

Market Dialogues

kopi-C: the Company brew 

04 September 2020

Cordlife Banks on Asia's Expanding Healthcare Focus



Growing up with asthma, hospitals and emergency waiting rooms were familiar territory for healthcare industry veteran Tan Poh Lan.

"I was horribly asthmatic as a kid, and spent time in hospitals whenever I suffered an attack," recalled the Group Chief Executive Officer of SGX-listed cord blood banking services company Cordlife Group Ltd. "And because I loved the sciences, particularly biology, I wanted to build a career in healthcare."

In 1985, Tan graduated with Honours in Occupational Therapy from Australia's University of Queensland. She began her career as an occupational therapist with Singapore General Hospital a year later.

"As an occupational therapist, interacting daily with patients who suffered from trauma or disabilities, I learnt to deal with challenges head-on and look for alternative solutions," she said. "For example, how do you help a handicapped client to cope with daily tasks and routines? There's always a way, we just have to find it."

It helps that Tan is an eternal optimist, steeped in pragmatism. "I was brought up to be a practical person," she said.

"My mum has this favourite Cantonese proverb - 马死落地行 (ma si luo di xing), which means if the horse you're riding drops dead, just get down and walk. In other words, find another way."

And it is this indomitable spirit that defines Tan through her three decade-long career in the private and public healthcare sectors, both in Singapore and the region.

She joined Mount Elizabeth Hospital in 1991 as a Marketing Executive and rose through the ranks to the position of CEO in 2007. Between 2007 and 2015, she held CEO roles in other local and regional hospitals, including Parkway East Hospital - formerly East Shore Hospital, and Gleneagles Hospital in Singapore, as well as Vinmec International Hospital in Hanoi, Vietnam, and Fortis Healthcare Singapore.

Tan, who also holds a Master of Business Administration from the National University of Singapore, was appointed Group Chief Operating Officer of Cordlife in 2016. She was promoted to Group CEO three years later.

Incorporated in 2001 and listed on SGX Mainboard since 2012, Cordlife is a pioneer in private cord blood banking in Asia. It owns the largest network of cord blood banks in the region, with full stem cell banking facilities in the six key markets of Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. Through marketing agents, Cordlife extended its presence to Myanmar and Vietnam in 2017, and Bangladesh in 2019.

Market Leadership

Cordlife operates the largest private cord blood banks in Singapore, the Philippines and Indonesia, and is amongst the top three market leaders in India and Malaysia. The Group became the market leader in Hong Kong via the acquisition of Healthbaby Biotech in 2018. Through a Malaysian subsidiary, it also holds an indirect stake in Thailand's largest private cord blood bank, Thai Stemlife.

Beyond cord blood and cord lining banking, Cordlife offers a comprehensive suite of diagnostic services for the family, including urine-based newborn metabolic screening, non-invasive prenatal testing, paediatric vision screening and family genetic screening services.

All the Group's facilities are accredited by the American Association of Blood Banks (AABB), the organisation behind the world's gold standard for cord blood banking. In addition, Cordlife Singapore and Healthbaby Hong Kong are also two of four cord blood banks in Asia, and 10 in the world, to be accredited by both AABB and FACT, which is another world-class accreditation body for cord blood banks.

In the area of clinical diagnostics, Cordlife India, Cordlife Hong Kong and Healthbaby are also accredited by the College of American Pathologists (CAP).

When Tan joined Cordlife, she made it a priority to streamline the Group's operations. "I believe in first things first, which was to optimise the corporate structure," she said.

"We brought some previously outsourced functions back into the Group, and facilitated collaboration amongst the different markets, all of which have led to significant cost savings," she noted. "So, over the past year, although the top line hasn't grown as much as we would like, our bottom line has improved."

For the six months ended 30 June 2020, net profit jumped 50.2% year-on-year to S\$2.63 million, even as revenue declined 12.7% to S\$26.2 million. Net profit margin edged up 4.2 percentage points to 10.0%.

But cost-cutting only goes so far, she admitted. "Prudent expense management is not enough - we need to boost revenues as well."

As a result, the Group has been ramping up new revenue channels, including its diagnostics and digital healthcare business segments, to complement its core operations.

"Stem cell therapeutics are subject to regulatory oversight in each operating country. We welcome government efforts to set ethical guidelines that will allow our industry to progress cautiously and responsibly, as well as to grow in a healthy manner," Tan noted.

Cordlife has observed an encouraging trend of better alignment of regulations and guidance for stem cell therapeutics globally. As interest in stem cell therapy intensifies, its banking business will be a primary beneficiary, especially in the domain of cellular therapies and regenerative medicine.

"Our various country heads are proactively working to develop an ecosystem with doctors and hospitals in their respective countries to encourage utilisation of stem cells," she added. "This includes pre-clinical and clinical studies using such cells."

The results from Cordlife's diagnostics services segment have also been encouraging. Revenue contribution from this segment jumped 68% to S\$1.6 million in FY2019 from S\$0.9 million the previous year. "Diagnostics is a growth engine for all our markets and is expected to drive our business forward."

Middle-Class Market

Generating and boosting awareness of the potential of cord blood, cord tissue, as well as cord lining banking is another focus, Tan noted.

Cord blood banking involves the collection at birth, processing, testing, cryopreservation and storage of stem cells from umbilical cord blood. Cord tissue and cord lining banking refer to the collection, processing, testing, cryopreservation and storage of the umbilical cord tissue or lining. The process for cord lining banking uses patented technology from Singapore-based stem cell technology firm CellResearch Corporation via an exclusive license.

Currently, penetration rates in Malaysia, India, the Philippines, Indonesia, Vietnam, Myanmar and Bangladesh remain relatively low - at single digits compared to Singapore's double-digit rates.

"But we believe there is huge potential for growth in these countries as healthcare spending by the progressive middle and affluent classes is on the rise," she added. "Once you're able to capture the attention of mothers-to-be, it's easier to get their buy-in - it's usually the women who make healthcare decisions for the family."

Cordlife is also in the midst of developing its mobile application, Moms Up, which provides health information and resources to help Asian women who plan to conceive or are expecting, as well as mothers with young children. It targets to roll out the app to all its markets by year-end.

"Leveraging on this digital platform, we intend to expand our reach to potential clients and increase touchpoints with existing customers," she said. "It also serves as a base for us to educate and increase awareness of our services."

Apart from driving organic growth, Cordlife is also seeking acquisitions to further strengthen its market position, and expand its footprint beyond its current 10 markets in Asia.

"We will review any horizontal integration opportunities to add to the Group's revenue and earnings growth," Tan added. "These targets will be synergistic to our existing businesses and provide a competitive edge over other market players."

In particular, China is one market it has been exploring, with the abolishment of the country's one-child policy highlighting potential opportunities in its cord blood banking industry.

"In recent years, China has made remarkable advancements in stem cell therapies, bringing fresh insight to regenerative medicines. The strong government support and investment in stem cell research bodes well for our strategy of building the ecosystem of utilisation."

Last June, Cordlife made an indicative, non-binding proposal for a statutory merger with Global Cord Blood Corporation, the first and largest cord blood bank in China. Negotiations are still in the preliminary stage, she added.

Digitalisation Drive

In the meantime, the 58-year-old has her hands full managing the fallout from the coronavirus pandemic. "COVID-19 has affected demand for the Group's banking services and tightened consumer spending, resulting in lower client acquisitions," she admitted.

"With some of our key geographical markets facing recurring waves of the outbreak, we expect to face continued uncertainties from COVID-19 in the coming months."

With social distancing measures and border controls restricting Cordlife's ability to carry out physical promotional activities or deliver services, the Group has embarked on digital initiatives, including online consultations, webinars and e-enrolment to engage potential clients.

"To capture potential business opportunities, we continue to ramp up our digital marketing campaigns, which have allowed us to reach out to a larger audience," she added.

Other roadblocks include declining or stagnating birth rates in Cordlife's target market segments. "It's a known

trend that middle to upper class professionals living in cities are having fewer babies," Tan said.

"The good news, however, is that each child becomes very precious, and as these parents get more affluent, they have higher disposable incomes to invest in their children. With a wider suite of services, including diagnostics, we're able to offer bundling of services and products."

External challenges aside, Tan also worries about developing a deep talent bench within Cordlife.

"Organisational success is often linked to an inspiring vision, a clear mission and strong values. But do I have the right people? Do I have enough of the right people - not just for Singapore, but also for our other markets?"

And in an increasingly interconnected and digital environment, cybersecurity is another issue that looms large. "The growing risks and threats to IT security cannot be ignored. COVID has fast-forwarded our move online, and we need to ensure the safety, security and confidentiality of all our client data."

Despite these day-to-day concerns, Tan retains her sunny optimism. "I choose to believe that there's always a way out, and a solution can be found for every problem we face."

Not surprisingly, her greatest inspiration is making a positive impact on the people who cross her path. "You can always learn something from each person you come into contact with, no matter how big or small."

"This is what energises me, and keeps me going every day."

Cordlife Group Ltd

Cordlife listed on the Mainboard of Singapore Exchange in 2012, and is a pioneer in private cord blood banking in Asia. Established in May 2001, it currently owns the largest network of cord blood banks in Asia, with full stem cell banking facilities in six key markets, namely Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. Cordlife operates the largest private cord blood banks in Singapore, the Philippines and Indonesia, and is amongst the top three market leaders in India and Malaysia. In January 2018, Cordlife became the market leader in Hong Kong with the acquisition of the largest private cord blood bank in the country, Healthbaby Biotech. Through its majority-owned subsidiary in Malaysia, Stemlife Bhd, Cordlife holds an indirect stake in Thailand's largest private cord blood bank, Thai Stemlife. Through marketing agents, Cordlife also expanded its presence to Myanmar and Vietnam in 2017, as well as Bangladesh in 2019. Beyond cord blood and cord lining banking, Cordlife offers a comprehensive suite of diagnostics services for the family, including urine-based newborn metabolic screening, non-invasive prenatal testing, paediatric vision screening and family genetic screening services.

The company website is: www.cordlife.com

Click [here](#) for the company's StockFacts page.

For the half year ended 30 June 2020 financial results, click [here](#).



About kopi-C: the Company brew

About kopi-C: the Company brew

Text: Jennifer LH Tan

Photo: Company file

kopi-C is a regular column on the SGX Research website that features C-level executives of leading companies listed on Singapore Exchange. These interviews are profiles of senior management aimed at helping investors better understand the individuals who run these corporations.

For previous editions of *kopi-C: the Company brew*, please click [here](#).

For more information, or if you would like your senior executives to be featured on SGX Market Dialogues, please send suggestions to jennifer.t@sgx.com.

Singapore Exchange

Singapore | Beijing | Chicago | Hong Kong | London | Mumbai | New York | San Francisco | Shanghai | Tokyo



2 Shenton Way,
#02-02 SGX Centre 1,
Singapore 068804
main: +65 6236 8888

sgx.com

This document/material is not intended for distribution to, or for use by or to be acted on by any person or entity located in any jurisdiction where such distribution, use or action would be contrary to applicable laws or regulations or would subject Singapore Exchange Limited ("**SGX**") and/or its affiliates (collectively with SGX, the "**SGX Group Companies**") to any registration or licensing requirement. This document/material is not an offer or solicitation to buy or sell, nor financial advice or recommendation for any investment product. This document/material has been published for general circulation only. It does not address the specific investment objectives, financial situation or particular needs of any person. Advice should be sought from a financial adviser regarding the suitability of any investment product before investing or adopting any investment strategies. Use of and/or reliance on this document/material is entirely at the reader's own risk. Investment products are subject to significant investment risks, including the possible loss of the principal amount invested. Past performance of investment products is not indicative of their future performance. Any forecast, prediction or projection in this document/material is not necessarily indicative of the future or likely performance of the product. Examples (if any) provided are for illustrative purposes only. While each of the SGX Group Companies have taken reasonable care to ensure the accuracy and completeness of the information provided, each of the SGX Group Companies disclaims any and all guarantees, representations and warranties, expressed or implied, in relation to this document/material and shall not be responsible or liable (whether under contract, tort (including negligence) or otherwise) for any loss or damage of any kind (whether direct, indirect or consequential losses or other economic loss of any kind, including without limitation loss of profit, loss of reputation and loss of opportunity) suffered or incurred by any person due to any omission, error, inaccuracy, incompleteness, or otherwise, any reliance on such information, or arising from and/or in connection with this document/material. The information in this document/material may have been obtained via third party sources and which have not been independently verified by any SGX Group Company. No SGX Group Company endorses or shall be liable for the content of information provided by third parties (if any). The SGX Group Companies may deal in investment products in the usual course of their business, and may be on the opposite side of any trades. Each of SGX, Singapore Exchange Securities Trading Limited and Singapore Exchange Bond Trading Pte. Ltd. is an exempt financial adviser under the Financial Advisers Act (Cap. 110) of Singapore. The information in this document/material is subject to change without notice. This document/material shall not be reproduced, republished, uploaded, linked, posted, transmitted, adapted, copied, translated, modified, edited or otherwise displayed or distributed in any manner without SGX's prior written consent. Please note that the general disclaimers and jurisdiction specific disclaimers found on SGX's website at <https://www.sgx.com/terms-use> are also incorporated into and applicable to this document/material.

[Unsubscribe](#) | [Sign up for mailing list](#)

This is an auto-generated message. Please do not reply to this email.

Copyright © SGX. All rights reserved.

Cordlife sees growing adoption of cord-blood banking

The penetration rate in most of Asia is low, but is likely to rise with the rise of the middle class

GROWING up with asthma, healthcare industry veteran Tan Poh Lan, 58, found hospitals and emergency waiting rooms familiar territory.

The group chief executive officer of Singapore Exchange-listed cord blood banking services company Cordlife Group said: "I was horribly asthmatic as a kid, and spent time in hospitals whenever I suffered an attack."

"And because I loved the sciences, particularly biology, I wanted to build a career in healthcare."

She began her career as an occupational therapist with Singapore General Hospital, where she learnt to deal with challenges head-on and look for solutions. "For example, how do you help a handicapped client cope with daily tasks and routines? There's a way; we just have to find it."

This attitude has followed her through a three decade-long career in the private and public healthcare sectors, both in Singapore and the region.

She joined Mount Elizabeth Hospital in 1991 as a marketing executive and rose through the ranks to become its chief executive officer (CEO) in 2007. Between that year and 2015, she held CEO roles in other local and regional hospitals, including Parkway East Hospital (formerly East Shore Hospital) and Gleneagles Hospital in Singapore, and Vinmec International Hospital in Hanoi, Vietnam, and Fortis Healthcare Singapore.

Ms Tan was appointed group chief operating officer of Cordlife in 2016, and promoted to group CEO three years later.

Incorporated in 2001 and listed on SGX's mainboard since 2012, Cordlife is a pioneer in private cord-blood banking in Asia. It owns the largest network of cord blood banks in the region, with full stem cell banking facilities in the six key markets of Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. Through marketing agencies, Cord-

life extended its presence to Myanmar and Vietnam in 2017, and Bangladesh in 2019.

Market leadership

Cordlife operates the largest private cord-blood banks in Singapore, the Philippines and Indonesia, and is among the top three market leaders in India and Malaysia. The group became the market leader in Hong Kong via the acquisition of Healthbaby Biotech in 2018. Through a Malaysian subsidiary, it also holds an indirect stake in Thailand's largest private cord-blood bank, Thai Stemlife.

Beyond cord blood and cord-lining banking, Cordlife offers a comprehensive suite of diagnostic services for the family, including urine-based newborn metabolic screening, non-invasive prenatal testing, paediatric vision screening and family genetic screening services.

All the group's facilities are accredited by the American Association of Blood Banks (AABB), the organisation behind the world's gold standard for cord-blood banking. In addition, Cordlife Singapore and Healthbaby Hong Kong are also two of four cord blood banks in Asia, and 10 in the world, to be accredited by both AABB and the Foundation for the Accreditation of Cellular Therapy (FACT), another world-class accreditation body for cord-blood banks.

In the area of clinical diagnostics, Cordlife India, Cordlife Hong Kong and Healthbaby are also accredited by the College of American Pathologists.

When Ms Tan joined Cordlife, she made it a priority to streamline the group's operations. "We brought some previously outsourced functions back into the group, and facilitated collaboration among the different markets, all of which have led to significant cost savings," she said.

For the six months ended June 30, net profit jumped 50.2 per cent on year to S\$2.63 mil-



Under the leadership of Tan Poh Lan, Cordlife – with 10 Asian markets – is boosting its market position through acquisitions.

lion, even as revenue declined 12.7 per cent to S\$26.2 million. Net profit margin edged up 4.2 percentage points to 10 per cent.

But cost-cutting only goes so far, she said. "Prudent expense management is not enough – we need to boost revenues as well."

The group has thus been ramping up new revenue channels, including its diagnostics and digital healthcare business segments, to complement its core operations.

"Stem cell therapeutics are subject to regulatory oversight in each operating country. We welcome government efforts to set ethical guidelines that will enable our industry to progress cautiously and responsibly, as well as to grow in a healthy manner," Ms Tan said.

Cordlife has observed an encouraging trend of better alignment of regulations and guidance for stem-cell therapeutics globally. As interest in stem-cell therapy grows, its banking business will be a primary beneficiary, especially in the area of cellular therapies and regenerative medicine.

"Our various country heads are proactively working to develop an ecosystem, with doctors and hospitals in their respective countries to encourage utilisation of stem cells."

The results from Cordlife's diagnostics services segment have also been encouraging. Revenue contribution from this segment

grew 68 per cent to S\$1.6 million in FY2019 from S\$0.9 million the year before. "Diagnostics is a growth engine for all our markets and is expected to drive our business forward."

Middle-class market

Generating and boosting awareness of the potential of cord blood, cord tissue and cord-lining banking is another focus.

Cord blood banking involves the collection at birth, processing, testing, cryopreservation and storage of stem cells from umbilical cord blood. Cord tissue and cord-lining banking refer to the collection, processing, testing, cryopreservation and storage of the umbilical cord tissue or lining. The process for cord-lining banking uses patented technology from Singapore-based stem cell technology firm CellResearch Corporation via an exclusive licence.

The current penetration rates in Malaysia, India, the Philippines, Indonesia, Vietnam, Myanmar and Bangladesh remain relatively low – in the single digits, versus Singapore's double-digit rates.

"But we believe there is huge potential for growth in these countries as healthcare spending by the progressive middle and affluent classes is on the rise," she said. "Once you're able to capture the attention of mothers-to-be, it's easier to get their buy-in; it's usually the women who make the family's healthcare decisions."

Cordlife is also developing its mobile application, Moms Up, which provides health information and resources to help Asian women who plan to conceive or are expecting, as well as mothers with young children. It aims to roll out the app by year-end.

"Leveraging on this digital platform, we intend to expand our reach to potential clients and increase touch points with existing customers," she said.

Apart from driving organic growth, Cordlife is also seeking acquisitions to strengthen its market position, and expand its footprint beyond its current 10 markets in Asia.

"We will review any horizontal integration opportunities to add to the group's revenue and earnings growth," she said. "These targets will be synergistic to our existing businesses and provide a competitive edge over other market players."

China is one market it has been exploring, with the abolishment of the country's one-child policy brewing opportunities in cord-blood banking there.

Digitalisation drive

In the meantime, she is managing the fallout from the coronavirus pandemic. "Covid-19 has affected demand for the group's banking services and tightened consumer spending, resulting in lower client acquisitions," she said.

And with some of its key markets facing recurring waves of the outbreak, uncertainties are expected up ahead.

With social-distancing measures and border controls curbing Cordlife's physical promotional activities or delivery of services, the group has mounted digital initiatives, including online consultations, webinars and e-enrolment to engage potential clients.

Other roadblocks include declining or stagnating birth rates in Cordlife's target market segments. It is a known trend that middle-to-upper-class urban professionals have fewer babies, but "the good news is that each child becomes very precious, and as these parents get more affluent, they have higher disposable incomes to invest in their children. With more services, including diagnostics, we're able to offer bundling of services and products."

Ms Tan also worries about developing a deep talent bench in Cordlife: "Organisational success is often linked to an inspiring vision, a clear mission and strong values. But do I have enough of the right people – not just for Singapore, but also for our other markets?"

And in an increasingly interconnected and digital environment, cyber security is another issue that looms large. "The growing risks and threats to IT security cannot be ignored. Covid has fast-forwarded our move online, and we need to ensure the safety, security and confidentiality of all our clients' data."

SECURITIES TRADING SCOREBOARD

	MAIN			CATL			TOTAL		
	Up	Down	Unch	Up	Down	Unch	Up	Down	Unch
Multi Ind	2	7	2	0	1	0	3	8	2
Manufacturing	16	30	18	18	12	12	34	42	28
Commerce	14	14	7	6	6	5	20	20	12
Tpt/Store/Comms	3	11	4	0	1	1	3	12	5
Finance	2	12	2	0	1	1	2	14	3
Construction	2	8	6	1	1	2	3	9	7
Properties	7	27	9	1	1	0	8	28	9
Hotels/Rts	1	5	3	0	2	1	1	8	4
Services	13	21	11	3	11	11	22	35	24
Elect/Gas/Water	0	0	1	0	0	1	0	0	2
Agriculture	0	2	2	0	0	0	0	2	2
Mining/Quarry	0	1	1	1	1	6	1	2	7
REIT	46	64	11	1	2	46	46	65	13
GLOBALQUOTE	8	13	5	0	0	0	8	13	5
TOTAL	113	216	80	26	43	43	140	257	103
GLOBALQUOTE	0	0	0	0	0	0	0	0	2

Active counters with no volume for today are not included.

SECURITIES TRADING TURNOVER

	MAIN			CATL			TOTAL		
	Volume ('000)	Value ('000)	Value ('000)	Volume ('000)	Value ('000)	Value ('000)	Volume ('000)	Value ('000)	Value ('000)
Multi Ind	20,990	387	23,777	72,113	35	72,148	93,103	387	72,183
Manufacturing	288,892	344,998	993,944	226,658	58,659	58,659	515,550	344,998	515,550
Commerce	35,948	80,355	82,203	49,054	1,029	1,029	85,383	80,355	85,383
Tpt/Store/Comms	73,198	15,435	8,831	128,594	1,029	1,029	201,792	15,435	201,792
Finance	29,651	1,806	3,127	26,523	31	31	56,174	1,806	56,174
Construction	6,863	25,476	25,339	42	1,282	1,282	6,905	25,476	6,905
Properties	74,242	28,422	109,697	144,820	5,618	5,618	219,062	28,422	219,062
Hotels/Rts	930	825	1,585	1,644	859	1,802	1,974	825	1,974
Services	124,146	88,071	243,287	67,529	4,862	4,862	191,675	88,071	191,675
Elect/Gas/Water	38,279	55	18,324	10,047	11	11	48,326	55	48,326
Agriculture	6,352	-	4,352	3,451	-	-	9,803	-	9,803
Mining/Quarry	1,441	37,345	28,786	71	4,448	4,448	39,231	37,345	39,231
REIT	292,219	7,091	297,852	7,778	48	48	299,997	7,091	299,997
TOTAL	998,329	696,398	1,587,753	1,105,839	84,985	84,985	2,104,168	696,398	2,104,168
GLOBALQUOTE	-	-	-	-	-	-	-	-	-

Sing & Foreign S' stocks. Value calculated using Morday's exchange rates.

This is an excerpt from SGX's "Kopi-C: The Company Brew", a regular column featuring C-level executives of SGX-listed companies. Previous editions can be found on SGX's website www.sgx.com/research.