

A close-up photograph of a stethoscope is positioned in the upper left quadrant of the page. The stethoscope has a blue rubber tubing and a silver-colored metal chest piece with a textured surface. The background is a light, neutral color.

**Concord Medical Services Holdings Limited.**  
**(NYSE: CCM)**  
**March 30, 2015**

This presentation contains forward-looking statements that are based on the beliefs of our management, and involve risks and uncertainties, as well as assumptions, that, if they ever materialize or prove incorrect, could cause actual results to differ materially from those expressed or implied by such forward-looking statements. The words “believe,” “expect,” “anticipate,” “project,” “targets,” “optimistic,” “intend,” “aim,” “will” or similar expressions are intended to identify forward-looking statements. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements regarding new and existing products, technologies and opportunities; statements regarding market and industry segment growth and demand and acceptance of new and existing products; any projections of sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; uncertainties related to conducting business in China; any statements of belief or intention; and any statements of assumptions underlying any of the foregoing. All forward-looking statements included in this presentation are based on information available to us on the date of this presentation. We assume no obligation and do not intend to update these forward-looking statements, except as required by law.

**Overview**

**Market**

**Business**

**Strategy and Strength**

**Financial Overview**

**Appendix**



## Overview

## Company Snapshot

### Mission

- To provide the best treatment and service to cancer patients in China

### Business

- Operates the largest network of radiotherapy and diagnostic centers in China
- Plans to build three premium cancer hospitals in Beijing, Shanghai, and Guangzhou
- Under construction: Datong Meizhong Jiahe Cancer Hospital (大同美中嘉和肿瘤医院), 100%-owned free-standing radiotherapy and diagnostic center.
- Comprehensive partnership and collaboration with MD Anderson Cancer Center
- Divestment of Chang'an Hospital in December 2014 to focus on cancer hospital business

### IPO

- IPO in NYSE in December 2009
- Underwriters: Morgan Stanley, JP Morgan and CICC
- Auditor: Ernst & Young

### Selected Financials (FY2014)

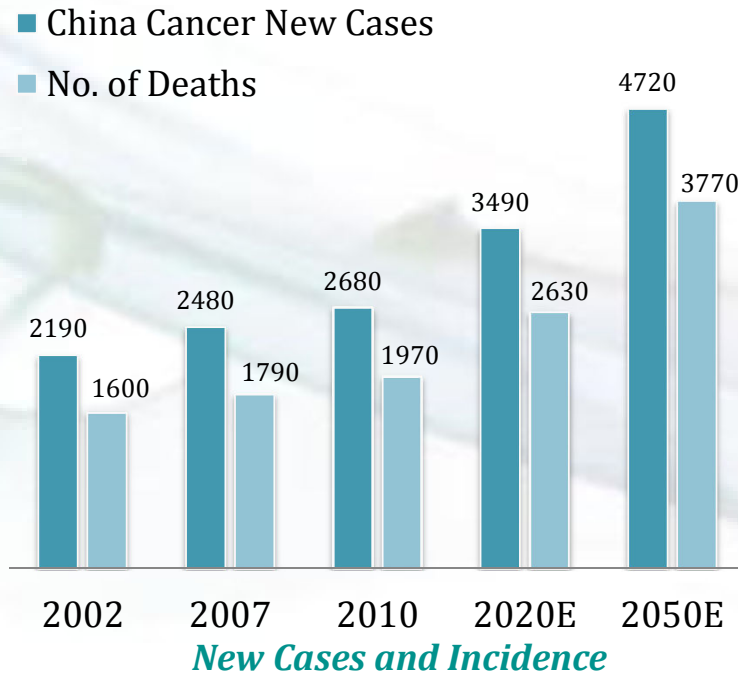
- Revenue: \$97.8 mm, up 7.8% y-o-y
- Gross Profit: \$53.6 mm, down 3.8 % y-o-y; Gross Margin: 54.8%
- Adjusted EBITDA: \$56.2 mm, up 9.3% y-o-y
- Net Income: \$20.1 mm, up 44.5% y-o-y; Diluted earnings per ADS: \$0.45



**Market**

# Cancer is No. 1 Health Threat in China

In 1000's



- Cancer was the leading cause of death in 2012 in China, accounting for 2.5 million deaths (26.2% of total deaths), and new cancer patients in China reached 3.5 million in 2012
- Mortality rate from cancer is almost 3 times that of advanced nations (9%), due to lack of early diagnosis and proper treatment
- Environmental pollution, ageing population, tobacco usage, and urbanization have contributed to the higher rate of cancer in China

Source: 《东亚地区癌症负担和预防策略》 CITIC Research Institute

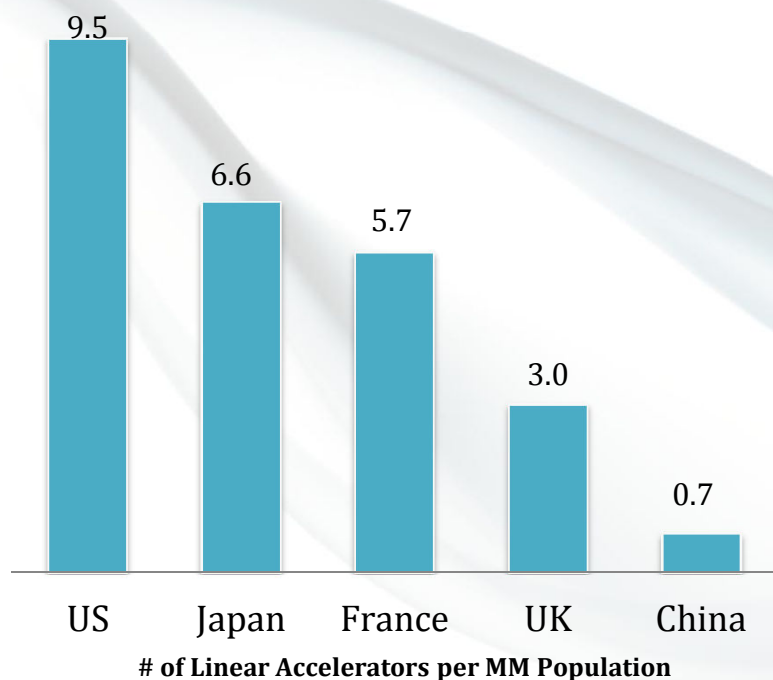
Source: 《2012 China Oncology Annual Report》



# Low Penetration of Radiotherapy in China

## Penetration in China is Comparatively Low

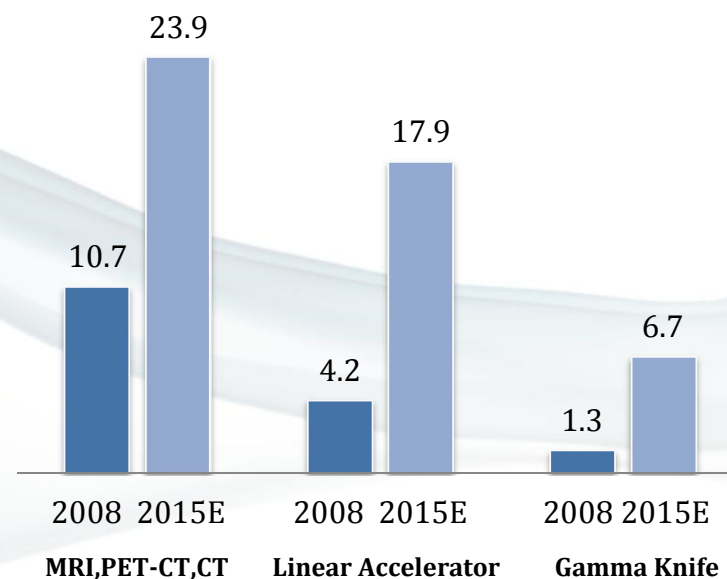
Penetration Rate (per MM)



**Only 15% of cancer patients receive radiotherapy while the international norm is 50-60%**

## Fast Growing Market

RMB BN



**Total market size in 2015: RMB 48.5 billion**

Source: Frost & Sullivan 2008



## A Comparative Study on Cancer Treatment Services between China and USA

	USA	China
Cancer Incidence Rate (per 100,000 people)	496	262
Cancer Mortality Rate (per 100,000 people)	185	187
Top-3 Cancer	Prostate, breast, lung and Bronchus	Lung and Bronchus, Stomach/Gastric, Liver
<b>5-year survival rate</b>	<b>68%</b>	<b>31%</b>

- Cancer incidence in China is rising while dropping in the USA
- There is a difference between high-incidence cancer due to generic reasons, race, living habit and environment

**The biggest gap between USA and China is in 5-year survival rate as well as in the quality of cancer treatment and medical service:**

- Doctors and nurses' qualification, training & continued education
- Availability and effective usage of treatment technology and protocol
- Differences in clinical procedures and organizational structure
- Differences in hospital operations (including incentives of healthcare providers)
- Differences of humanistic concern and patient experience in oncology care
- Quality control standards and risk assessment procedures

There's market vacancy in high-end cancer specialty hospital

# Healthcare Reform



## Healthcare Reform Highlight

- Encourage private and foreign capital to enter the healthcare industry
- Expansion of private capital in the healthcare industry
- Establishment of Major Illness national coverage system

## China's Healthcare Industry Status Quo

- Macro and demographic trends favorable to strong growth in healthcare industry
- Capacity of public hospitals is unable to meet the demands of society
- Public hospitals have low efficiency and poor service levels

***“CCM ... will benefit as Chinese consumers become more educated about Western treatment options”***

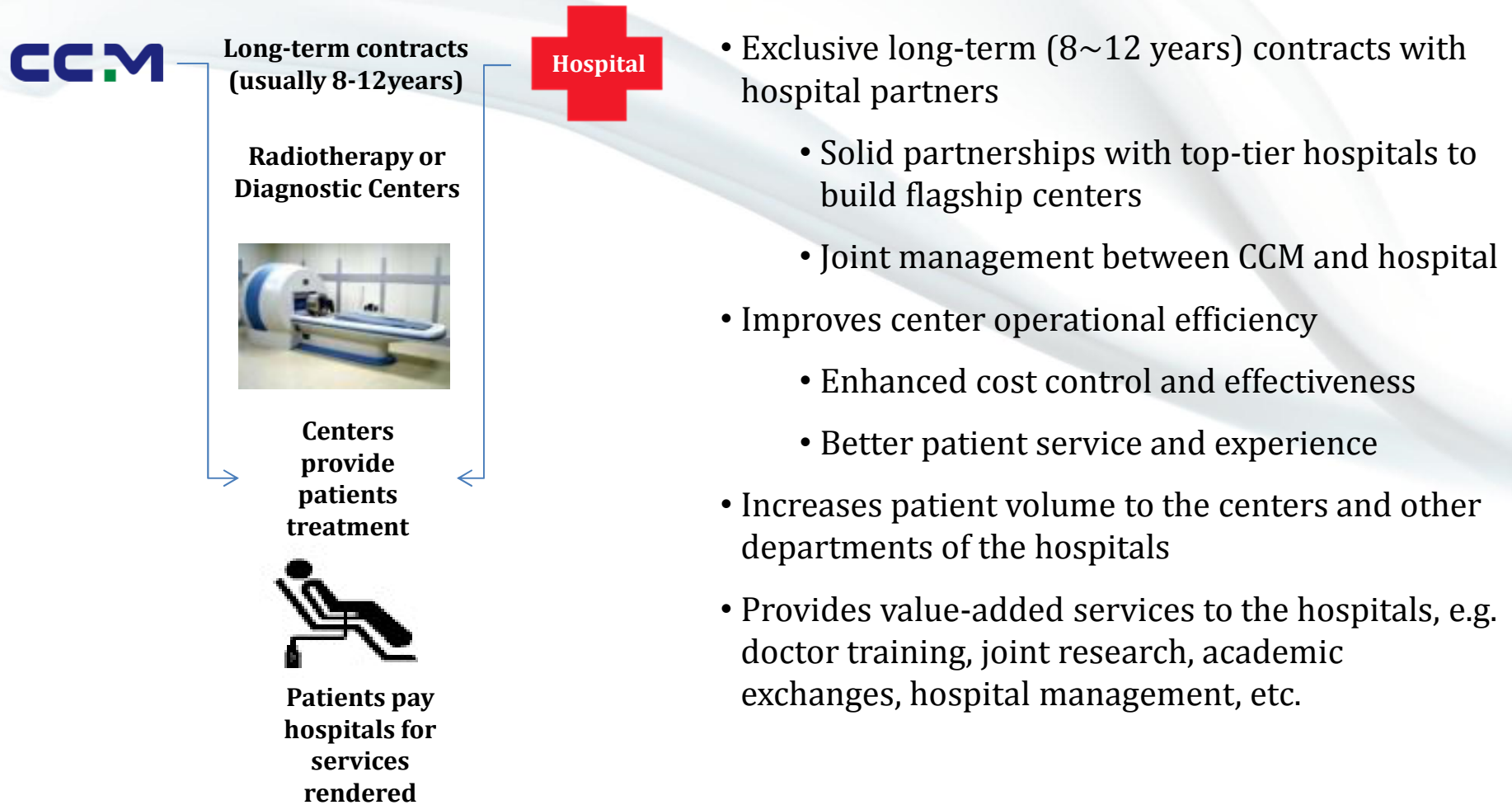
- Oct. 1, 2012, CNBC



**Business**

# Network

## CCM's Lease & Management Model



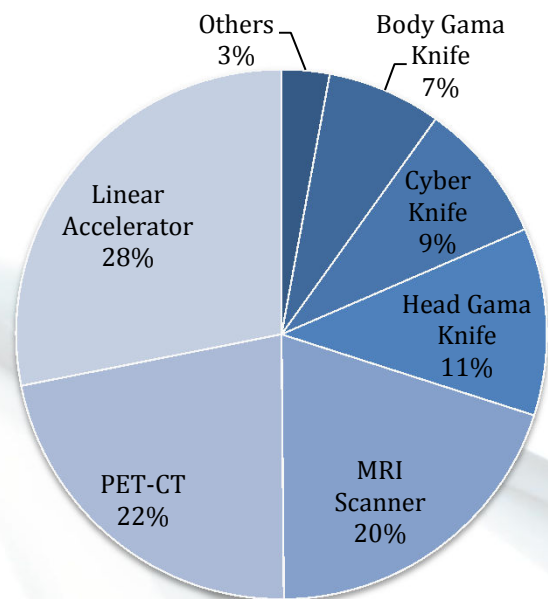
## Nationwide Network



- CCM operates a network of 139 centers with 80 hospital partners that spanned 56 cities in China
- Exclusive long-term contracts with hospital partners across 25 provinces
- Largest national network providing easy access for patients
- The network centers handled 29,791 patient treatment cases and 323,757 diagnostic cases for the full year of 2014

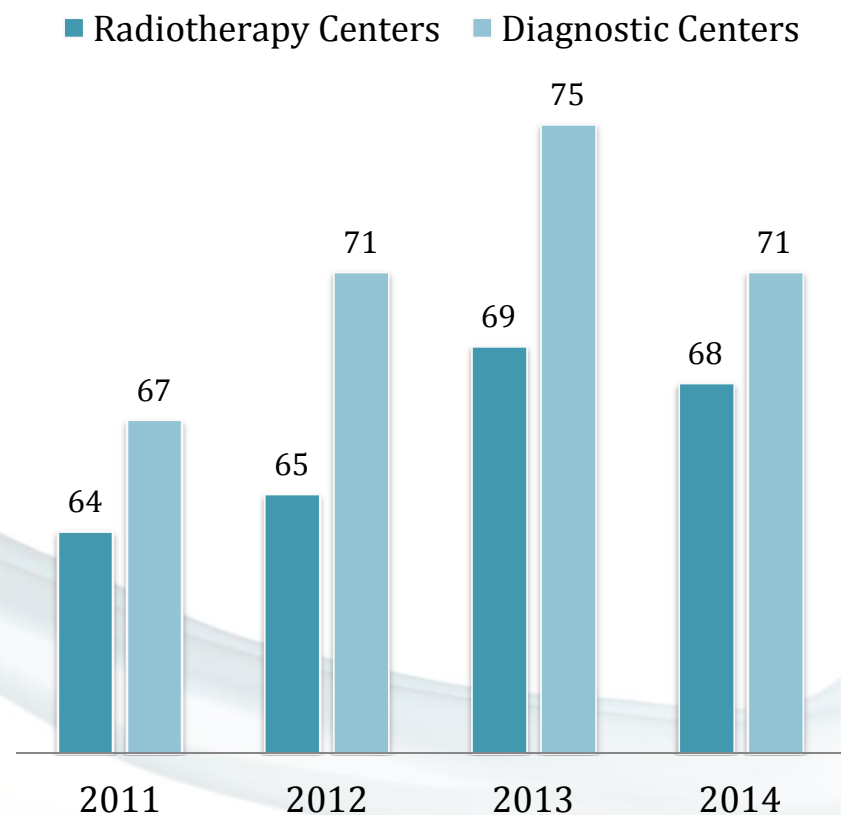
# Equipment Type and Number of Centers

Revenue Contribution by Equipment\*



Notes: Include computed tomography scanners, or CT scanners, and emission computed tomography scanners, or ECT scanners, epilepsy diagnosis equipment, thermotherapy equipment, high-intensity focused ultrasound therapy equipment, cell knife and ophthalmic equipment

Number of Centers



\* FYTD: 31 December, 2014



# Shanghai Concord Cancer Hospital

- **Project Highlights:**
  - Shanghai Concord Cancer Hospital will be located in Shanghai New Hongqiao Medical Center
  - The hospital is Concord Medical's self-owned, free standing entity
  - Concord Medical will collaborate with GE to establish an independent high-end imaging center in Shanghai New Hongqiao Medical Center
- **Designed Capacity:**
  - Land area is approximately 70 Chinese acres (47,000 square meters)
  - Floor area is approximately 92,000 square meters
  - The number of licensed patient beds is 400
- **Total development costs:**
  - To be finalized
- **Scheduled open time:** 2018
- **Recent developments:**
  - Received all relevant government approvals
  - Expect to complete the overall design and construction plan by early of 2015
  - Construction to commence in the first half of 2015



*\*The above rendering shows the preliminary design of Shanghai Concord Cancer Hospital and is subject to change.*



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# Guangzhou Concord Cancer Hospital

- **Project Highlight:**

- The Guangzhou Concord Cancer Hospital will locate in Guangzhou, the largest city in South China
- In partnership with Sun Yat-Sen Cancer Hospital, a leading cancer hospital in China
- Will install a proton beam equipment and multiple LINACs

- **Designed Capacity:**

- Land area is approximately 50 Chinese acres (33,000 square meters)
- The number of licensed patient beds is 400

- **Total development costs:**

- Est. RMB700 million

- **Scheduled open time: 2017**

- **Recent developments:**

- Received all relevant government approvals
- Construction to commence in early 2015



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## Beijing Proton Medical Center

- **Project Highlight:**
  - The Beijing Proton Medical Center will be the first proton beam therapy treatment center licensed for clinical use in China
  - In partnership with China-Japan Friendship Hospital in Beijing, one of the leading general hospitals in China
- **Designed Capacity:**
  - Gross floor area is approximately 12,700 square meters
  - The number of licensed patient beds is 50
- **Total development costs:**
  - Est. RMB500-600 million (\$73-88 million)
- **Scheduled open time:** 2016
- **Recent developments:**
  - March 2012: Obtained the official approval for foreign investment from the Beijing Municipal Commission of Commerce
  - July 2012: Obtained the Business license from Beijing Administration for Industry and Commerce
  - Currently in the process of obtaining other relevant government approvals

## Beijing International Medical Center (BIMC)

- The company signed a framework agreement with Beijing International Medical Center (“BIMC”) to establish Beijing Concord Cancer Hospital, a premium cancer specialty hospital
- Under the agreement, the hospital will be wholly owned by Concord Medical and provide comprehensive cancer therapies, including surgery, chemotherapy, radiotherapy and gene therapy, to high-end cancer patients
- Concord Medical will provide management support, treatment, technology and research to the hospital, including protocols and clinical practice guidelines, by collaborating with top-notch cancer institutions around the world
- BIMC is a joint project initiated by Beijing municipal government, the Ministry of Health and several other Chinese government agencies
- Concord Medical plans to begin designing of the hospital and other early-stage works soon

## **Datong Meizhong Jiahe Cancer Center (receive Level-2 hospital registration)**

- **Project Highlight:**

- Locates in Datong, the "Coal Capital" of China and the commercial and industrial hub of Shanxi Province
- The first free-standing center in CCM's network, a 100%-owned subsidiary of Concord Medical
- The first step to build a nationwide chain of free-standing cancer treatment and diagnosis centers
- Will provide advanced, best-practice diagnostic and radiotherapy services
- Will apply to join the local social insurance coverage

- **Designed Capacity:**

- The number of licensed patient beds is 100

- **Scheduled open time:** 2015

- **Recent developments:** Construction commence in November 2014

# Singapore Concord Cancer Hospital

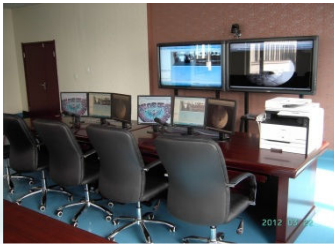
- **Project Highlight:**
  - Acquired 100% equity of Fortis Surgical Hospital(FSH) in March 27th
  - Will apply to change the FSH name into Singapore Concord Cancer Hospital
  - Will add more medical specialties and integrate it into CCM Hospital Network
  - High-end medical services for Singapore patients and China patients seeking overseas treatment
- **Consideration:**
  - SGD55 million, 100% cash transaction
- **Expected close time:**
  - April 6th, 2015
- **About FSH**
  - Private facility in Singapore
  - Established in July 2012
  - 31 bed patient capacity
  - Specializes in minimally invasive procedures and offers the full spectrum of clinical interventions



# Telemedicine

## Developing Nationwide Telemedicine Network

Build a network based on data transmission and storage technology



Set up telemedicine centers in hospitals in remote areas



Enable doctors and physicists to easily communicate and consult each other on cases



Provide doctors in remote areas with the knowledge and experience of other doctors



- Enable inter-center exchange and communication, providing assistance for diagnosis and treatment planning
- Evolve gradually from development to productivity stage



## **Strategy and Strength**

## **Growth Strategy**

- **Continue to improve operational efficiency and cost controls**
  - Implemented ROI as a KPI for each of our centers
  - Operating profits of network improves significantly
- **Focus on improving quality assurance in our network and hospital**
  - Connecting centers in our network through our proprietary telemedicine networks
  - Cooperating with Chinese Radiation Oncology Association to set up a national radiotherapy standard
- **Establish wide strategic partnerships with leading hospitals**
  - Working on treatment planning and quality assurance program together with MDACC (MD Anderson Cancer Center) team
  - Cooperate with leading medical institutions, such as MDACC, China-Japan Friendship Hospital and Sun Yat-Sen Cancer Hospital
- **Construct and operate premium cancer hospitals in China**
  - Plan to build and operate 3 premium cancer hospitals in Beijing, Shanghai and Guangzhou
  - Plan to build level-II specialty hospitals in key cities nationwide
  - Provide cutting-edge cancer treatment services, including proton treatment



## Competitive Advantages

### **Rich Industry Experience**

- CCM has accumulated over 18-years experience in the radiotherapy industry
- Largest operator of radiotherapy and diagnostic centers in China

### **Dedicated Management team**

- Strong management team with expertise in the respective fields
- CEO/COO acquisition of shares demonstrates long-term commitment

### **Wide Strategic Partnerships**

- Acquired 20% ownership interests of MDACC Proton Therapy Center
- Cooperate with MDACC and other leading institutions

### **Strong and Stable Cash Flow**

- 2014 adjusted EBITDA was RMB348 million(\$56.2 million)
- Network centers generate strong cash flow, supporting the construction of new hospitals

## **Strategic Partnership with MDACC**

- **At the end of 2012, CCM finished the acquisition of MD Anderson Proton Therapy Center with 19.98% of interest**
  - CCM becomes the largest shareholder (45%) of the management company of MDACC PTC
  - Gain first-hand knowledge and access to the operation of the best proton therapy center in the world
- **Comprehensive partnership and collaboration with MDACC**
  - Collaboration on hospital design, department setup, medical protocols: to introduce Multidisciplinary Treatment (MDT) to China
  - Personnel training and academic exchange: Provide doctors and researchers the opportunity to study in MDACC
  - Joint research program: Nasopharyngeal Cancer research
  - Patient referral to MDACC: assistance of Chinese patients to receive treatment in MDACC
- **More comprehensive collaboration under discussion**

## About MD Anderson Cancer Center



- The University of Texas MD Anderson Cancer Center (MDACC) is one of the world's most respected medical institutions devoted exclusively to cancer patient care, research, education and prevention
- Created in 1941 as part of the UT System, MDACC marked its 74-year anniversary in 2015.
- In 2014, MDACC received over 127,000 patients and achieved total revenue of over \$4.4B.
- For 10 of the past 13 years, MD Anderson has ranked No. 1 in cancer care in the “Best Hospitals” survey published by *U.S. News & World Report*.
- **CCM and MDACC are cooperating to bring the best cancer treatment technology to benefit patients in China**





## **Financial Overview**

## Financial Overview

### Strong Growth with Track Record

- Net revenue: \$97.8 mm for FY2014, up 7.8% y-o-y
  - 10-14 Revenue CAGR: 12.6%
  - 2014 Gross Margin: 54.8%
  - 2014 Net Income: \$21.0 mm
- 

### Solid Cash Flow & Capital Structure

- Cash & Restricted Cash: \$140.4 mm at 12/31/2014
  - Account Receivable: \$42.7 mm (DSO of 159 days)
  - Adjusted EBITDA: \$56.2 mm for 2014
  - EBITDA margin: 57.4%
- 

### Sustainable Growth & Visibility

- Meets FY2014 earnings: \$0.45 per ADS, up 138% y-o-y
  - Hospital build-out plan: Datong Cancer Center commence construction in November 2014, GZ hospital commence construction in early 2015
-

## Capital Structure

USD MM	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Cash*	57.7	116.5	140.4
<u>PP&amp;E, Net</u>	<u>244.4</u>	<u>246.6</u>	<u>120.8</u>
Total Assets	588.3	674.9	477.0
Total Bank Debt	140.5	179.4	145.7
Total Liabilities	212.7	272.5	186.8
Shareholders' Equity	375.6	402.4	290.1
Total Liabilities / Total Assets	36.2%	40.4%	39.2%
Total Liabilities / Total Equity	56.6%	67.7%	64.4%

\*Cash, held-to-maturity, time deposit, restricted cash, current and non-current portions



## Appendix



## Management Team

### **Dr. Jianyu Yang, Chairman & CEO**

- 10 years of management experience
- Former CEO of Eguard Resource Development (A-share listed)
- PhD in Economics from Liaoning University

### **Dr. Zheng Cheng, COO & President**

- 20 years of industry-related experience
- Co-founder and former CEO of China Medstar (AIM-listed)
- Qualified clinical surgeon

### **Mr. Jing Zhang, Chief Administrative Officer**

- 14 years of industry experience
- Co-founder and former COO of China Medstar (AIM-listed)
- BA from Beijing Institute of Chemical Technology

### **Mr. Yaw Kong Yap, CFO**

- Member of the board of directors and financial controller from 2008 to 2011
- CFO of China Medstar (AIM-listed)
- Certified Public Accountant in the United States

### **Mr. Adam J. Sun, Chief Investment Officer**

- Over 10 years of finance and management experience
- Experience in healthcare industry in China
- MBA from University of Chicago, GSB

## Healthcare Market in China

	<b>Total health expenditure Percentage of GDP</b>	<b>Total Health Expenditure Per Capita Spending (USD)</b>
United States	17.6%	8,233
Germany	11.6%	4,338
France	11.6%	3,978
United Kingdom	9.6%	3,433
Japan	9.5%	3,045
China*	5.1%	347

*\* Note: the data of China from 2009, data of other countries from 2010*

## Higher Insurance Coverage in China

### National Basic Medical Insurance

- As of 2011, the coverage of China's basic medical insurance is more than 95%. Urban and rural residents began to enjoy wide coverage of basic medical insurance and "expensive" problem has been eased. Currently, China has entered the ranks of national universal health insurance.
- There are three types of basic social medical insurances covering approximately all people in China, which are Urban Employee Basic Medical Insurance System, Urban Resident Basic Medical Insurance System, and New Rural Cooperative Medical System.

### Cancer Radiotherapy Reimbursement Ratio

- Currently, most of the radiotherapy can be covered by the national basic medical insurances. Different regions have different insurance policies and have various reimbursement ratios, but there is so little difference among them. The following is the example about the reimbursement ratio of a tertiary class-A hospital in Beijing.

Treatment Program	Costs (RMB)	Price Ceiling For One Course of Treatment (RMB)	Self-pay Part
Linac 3D-CRT	1,300/fraction	30,000	8%
IMRT	3,000/fraction	50,000	20%
Systemic Electron irradiation treatment	2,500/fraction	50,000	8%
Systemic and bust X-ray irradiation (Accelerator)	11,000/turn	15,000 for several turns	8%