

China Cord Blood and Comparables

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■ Industry Summary and Outlook

Comparable Company Overviews

China Cord Blood (CNDZF)

China Cord Blood Services Corporation (CCBS) collects and stores cord blood for families in the Beijing municipality and Guangdong province of China. Cord blood is blood collected from a baby's umbilical cord after birth. This blood contains stem cells that could be used to correct genetic malfunctions later in the baby's life such as various kinds of cancers and immune system deficiencies. CCBS also provides laboratory testing, hematopoietic stem cell processing, and stem cell storage. Hematopoietic stem cells are cells that can be used to generate other kinds of blood cell types. According to Pantheon's CEO, CCBS serves 1.1 million babies per year.¹

CCBS has issued and outstanding warrants to purchase 13,583,334 ordinary shares and no options to purchase ordinary shares. In addition, they have one representative unit purchase option outstanding, which entitles the holder thereof to purchase 500,000 units, each unit consisting of one ordinary share and two warrants.²

MediPost Ltd. (KOSDAQ: 078160)

MediPost is divided in three segments: Cord blood and stem cell banking, research, and baby products. In 2009, cord blood banking accounted for 81.6% of their revenue and baby food and products accounted for 18.4% of revenue.³ According to MediPost's COO, cord blood banking provides revenue flow for research at MediPost. In addition, cord blood banking is risk-free for MediPost as they only store the cords, not perform surgery.⁴

MediPost classifies their principle activity as "research and development of cellular therapeutic agents with the use of stem cells within cord blood."⁵ They operate a public and private cord blood bank.

Stemcells (NASDAQ: STEM)

StemCells, Inc. is focused on the discovery and development of stem cell therapeutics that will form the basis of therapies to support or replace cells that have been damaged or lost through disease, injury or genetic defect. They are focusing on such conditions in the Central Nervous System, Liver and Pancreas.¹ StemCells, Inc. believes patent protection will be available to the first to identify and isolate any of the different types of human stem and progenitor cells, and the first to find methods to culture such cells, making the commercial development of cell-based treatments for currently intractable diseases financially feasible.²

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¹ Information retrieved from:
<http://news.prnewswire.com/DisplayReleaseContent.aspx?ACCT=104&STORY=/www/story/11-11-2008/0004923304&EDATE=>

² China Cord Blood 20-F 6/30/2009
http://www.sec.gov/Archives/edgar/data/1467808/000114420409036370/v154254_20f.htm

³ MediPost 2nd quarter filing: https://www.thomsononeim.com/v-com_fil_det.asp?CONT_CODE=INTRM&DOC_TYPE=P&CONT_KEY=22777445&CONT_FORMAT=PDF

⁴ MediPost company website: http://eng.medi-post.co.kr/com_vis.asp

⁵ Thomson One Analytics: <https://www.thomsononeim.com/v-hom.asp>

Company Overviews (cont.)

Histostem (Private)

Histostem is a biotechnology company that is developing the latest human cell based therapy. It is a part of Asia Cord blood bank. Asia Cord is made up of 6 countries, Korea, Japan, China, Taiwan, Thailand and Vietnam. Histostem is part of Asia Cord which helps patient with similar genetic characteristics. It has treated more than 500 patients with stem cells. It is the world's largest cord blood bank, with over 80,000 CBU. Histostem is the only company to have Korean FDA approval to use its cord blood derived stem cells for the treatment of Alzheimer's, Parkinson's, Diabetes, Mellitus, Hair loss and ALS. It has successfully developed facial cream for rejuvenation of skin for world wide distribution.

LifeCord Korea (Private)

LifeCord is the largest cord blood bank in the world. They are comprised of a cord blood bank, research and development division, and "its core division" Contract Resources Organization (CRO), which develops new medicines and medical treatments. They have received an award from the American Association of Blood Banks (AABB) recognizing the quality of its banks and storage technology.⁹

Payment Plans

Below is a summary of the payment plans for China Cord Blood, Histostem⁶, Medipost⁷, and Lifecord Korea⁸. STEMCELLS is not a cord blood bank so they are not included in the table.

	China Cord Blood	Histostem (Seoul Cord Bank)	Medipost Korea (Cell Tree)	Lifecord Korea
Product Name	Option One & Three 18 Yrs.	Noble Chance 15 Yrs.	Celltree Standard 15 Yrs.	Lifecord Standard 17 Yrs.
Cost	14,000 RMB for Option One	2,420,000 Won	1,300,000 Won	1,200,000 Won
Cost in USD	\$2,050	\$1,936	\$1,040	\$960
Product Name	N/A	N/A	Celltree Twin Standard 15 Yrs.	Lifecord Twin Standard 17 Yrs.
Cost/(Cost USD)	N/A	N/A	2,000,000 Won	1,820,000 Won
Cost in USD	N/A	N/A	\$1,600	\$1,456
Service	Registration, testing, processing, and storage fee included	Registration, initial extraction, stroage fee, 1 time transplant for the baby, and 1 time transplant for the family included	Registration, initial extraction, HLA screening, and storage fee included	Registration, initial extraction, HLA screening, and storage fee included
Premium Product Name	N/A	N/A	Celltree Premium 20 Yrs.	Lifecord Premium 22 Yrs.
Cost	N/A	N/A	1,690,000 Won	1,400,000 Won
Cost in USD	N/A	N/A	\$1,352	\$1,120
Service	N/A	N/A	Registration, initial extraction, HLA screening, and storage fee included. Option to extend 5 years of storage or 600,000 won rebate.	Registration, initial extraction, HLA screening, and storage fee included
Payment Schedule	Option One: Payment of a one-time processing fee of RMB 5,000 and an annual storage fee of 500 RMB payable each year for 18 years. Option Three: Initial payment of 1,100 RMB at the signing and and an annual storage/deferred fee of 800 RMB payable each year for 18 years.	One time payment	One time payment	One time payment

⁶Histostem Website: <http://www.seoulcord.co.kr/stemcell/0201.as>

⁷CellTree Website:

http://www.celltree.co.kr/bbs/mboard.asp?Action=view&strBoardID=faq&intPage=1&intCategory=1&strSearchCategory=|s_name|s_subject|&strSearchWord=&intSeq=1351

⁸<http://www.mom21mall.com/shop/shopdetail.html?brandcode=001001000002&search=&sort=order>

Industry Overview

	Chinese Market	Korean Market
Number of Regions	6	1
Number of New Borns per Year (Size of the Market)	Beijing: 11,000 Guangdong: 110,000	Korea: 439,047
Market Penetration (Cords Stored/New Borns)	Beijing: 10.0%~11.4% Guangdong: 1.2~1.5%	Korea: 5~9%
Requirements to Operate	Government License Required (Currently only 1 liscence per region)	No restrictions
Banks in Operation	1 per region	9+
Main Catalyst for Success	China Cord Blood's revenue growth is dependent upon on acquiring additional liscences and overall consumer appetite for cord banking services in China.	Heavily saturated market. Revenue and market shares are heavily dependent on reputation and word of mouth.

List of Cord Blood Banks in Korea
Seoul Cord Bank
Cell Tree (Listed in Kosdaq)
I-Cord
Life Cord
Baby Cell
I-Mom Cell Bank
Dream Cord
Life Line
Others

CNDZF Roadshow

On Friday Oct. 23rd, we spoke with Kevin from Rodman & Renshaw about the upcoming China Cord Blood road show. Kevin explained that the main purpose of this follow on offering was to build liquidity and get a small amount of funding for CCBS. They hope to execute the road show around early November and hope to have the entire done before Christmas. The estimated earnings from this deal are about \$25-\$35M. Kevin also mentioned that China Cord Blood recently filed to be listed on the NYSE, and gave us insight on a possible \$900M market cap licensed cord blood services company in China.

Key Stats for Public Companies

	MediPost		Stemcells		China Cord Blood	
	2009 (ttm)	2008	2009 (ttm)	2008	2009 (ttm)	2008
TEV	\$51.0	\$34.6	\$121.9	-	\$471.1	-
EBITDA	-\$0.3	\$1.0	-	-	-	\$19.3
REV	\$9.1	\$9.6	\$0.3	\$0.2	-	\$34.3
Profit						
Gross	\$5.4	\$5.6	-	-	-	\$25.4
Operating	-\$0.7	-\$0.5	-	-	-	\$18.5
Net	-\$0.5	\$0.2	-	-\$29.1	-	\$17.2
Margins						
Gross	59.3%	58.3%	-94.4%	-	-	73.9%
Operating	-7.7%	-5.2%	-2656.1%	-	-	53.8%
Net	-5.5%	2.1%	-2775.0%	-	-	50.2%
Ratios						
ROA	-1.3%	0.9%	-78.2%	-78.2%	-	18.0%
ROE	-0.1%	0.5%	-131.6%	-	-	3.6%
Total D/E	3.9	4	3.8	-	-	0.780
P/E	NEG	262.8	-	-	-	27.33

in millions (USD)

Forecasted Revenue

MediPost																		
	Size of Market			Market Penetration	Total % of Market Reached			Total Units Stored	Total New Births	Number of Babies Reached/Yr			Upfront Cost/Baby	Annual Storage Costs	Total Revenue			
	Good	Medium	Poor		Good	Medium	Poor			Good	Medium	Poor			Good	Medium	Poor	
Korea	2008	9.0%	7.0%	5.0%	5.0%	0.5%	0.4%	0.3%	-	439,047	1976	1537	1098	\$1,040	\$0	\$2,054,740	\$1,598,131	\$1,141,522
	2009	9.0%	7.0%	5.0%	5.0%	0.5%	0.4%	0.3%	-	432,678	1947	1514	1082	\$1,040	\$0	\$2,024,931	\$1,574,947	\$1,124,962
China Cord Blood																		
	Size of Market			Market Penetration	Total % of Market Reached			Total Units Stored	Total New Births	Number of Babies Reached/Yr			Upfront Cost/Baby	Annual Storage Costs	Total Revenue			
	Good	Medium	Poor		Good	Medium	Poor			Good	Medium	Poor			Good	Medium	Poor	
Beijing	2008	9.0%	7.0%	5.0%	11.4%	1.0%	0.8%	0.6%	49,382	110,000	1129	878	627	\$732	\$73	\$4,442,670	\$4,259,014	\$4,075,358
	2009	9.0%	7.0%	5.0%	11.4%	1.0%	0.8%	0.6%	75,442	110,721	1136	884	631	\$732	\$73	\$6,356,404	\$6,171,546	\$5,986,687
Guangdong	2008	9.0%	7.0%	5.0%	1.2%	0.1%	0.1%	0.1%	49,382	1,100,000	1188	924	660	\$732	\$73	\$4,486,167	\$4,292,845	\$4,099,353
	2009	9.0%	7.0%	5.0%	1.5%	0.1%	0.1%	0.1%	75,442	1,107,205	1495	1163	830	\$732	\$73	\$6,619,099	\$6,375,863	\$6,132,628