

2QFY2015 RESULTS PRESENTATION

16 February 2015



cordlife – A Consumer Healthcare Company, listed on the Mainboard of SGX-ST.



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FINANCIAL HIGHLIGHTS



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2QFY2015 Financial highlights



(\$'mil)	2QFY2014	2QFY2015	+(-)% Chg
Total Revenue	12.1	14.3	17.5
Cost of Sales	(3.8)	(4.9)	28.4
Gross Profit	8.4	9.4	12.5
Gross Profit Margin	68.8%	65.9%	(2.9p.p)
Other operating income	0.2	0.2	38.3
Selling and marketing expenses	(3.1)	(4.8)	57.4
Administrative expenses	(3.4)	(3.8)	14.7
Finance income	0.05	0.1	>100.0
Finance costs	(0.05)	(0.04)	(21.3)
Profit before income tax from operations	2.1	1.1	(49.7)
Non-core items*	2.4	(4.3)	n.m.
Profit/(loss) before income tax	4.5	(3.2)	n.m.
Income tax expense	(0.3)	(0.1)	(53.2)
Profit/(loss) for the financial period	4.2	(3.3)	n.m.

Note: *non-core items shown on next slide

Figures might not tally due to rounding of numbers



2QFY2015 Financial highlights – Non-core items



(S\$'mil)	2QFY2014	2QFY2015	+(-)% Chg
Share of results of associate	0.1	(0.2)	n.m.
Fair value changes on financial asset designated at fair value through profit or loss	2.3	(1.8)	n.m.
Fair value changes on derivative	-	(4.7)	n.m.
Exchange differences	-	2.1	n.m.
Finance income	-	1.5	n.m.
Finance costs	-	(1.2)	n.m.



1HFY2015 Financial highlights



(S\$'mil)	1HFY2014	1HFY2015	+(-)% Chg
Total Revenue	23.5	27.5	17.3
Cost of Sales	(7.3)	(9.1)	24.4
Gross Profit	16.2	18.5	14.0
Gross Profit Margin	69.0%	67.1%	(1.9p.p)
Other operating income	0.2	0.4	84.7
Selling and marketing expenses	(6.3)	(9.2)	46.5
Administrative expenses	(6.3)	(7.1)	11.5
Finance income	0.1	0.2	99.0
Finance costs	(0.1)	(0.1)	(9.5)
Profit before income tax from operations	3.8	2.8	(27.9)
Non-core items**	9.5	(9.2)	n.m.
Profit/(loss) before income tax	13.4	(6.4)	n.m.
Income tax expense	(0.5)	(0.5)	6.4
Profit/(loss) for the financial period	12.9	(6.8)	n.m.

Note: **non-core items shown on next slide

Figures might not tally due to rounding of numbers



1HFY2015 Financial highlights – Non-core items

(S\$'mil)	1HFY2014	1HFY2015	+(-)% Chg
Share of results of associate	(2.1)	(0.2)	(87.0)
Fair value changes on financial asset designated at fair value through profit or loss	5.4	(6.7)	n.m.
Gain on transfer from associate to financial asset designated at fair value through profit or loss	6.2	-	n.m.
Fair value changes on derivative	-	(4.7)	n.m.
Exchange differences	-	2.1	n.m.
Finance income	-	1.5	n.m.
Finance costs	-	(1.2)	n.m.

2QFY2015 Financial highlights

- Revenue increased 17.5% year-on-year, driven by increased client deliveries from approximately 4,000 in 2QFY2014 to 5,600 in 2QFY2015
- Gross profit margin decreased from 68.8% in 2QFY2014 to 65.9% in 2QFY2015 due mainly to an increase in revenue contribution from operations with lower margins
- Selling and marketing expense increased 57.4% in 2QFY2015 mainly attributable to the continuation of the Group's Indian subsidiary's integrated through-the-line marketing plan to increase market share in India via network effects. TV commercials aired in India as part of this marketing plan accounted for S\$0.7 million.
- The Group's 2QFY2015 net profit before income tax from operations declined 49.7% to S\$1.1 million in 2QFY2015 compared to S\$2.1 million in 2QFY2014
- Fair value loss on investment in CCBC as a result of decrease in CCBC's last traded price of US\$4.89(S\$6.23) as at 30 September 2014 to US\$4.52 (S\$5.98) as at 31 December 2014



2QFY2015 Financial highlights

- Fair value loss on derivative, which represents the conversion option on the CCBC convertible bond, of S\$4.7 million in 2QFY2015; there were no such fair value changes in 2QFY2014.
- Non-operating finance income from loan to Magnum and CCBC convertible bond of S\$1.5 million in 2QFY2015; there were no such income in 2QFY2014
- Non-operating finance expense of S\$1.1 million from S\$120 million notes issued in 2QFY2015; there were no such expense in 2QFY2014.
- Non-operating exchange gain of S\$2.2 million in 2QFY2015, which represents unrealised exchange differences on the Magnum Loan and the CCBC convertible bond which are denominated in US\$; there were no such exchange differences in 2QFY2014.



1HFY2015 Financial highlights



- Revenue increased 17.3% year-on-year, driven by increased client deliveries from approximately 7,400 in 1HFY2014 to 10,700 in 1HFY2015
- Gross profit margin decreased marginally from 69.0% in 1HFY2014 to 67.1% in 1HFY2015 due mainly to an increase in revenue contribution from operations with lower margin
- Selling and marketing expense increased 46.5% in 1HFY2015 mainly attributable to the Group's Indian subsidiary's integrated through-the-line marketing plans costing S\$2.5 million. TV commercials aired in the Indian market accounted for approximately S\$1.2 million.
- The Group's 1HFY2015 core net profit before income tax from operations declined 27.9% to S\$2.8 million in 1HFY2015 compared to S\$3.8 million in 1HFY2014
- Fair value loss on investment in CCBC as a result of decrease in CCBC's last traded price of US\$5.52 (S\$6.90) as at 30 June 2014 to US\$4.52 (S\$5.98) as at 31 December 2014



1HFY2015 Financial highlights

- Fair value loss on derivative, which represents the conversion option on the CCBC convertible bond, of S\$4.7 million in 1HFY2015; there were no such fair value changes in 1HFY2014.
- Non-operating finance income from loan to Magnum and CCBC convertible bond of S\$1.5 million in 1HFY2015; there were no such income in 1HFY2014
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Healthy balance sheet:

- Cash & cash equivalents and fixed deposits of S\$34.2 million

As at December 31, 2014	S\$'000
Cash and cash equivalents, fixed deposits, short term investments and pledged fixed deposits *	34,736
Total Assets	295,438
Total Liabilities	170,062
Total Equity	125,451

**Inclusive of S\$11.9 million in fixed deposits, S\$0.3 million in short term investments and S\$0.3 million in pledged fixed deposits*

Strong cash position

- Well-poised for further market penetration and expansion at home and overseas
- Strategic use of cash for accretive investments
- Limited capital expenditure going forward

S\$'000	1HFY2014	1HFY2015
Operating cash flows before movement in working capital	4,032	3,042
Net cash generated from/(used in) operating activities	208	(2,311)
Net cash used in investing activities	(9,232)	(57,643)
Net cash generated from financing activities	37,049	49,702
Cash & Cash equivalents, fixed deposits, short term investments and pledged fixed deposits at end of period	37,349*	34,736**

*Inclusive of S\$11.8 million in fixed deposits, S\$1.0 million in short term investments and pledged fixed deposits of S\$0.3 million as at 1HFY2014

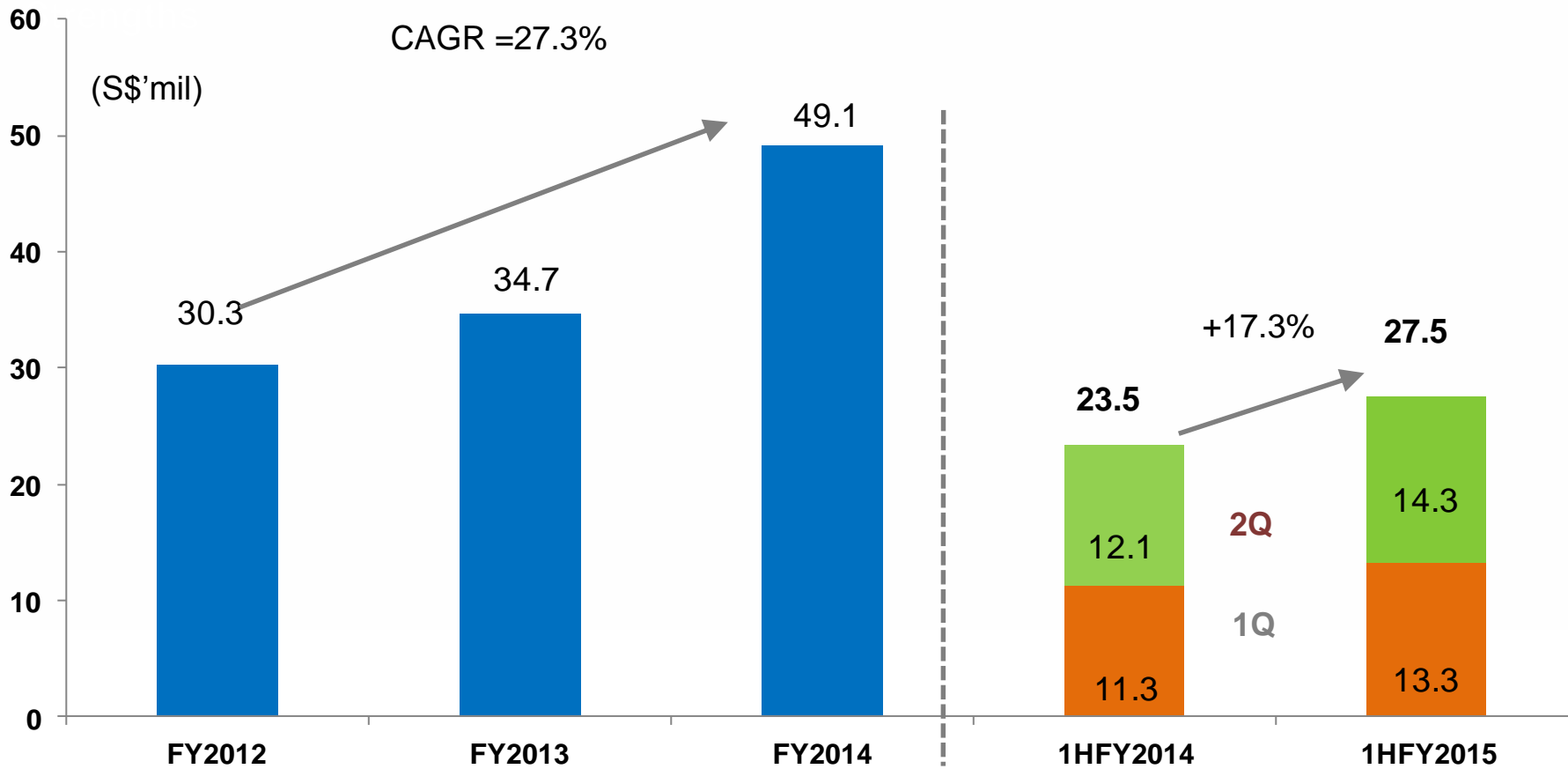
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Financial Highlights

RISING REVENUE

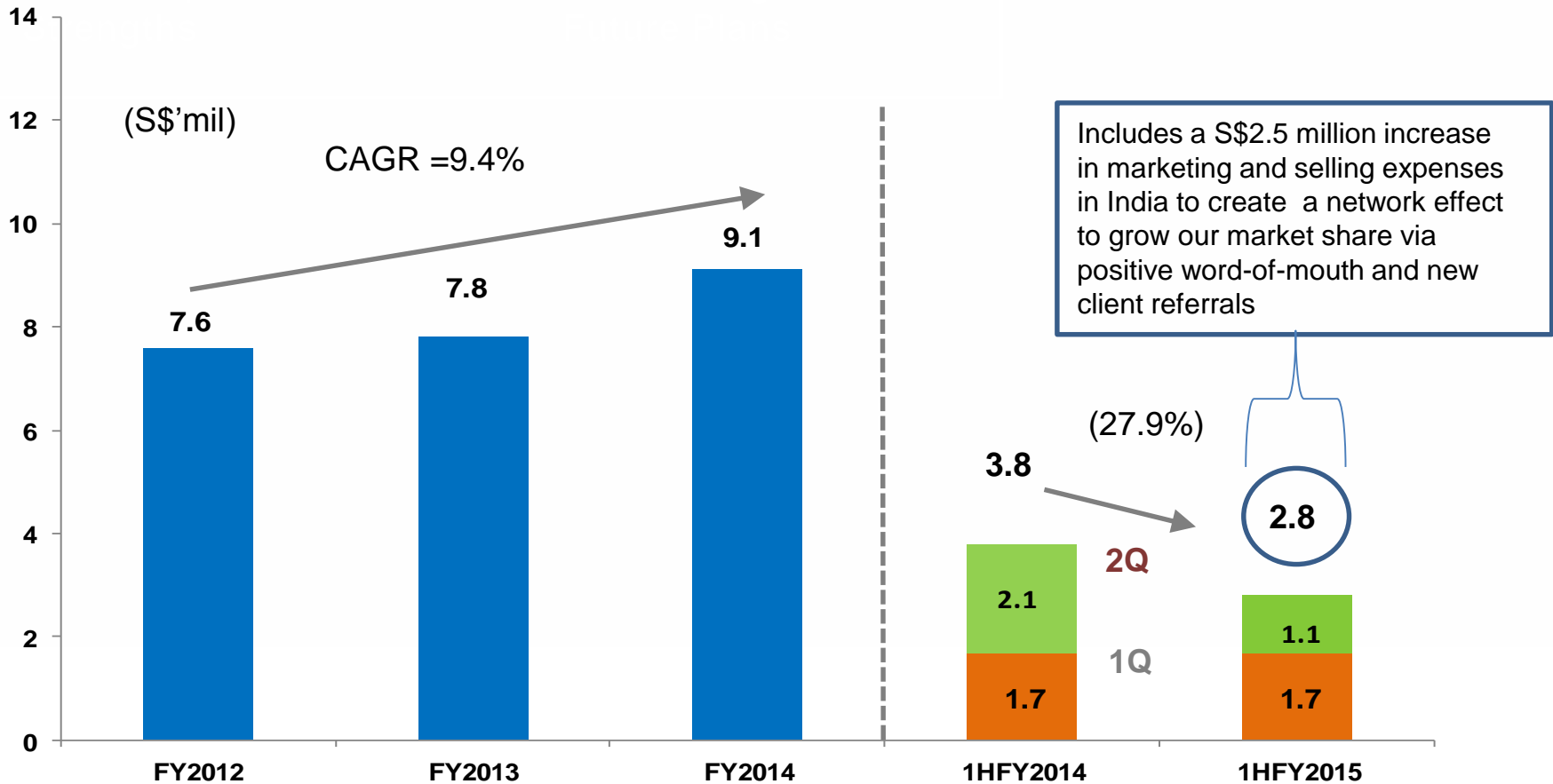


- Primarily driven by increase in number of client deliveries due to increased awareness as a result of increased marketing and client acquisition efforts



Financial Highlights

PROFIT BEFORE INCOME TAX FROM OPERATIONS



- Note that only entities operating under the Cordlife brand name which the Group has significant control over, are included in the calculation of profit before income tax from operations
- Share of results in associate, fair value changes on financial asset designated as fair value through profit or loss, fair value changes on derivative, gain on transfer from associate to financial asset designated as fair value through profit or loss, non-operating exchange differences, finance income and finance costs are excluded from profit before income tax from operations
- One-off items such as IPO expenses, gain on disposal of associate, fair value gain on investment properties and negative goodwill on acquisition of associate are also excluded from profit before income tax from operations



Near term income growth drivers

Continue to execute on through-the-line integrated marketing strategy in India



- Cordlife India increased marketing spend by S\$2.5 million in 1HFY2015 to grow market share via network effects.
- Create a network effect that will grow our customer pool via positive word-of-mouth and new client referrals, and leverage on our large installed base for cord blood banking to cross-sell more products
- Spending on TV commercials amounted to S\$1.2 million for 1HFY2015 and is not expected to recur in 2HFY2015

Positive contribution from the roll-out of new products and services in selected markets



- Growing royalty income from licensing of cord lining technology to CCBC and StemLife
- Future plans to introduce Metascreen™, a newborn metabolic screening test, to new markets. Metascreen™ was first launched by Cordlife in India in October 2013, and subsequently launched in Hong Kong and the Philippines in April 2014

Investment in CCBC

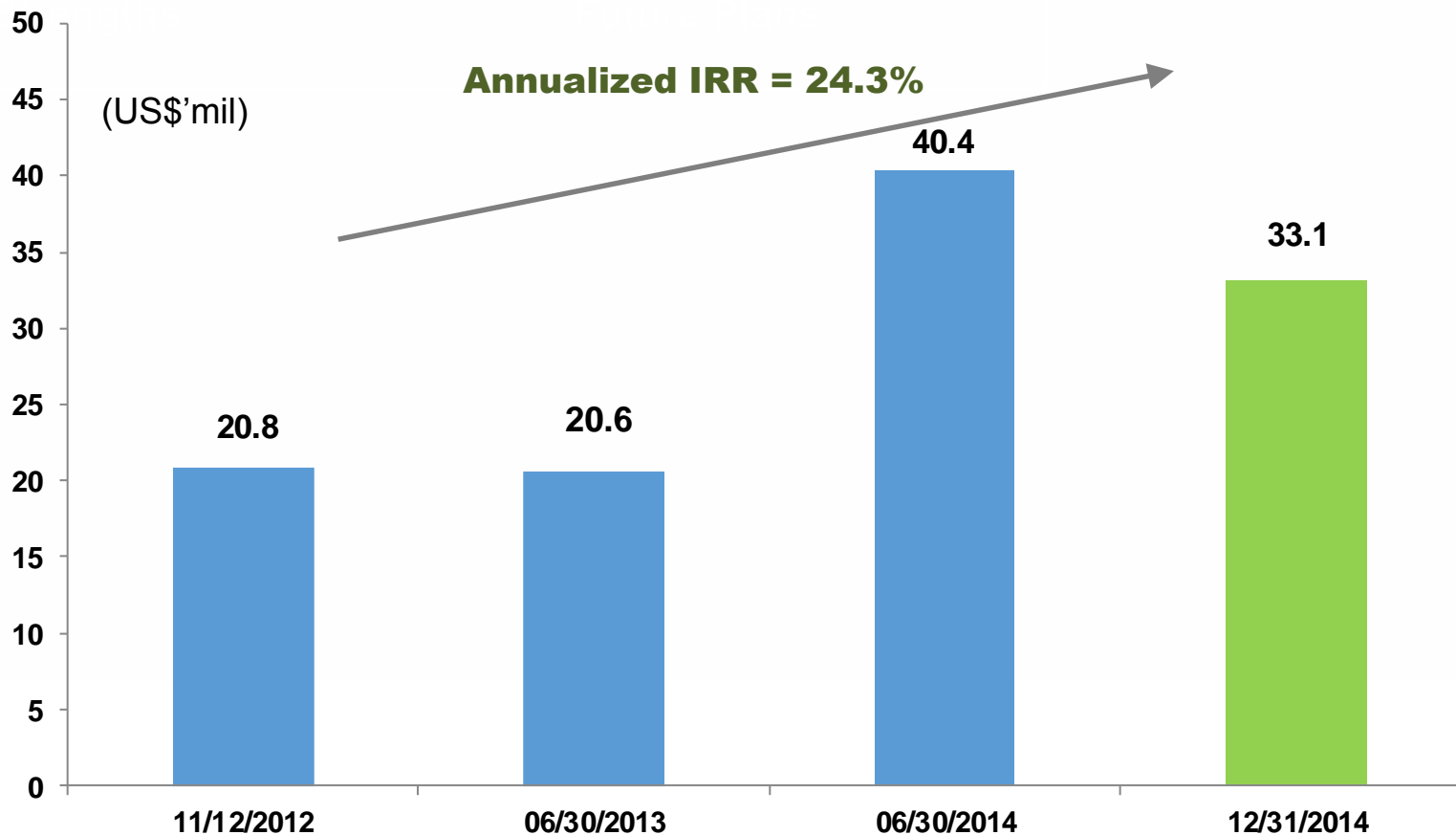


- Participate in CCBC's China growth story and upside from:
 - Coupon payments from Convertible Note: 7.0% p.a. which amounts to US\$1.75m annually
 - Potential dividend income
 - Capital appreciation (Annualized IRR of 24.3% from inception till 31 December 2014)
 - Interest from US\$46.5 million Magnum facility
 - Upfront non-refundable fee of approximately US\$1.45m
 - 7.0% p.a. semi-annually for first 3 years of loan. 4th and 5th year, interest payable at a rate of 4.6% over the Swap Offer Rate or 7.0% per annum, whichever is higher. Equivalent to US\$3,255,000 in each of the first 3 years, US\$2,848,125 in the 4th year and US\$1,220,625 in the 5th year
 - Expansion of products into China via CCBC

Cordlife's China Investment Portfolio



- Acquired 10% of CCBC and disposed 10% indirect equity stake in Guangzhou Tianhe Nuoya in November 2012
- Between 12 Nov 2012 and 31 Dec 2014, Cordlife has realised an Annualized IRR of 24.3%



Note: The US\$20.8 million reflects the investment cost of Cordlife's 10.02% stake in CCBC in November 2012, while values of US\$20.6 million, US\$40.4 million and US\$33.1 million reflect the value of a 10.02% stake in CCBC based on the prevailing market capitalization of CCBC on the respective dates

APPENDIX



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Group Structure

