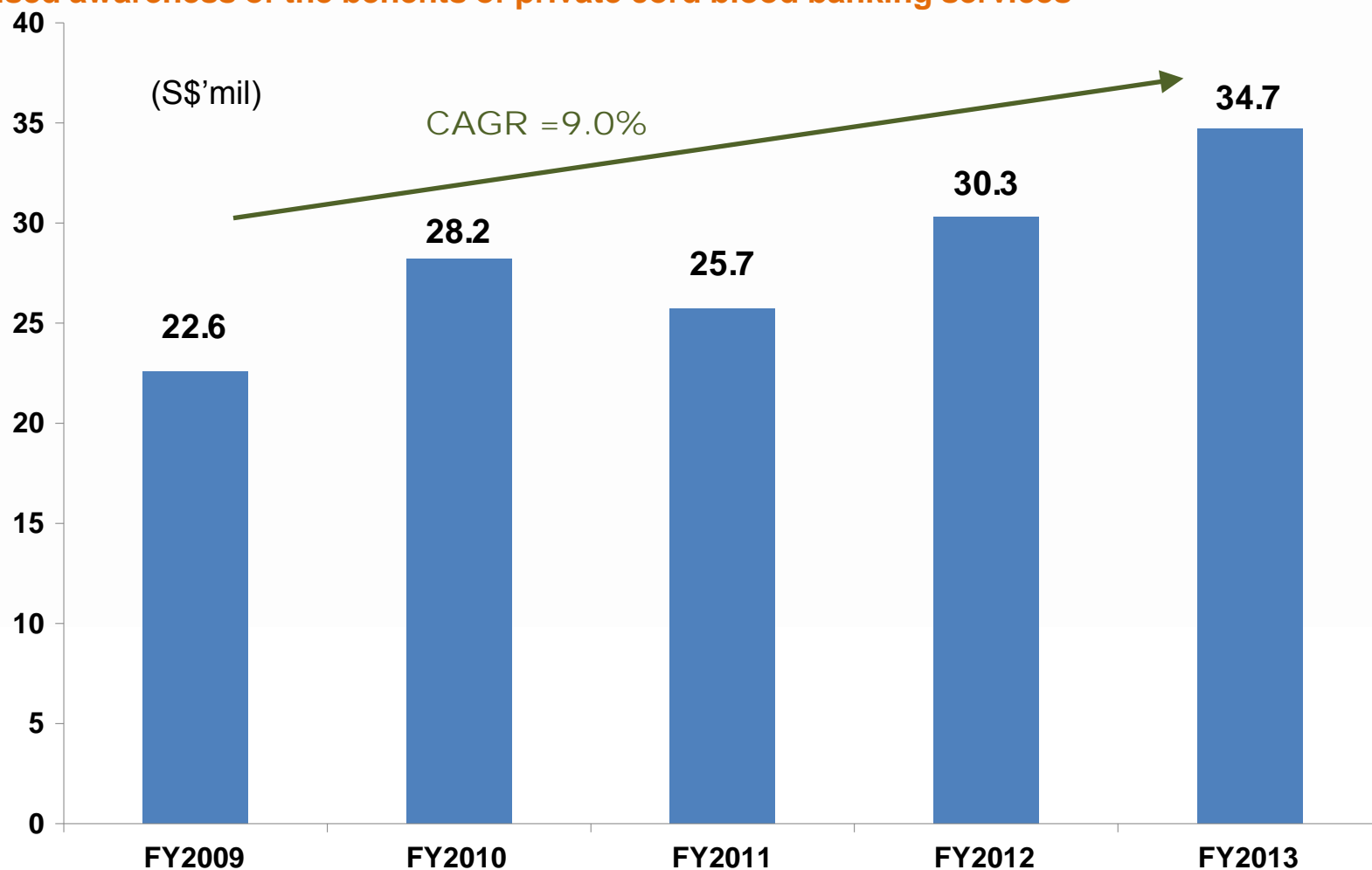
**One-off items include a disposal gain of S\$2.7 million and one time non-recurring costs of S\$1.0 million in FY2013 and IPO expenses of S\$1.9 million recorded in the income statement in FY2012*

***Calculation for EPS for the respective financial periods is based on the actual weighted average number of ordinary shares in issue during the respective financial periods. (FY2012: 171,730,000; FY2013: 232,592,000)*

Financial Highlights

RISING REVENUE

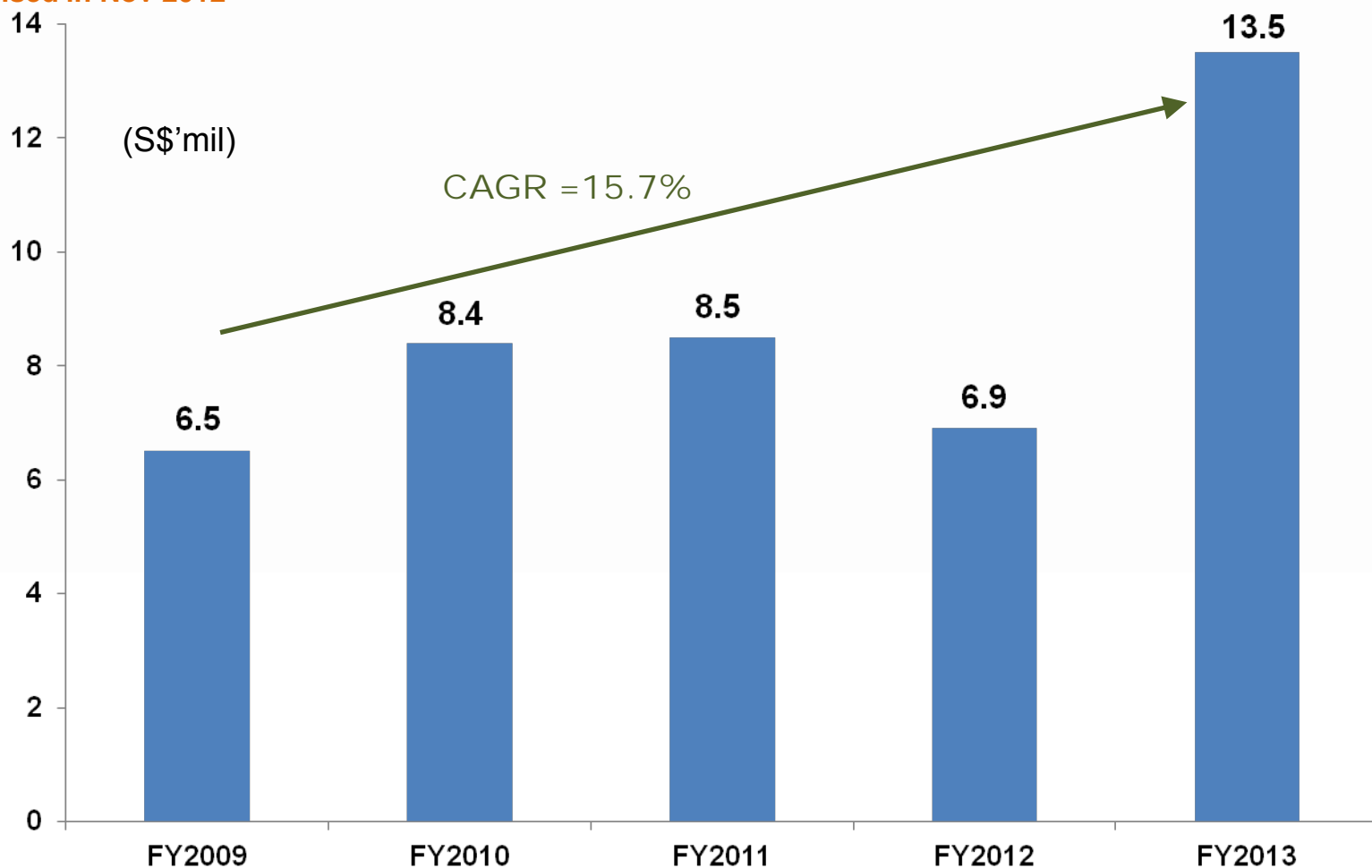
- Primarily driven by increase in number of client deliveries, due to successful educational efforts that raised awareness of the benefits of private cord blood banking services



Financial Highlights

INCREASED PROFITABILITY INCLUDING ONE-OFF ITEMS

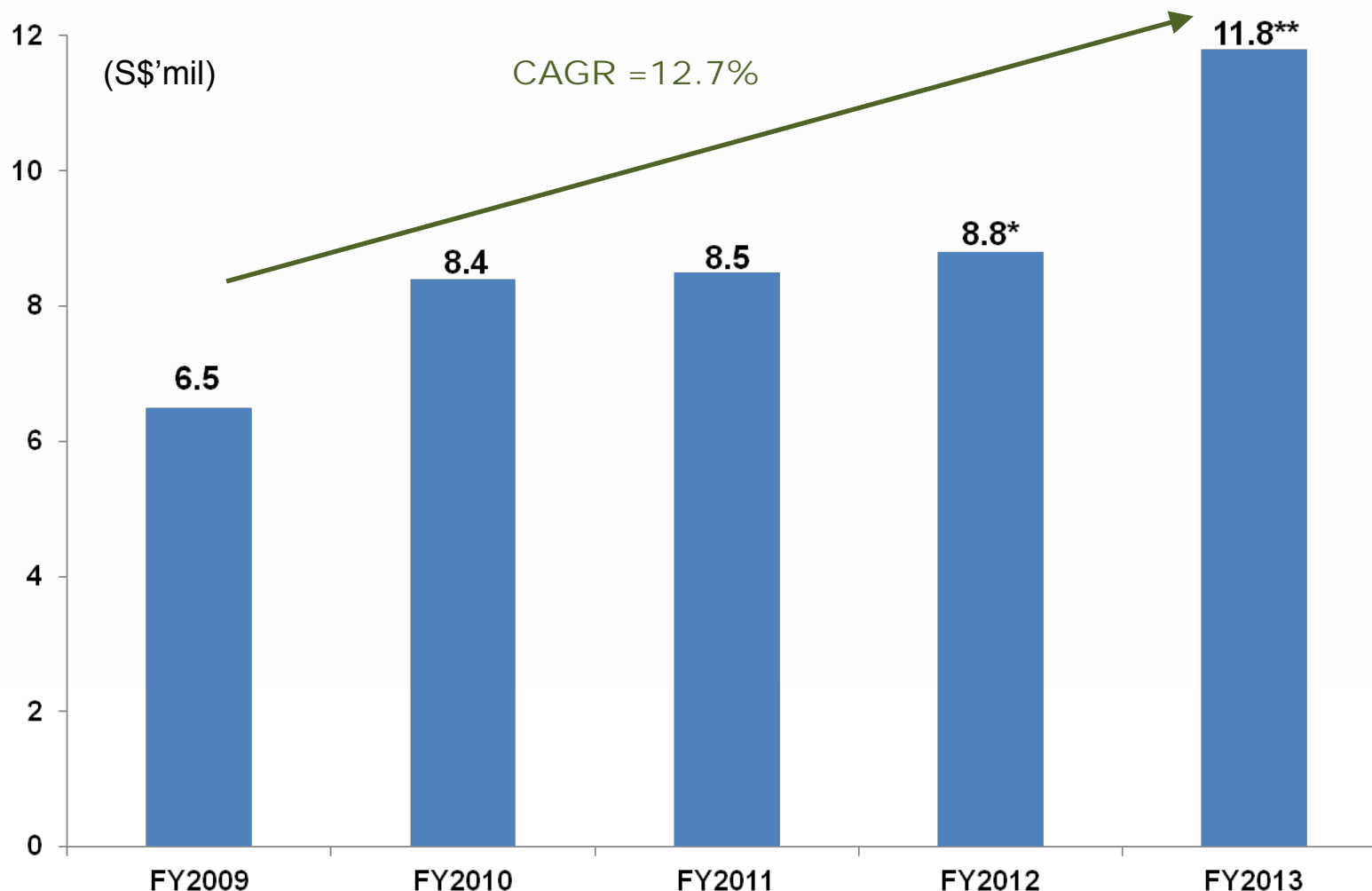
- Excluding the IPO expenses, administrative expenses increased by 40.4% to S\$10.2million in FY2013, due to approximately S\$1.0 million of one-time non-recurring costs, and an increase in staff costs and compliance costs
- Selling and marketing expenses increased 12.9% in FY2013
- One-time gain of S\$2.7 million from disposal of 10% interest in China Stem Cells (South) Company Limited realised in Nov 2012



Financial Highlights

INCREASED PROFITABILITY EXCLUDING ONE-OFF ITEMS

- Even excluding one-off items, net profit grew 33.6% in FY2013



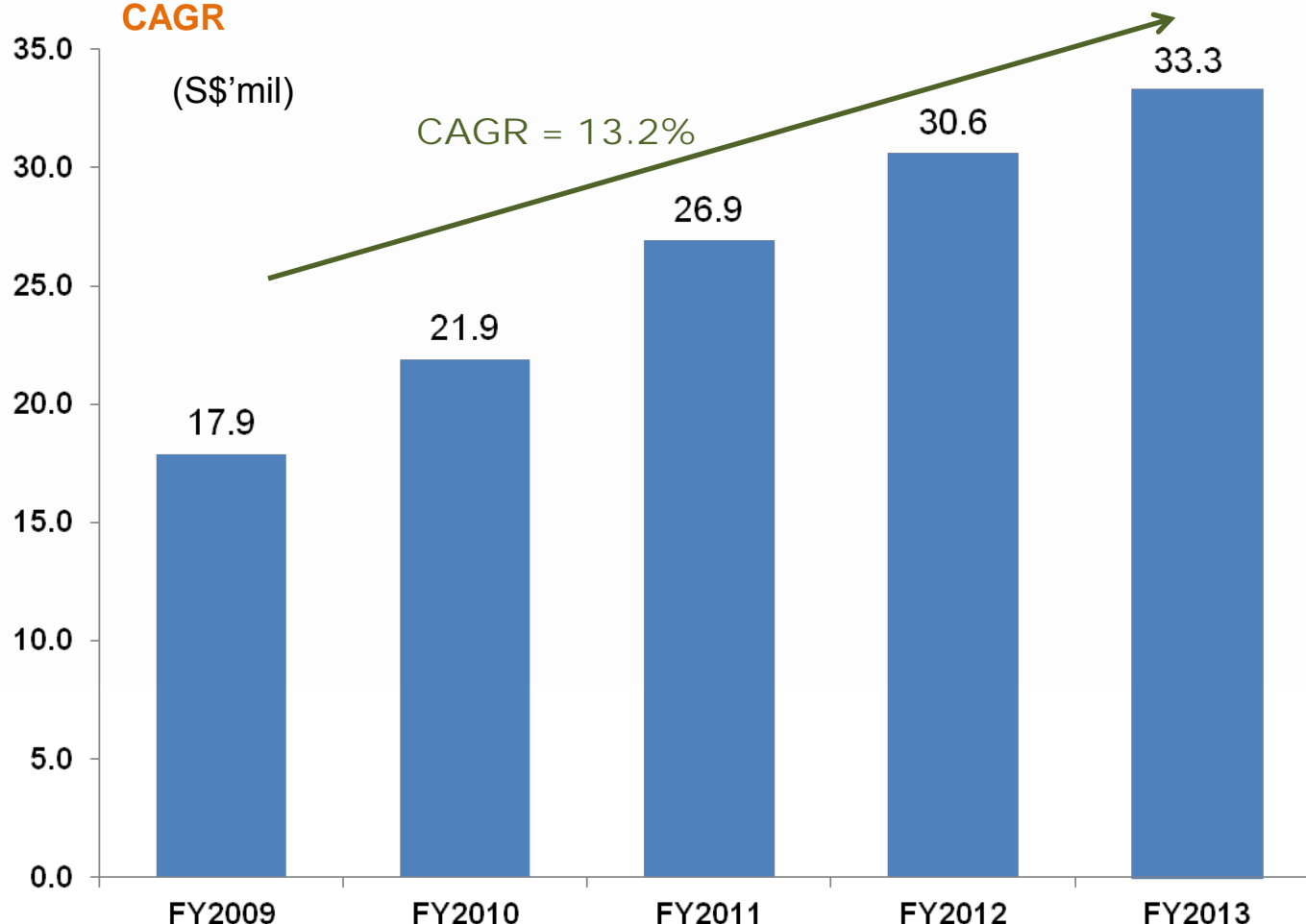
* For a consistent full-year comparison, FY2012 net profit is shown here without one-off IPO expenses recorded in the income statement in FY2012. Including IPO expenses, FY2012 net profit would amount to S\$6.9 million

** For a consistent full-year comparison, FY2013 net profit is shown here without one-off disposal gain of S\$2.7 million and one-time non-recurring costs of S\$1.0 million. Including the one-off items, FY2013 net profit would amount to S\$13.5 million

Financial Highlights

RIISING EQUITY

- Net asset value per share rises to 33.3 cents as at Jun 30, 2013*
- Over the past 5 financial years, NAV/share has grown at a 13.2% CAGR



* For FY2012 and Jun 30, 2013, NAV/Share is computed based on the post-Invitation share capital of 232,687,354 and 232,487,354 respectively. For FY2009 – FY2011, NAV/Share is computed based on the pre-Invitation share capital of 150,887,354 Shares.



Financial Highlights

HEALTHY BALANCE SHEET

- **Gearing ratio of 0.08x**
- **Cash & cash equivalents of S\$23.3 million**

As at June 30, 2013	S\$'000
Cash and cash equivalents*	23,328
Total Assets	120,364
Total Liabilities	42,886
Total Equity	77,478
Gearing Ratio**	0.08x

*Inclusive of S\$15.0 million in fixed deposits , S\$0.3 million in short term investments and exclusive of pledged fixed deposits of S\$0.3 million

**Book value of debt/Total book value of equity



Financial Highlights

STRONG CASH POSITION

- Well-poised for further market penetration and expansion at home and overseas
- Strategic use of cash for accretive investments and fixed deposits
- Limited capital expenditure going forward (except for S\$2 million that had been set aside from IPO proceeds for IT infrastructure of new Yishun facility, A'Posh Bizhub)

S\$'000	FY2012	FY2013
Operating cash flow before movement in working capital	8,327	8,578
Net cash generated from operating activities	6,033	8,632
Net cash used in investing activities	(20,095)	(10,389)
Net cash generated from / (used in) financing activities	23,044	(3,183)
Cash & Cash equivalents at end of period	30,445*	23,328**

*Inclusive of S\$17.5 million in fixed deposits as at FY2012

**Inclusive of S\$15.0 million in fixed deposits, S\$0.3 million in short term investments and exclusive of pledged fixed deposits of S\$0.3 million as at FY2013

DIVIDEND

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one chance, one choice.



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Dividend Payout

A **TOTAL** dividend of 2.0 cents
per ordinary share for FY2013:

A **FINAL** dividend
of 1.0 cents

To be payable
on 15 Nov
2013

An **INTERIM**
dividend of 1.0
cents

Paid out on
5 Apr 2013

INDUSTRY OUTLOOK



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KEY DEMAND DRIVERS



**Birth
Rates**

**Rising
Affluence**

**Increased
Awareness and
Acceptance**

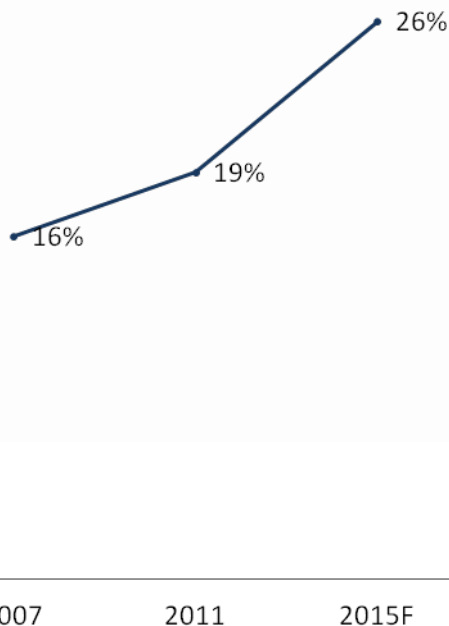
**Favourable
Government
Policies**

HIGH PENETRATION RATES IN DEVELOPED MARKETS

PENETRATION RATE (%) OF PRIVATE CORD BLOOD BANKS

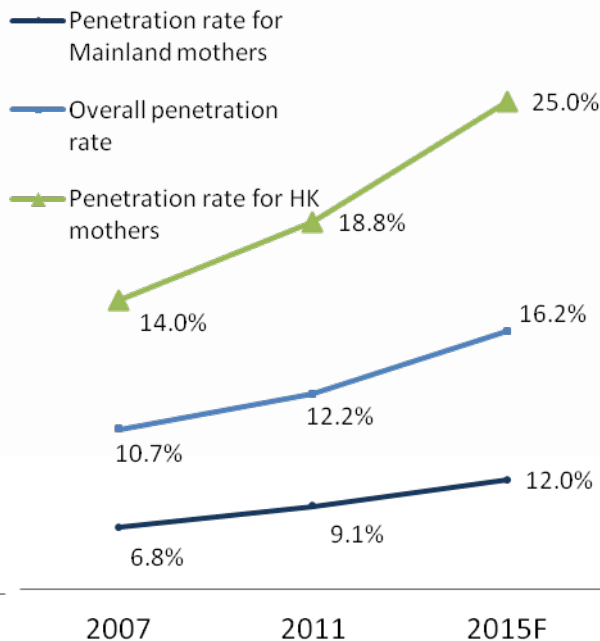
SINGAPORE

Private incremental cord blood storage units to grow at a CAGR of 9% between 2011 and 2015



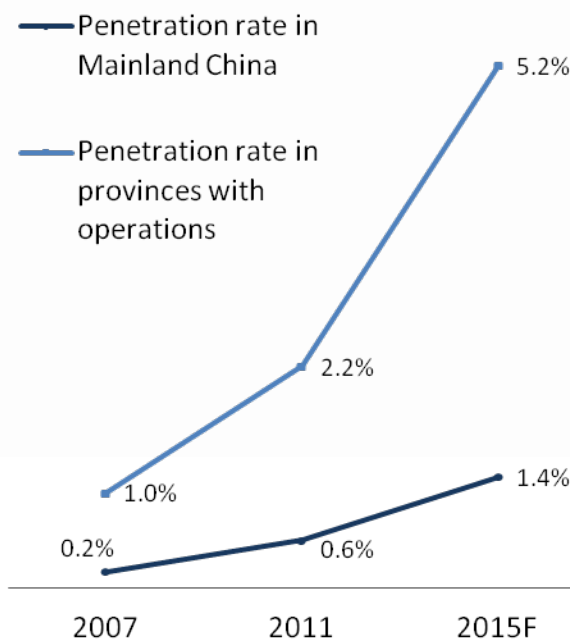
HONG KONG*

Private incremental cord blood storage units to grow at a CAGR of 8.5% between 2012E and 2015F*



CHINA

Private incremental cord blood storage units to grow at a CAGR of 23% between 2011 and 2015



Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

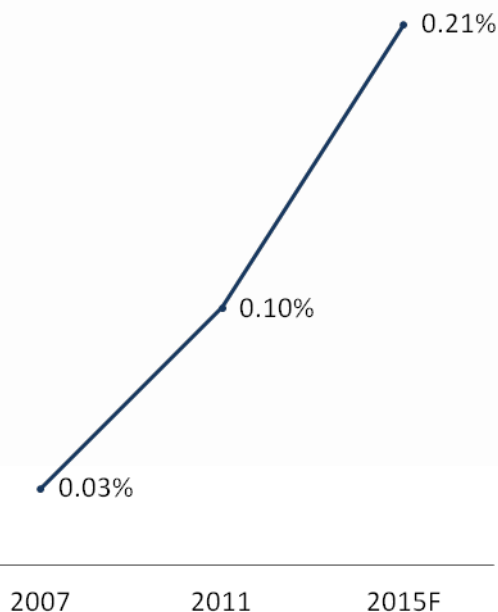
*Projection for Hong Kong includes penetration rate and CAGR for mothers from mainland China, and assumes that the moratorium would be lifted after 2013

RISING PENETRATION RATES IN DEVELOPING MARKETS

PENETRATION RATE (%) OF PRIVATE CORD BLOOD BANKS

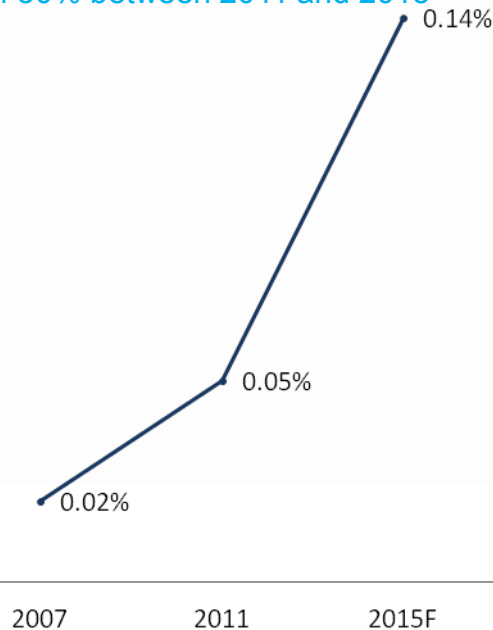
INDIA

Private incremental cord blood storage units to grow at a CAGR of 20% between 2011 and 2015



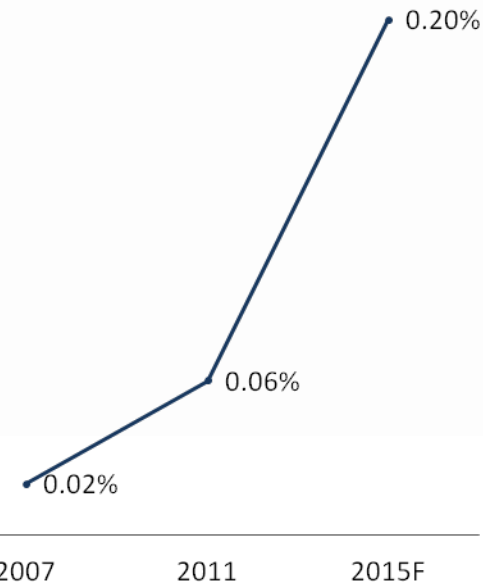
PHILIPPINES

Private incremental cord blood storage units to grow at a CAGR of 30% between 2011 and 2015



INDONESIA

Private incremental cord blood storage units to grow at a CAGR of 35% between 2011 and 2015



Low rates indicate room for growth and increased penetration

Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

Singapore's Prospects

Growth Drivers

Increased public awareness

- Singaporeans' higher level of education may contribute to better acceptance of cord blood banking.
- Most pregnant women in hospitals will be informed of cord blood banking by their doctors.
- Well-established companies are experienced in promoting the business and effectively educating both doctors and consumers.

Healthcare spending

- The ratio of private household expenditure on healthcare in Singapore rose steadily from 3.5% in 1998 to 5.3% in 2008. Concern over the threat of childhood diseases encourages parents to invest in cord blood storage.

Government support

- Cord blood banking packages can be paid through the Child Development Account (CDA) – where the savings contributed to the child's CDA will be matched by the government up to a pre-determined ceiling cap.
- Pro-family policies to boost birth rates – the \$2 billion Marriage & Parenthood Package 2013 rolled out in January 2013

Technology development

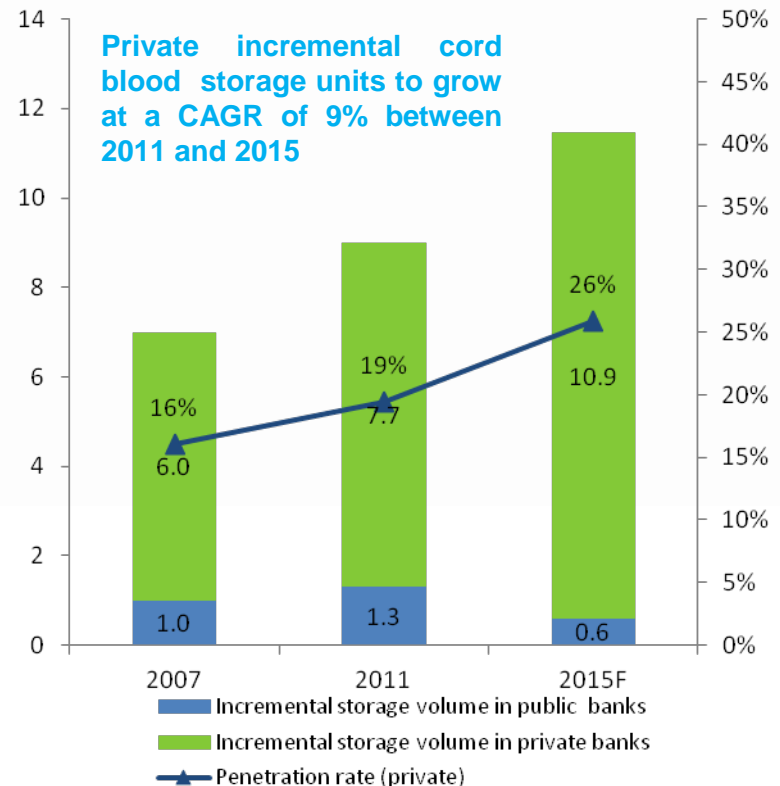
- By 2011, public cord blood banks had successfully released 101 cord blood units, while private cord blood banks had about 10 successful cases of cord blood transplants.

High Penetration Rate

Incremental storage and penetration rate in private sector
(2007 – 2015F)

Incremental storage
volume
('000 Units)

Penetration
Rate (Private
Banks) (%)



Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

Hong Kong's Prospects

Growth Drivers

Public awareness

- Private cord blood banks have raised awareness via:
 - hiring celebrities for advertisements
 - encouraging referrals
 - informing doctors at private hospitals about their new policies to increase their awareness.

Increasing birth rate

- Concerned about the aging population, the HK government has encouraged residents to have more children through policies such as extending the compulsory free education from nine years to 12 years.
- The birth rate in Hong Kong is expected to increase slightly, from 0.74% in 2011 to 0.76% in 2015.

Healthcare system

- All Hong Kong citizens have universal healthcare and are provided government-subsidised medical services. Cost for most of the cord blood transplant operation cases are subsidised.

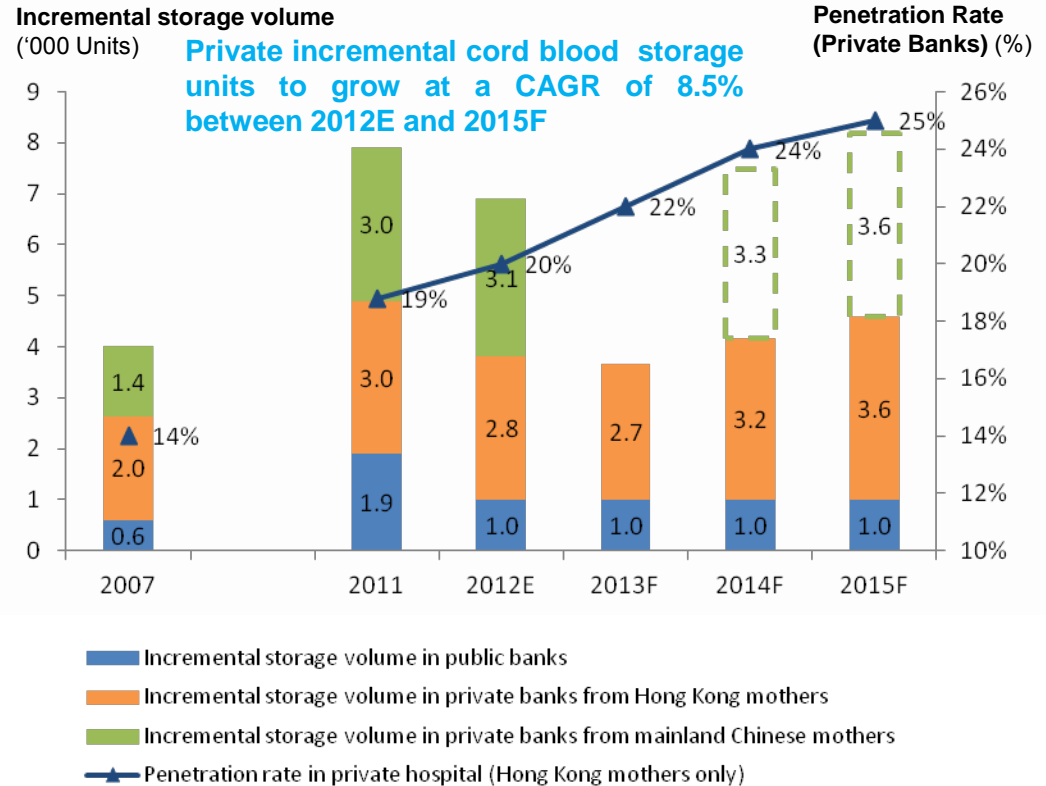
Surplus resources in private hospitals

- Unutilized capacity at private hospitals in 2013 due to lack of mainland Chinese mothers may prompt private hospitals to reduce their prices to draw more HK mothers to their hospitals to give birth.

Private cord blood banking will be negatively affected by the HK government's moratorium on mainland Chinese mothers giving birth at private hospitals in Hong Kong, but it will keep growing based on the increasing public awareness level

High Penetration Rate amongst HK mothers

Incremental storage and penetration rate in private sector
(2007 – 2015F)



Note: The dotted line in the chart indicates the unclear condition in 2014 and 2015 due to the moratorium on mainland Chinese mothers giving birth in HK. 3.3 and 3.6 are the upper limit numbers.

Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

China's Prospects

Growth Drivers

Rising public awareness of cord blood banking

- Awareness among both doctors and potential customers (future parents) keep rising.
- Improved education means that people are better able to understand the service and more open to new medical approaches.
- The increasing urbanization levels make it easier for operators to concentrate their promotion in populous urban regions.

Large number of new births

- China's number of new births (16 million in 2011) still leads the world, next only to India.
- The provinces with permission to develop cord blood banks are heavily populated, with 30% of China's new births.

Favourable government policy

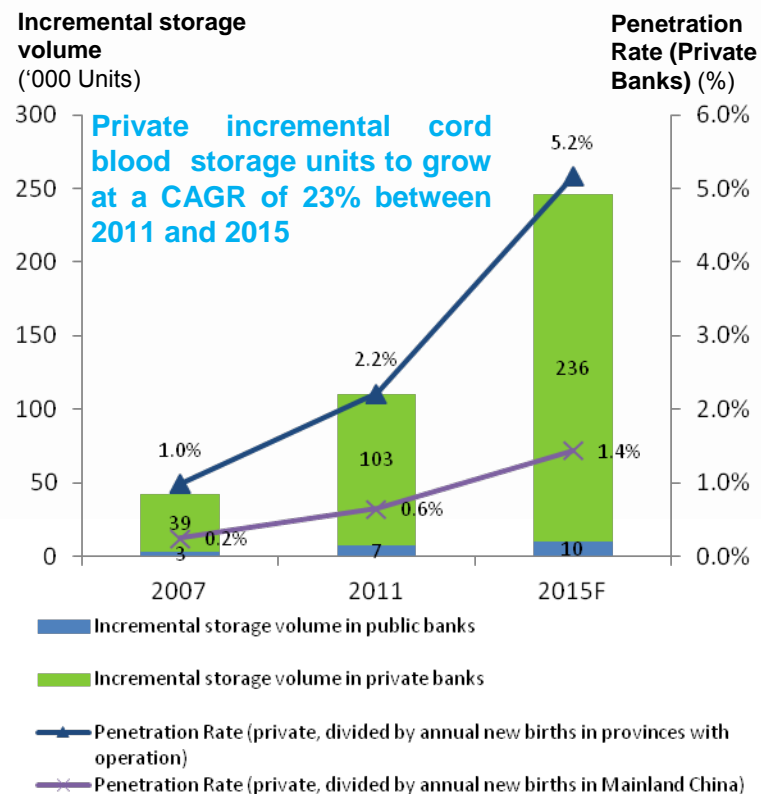
- The stem cell industry is listed as a key development area of China's 12th Five-Year-Plan.

Growing middle-class

- China's middle-class population is estimated at 290 million in 2011 and projected to grow to 590 million by 2025 → progressively larger customer pool for cord blood bank operations.

Huge Market Space for Penetration Growth

Incremental storage and penetration rate in private sector (2007 – 2015F)



Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

India's Prospects

Growth Drivers

Large new birth base

- With a total population of 1,202 million people, India has the second largest population in the world.
- Annual new births of 25.7 million is forecast by the end of 2016.
- The number of new births is likely to keep rising as India's population is predicted to exceed China, becoming the most populous nation by 2025.

Increasing public awareness

- An educated and expanding middle class, who have access to information as a result of widespread internet use
- Due to competition, private cord blood banks conduct intensive marketing efforts about cord blood storage and offer financing programs for subscribers.
- Indian doctors are encouraged to inform expectant parents to opt for stem cell banking with cord blood banks.

Technology development

- A higher stem cell transplant success rate, due to India's leadership in pharmaceutical and biotechnology areas in Asia.
- Success rate of cord blood transplants is reported at around 90%, comparatively higher than that of other markets.

Growing middle-class

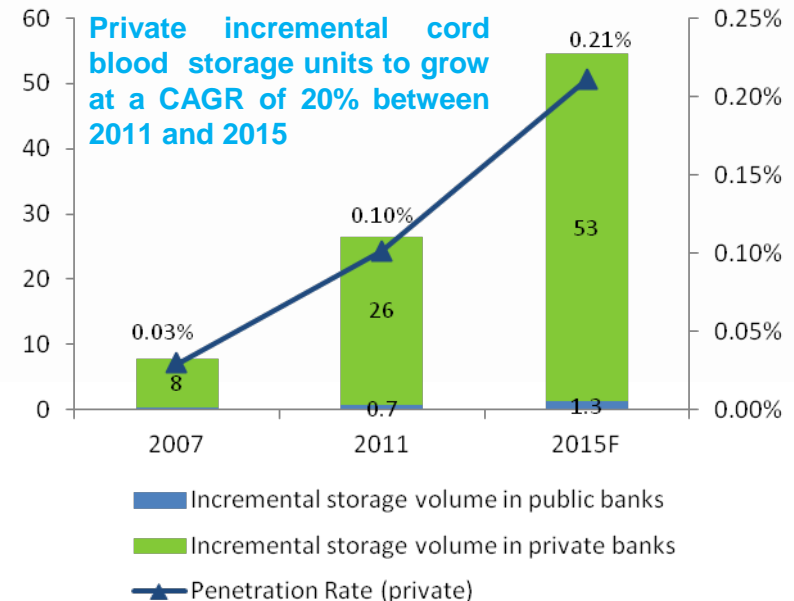
- The population of the Indian middle class—the target consumers for private banks—is expected to increase to 267 million by 2015, or 67% from the current level of 160 million.

Huge Market Space for Penetration Growth

Incremental storage and penetration rate in private sector
(2007 – 2015F)

Incremental storage
volume
(‘000 Units)

Penetration
Rate (Private
Banks) (%)



Philippines' Prospects

Growth Drivers

Number of new births

- Philippines has a large population base of 102 million as of 2011, and is expected to reach 110 million in 2015.

Public perception of cord blood banking

- Both the government and private cord blood banks are trying to promote cord blood banking to the general public.
- Private cord blood companies are promoting their services through internet, magazine, and various events.

Wealth profile

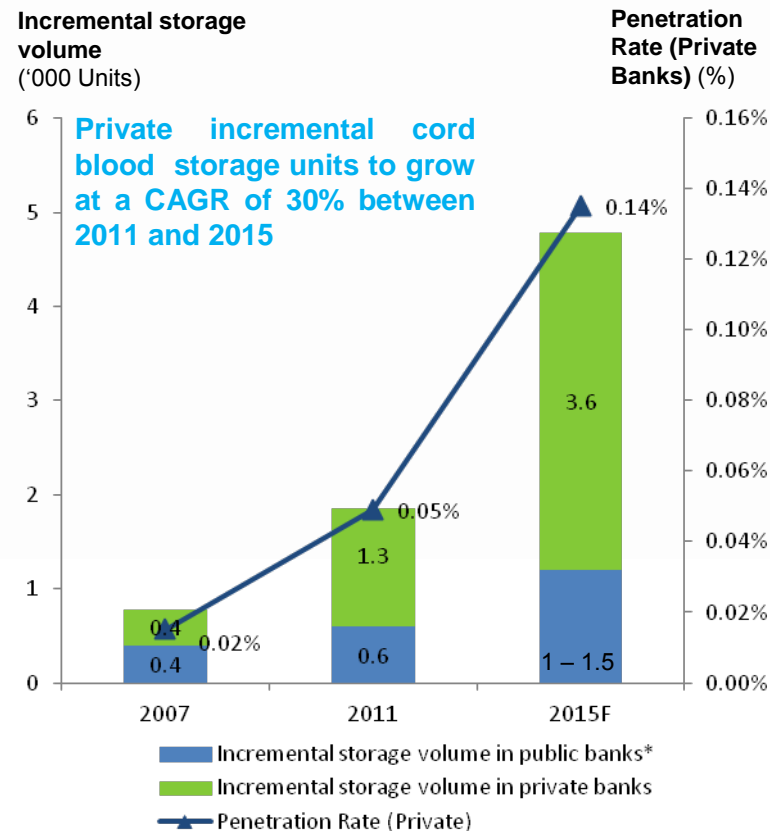
- One of the Asian markets with a burgeoning middle class
 - Per capita disposable income is projected to increase 157% from 2007 to 2015.
 - Increase consumption as well as changing purchasing patterns, such as increased expenditure on healthcare.

Healthcare system

- Universal health system, PhilHealth, has more than 86% of citizens enrolled. Some of the packages cover stem cell related transplants. Compared with other developing markets in Asia, Philippines has a well developed healthcare system.

Huge Market Space for Penetration Growth

Incremental storage and penetration rate in private sector (2007 – 2015F)



Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

*Currently public bank in Philippines is run by private hospital and is only open to the hospital's own patients, different from the public bank concept in general;

Growth Drivers

Public awareness

- The public awareness level of cord blood banking in Indonesia is still low, its penetration rate was only 0.045% in 2011 but it is expected to rise in the next few years.
- Promotion activities by private cord blood banks, such as leveraging SNS, will also contribute to the popularity of cord blood banking

Wealth Profile

- Per capita disposable income is expected to increase 97.5% from 2007 to 2015.
- Indonesia will have over 20 million households with annual income of over USD 10,000 in 2015, an increase from around 14 million in 2011.

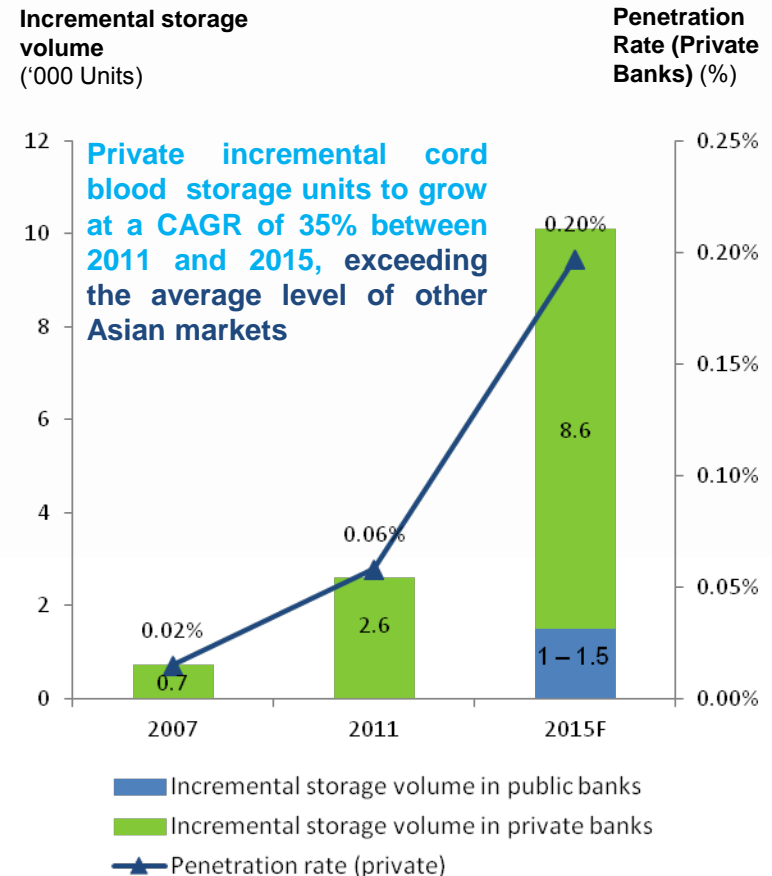
Large population base

- Indonesia is now the world's fourth most populous nation. The number of annual new births is expected to maintain at a high level of over 4 million per year.

The first public cord blood bank in Indonesia is expected to start operations by the end of 2013. Based on Indonesia's large population base, the incremental storage volume will increase faster than the private cord blood banking sector in its first few operation years

Huge Market Space for Penetration Growth

Incremental storage and penetration rate in private sector
(2007 – 2015F)



RECENT DEVELOPMENTS IN THE NEWS

IN SINGAPORE

- **On January 21, 2013, the government unveiled policies to boost fertility and birth rates**
 - ✓ The \$2 billion Marriage & Parenthood Package 2013 is up from the \$1.6 billion package in 2008
 - ✓ Aims to increase Total Fertility Rate (“TFR”) to 1.4 or 1.5 over the next few years from 1.2 in 2011
 - ✓ One of the key initiatives is support for medical costs related to conception and delivery
 - An increase of \$2,000 per birth in the Baby Bonus cash gift up to the fourth child
 - A Medisave account of \$3,000 for every Singaporean baby
 - An extension of six years for the CDA (until the child turns 12)
 - An increase in the co-funding of the Assisted Reproduction Technology treatments from the current 50 per cent to 75 per cent.
 - ✓ **Other incentives**
 - Enhanced maternity protection for pregnant employees
 - Introduction of one-week paternity leave
 - Parenthood Priority Scheme – sets aside 30% to 50% of new flats for first-timer couples who have young children or are expecting one
- **Year of the Dragon baby boom**
 - ✓ Total number of births in Singapore was 42,600 in 2012, representing a 7.4% increase from the 39,654 births in 2011*

**Source: Department of Statistics, Singapore*

Thank you Q&A

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