

3QFY2015 RESULTS PRESENTATION

11 May 2015



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



FINANCIAL HIGHLIGHTS



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3QFY2015 Financial highlights



(S\$mil)	3QFY2014	3QFY2015	+/(-) % Chg
Total revenue	11.8	14.3	20.9
Cost of sales	(3.1)	(4.5)	45.8
Gross profit	8.7	9.8	12.1
Gross profit margin	74.0%	68.6%	(5.4p.p)
Other operating income	0.1	0.2	48.1
Selling and marketing expenses	(3.2)	(4.4)	36.0
Administrative expenses	(3.3)	(3.5)	5.8
Finance income	0.05	0.1	>100.0
Finance costs	(0.07)	(0.05)	(24.6)
Profit before income tax from operations	2.4	2.2	(7.0)
Non-core items*	(0.4)	16.5	n.m.
Profit before income tax	2.0	18.7	>100.0
Income tax expense	(0.4)	(0.3)	(12.6)
Profit for the financial period	1.6	18.4	>100.0

Note: *non-core items shown on next slide

Figures might not tally due to rounding of numbers



3QFY2015 Financial highlights – Non-core items



(S\$'mil)	3QFY2014	3QFY2015	+/(-) % Chg
Share of results of associate	0.02	(0.01)	n.m.
Fair value changes on financial asset designated at fair value through profit or loss	(0.4)	7.6	n.m.
Fair value changes on derivative	-	3.7	n.m.
Exchange differences	-	4.6	n.m.
Finance income	-	2.4	n.m.
Finance costs	-	(1.7)	n.m.



9MFY2015 Financial highlights



(S\$'mil)	9MFY2014	9MFY2015	+/(-) % Chg
Total revenue	35.3	41.8	18.5
Cost of sales	(10.4)	(13.5)	30.8
Gross profit	24.9	28.3	13.4
Gross profit margin	70.7%	67.6%	(3.1p.p)
Other operating income	0.3	0.6	72.9
Selling and marketing expenses	(9.5)	(13.5)	43.0
Administrative expenses	(9.6)	(10.5)	9.6
Finance income	0.1	0.3	>100.0
Finance costs	(0.1)	(0.1)	(16.1)
Profit before income tax from operations	6.2	5.0	(19.9)
Non-core items**	9.2	7.3	(19.9)
Profit before income tax	15.4	12.3	(19.9)
Income tax expense	(0.9)	(0.8)	(9.2)
Profit for the financial period	14.5	11.5	(20.6)

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



9MFY2015 Financial highlights – Non-core items



(S\$'mil)	9MFY2014	9MFY2015	+/(-) % Chg
Share of results of associate	(2.0)	(0.3)	(86.4)
Fair value changes on financial asset designated at fair value through profit or loss	5.0	0.9	(83.0)
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	-	(1.0)	n.m.
Exchange differences	-	6.7	n.m.
Finance income	-	3.9	n.m.
Finance costs	-	(2.9)	n.m.

Healthy balance sheet

As at March 31, 2015	S\$'000
Cash and cash equivalents, fixed deposits, short term investments *	34,106
Total Assets	316,651
Total Liabilities	172,928
Total Equity	143,723

**Inclusive of S\$12.9 million in fixed deposits, S\$0.3 million in short term investments and exclusive of \$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	9MFY2014	9MFY2015
Operating cash flows before movement in working capital	6,943	5,519
Net cash generated from/(used in) operating activities	1,198	(2,490)
Net cash used in investing activities	(34,876)	(59,070)
Net cash generated from financing activities	33,452	49,609
Cash & Cash equivalents, fixed deposits, short term investments and pledged fixed deposits at end of the financial period	34,314*	34,106**

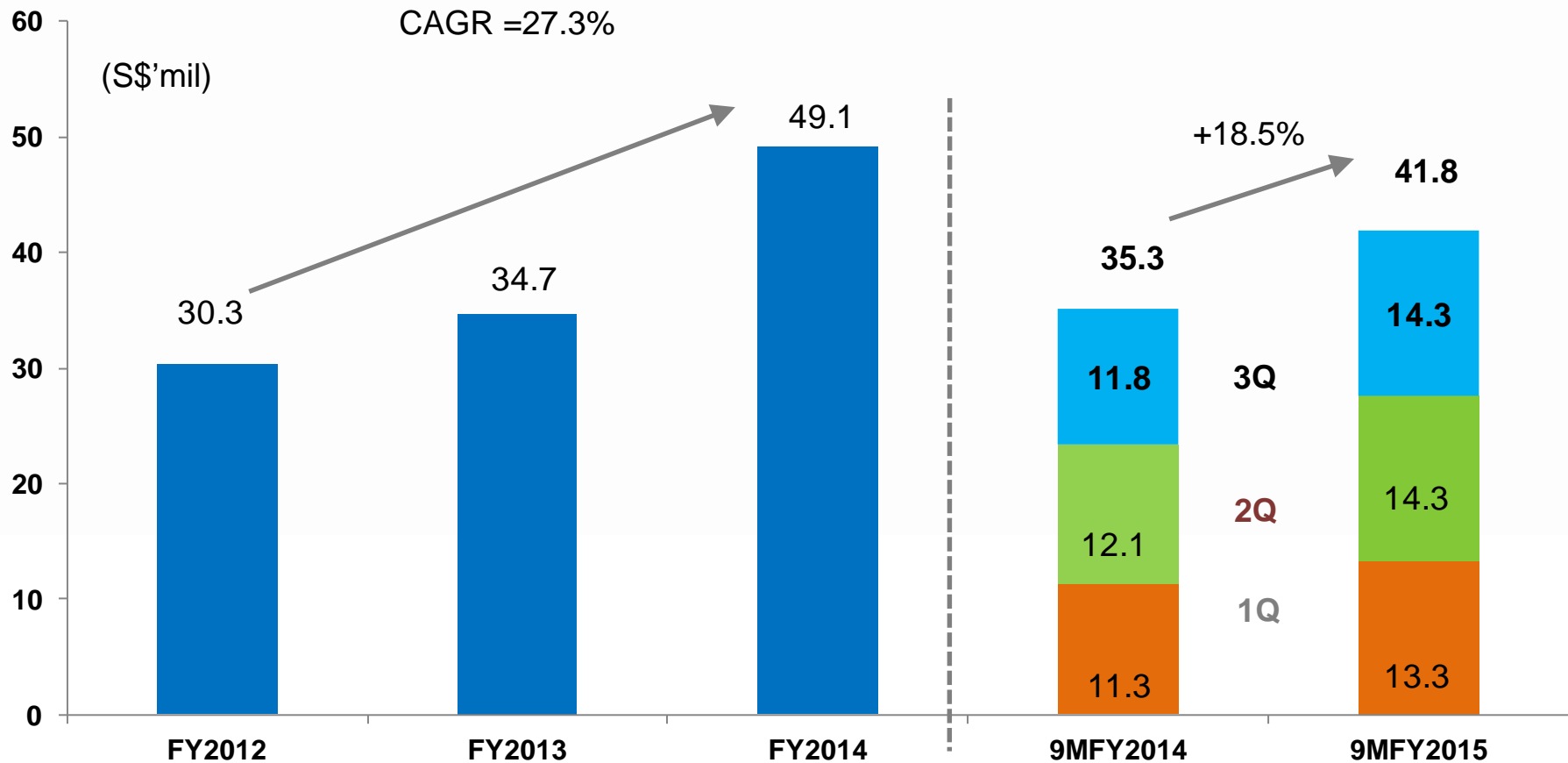
*Inclusive of S\$25.3 million in fixed deposits, S\$0.9 million in short term investments and pledged fixed deposits of S\$0.3 million as at 3QFY2014

**Inclusive of S\$12.9 million in fixed deposits, S\$0.3 million in short term investments and pledged fixed deposits of S\$0.3 million as at 3QFY2015

Financial Highlights

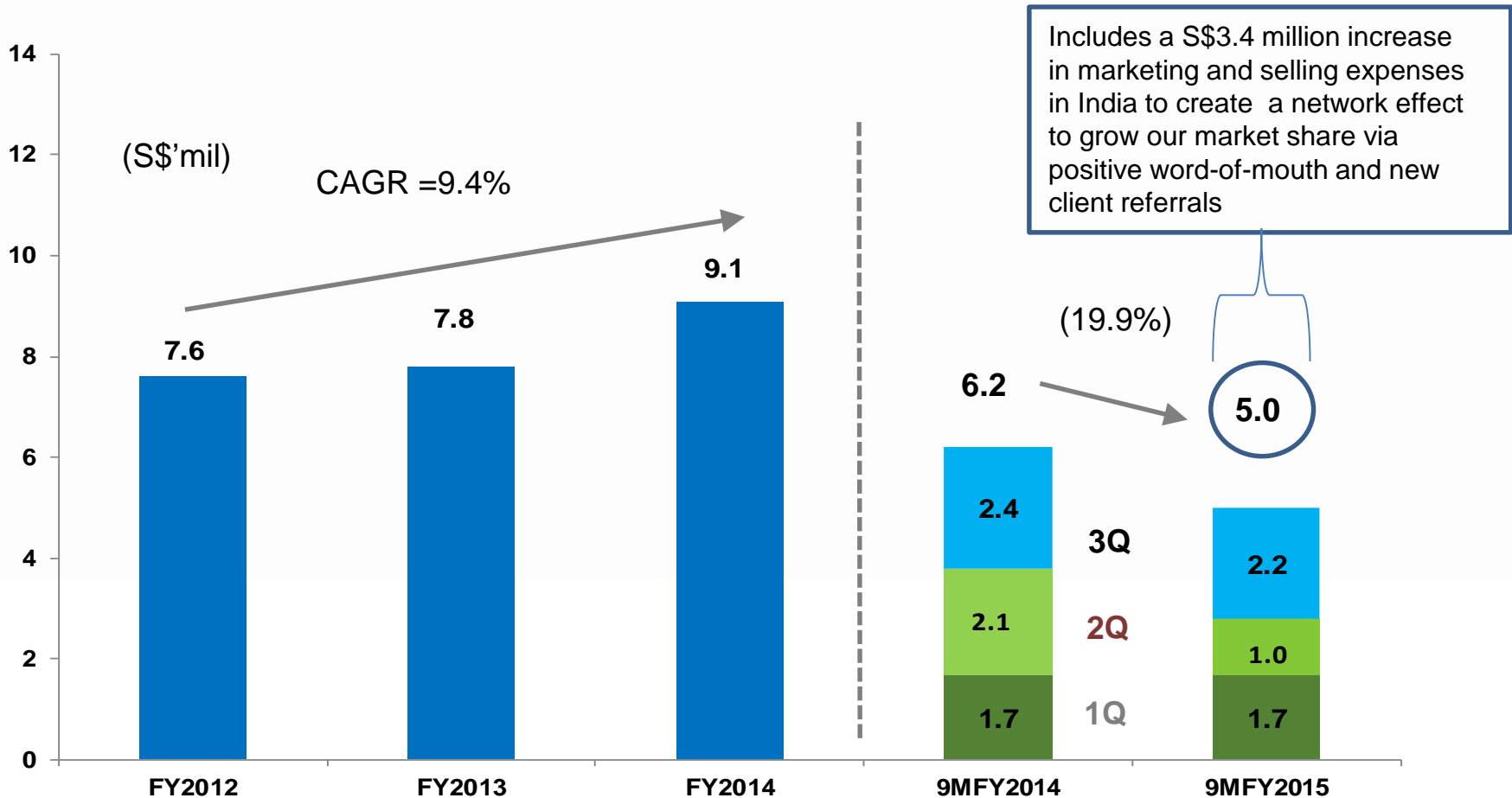
RISING REVENUE

- 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\$3.4 million in 9MFY2015 to grow market share via network effect.
- 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\$1.9 million for 9MFY2015.



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

- Growing royalty income from licensing of cord lining technology to China Cord Blood Corporation (“CCBC”) and StemLife Berhad.
- 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.



Proposed Disposal Of Shares in CCBC And Convertible Note (Cash Flow Perspective)



Cash Investment	S\$ (mil) ⁽⁴⁾	Proposed Disposal	Potential Proceeds S\$ (mil) ⁽⁴⁾	Potential Cash Profit (Cash invested – Potential Proceeds) S\$ (mil) ⁽⁴⁾
CCBC Shares		CCBC Shares		
Acquisition of 10% Interest In China Stem Cells (South) Company Limited (“CSCS”)	13.3	7.3 million CCBC shares @ US\$6.40/share	62.2	
Exchange of CSCS shares for CCBC shares, with a US\$4 million top-up	5.3			
Total cash invested in CCBC Shares	<u>18.6</u>	Total potential proceeds from disposal of CCBC Shares	<u>62.2</u>	<u>43.6</u>
CCBC Convertible Note		CCBC Convertible Note ⁽¹⁾		
8.8 million Convertible Note @US\$5.0/share	58.5	8.8 million Convertible Note @US\$6.40/share	75.0	
		Convertible Note Premium	6.8	
		Interest accrued but unpaid till 16 Nov 15 ⁽²⁾	2.7	
Total cash invested in CCBC Convertible Note	<u>58.5</u>	Total potential proceeds from disposal of CCBC Convertible Note	<u>84.5</u>	<u>26</u>
TOTAL CASH INVESTED IN CCBC SHARES AND CONVERTIBLE NOTE	<u>77.1</u>	TOTAL POTENTIAL PROCEEDS FROM DISPOSAL OF CCBC SHARES AND CONVERTIBLE NOTE	<u>146.7</u>	<u>69.6</u>
		Repayment from Magnum	60.9	
		Redemption of S\$120 mil MTNs ⁽³⁾	(120.0)	
		Proforma Net Cash inflow	<u>87.6</u>	

(1) This figure does not include the Additional Consideration which is dependent on the Final Proposal Price as explained in the Company’s announcement on 8 May 2015.

(2) Amount of interest accrued but unpaid on the Convertible Note during the period from 3 October 2014 to estimated completion date of 16 November 2015.

(3) Assumes S\$120mil MTNs is fully redeemed at par.

(4) Exchange rate used is US\$1:S\$1.33

Proposed Disposal Of Shares in CCBC And Convertible Note (Accounting Perspective)

	Investment (S\$ '000)	Comments
Investment in China Stem Cells (South) Company Limited (CSCS)		
30 Oct 2009	13,885	US\$10 million investment for a 10.0% equity stake in China Stem Cells (South) Company Limited (CSCS)
Balance as at 30 June 2011	15,111	Book value of associate
Balance as at 30 June 2012	17,664	Book value of associate
Balance as at 12 Nov 2012	17,885	Book value of associate
Proceeds from disposal	20,614	Disposal of CSCS at US\$ 16.8 million
	2,729	Gain on disposal of CSCS
Investment in CCBC		
Balance as at 12 Nov 2012	25,701	Acquisition of 7.3 mil CCBC shares at US\$2.85/share
Balance as at 30 June 2013	27,965	Book value of associate
Balance as at 27 Sep 2013	25,481	Book value of associate
Balance as at 27 Sep 2013	31,777	Transfer from associate to financial asset designated at fair value through profit or loss and the shares of CCBC are stated at the last traded price as at 27 Sep 2013
	6,296	Gain on transfer from associate to financial asset designated at fair value through profit or loss
Balance as at 27 Sep 2013	31,777	Fair value as at 27 Sep 2013
Balance as at 30 June 2014	50,494	Fair value as at 30 June 2014
Balance as at 31 Dec 2014	43,737	Fair value as at 31 Dec 2014
Investment in Convertible Note ("Note")		
Balance as at 31 Dec 2014	54,549	
TOTAL BOOK VALUE OF CCBC SHARES AND NOTE AS AT 31 DEC 2014	98,286	
Net Potential Proceeds From Sale of CCBC Shares and Note ⁽¹⁾ ⁽²⁾	144,470	US\$108.7 million converted to SGD at 1.33 USD/SGD net of related expenses of S\$120,000
Proforma net disposal gain	46,184	

(1) This figure does not include the Additional Consideration which is dependent on the Final Proposal Price as explained in the Company's announcement on 8 May 2015.

(2) Includes the amount of interest accrued but unpaid on the Convertible Note during the period from 3 October 2014 to 31 December 2014

APPENDIX



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Group Structure

