



Biostime
Corporate Presentation

Biostime's Partnership with Suisse Wellness



Swisse Wellness – Transformational Partnership for Biostime International

Acquired 83% stake in Swisse Wellness, the leading Australian VHMS player

Enables Biostime to emerge as a nutrition specialist for the complete family

Potential for significant value creation for shareholders – highly accretive to Biostime's growth & margins

Transaction represents an Enterprise Value ("EV") of AUD1,670m (RMB7.5bn)¹

Transaction multiples: 2015 EV/Sales – 3.65x² ; 2015 EV/EBITDA: 10.2x²

Transaction to be financed by a mix of Biostime's internal cash, debt financing by HSBC & ANZ and Swisse management stake roll-over

1. AUD-RMB: 4.5123
2. LTM Aug 15 Gross Sales: AUD457m; LTM Aug 15 EBITDA: AUD164m





Strong organization strongly positioned in rapidly growing consumer segments



Focus on providing premium high quality products with innovation at the core



Similar development history



International mindset



Young, energetic, proactive and professional team with strong knowledge of local markets and global trends



Consumer / market driven approach



Similar customer positioning and synergistic customer base

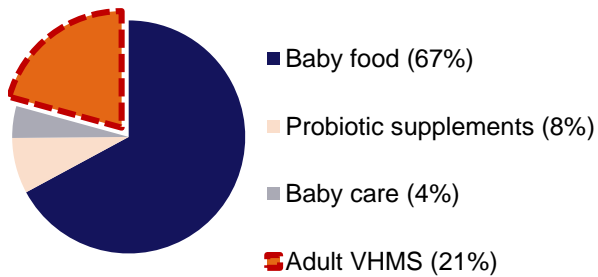


Partnership Highly Complementary to Biostime's Strategic Objectives

Multi-pronged strategy aimed towards strengthening and expanding its portfolio and markets and maintaining its strong financial track record

Entry into a new high growth category

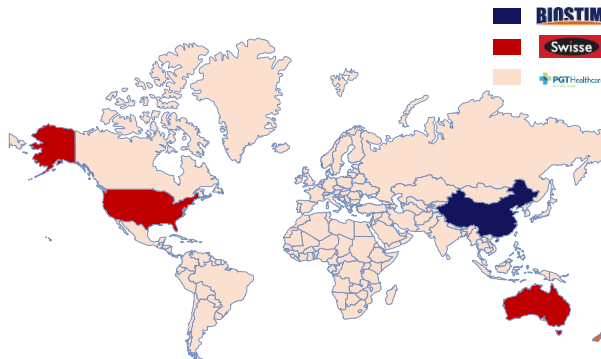
2015 Pro-forma revenue breakdown



Revenue diversification by entering high growth consumer categories

“Emerge as an all round nutrition and care expert for the entire family”

Geographic expansion with access to profit pools



Immediate scale-up of operations with access multiple markets across globe

“Establish a global footprint while maintaining a strong base in China”

Strengthen growth and margin profile



Growth accretive



Margin accretive



Transaction accretive to both growth and margins

“Enables long-term value creation by strengthening financial profile”



Impact on Biostime's Financials

Strengthens financial profile – highly accretive to growth and margins

Accretive to EPS – create significant value for shareholders

Potential for further margin uplift resulting from synergies in supply chain and best practice sharing across R&D

Significant revenue synergies resulting from cross selling opportunities across markets

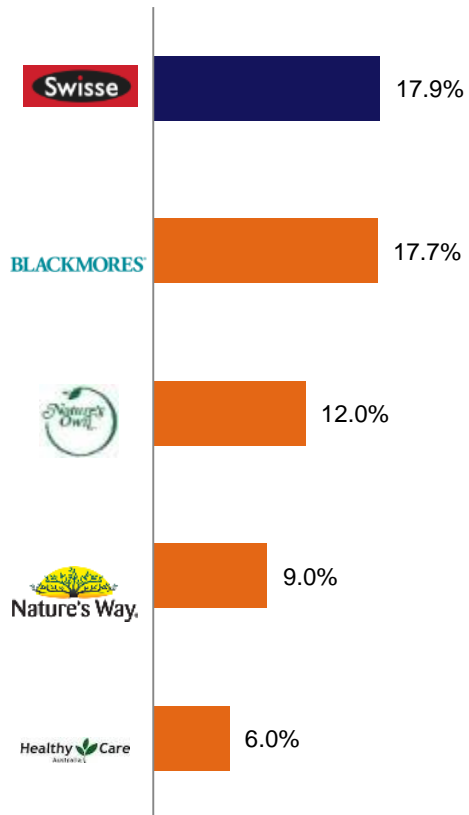
Strong potential for significant value creation



About Suisse Wellness



#1 Australian VHMS brand

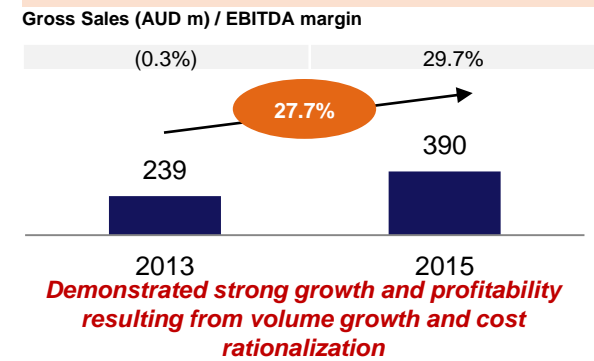


1 Market leader with extensive portfolio

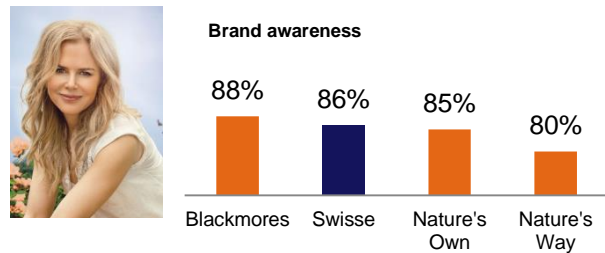


More than 200 products in vitamins, sports nutrition, superfood and skin care segment sold under Swisse Brand

2 Displayed strong growth and profitability



3 Strong brand recognition from extensive marketing campaigns



4 Poised to be a global brand – PGT partnership



Licensing partnership with PGT – PGT to ramp up Swisse's presence to 20+ countries by 2018 and provide go-to-market expertise

Source: Bain, Company data



Large and Differentiated Product Range

Swisse Vitamins & Supplements (c.88% gross sales)
Ultivites launched 25 years ago, Ultiboost launched 7 years ago



Swisse Superfoods (c.8% gross sales)
Launched 5 years ago

Swisse Skincare (c.2% gross sales)
Launched 3 years ago

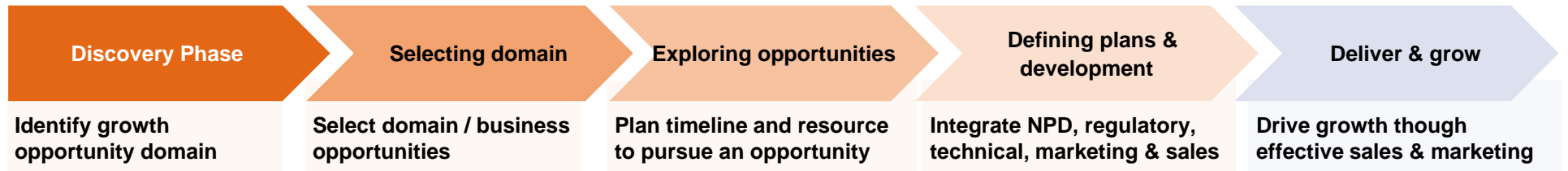
Swisse Active (c.2% gross sales)
Launched 3 years ago

Source: Company data

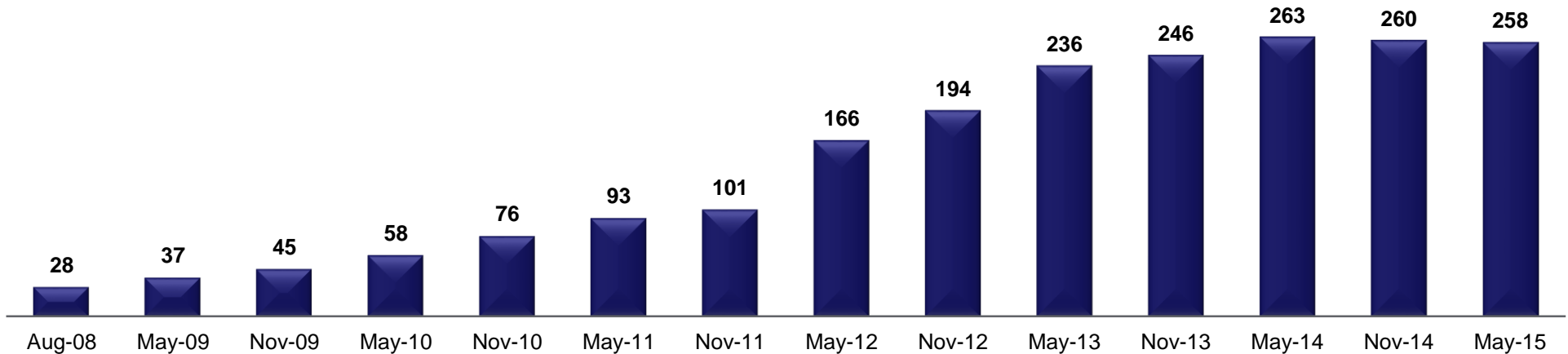


Robust Track Record of New Product Development

Market leading speed to market – 8-16 weeks vs. c.12 months for competitors



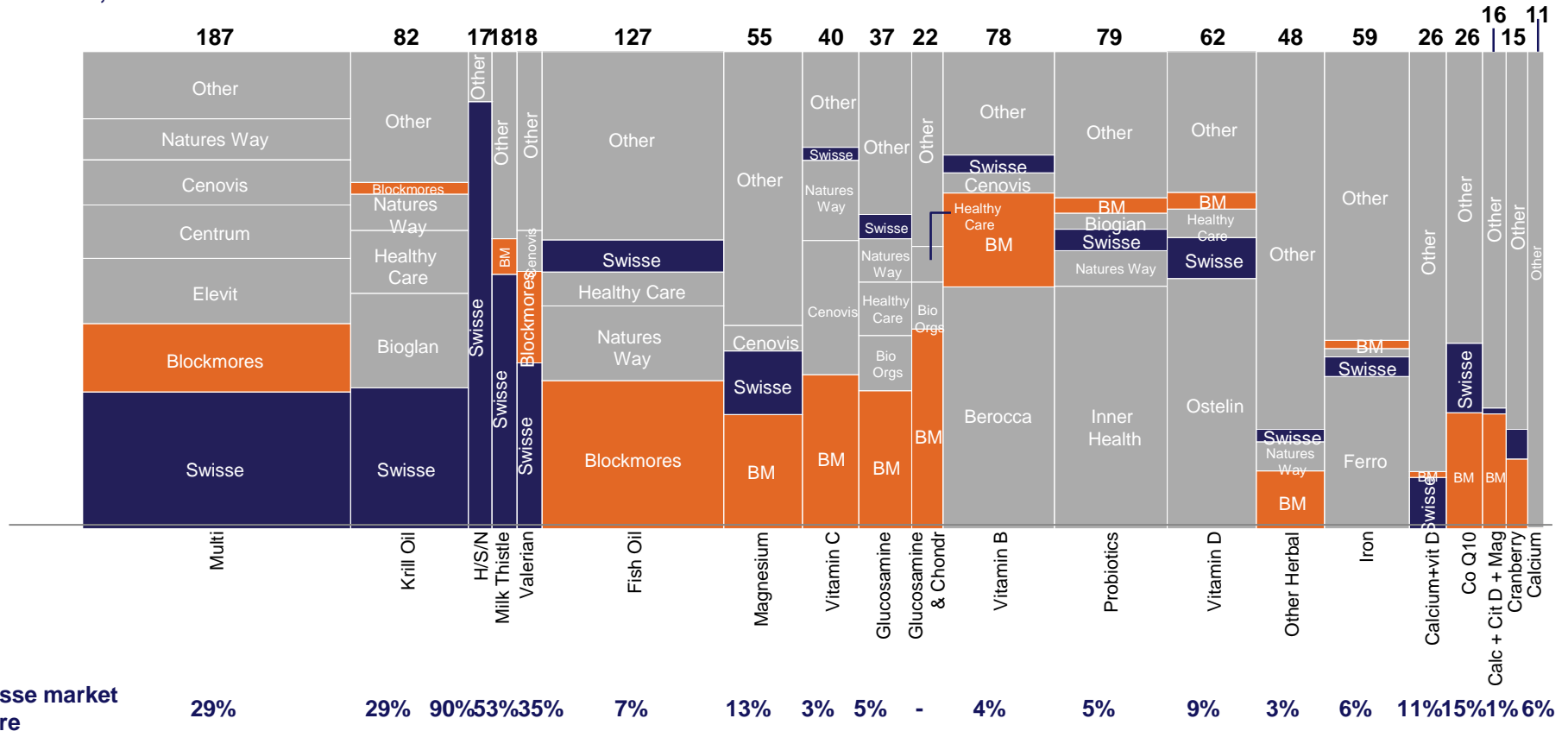
Swisse SKU growth



Attractive Positioning across all Key Product Categories

Sales / Market share of Top 20 VHMS categories

Total = AUD1,100m



Swisse market share

Source: Bain



Quality ingredients

- World-class ingredients from high quality suppliers
- Swisse's strict commitment to quality enhances product efficacy and secures best-in-class product safety



Manufacturing

- All Swisse products are manufactured in pharmaceutical certified facilities
 - Comply with Good Manufacturing Practices
 - TGA Approved
- A key differentiator versus other global brands



Testing

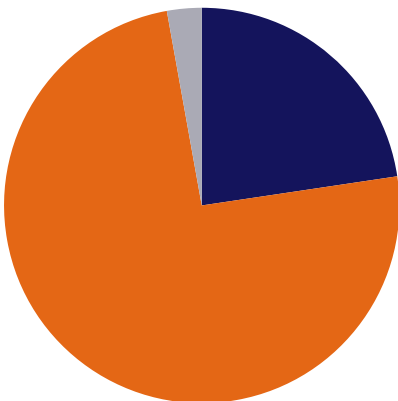
- Each Swisse product passes up to ~100 quality assurance test
 - PGT conducted technical due diligence on Swisse and found them to be industry leading



Source: Company data



- ✓ Has strong presence across the pharmacy and grocery channels - products sold across all key pharmacies & supermarket chains
- ✓ Pharmacy accounts for major share in distribution (c.79%) being a higher margin channel



- Grocery (24%)
- Pharmacy (79%)
- Health Foods & other (3%)

Source: Company data

Key Distribution Partners

Pharmacy



Grocery



Health, foods & others

Diverse range of other health food stores across Australia



BIOSTIME Top-notch Marketing Model



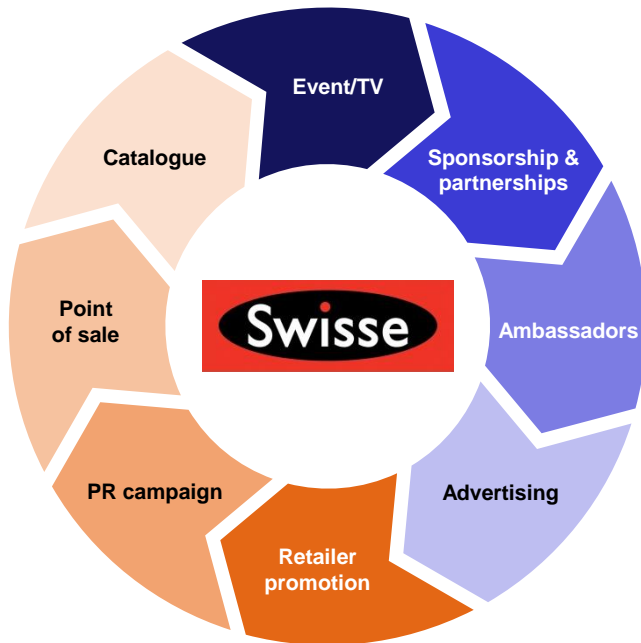
The Choice of the Australian Olympic Team

Unique 360 degree marketing model

Strong brand recognition supported by star endorsement value

“Integrated marketing model which is repeatable across products & geographic”

“Strategic partnership with aspirational people who can engage and excite and inspire them to live a healthier & happier lives”



Nicole Kidman
Global ambassador



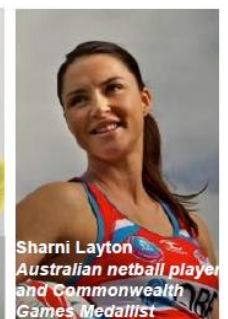
Ricky Ponting
Australia's most successful test cricket captain



Liz Cambage
Australian basketball player and Olympic medalist



Sonia Kruger
Australian television presenter and host of The Voice



Sharni Layton
Australian netball player and Commonwealth Games Medalist



Ash Hart
Model and yoga instructor



George Galombaris
Australian chef and Masterchef judge



Bianca Chatfield
Australian netball player and Commonwealth Games Medalist



Mitch Johnson
Australian cricketer

Source: Company data





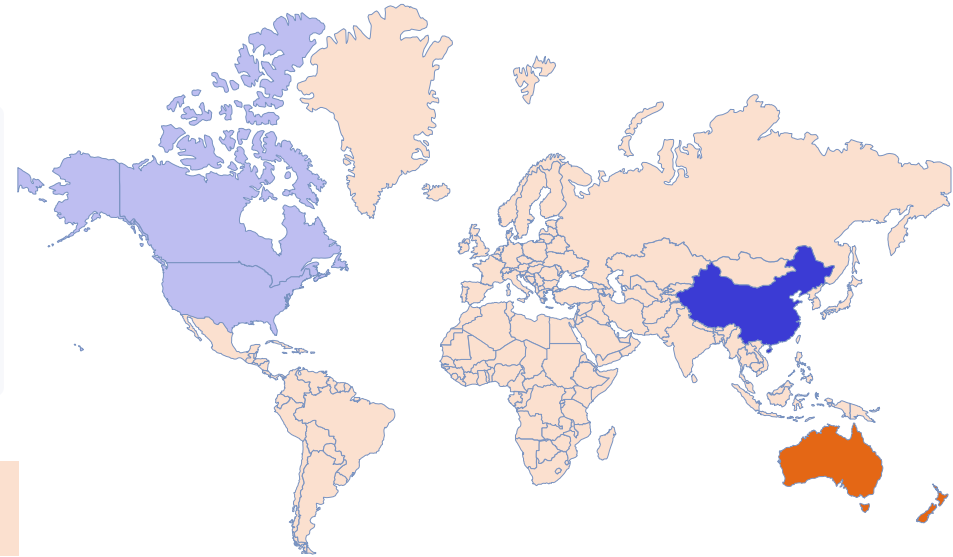
• PGT is a joint venture between:

- Procter & Gamble, World’s leading consumer brand with operations in 80 countries
- Teva, a leading global pharmaceutical company with direct presence in over 60 countries

Global reach – PGT to expand Swisse’s brand presence to 20+ countries in next 3 to 5 years

Benefit PGT go-to market knowledge & experience, access to its R&D and regulatory expertise

International market visibility and supply chain scale gain



- Core market (ANZ)
- China (Passive Sales)
- North America
- PGT Licensed territories

PGT Healthcare brings its deep consume understanding, unrivalled marketing scale advantages and global regulatory & go-to market expertise to the partnership

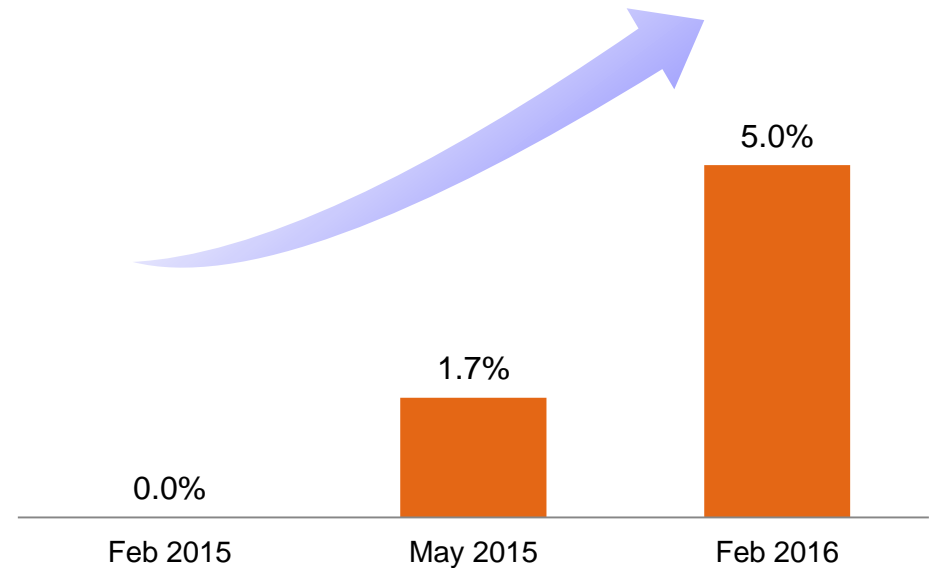
Source: Company data



Successful Rollout of Swisse Products in Singapore with PGT

- PGT launched the Swisse brand in Singapore in Mar 2015
- Carefully planned A&M strategy to support launch
 - Optimal retail footprint and distribution channel (270+ stores)
 - Superior in-store positioning
 - Digital-led media support (Yahoo, Facebook & Google)
 - New customer trial activities and cisits from dedicated Singapore ambassador Rebecca Lim
- Launch of Swisse into new e-commerce platform Redmart

Swisse share of Singapore VHMS market



Successful launch in Singapore in March 2015 with Swisse securing a market share of c.2% in just 2 months of launch

Source: Company data



Highly Experienced Management Team with Demonstrated Capability of Driving Growth

	Trevor O'Hoy <i>Chairman</i>	<ul style="list-style-type: none"> • Joined in 2014 and appointed Chairman in 2014 • Also serves as a Non-Executive Director of ASG Group • Previously CEO and CFO of Foster's Group
	Radek Sali <i>CEO</i>	<ul style="list-style-type: none"> • Joined in 2005 and appointed CEO in 2008 • Drove Swisse's revenue from ~A\$42m in FY08 to A\$360m FY15E (36% CAGR) • Helped Swisse to receive BRW's Most Successful Business Award in 2012, and was personally recognised by GQ, winning their Businessman of the Year award in 2013 • Previously General Manager of Gold Class cinemas for Village Roadshow
	Michael Da Gama Pinto <i>CFO</i>	<ul style="list-style-type: none"> • Appointed CFO in 2013 • Previously Director of Investments at Harbert Australia Private Equity, during which time he served as a Director of Aesop, FastTrack and Sumo Visual Group • Prior experience at ANZ Private Equity and PricewaterhouseCoopers and is a Chartered Accountant
	Adem Karafili <i>COO</i>	<ul style="list-style-type: none"> • Joined in 2009 and appointed COO in 2013 • Previously Managing Director of UBC Commercial • Prior experience as Finance Manager and Commercial Manager of Toll Holdings
	Mike Howard <i>Director Sales & Marketing</i>	<ul style="list-style-type: none"> • Appointed in 2014 • Previously General Manager of Tissot Australia in the Swatch Group • Prior experience as General Manager of own watch brand and Brand Manager of Christian Dior ANZ (LVMH Watch and Jewellery)
	Catherine Crowley <i>Director People & Culture</i>	<ul style="list-style-type: none"> • Joined in 2011 as Product Development Manager and moved into the People & Culture area in 2012 • Previously Head of Education for 5 years at Mecca Cosmetics • Prior experience in the leisure, retail and hospitality industries across functions spanning operations, leadership, human resources and education
	George Livery <i>Director Strategy & Corporate Development</i>	<ul style="list-style-type: none"> • Joined in 2011 as Commercial Director and was appointed to Director of Strategy & Corporate Development in 2014 • Previously CEO of Village Cinemas • Prior experience as a senior executive or Director for over 20 years
	Ulrich Irgens <i>Director International Business</i>	<ul style="list-style-type: none"> • Appointed in 2011 • Previously Global Industry Director, Dietary Supplements, Pharma, Infant Nutrition at Du Pont • Prior experience as Business Director of Health and Nutrition, Europe and Asia, for Lallemand



Strategic Rationale for Partnership



Access to large and growing VHMS industry in Australia through a market leading player

Access to ready market in China following established presence

The Swisse logo consists of the word "Swisse" in a white, sans-serif font, centered within a black oval shape, which is itself set against a red rectangular background.

Portfolio diversification → establish itself as a nutrition provider for the complete family

Significant potential for value creation



Access to large and growing VHMS industry in Australia through a market leading player

Access to ready market in China following established presence



Swisse

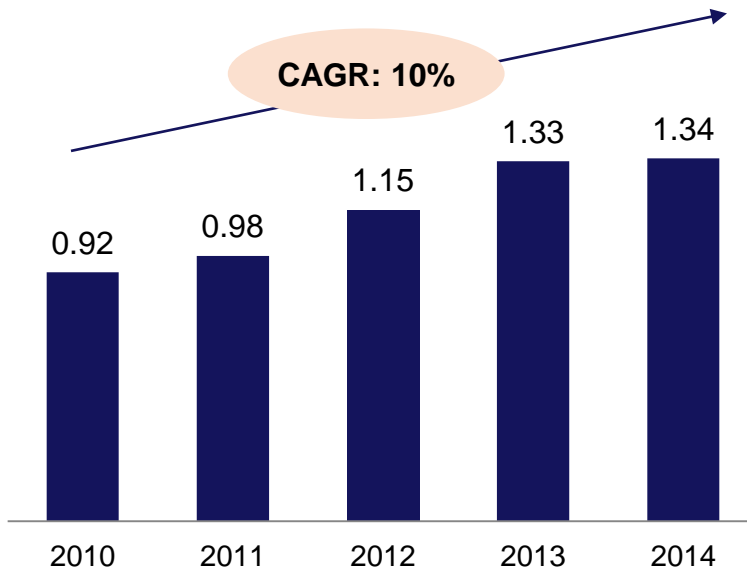
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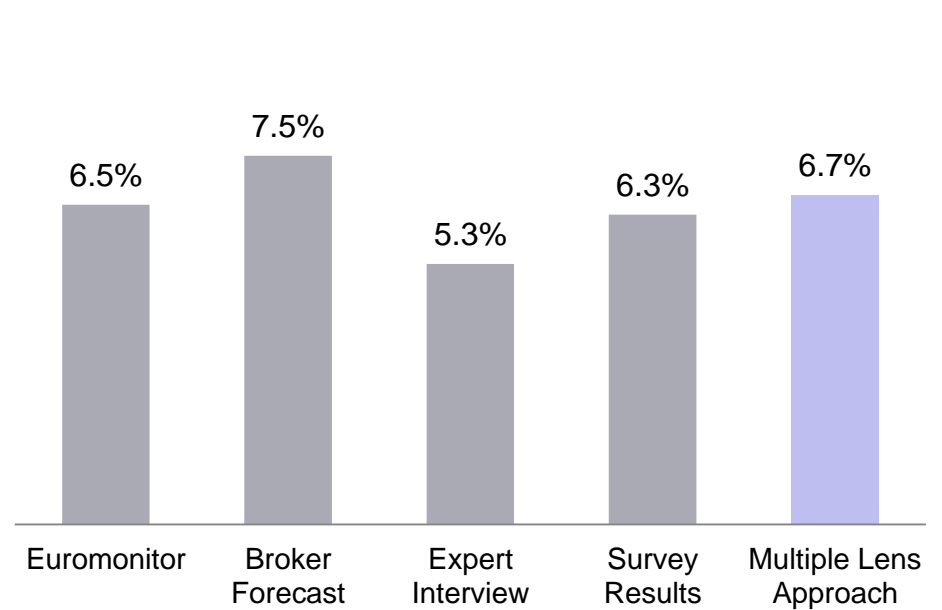


Australian VHMS Market

Market size (AUDbn)



2015-18 Market Size CAGR



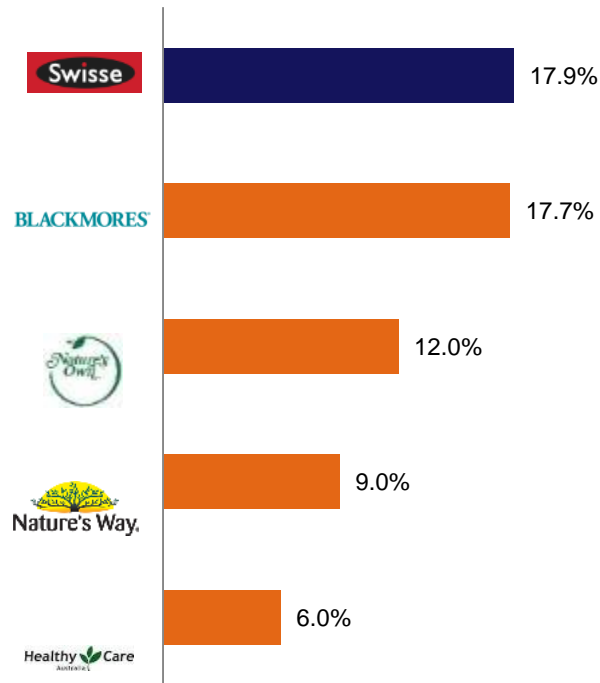
Growth driven by factors including increasing ageing population, growing penetration of health and wellness trend and consistent demand characteristics of the products

Source: Bain



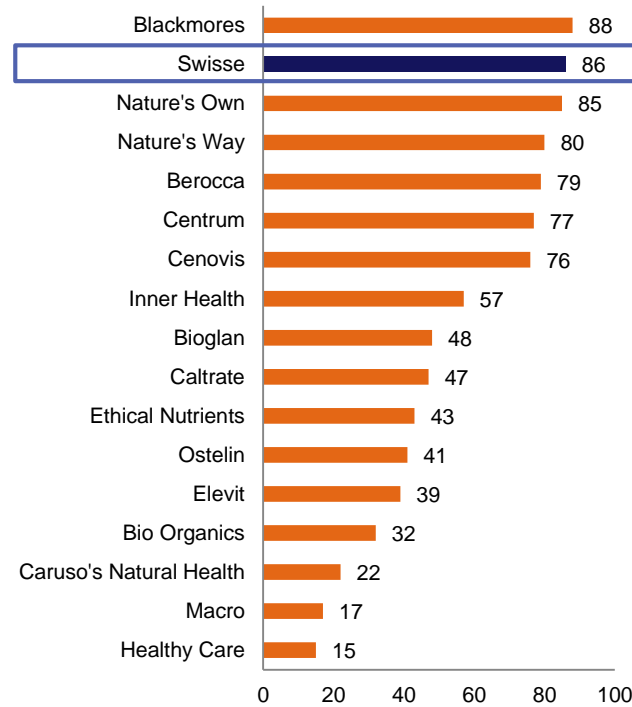
Swisse – Market Leader in Australia with Strong Brand Recognition

Market Leading VHMS brand in Australia



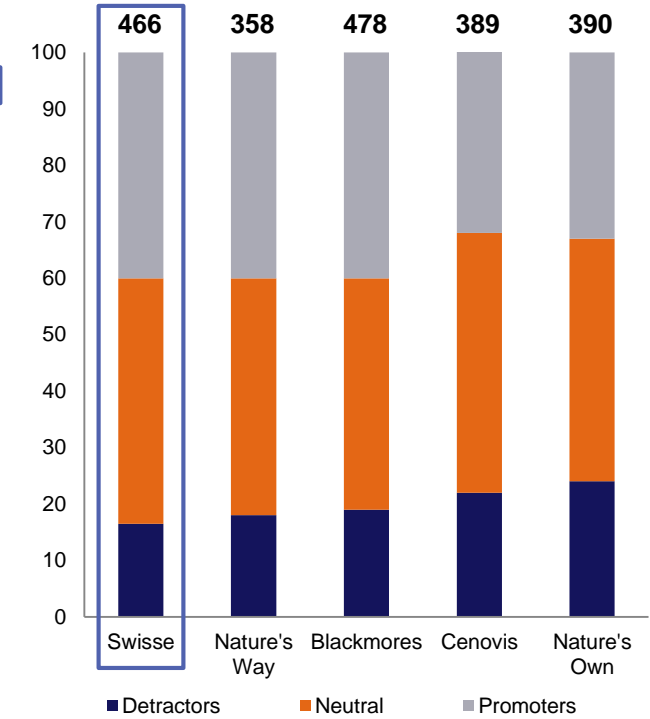
Leading Brand Awareness

Prompted awareness (% of respondents)



Highest Customer Loyalty

NPS (% of respondents)



Strong market position resulting in high brand awareness and customer loyalty

Source: Bain



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Swisse

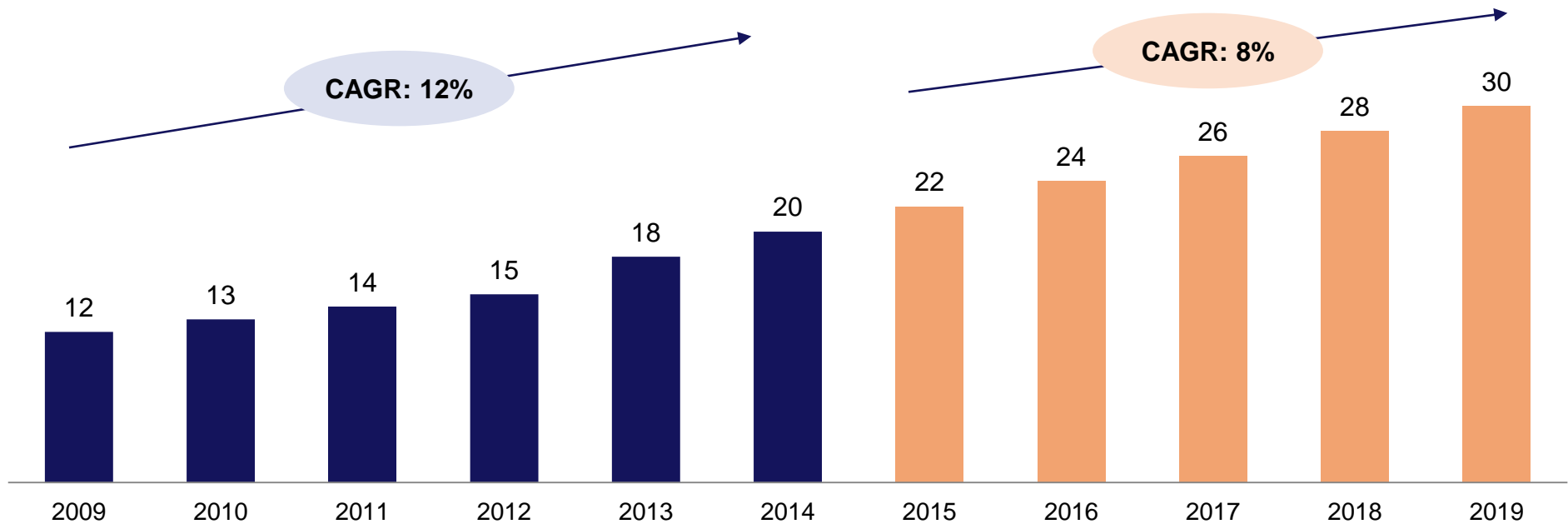
Portfolio diversification → establish itself as a nutrition provider for the complete family

Significant potential for value creation



Strong Growth Outlook in Other Key Swisse owned Geographies

Chinese VHMS market (AUD bn)



Significant opportunity to grow both through its current passive sales and direct sales strategy in future

Source: Bain



Enjoys Frequent Brand Web Searches and Extensive Online Seller Coverage

Swisse enjoys a growing popularity among Chinese consumers with high upside potential

Live Healthy. Be Happy.
Nicole Kidman stars in her first campaign for Swisse

妮可·基德曼
NICOLE KIDMAN
Swisse全球形象大使

妮可·基德曼，奥斯卡影后，第一次代言健康品牌就是作为Swisse的全球形象大使。
我加入Swisse，是想帮助大家意识到健康生活方式的重要

Source: Bain



l***9 (匿名)

不错，挺实惠的，买的直邮的，走了半个月不到吧，清关完了ems 直接就送过来了，很好啊，一共买了三样，看看有效果不，有效果再继续购买啊，深海鱼油很大一瓶啊！可以给爸妈吃很久了！很好，很耐心



c***3 (匿名)

喝完酒后多吃两粒确实难受，听说女人吃了可以疏肝解郁，增强排毒功能，肝脏好了，斑自然就会淡。听说 swisse 又要涨价，果断囤货。

SIXTH CRANBERRY

SUISSE 蔓越莓 尿路感染克星
高浓度更强劲
缓解泌尿感染·预防阴道炎

天璽 您家

筱露660718

这款真的挺好的，脸上的火疖痞消失了，皮肤变好了，会继续坚持喝。

Strong demand growth of China overseas purchasing for Swisse products in Australia

Access to large and growing VHMS industry in Australia through a market leading player

Access to ready market in China following established presence



Swisse

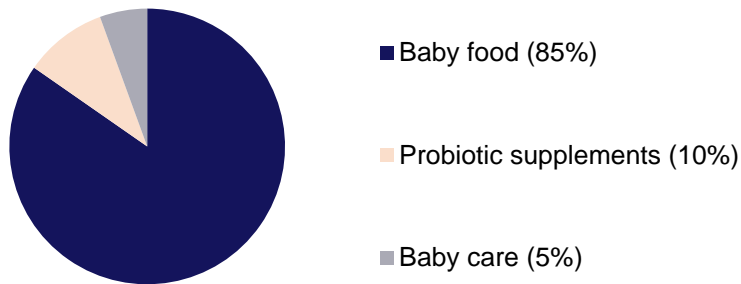
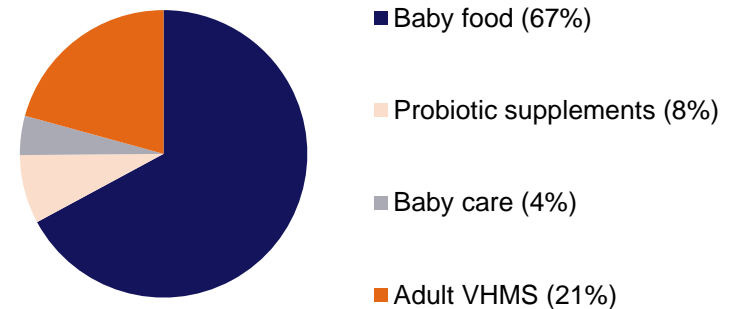
Portfolio diversification → establish itself as a nutrition provider for the complete family

Significant potential for value creation



Unique Opportunity to Diversify Portfolio - Become a Family Nutrition Expert

- Access to a wide range of premium VHMS products – Swisse offers a broad portfolio of more than 200 products
- Allows Biostime to expand into adult VHMS category by leveraging its own capabilities in the nutrition segment

Biostime (2015)**Pro-Forma (2015)**

Biostime can establish itself as a nutrition provider for the complete family

Source: Company data



Access to large and growing VHMS industry in Australia through a market leading player

Access to ready market in China following established presence

Portfolio diversification → establish itself as a nutrition provider for the complete family

Significant potential for synergies and value creation



Offline distribution

- **Introduce Swisse's products into Biostime's extensive offline channels**

- Has owned 104 own sales offices and 2,600 direct sales force
- Also access to 671 distributors, 6,900+ supermarkets, 4,800+ pharmacies and 28,600+ baby specialty stores across China

Rationalization of online channels

- **Leverage its own O2O platform and its extensive B2C and C2C presence for further penetration of Swisse's products**

- Swisse already has an extensive presence in Chinese e-commerce space
- Its O2O platform, Mama100 has c.2m active members and a total of c.10m members

Cross selling opportunities

- **Extension of product offerings** – opportunity to establish itself in the adult VHMS market with a well known brands
- **Cross selling opportunities** – expand presence of its own core brands leveraging Swisse's licensing agreements

Best practice sharing

- Leverage common supplier base to extract synergies
- **Cross implement products and packaging innovations**
- **Best practices sharing** (i.e. portfolio management, sales & marketing)



Extensive Offline Reach through Biostime's Distribution Network

“Biostime's nationwide distribution network for active sales of Swisse products”



Footprint across 31 provinces via. c.40k POS



104 sale offices, 671 distributors, 2.6k direct sales force & 6.5k store promoters

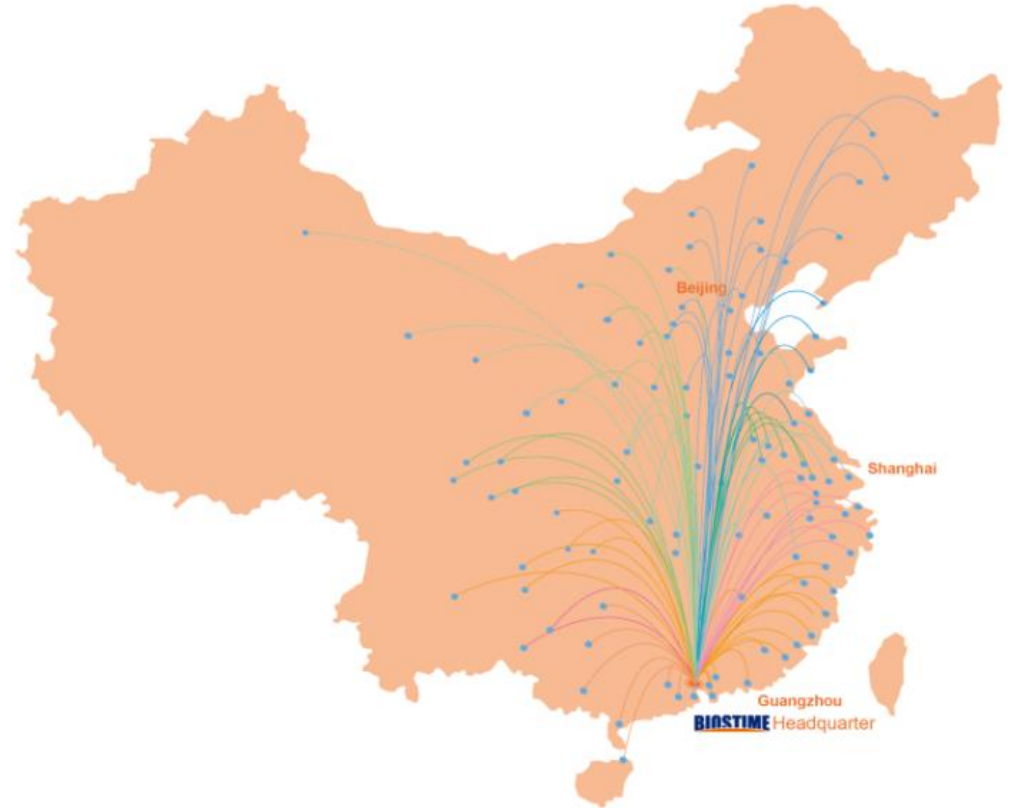


2,600 direct sales force & 6,500 store promoters

4,869 VIP Pharmacies

6,933 Supermarkets

28,649 Baby stores



Partnership provides access to key profit pools with potential further diversify presence in other markets

Source: Company data



Leverage Biostime's strong CRM technology to further accelerate development of consumers towards Swisse products

Precise one to one marketing strategy

- ✓ Develop new customers with precision
- ✓ Nurture loyal members
- ✓ Improve efficiency of promotions



Direct to consumer strategy → consumer education

- One to one communication with the consumer
- Services and communication on the benefit of the product to gain more recognition

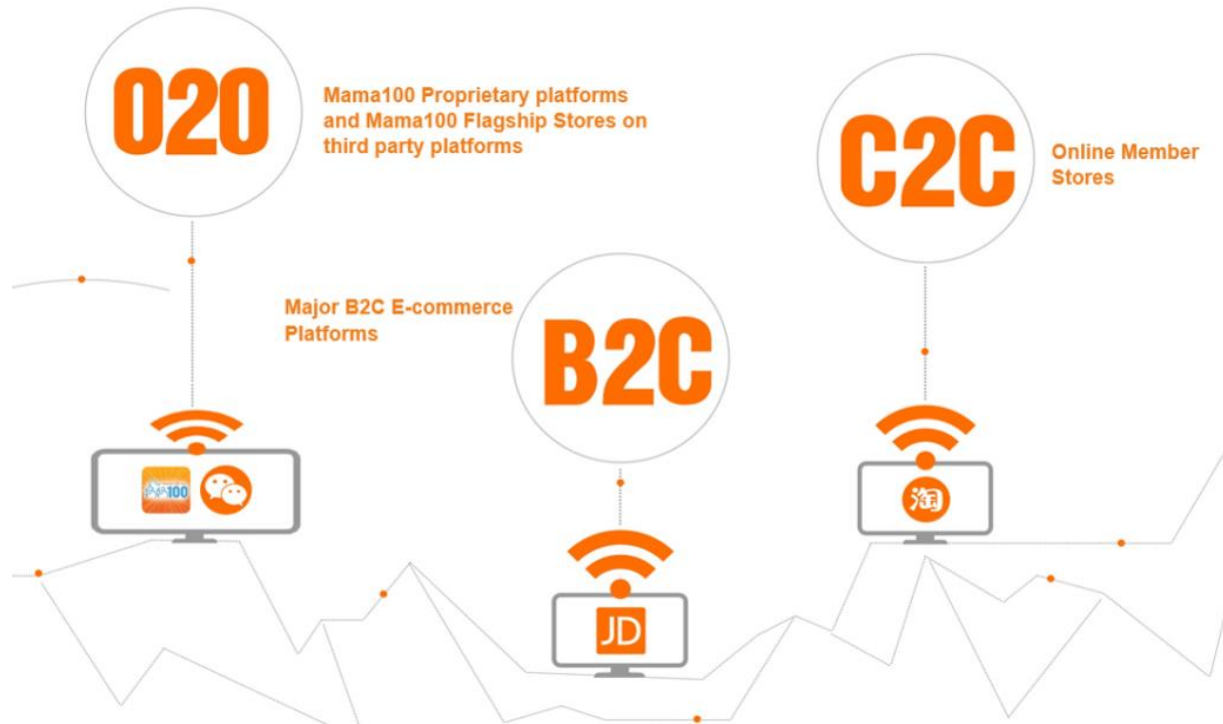
Rich source of business intelligence

- Real time market info → data analysis and mining



Strengthen Online Presence by Leveraging Biostime's Multiplatform Online Strategy

“Biostime's co-operation with major e-commerce platforms across China to help Swisse gain further traction in the market ”



Strengthen presence in the Chinese e-commerce channels

Source: Company data



Thank You

For further enquiries:
IR@biostime.com.cn

