Corporate Presentation

Initial Public Offering of Caring Pharmacy Group Berhad (“CARiNG”) on the Main Market of Bursa Malaysia Securities Berhad

18 October 2013

Disclaimer

The material that follows is a presentation of general background information about the activities of the CARiNG Pharmacy Group Berhad and its group of subsidiaries (“**CARiNG Group**”) as at the date of this Presentation.

The information contained herein is given in summary form solely to provide an understanding of the business of CARiNG Group and does not purport to be complete. You should conduct your own investigation and analysis of CARiNG Group and other data contained in this Presentation. It is not intended to be relied upon as advice for investment or invitation to invest in CARiNG Pharmacy Group Berhad or an evaluation of the CARiNG Pharmacy Group Berhad. No representation, warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information contained herein.

This presentation may contain forward-looking statements that involves risks and uncertainties. Actual future results may vary materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on CARiNG Group’s current view of future events. Whilst we have used our best endeavour and exercised reasonable diligence in collating information from public domain, we have not independently verified the accuracy of such information.

CARiNG Group and its affiliates or any of its directors, officers and employees shall not accept any responsibility for any errors or omission in this presentation and shall not be liable for any loss or other consequence of any reliance upon the whole or any part of the contents of this presentation thereon.

Content

Transaction Summary

Issuer	Caring Pharmacy Group Berhad ("**CARiNG**")
Listing Sought	Main Market of Bursa Malaysia Securities Bhd
Offer Structure	Public issue of 35,000,000 new ordinary shares of RM1.00 each ("Shares") in CARiNG comprising: ▪10,886,000 Shares for the Malaysian Public ▪5,716,000 Shares for the eligible directors, eligible employees and shareholders of subsidiaries of the CARiNG Group; ▪4,200,000 Shares for Bumiputera institutional and selected investors approved by MITI; and ▪14,198,000 Shares for private placement to selected investors
Issue Price	RM1.25

Capital Structure	**No. of shares**	**Share Capital (RM)**
Existing share capital	182,706,400	182,706,400
Public Issue	35,000,000	35,000,000
Enlarged share capital	217,706,400	217,706,400

Existing Shareholder Structure

Motivasi Optima S/B	**Jitumaju S/B**	**Others**
Pre-IPO : 60.0% Post IPO : 50.4%	Pre-IPO : 20.4% Post-IPO : 17.1%	Pre-IPO : 19.6% Post-IPO : 16.5%
Director / Substantial Shareholders: (1) Soo Chan Chiew, *ED of CARiNG* (2) Ang Khoon Lim, *Director of CARiNG* (3) Chong Yeow Siang, *MD of CARiNG* (4) Tan Lean Boon, *ED of CARiNG* (5) Chia Kia; (6) Tan Lye Suan	Shareholders: (1) Tan Sri Vincent Tan (2) Nerine Tan (3) Chryseis Tan	(1) Dato' Ismail Bin Osman (2) Datuk Seri Syed Ali (3) Datuk Lye Ek Seang (4) Arsam Bin Damis

Transaction Summary *(cont'd)*

Market Cap. upon Listing	RM272.133 million
Adviser	Kenanga Investment Bank Bhd
Joint Placement Agents	Kenanga Investment Bank Bhd, Inter-Pacific Securities S/B
Joint Underwriters	Kenanga Investment Bank Bhd, MIDF Amanah Investment Bank Bhd

Use of Proceeds

Proposed Utilisation	RM'000	%	Est. Time Frame
New community pharmacy outlets	18,000	41.14	Within 24 mths
Pare down borrowings	6,000	13.71	Within 24 mths
Renovation of new head office & warehouse	4,000	9.14	Within 24 mths
Working capital	11,750	26.86	Within 24 mths
Est. listing expenses	4,000	9.14	Within 3 mths
TOTAL	**43,750**	**100.00**	

Timeline

18 October 2013	Prospectus Launch
30 October 2013	Closing date of Retail Offering
1 November 2013	Balloting
13 November 2013	Listing

Today's Presenters

Chong Yeow Siang
(Managing Director)

- One of the founders of CARiNG Group
- A registered pharmacist with the MOH
- Mainly responsible for developing the strategic direction and overseeing the business operations of the Group

Ang Khoon Lim
(Non-Independent Non-Executive Director)

- One of the founders of CARiNG Group
- A registered pharmacist with the MOH
- Currently holds directorships in several private limited companies

Content

Company History & Business Overview

Founded in 1994, the CARiNG Group is primarily an operator of a chain of community pharmacies under the brand of ‘**CARiNG**’ in Malaysia

85 CARiNG Pharmacies in M’sia

- 59 partially owned
- 26 wholly owned

Pharmaceutical Products

- Scheduled drugs
- Health supplements
- OTC drugs

Personal Care Products

- Hair care products
- Skin care products
- Color cosmetics
- Dental and oral care
- Baby care products
- Foot care products
- Family planning products
- Other personal care products

Medical & Healthcare Devices

- First Aid devices
- Rehabilitation aid devices
- Diagnostic devices
- Healthcare devices

The first **CARiNG** Outlet opened in Taman Muda, Cheras.

Mr Chia, one of the founders started the second outlet in Taman Tenaga, Cheras

Vision and Mission

OUR VISION

- We strive to be the **most appreciated and admired Pharmacy Brand**.

OUR MISSION

- To provide the most **Professional and Innovative Pharmacy Services** and the highest **Quality and Cost effective Products** to our Customers. We aim to be the **Driver and Promoter of Healthy Lifestyles** in the Communities that we serve.
- To ensure that our People enjoy **Attractive Rewards** and receive **Great Opportunities to develop** themselves to their fullest potential in a “Caring” working environment.
- To provide **Superior Returns** to our **Partners** in terms of dividend and share value.

OUR CORE VALUES

- Customer Service Excellence
- Caring
- Professionalism
- Teamwork
- Innovative
- Responsiveness
- Integrity

Company Tagline

“CARiNG is our profession”

CARiNG is our value to our **people** and **customers**.

We take great pride in the professional quality of our work. We have an uncompromising determination to achieve excellence in everything we undertake.

We are committed to provide the highest professional pharmacy services to the communities that we serve. Our customers rely on our knowledge and skills to provide them with the best advice and product.

Board of Directors

Datin Sunita Mei-Lin Rajakumar
(Non-Executive Chairman)

- Bachelor of Law (Hons) from University of Bristol, UK
- A member of the ICAEW
- Currently holds directorships in 2 PLCs and sits on the board of trustees of several charitable organisations

Chong Yeow Siang
(Managing Director)

- One of the founders of CARiNG Group
- A registered pharmacist with the MOH
- Mainly responsible for developing the strategic direction and overseeing the business operations of the Group

Soo Chan Chiew
(Executive Director)

- One of the founders of CARiNG Group
- A registered pharmacist with the MOH
- Both the Heads of Finance and Management Information System Department report to him

Tan Lean Boon
(Executive Director)

- One of the founders of CARiNG Group
- A registered pharmacist with the MOH
- Supply Chain Director overseeing the supply chain operations of the Group which includes procurement, warehousing and logistics

Ang Khoon Lim
(Non-Independent Non-Executive Director)

- One of the founders of CARiNG Group
- A registered pharmacist with the MOH
- Currently holds directorships in several private limited companies

Tan Sri Dato' Hj Mohd Ariffin B. Mohd Yusuf
(Independent Non-Executive Director)

- A member of the British Institute of Management, UK
- Currently holds directorships in several private limited companies

Key Development and Milestones


1st Street Outlet

1994

- Established & founded by 5 pharmacists
- 1st street outlet opened in Taman Muda, Cheras

The beginning… 1st Street Outlet


Tmn Kinrara – 1st outlet under Joint Venture Scheme

2000

- Launched CARiNG Joint Venture Scheme

2002

- Set up first warehouse in Taman OUG, KL


1 Utama Outlet

2003

- 1st shopping complex outlet opened in 1 Utama

The 1st Shopping Complex Outlet

2007

- Moved to head office in Old Klang Road, KL
- Internal restructuring by setting up CPRM as the investment holding company for all of subsidiaries

2008

- Expanded to Johor
- Set up 1st outlet in Specialised Retail Centre - Tesco Mutiara Damansara

Entering… Specialised Retail Centre

2009

Established CARiNG e-Store

2010

- Opened first outlet in Melaka

2011

- Jitumaju S/B acquired 40% equity stake in CPRM and became a major shareholder
- Purchase a factory lot in PJ Old Town to serve as new warehouse & HQ

2012

- Expanded to Perak

Present

- Opened 9 new outlets since 2013

Content

Investment Highlights - Summary

Large chain of community pharmacies

- CARiNG is among the **top 3** community pharmacy operator in Malaysia with an est. **market share of 4%**.

Well known & established brand name

- Established brand of community pharmacies under '**CARiNG**' with 85 outlets in Malaysia as of 6 Sep 2013

Economies of Scale

- Large number of community pharmacies enables us to enjoy:
  - **Centralised logistics** with central warehouse & distribution
  - **Bulk purchase** for better pricing & commercial terms
  - Sharing of overheads for better efficiencies

Proven & sustainable revenue & profit growth

- Revenue '10 – '13 CAGR: **20.9%**; PATAMI '10 – '13 CAGR: **14.9%**

Proven business model

- Introduced Joint Venture Scheme for partially-owned subsidiaries where our biz partners are **pharmacists devoting full-time** to the respective pharmacies

Mgmt control & ownership of pharmacies

- For the 59 partially owned 'CARiNG' pharmacies, we **retain mgmt control** with at least 50% shareholdings

Professional & experienced management team

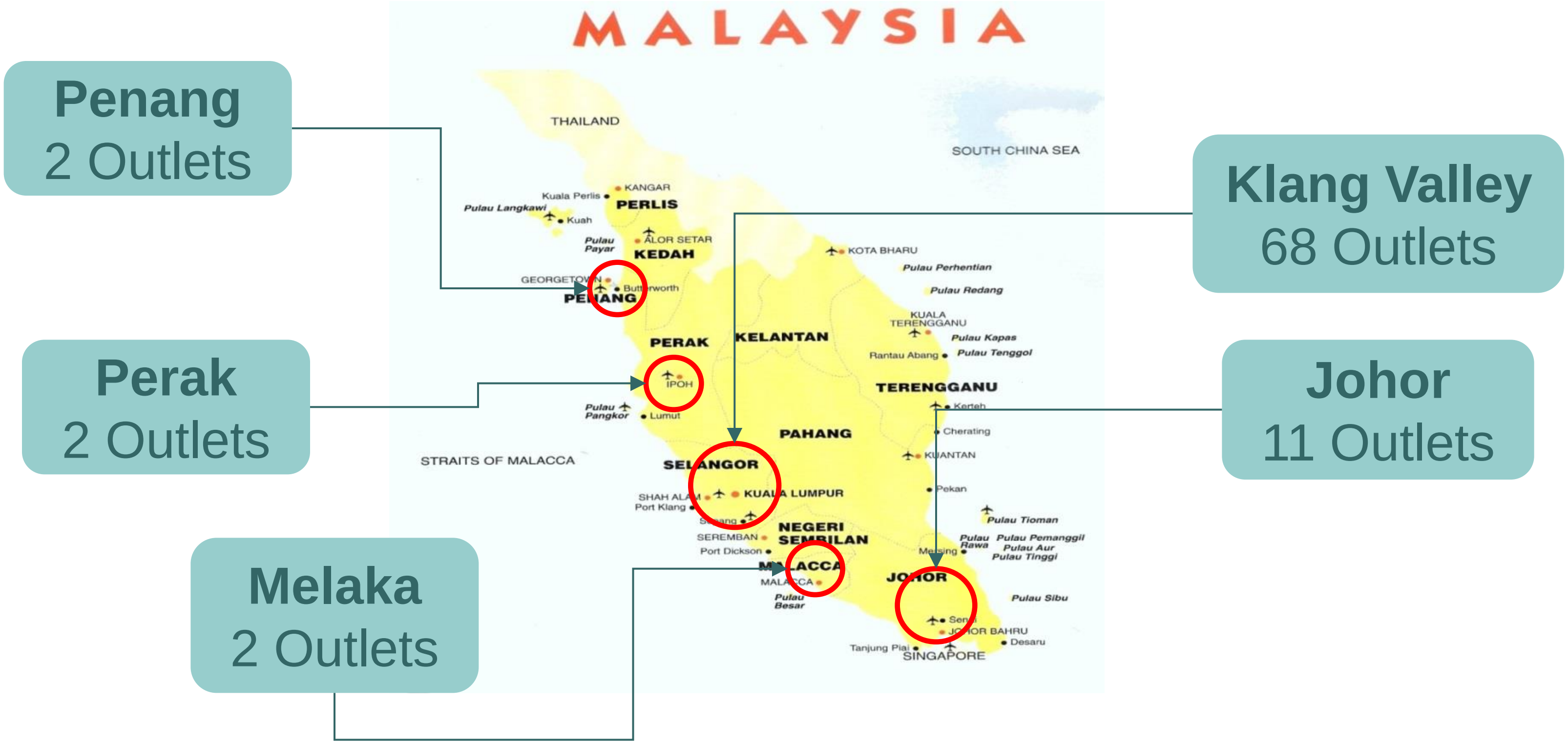
- Founders remain as ED and key mgmt personnel
- Have **extensive mgmt experience & in-depth understanding** of the business & industry

Full time pharmacist service at every outlet

- All our pharmacies have **full time pharmacists** to dispense scheduled drugs throughout retail operating hours
- As of Sep 2013, we have a total of 154 pharmacists

Large Chain of Community Pharmacies

- As of 6 Sep 2013, CARiNG operates **85** community pharmacies throughout Malaysia namely in Klang Valley, Johor Bahru, Melaka, P. Penang and Ipoh.



Penang
2 Outlets

Perak
2 Outlets

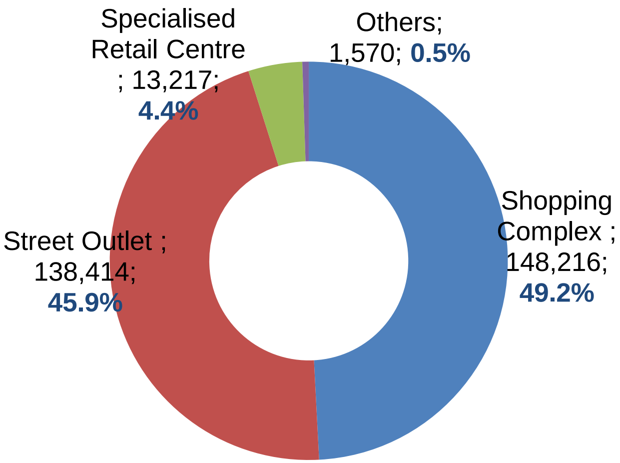
Melaka
2 Outlets

Klang Valley
68 Outlets

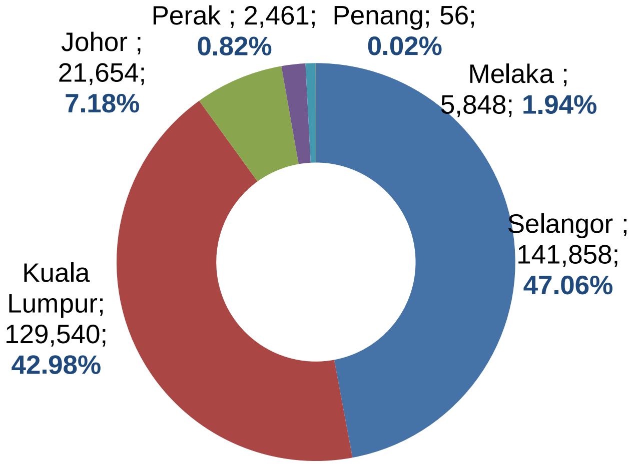
Johor
11 Outlets

Large Chain of Community Pharmacies *(Cont'd)*
~ Principal Markets

Revenue by types of outlets FYE 31 May 2013 *(RM'000)*



Revenue by geographical market FYE 31 May 2013 *(RM'000)*




Street Outlet


Shopping Complex Outlet


Specialised Retail Centre Outlet

	Number of CARiNG Community Pharmacies			
	Street Outlet	Shopping Complex	Specialised Retail Centre	**Total**
Selangor	20	16	2	**38**
K. Lumpur	17	11	2	**30**
Johor	6	3	2	**11**
Melaka	-	2	-	**2**
Penang	-	2	-	**2**
Perak	-	2	-	**2**
Total	**43**	**36**	**6**	**85**

Well Known & Established Brand Name

- Established brand of community pharmacies under '**CARiNG**' with 85 outlets in Malaysia as of 6 Sep 2013

Market Ranking and Market Share

Top 3

- *CARiNG is ranked among the* ***top 3 community pharmacy operators*** *in Malaysia as at June 2013*

4%

- *CARiNG has an estimated* ***market share of 4% of the Community Pharmacy Industry in Malaysia*** *based on number of community pharmacy outlets as at June 2013 (No single operator has more than 7% market share during the same period)*

8%

- *CARiNG has an estimated* ***market share of 8% of the Community Pharmacy Industry in Kuala Lumpur and Selangor*** *based on number of community pharmacy outlets as at June 2013*

Source: Vital Factor Consulting Sdn Bhd

Economies of Scale

85 Outlets

Bulk Purchase from Central Warehouse

- *Better pricing;*
- *Better commercial terms*

Major Suppliers:

ZUELLIG PHARMA

Zuellig Pharma Sdn Bhd

DKSH

DKSH Malaysia Sdn Bhd

Centralised Logistics

- *Central Warehouse & Distribution Centre*

Shared Service

- *HQ functions*
- *Admin functions*
- *IT*
- *Sales & Marketing expenses*
- *Finance & Accounting*

Own vehicles or 3rd party logistics companies for deliveries

- *Through central warehouse & distribution, our outlets are able to **maximise its retail space** without need to have space to keep stocks.*
- *This also enables our pharmacies to optimise retail space to **carry a wider range of products.***

Marketing Strategies

- Advertisements & promotions on various mediums including **television, radio & newspapers**

- Distribute and provide **free leaflets & catalogues** to residential areas inform customers of promotional products.

- Tying up with **BonusLink** since 2006 to gain access into customer database.

- **Notify customers of events** such as free health talks and health testing services via website, outlets and SMS

- Maintain our own customer database of approximately 180K members through our customer loyalty programme named "**CARiNG Regular Card**",

- Publish health related information on our website to **educate our customers**

- Established **CARiNG eStore**
- Participate in online shopping websites including AirAsia Megastore Merchant Partnership Programme and most recently Rakuten

Proven Business Model

***CARiNG** Joint Venture Scheme*

- Launched in 2000 to **enable us to expand our market coverage by engaging branch managers / registered pharmacists to set up new subsidiaries** with them as shareholders of the subsidiaries (up to 50% shareholdings) to undertake operation of the 'CARiNG' community pharmacy.

Advantages

- Gain **full commitment and dedication** from joint venture partners;
- Provide joint venture partners **a sense of ownership** and thus they will **run the outlets wholeheartedly**;
- Having pharmacists as business partners will ensure that the outlets are managed by personnel with the **necessary qualifications, experience and knowledge** in operating a community pharmacy.

Key Criteria in Selecting Business Partners

- Registered **Pharmacist**
- **Branch Manager** of CARiNG outlet for at least 1 year
- Share the same vision and mission of the Group
- Financially secured
- No partnership or shares in other pharmacy business

As of 6 Sep 2013:

~ 65 Business Partners
~ 36 Partially-owned Subsidiaries

❖ *We **retain management control with at least 50% shareholdings** in all partially-owned subsidiaries*

Professional & Experienced Mgmt Team

Ch'ng Haw Chong, *Procurement Director*

- Master of Pharmacy Degree from the University of Strathclyde, Glasgow, UK
- A registered pharmacist with the Ministry of Health in 2003
- Responsible for the purchasing and category management

Hwah Shih Chia, *Finance Manager*

- Qualified Chartered Accountant from the MIA in 1994
- Has been with CARiNG since 2005
- Heads the Finance Department.

Gooi Chean Keong, *Biz Dev Director*

- Bachelor of Pharmacy (Hons) Degree from Universiti Sains Malaysia
- A registered pharmacist with the Ministry of Health in 1997
- Responsible for outlet expansion

Wong Hooi Fen, *Chief Pharmacist*

- Bachelor of Pharmacy (Hons) Degree from Universiti Sains Malaysia
- A registered pharmacist with the Ministry of Health in 1991
- Responsible for the professional development of our pharmacists

Loo Jooi Leng, *Marketing Director*

- Bachelor of Pharmacy (Hons) Degree from Universiti Sains Malaysia.
- A registered pharmacist with the Ministry of Health in 1998
- Responsible for forming merchandising teams, opening of new outlets, organising road shows, dev. of in house advertising materials, merchandising layout, marketing planning & budgeting.

Ooh Chin Boon, *Mgmt Info System Manager*

- BBA and Master of IT from University of Malaya
- Has been with CARiNG since 2001
- Involved in Group's Caring Pharmacy Retail Management System and all IT related matters within the Group.

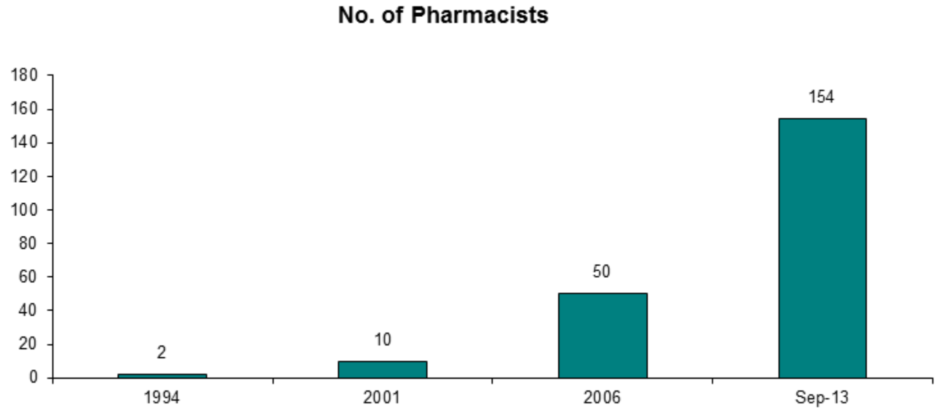
Full time Pharmacist at every Outlet

CARiNG Total Workforce as of 6 Sep 2013:

*~ **713** permanent employees*
*~ **137** part-timers*
*~ **850** in Total*

Pharmacists

We provide **full time pharmacists in every outlet** to ensure that the needs and requirements of our walk-in customers relating to the purchase of scheduled drugs, health supplements as well as blood pressure tests and blood glucose tests are met.

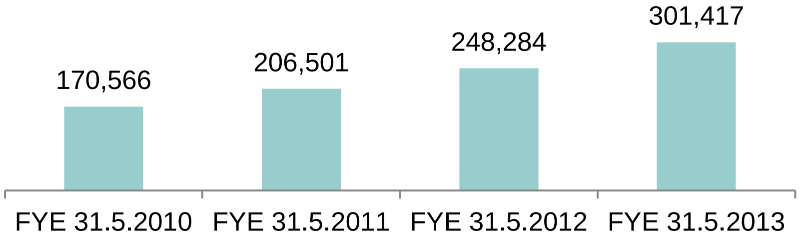


As of Sep 2013, we have 154 pharmacists that are employed with us.

Content

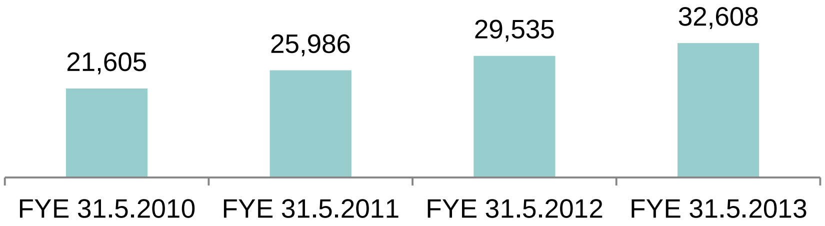
Financial Highlights

Revenue (RM'000)



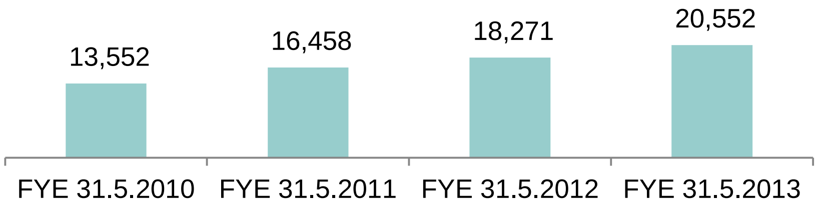
Revenue '10 – '13 CAGR = **20.90%**

EBITDA (RM'000)



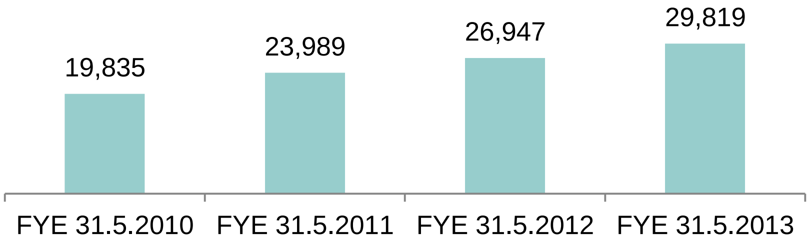
EBITDA '10 – '13 CAGR = **14.71%**

PATAMI (RM'000)



PATAMI '10 – '13 CAGR = **14.89%**

PBT (RM'000)

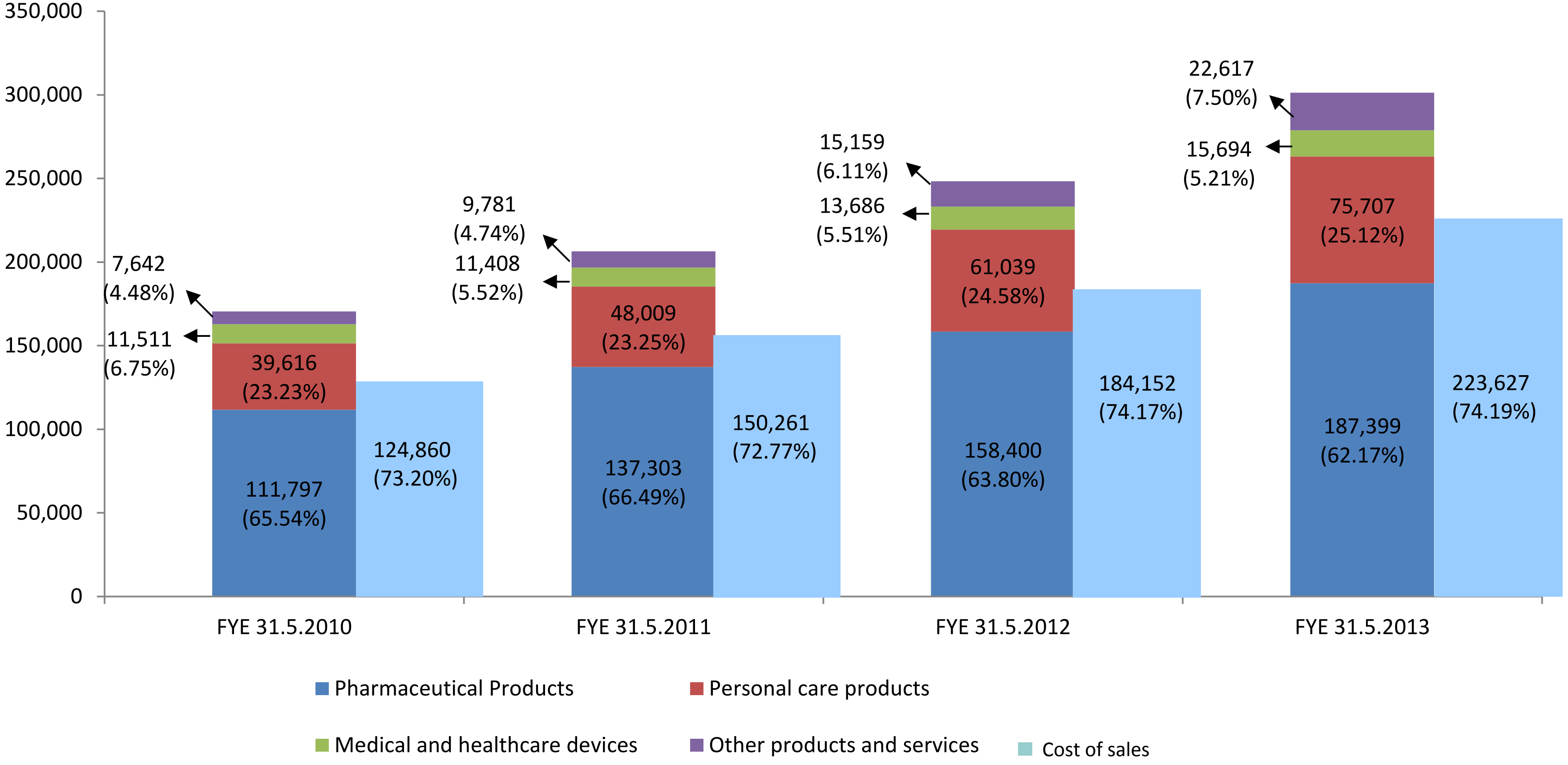


PBT '10 – '13 CAGR = **14.56%**

The sustainable financial performance provide us with the platform for continual business success and growth.

Financial Highlights *(cont'd)*

Revenue by product category and Cost of Sales (RM'000)



CARiNG PHARMACY

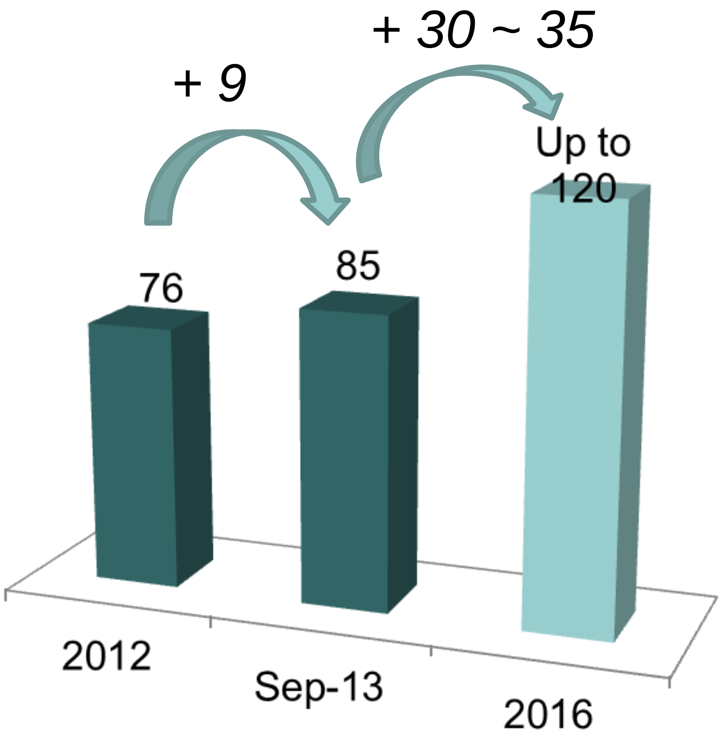
Healthy & Sustainable Balance Sheet

	Proforma Consolidated Statement (Audited)		
	FYE2013 *RM mil*	Post-IPO *RM mil*	Post-IPO & Utilisation of Proceeds *RM mil*
Current Assets	106.6	149.1	130.0
- Cash and cash equivalent	40.4	84.1	53.1
- Inventories	57.5	57.5	69.5
Non-Current Assets	35.5	35.5	45.5
Current Liabilities	62.1	64.8	61.8
- Trade payables	54.2	54.2	54.2
- Term loans	0.4	0.4	0.4
Non-Current Liabilities	14.7	14.7	8.7
- Term loans	14.6	14.6	8.6
Total Equity	65.3	105.1	105.1
Gearing / Debt-Equity Ratio (X)	0.23	0.14	0.09
Net cash from operating activities	15.3	-	-

Content

Future Plans – Expansion of Outlets

We plan to establish an additional **30 to 35 community pharmacies** in Peninsular Malaysia by FYE 2016



As of 6 Sep 2013, we have identified 17 new locations:

1. Jonker Walk in Melaka;
2. Pearl Point Shopping Mall in Kuala Lumpur;
3. Cheras Sentral Shopping Mall in Kuala Lumpur;
4. Avenue K in Kuala Lumpur;
5. Encorp Strand Mall in Selangor;
6. Jaya Shopping Centre in Selangor;
7. One City in Selangor;
8. KLIA2 (International Departure Ground Level (Airside);
9. KLIA2 (International Departure Level (Airside);
10. D'Pulze Cyberjaya in Selangor;
11. The Main Place Shopping Mall in Selangor;
12. Klang Parade in Selangor;
13. Kompleks Tun Abdul Razak (KOMTAR) in Johor;
14. Atria Shopping Gallery in Selangor;
15. DA:MEN in Selangor;
16. Gamuda Walk Retail Centre in Selangor; and
17. IOI City Mall (also known as IOI Resort City) in Putrajaya.

Future Plans – New HQ and Warehouse

New head office and warehouse in Tiong Nam Industrial Park, PJ Oldtown, Selangor, for central management and logistics

Future Plans – ERP

Enterprise Resource Planning System

Product Selection

Procurement

Pricing

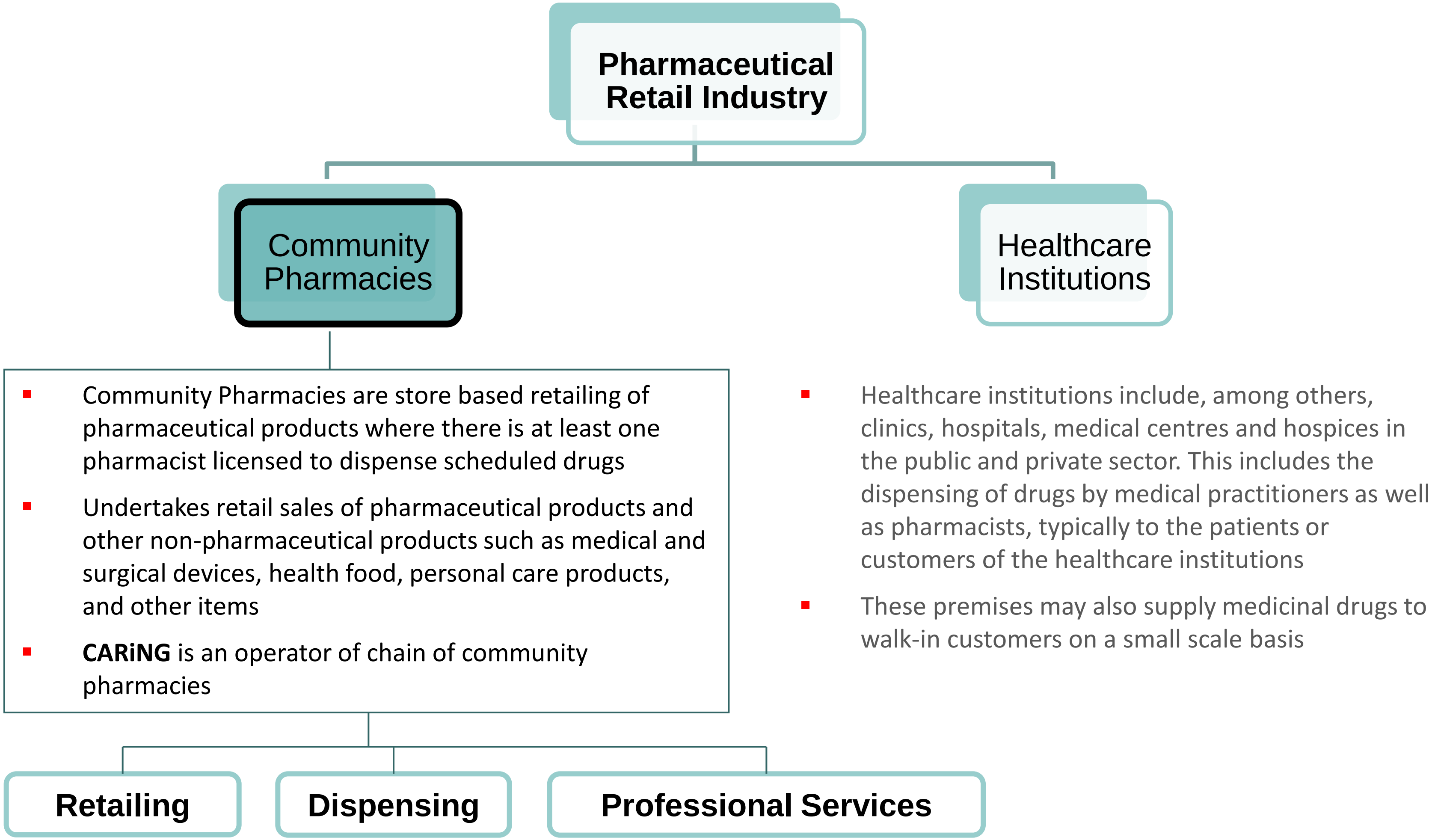
Distribution & Retail Mgmt

Accounting & Finance

HR & Payroll

Content

Industry Overview



Pharmaceutical Retail Industry

Community Pharmacies

- Community Pharmacies are store based retailing of pharmaceutical products where there is at least one pharmacist licensed to dispense scheduled drugs
- Undertakes retail sales of pharmaceutical products and other non-pharmaceutical products such as medical and surgical devices, health food, personal care products, and other items
- **CARiNG** is an operator of chain of community pharmacies

Retailing

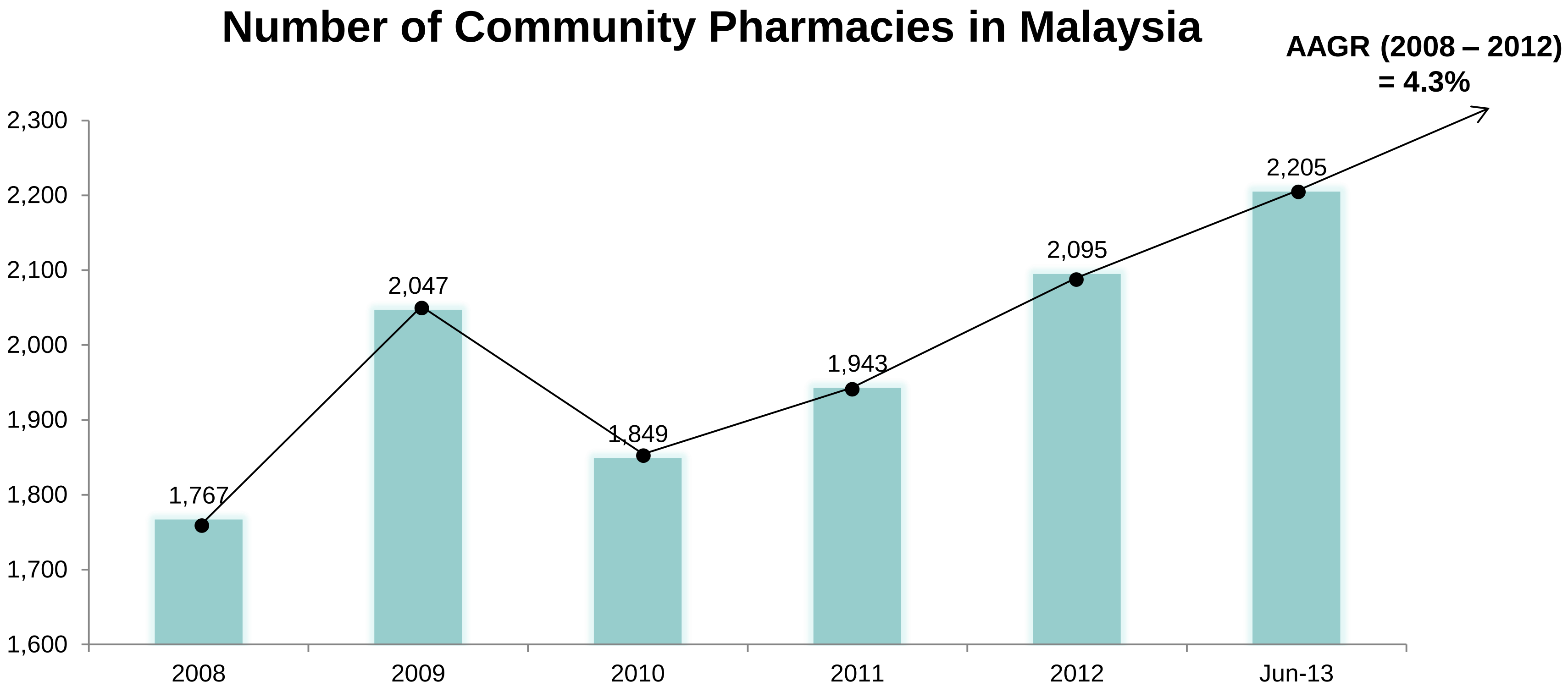
Dispensing

Professional Services

Healthcare Institutions

- Healthcare institutions include, among others, clinics, hospitals, medical centres and hospices in the public and private sector. This includes the dispensing of drugs by medical practitioners as well as pharmacists, typically to the patients or customers of the healthcare institutions
- These premises may also supply medicinal drugs to walk-in customers on a small scale basis

Industry Overview - Supply


Number of Community Pharmacies in Malaysia

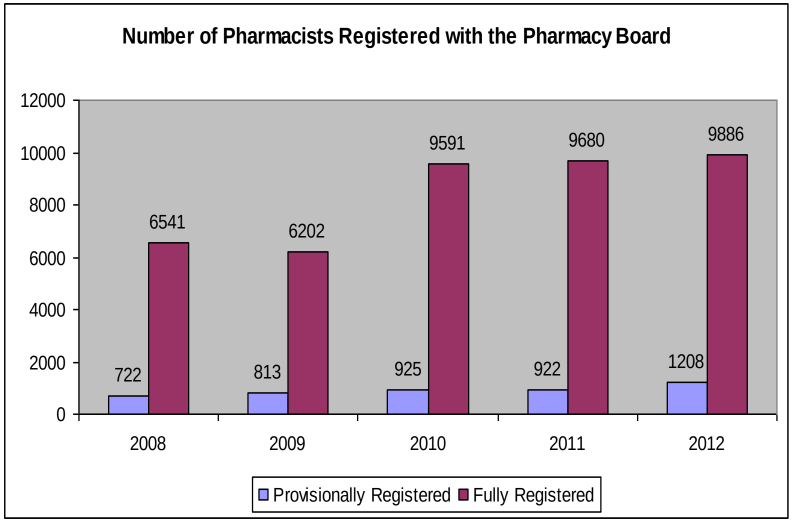
AAGR (2008 – 2012) = 4.3%

- In June 2013, out of the 2,205 community pharmacies in Malaysia, 36.0% or 793 outlets were located in Kuala Lumpur and Selangor

Supply Dependencies

The supply dependencies include:

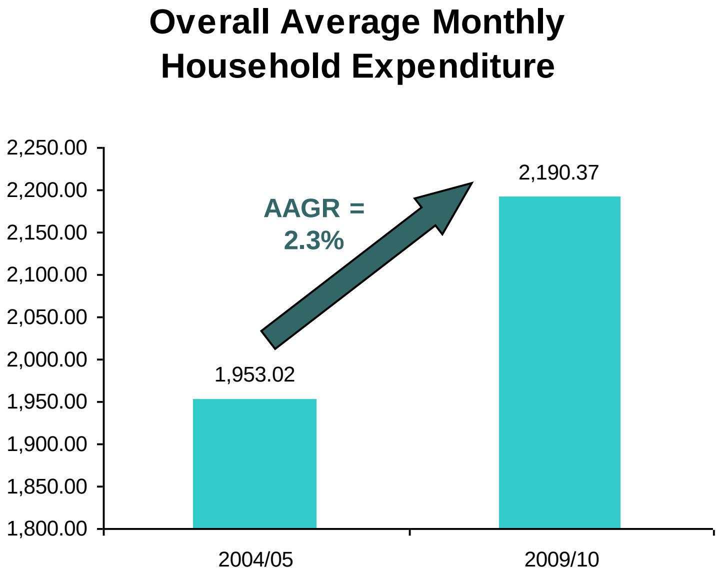
- Number of pharmacists registered with the Pharmacy Board
- Number of licensed pharmacists
- Number of students in pharmacy courses
- Local production of pharmaceuticals
- Import of pharmaceuticals
- Export of pharmaceuticals

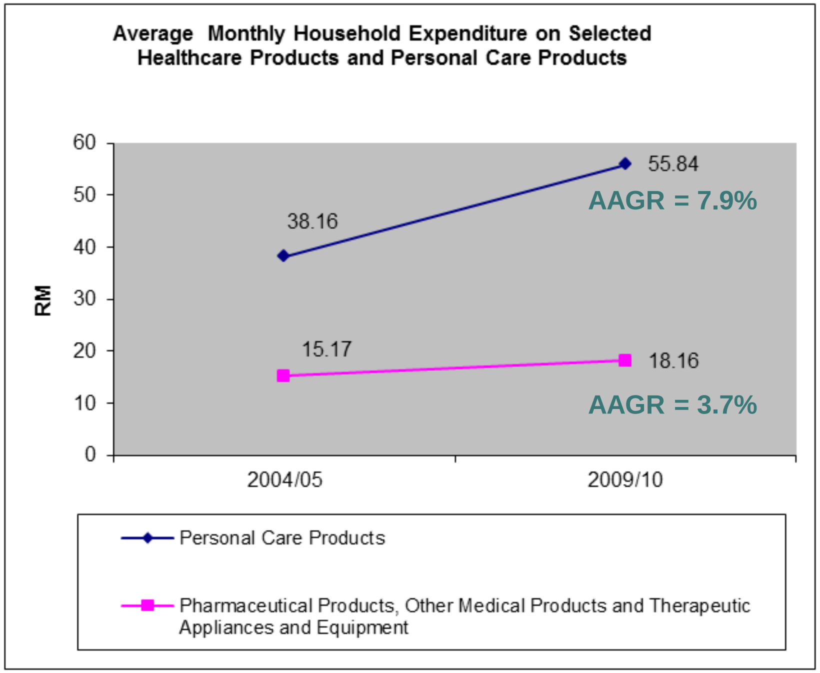


•Between 2008 and 2012, the supply of pharmacists has generally increased, whereby the number of provisionally registered pharmacists and fully registered pharmacists grew at an AAGR of 13.7% and 10.9% respectively.

•To be a fully registered pharmacist, a fresh graduate needs to be provisionally registered for a period of one year and undergo training in the public sector

Industry Overview – Demand Prospect





The average monthly expenditure specifically on pharmaceutical products, other medical products, therapeutic appliances and equipment and personal care products has increased, indicating a continuing demand for such products.

Demand Dependencies

Demand Dependencies

Per Capita Income
(Between 2008 and 2012, Malaysia’s per capita income was estimated to grow at an AAGR of 4.3%)

Population Growth
(Between 2008 and 2012, Malaysia’s population was estimated to grow at an AAGR of 1.6%)

Average Life Expectancy
(Between 2008 and 2012, the life expectancy at birth of average male and female in Malaysia grew at an AAGR of 0.2% and 0.3% respectively)

CARING®
PHARMACY

Content

Business Overview- Synergy Partnership

We believe in win-win situations in supplier relationships. We work hand in hand with suppliers in organizing sale/promotion, roadshow, health forum and charitable activities.

Recent 2012 Warehouse Sale with participation from 42 suppliers

BonusLink Top Spender Awards-co-promotion with our active partner, BonusLink every year