



Ascendis

HEALTH

INTERIM RESULTS FOR THE
SIX MONTHS ENDED 31 DECEMBER 2013

Section	Presenter
Progress report	Dr. Karsten Wellner
Financial review	Robbie Taylor
Operational review	Dr. Karsten Wellner
Strategic overview	Dr. Karsten Wellner
Outlook	Dr. Karsten Wellner







PROGRESS REPORT

COMMITTED

- Listing
- Acquisitions
- Performance

DELIVERED

- Listed on JSE on 22 November 2013
– raised R453m 
- Concluded Surgical Innovations acquisition 
- Announcement on PharmaNatura last week 
- Ahead of target 



FINANCIAL REVIEW

- Revenue +114% to R662m
- Operating profit +366% to R88m
- Operating margin up from 6% to 13%
- Headline earnings up from –R4m to R54m

R'm	6 months December 2013	6 months December 2012	% change
Revenue	662	310	114%
Cost of sales	357	180	98%
Gross profit	305	130	135%
Gross profit margin	46%	42%	
Other income	7	1	617%
Operating expenses (excl D&A)	210	108	94%
EBITDA	102	23	348%
Depreciation and amortisation	14	4	265%
Operating profit	88	19	366%
Operating profit margin	13%	6%	
Finance costs	9	23	(60%)
Profit/(loss) before tax	79	(4)	
Taxation	23	5	435%
Profit/(loss) after tax	56	(9)	

	R'm
Forecast PAT per PLS to 30 June 2014	112
Add listing costs (after tax)	12
Forecast PAT to 30 June 2014	124
Pre-acquisition profit of acquired businesses	19
PAT - Had we owned the businesses for 12 months	143
Divide by 2 for six months:	÷ 2
Expected half FY operating profit	71
Less: pre-acquisition profit of acquired businesses	(19)
Expected first half FY PAT	52
Actual PAT	56

- On track to achieve the PLS forecast of R124m profit after tax (and after capitalising listing fees)
- Surgical Innovations and further acquisitions not included above but will contribute in 2nd half of FY14

BALANCE SHEET – ASSETS

R'm	December 2013	December 2012	% change
Non-current assets	1 029	298	245%
Property, plant and equipment	57	39	45%
Goodwill	557	194	159%
Intangible assets	274	37	787%
Other non-current assets	141	28	400%
Current assets	913	272	235%
Inventories	345	108	225%
Trade and other receivables	323	132	110%
Cash and cash equivalents	239	32	678%
Other current assets	6	-	
Total assets	1 942	570	240%

BALANCE SHEET – EQUITY AND LIABILITIES

R'm	December 2013	December 2012	% change
Equity	1 013	46	>1 000%
Non-current liabilities	579	381	52%
Financial liabilities	578	331	75%
Other non-current liabilities	1	50	
Current liabilities	350	144	143%
Trade and other payables	281	88	221%
Other financial liabilities	15	54	(73%)
Other current liabilities	54	2	>1 000%
Total liabilities	929	525	77%
Total equity and liabilities	1 942	570	240%

	6 months December 2013	6 months December 2012
Interest cover (times)	11.1	1.0
Net working capital days	135	111
Inventory days	176	110
Debtor days	89	90
Creditor days	(130)	(89)

R'm	6 months December 2013	6 months December 2012
Profit before tax	79	(4)
Non-cash adjustments	14	6
Operating profit before working capital changes	93	2
Working capital changes	(174)	(69)
Net interest and tax paid	(5)	(12)
Cash utilised in operations	(86)	(79)

CASH UTILISATION

R'm	6 months December 2013	6 months December 2012
Cash utilised in operations	(86)	(79)
Acquisitions	(479)	(7)
Net proceeds of share issue	400	-
Net cash from group loans	268	106
Other financing activities	-	(16)
Net cash generated	103	4



OPERATIONAL REVIEW



DIVISIONS:

CONSUMER BRANDS



Nutraceuticals, vitamins, sports nutrition, specialist skin care, direct selling brands

PHARMA-MED






Prescription drugs and medical devices

PHYTO-VET



Plant and animal health

R'm		 Ascendis CONSUMER BRANDS	 Ascendis PHARMA-MED	 Ascendis PHYTO-VET	Head Office	Total
	Sales – 2012	117 (38%)	-	193 (62%)	-	310
	Sales – 2013	299 (45%)	70 (11%)	292 (44%)	-	662
6 months to Dec 2013	EBITDA – 2012	19 (83%)	-	3 (13%)	2	24
	EBITDA – 2013	71 (70%)	3¹(3%)	39 (38%)	(11)	102
	EBITDA margin – 2012	16%	-	2%	-	7%
	EBITDA margin – 2013	24%	4%¹	13%	-	15%

1. Pharmachem business (Pharma-Med division) only accounted for 2 months: Nov & Dec 2013



STRATEGIC OVERVIEW

“Healthy home, healthy you.”



Bringing health to people, plants and animals at all stages of their lives



- **Organic growth** from long established, strong, resilient brands
- **Acquisition** of complementary businesses and brands for synergistic growth
- Vertical (value chain) and horizontal (bolt-on) **synergies**
- Utilise divisional **operating platforms**
- Expand **internationally**



- Leverage strong market positions in South Africa
- Existing export business growing
 - SSN, Swissgarde, Nimue, Avima, Efekto
- Strong, resilient, mostly owned brands (Solal, Evox, Marltons, Pharmachem) offer further potential for internationalisation
- Building of platforms for synergies in selling & marketing
- High LSM focus locally
- Pharmachem generics with low LSM focus well positioned for NHI
- Use Surgical Innovations route to market to expand in new business segments in Medical Devices

- **Consumer Brands**

- Nimue - merged Nimue SA and Nimue International; internat. sales growth +24%, Barcelona R&D and training centre, continuing growth in Sweden, Netherlands, UAE, Denmark and Germany; new markets
- SSN – export growth of 784% (mostly to Europe)

- **Pharma-Med**

- Pharmachem: platform company for pharma, growth in generics and dispensing doctors market, 7 new dossiers registered, 10 new dossiers under negotiation

- **Phyto-Vet**

- Avima: export growth +125%, growth in 10 core African markets
- Efekto: reorganisation of warehouses, co-marketing with Marltons, sales +10%

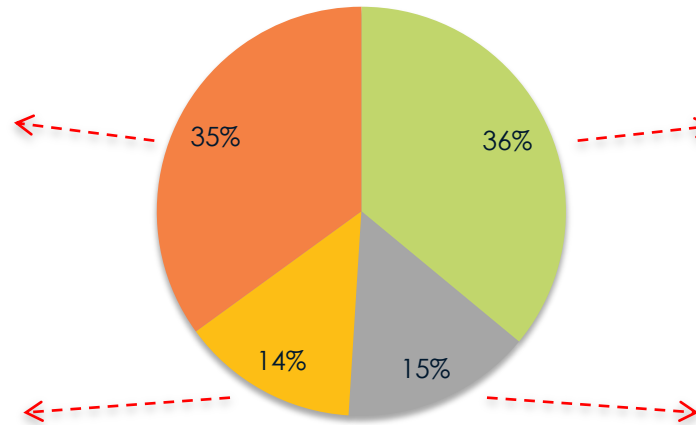
- Acquire businesses to vertically integrate or to bolt-on to the existing platforms to increase operating margins
- Sound track record of acquiring established healthy businesses with strong brands
- Acquisitions since listing:
 - Consumer Brands:
 - PharmaNatura - awaiting regulatory approval (vertical integration)
 - Atka Pharma (horizontal integration)
 - Pharma-Med: Surgical Innovations
- Strong acquisition pipeline in all divisions



- Surgical Innovations generates revenue through the following income streams:
 - Sale of surgical consumable devices
 - Sale of hi-tech capital equipment
 - Renting of hi-tech capital equipment
 - Maintenance/ servicing of devices

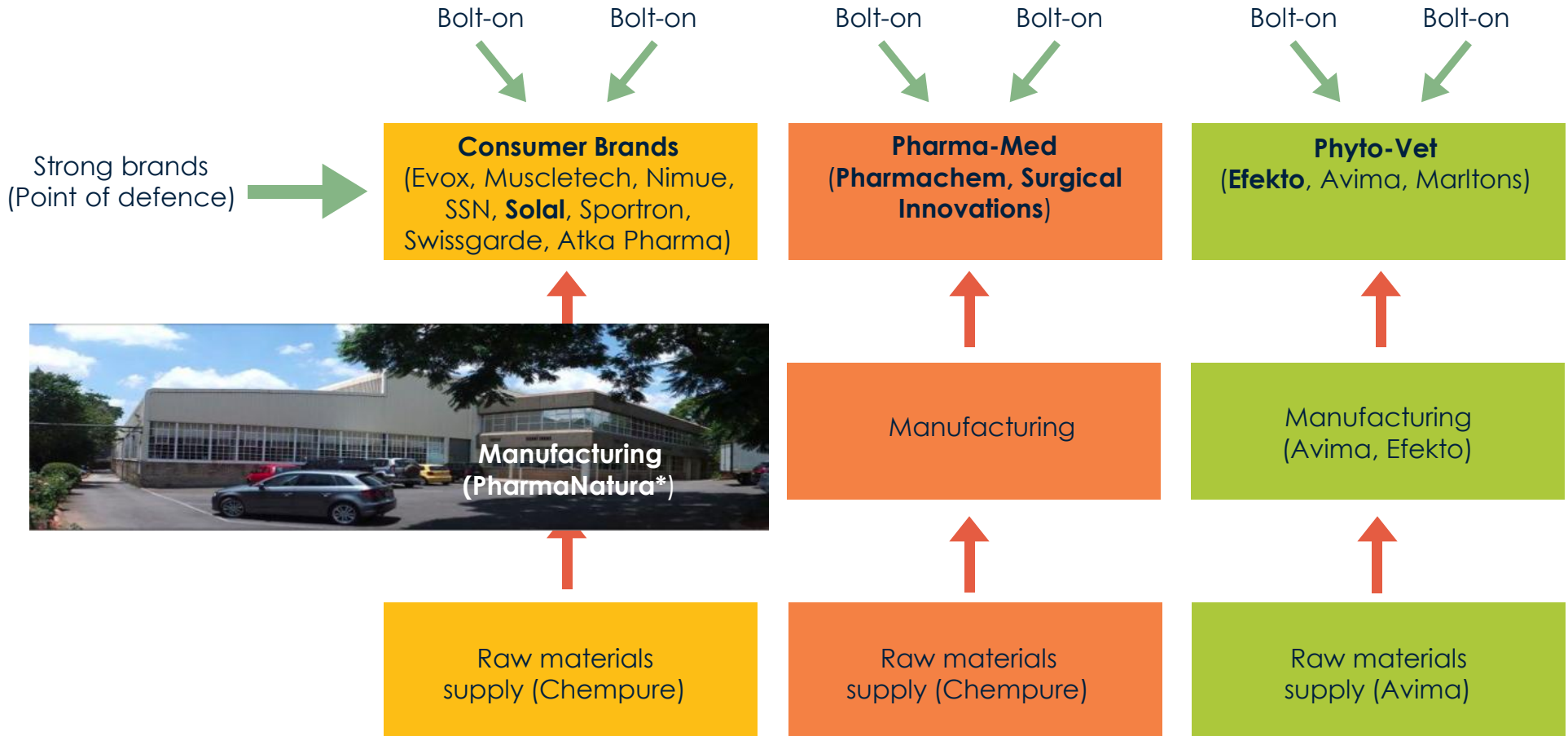


- Divisions represent major listed global companies: Olympus, Maquet, Bayer/Medrad, Merit Medical and Applied Medical (unlisted)



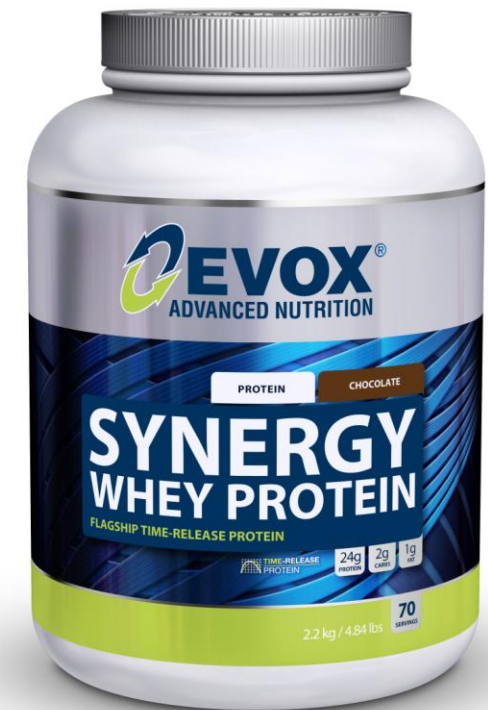
- Gastro Intestinal, General surgery and Gynaecology
- Urology and Womens Health
- ENT, Neuro and Biosurgery
- Cardiology, Vascular, Radiology and Pathology

SYNERGIES STRATEGY (VERTICAL & HORIZONTAL)



* Awaiting regulatory approval

- Procurement
- Warehousing and distribution
- Manufacturing
- Merchandising
- R & D and product innovation
- Office space and rentals
- Finance department
- Human resources
- Legal department
- Group contracts (insurance, telecoms, IT)



- Efekto/Marltons: Combined warehouses in PE, DBN and CT, production, distribution, sales team, merchandising, management
- Consolidated several distributors into one distribution partner for consumer brands
- Key account management in consumer brands
- Merger between Nimue SA and Nimue International
- Joint offices at Ascendoplex (Efekto, Solal, Regal, Nimue)
- New legal department with services for all underlying brands
- Accounts department
- Group Human Resources department established

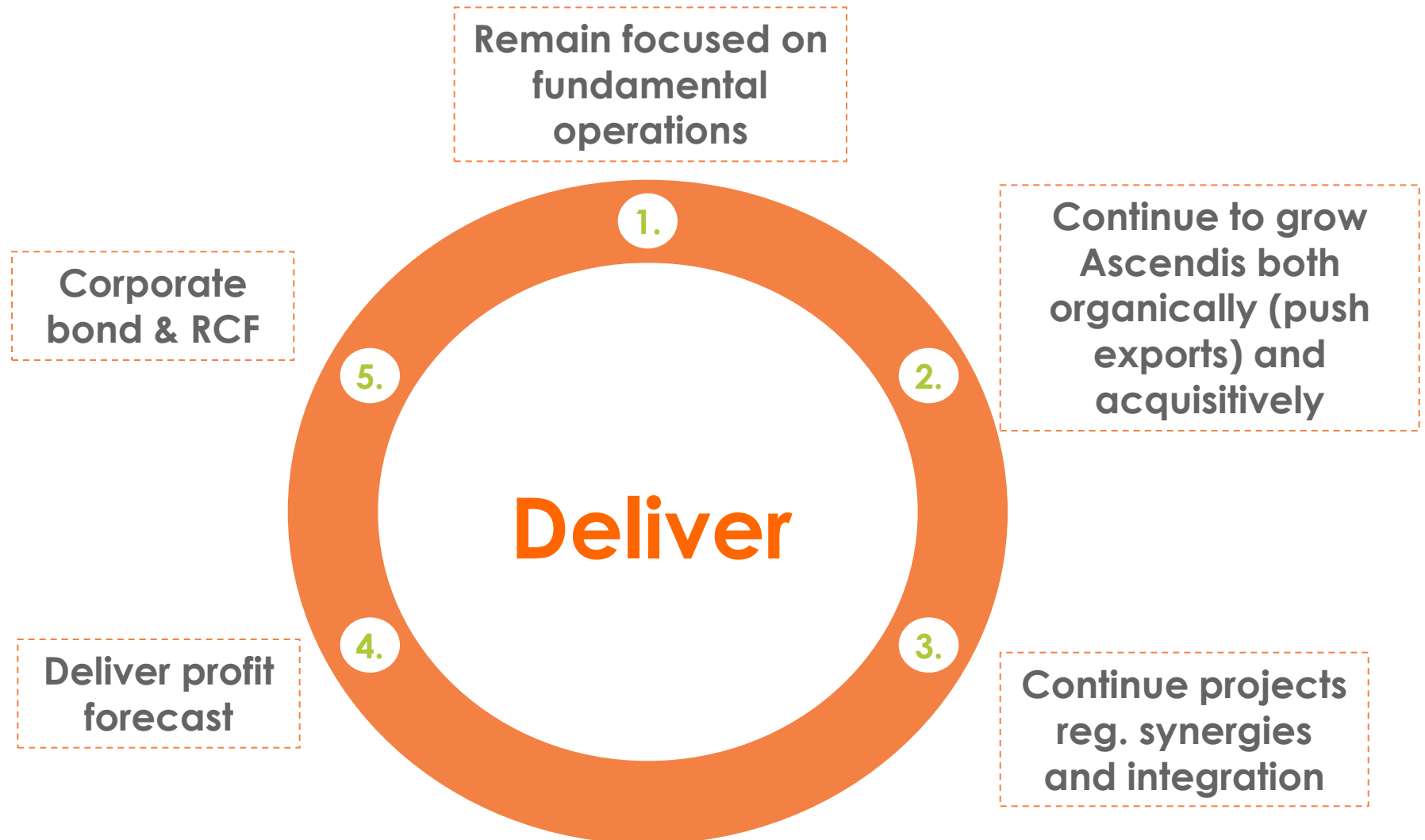
- Well positioned to grow international footprint: sales + 209%
- Strong interest by international distributors in Ascendis products
- International strategy: exports, own representation and acquisitions
- Currently distributors in over 20 countries outside Africa
- Sale of phyto-vet products in 25 African countries
- Strong export growth in Avima, SSN, Swissgarde and Nimue in 2013
- In early stages of first international acquisition-projects

- Barriers to entry from regulations
- Engaging with Medicines Control Council (MCC) on implementation of new regulations for CAMs
- Scheduled medicines have a long registration process with the MCC (3 - 5 years)
- Home and garden products require registration with Department of Agriculture (2 - 3 years)
- Well positioned with Pharma-Med division to take advantage of changes in local health environment towards NHI
 - Recapitalisation of clinics and smaller hospitals
 - Continued growth of generics
 - Government drive to more affordable and accessible healthcare



OUTLOOK





- Resilient brands, price maker, export potential
- Average 8% price increase from March
- Healthy acquisition pipeline
- Divisional synergy projects
- Bond issue in the second half of FY
- **Confident of achieving pre-listing full year forecasts
(plus additional recent and new acquisitions)**



DELIVERING ON COMMITMENTS





ADDITIONAL INFORMATION

- Long-established, well-known, owned brands
- Mostly targeted at higher LSM consumers
- Typically sold through retailers in South Africa and through international network (Nimue, SSN, Evox)
- Opportunity to leverage off brands to expand product range
- Expansion through alternative selling platforms and online
- Huge international potential



- Development, manufacturing and sales of prescription and generic medicines
- Importation and distribution of hi-tech international surgical devices
- Sold in both private and public health sectors
- Well positioned for NHI

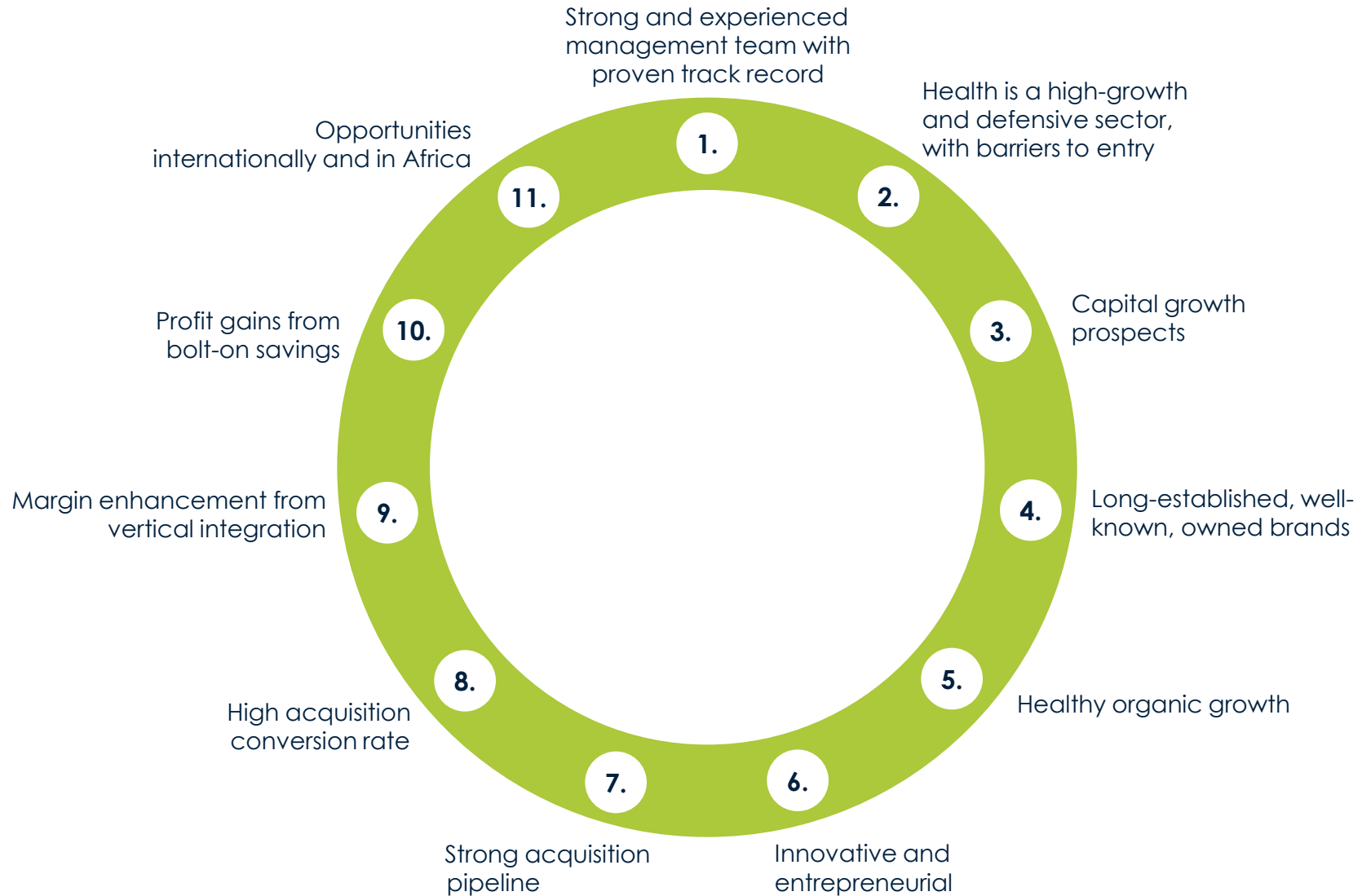


- Strong, market-leading, long-established owned brands
 - Efekto has approximately 70% market share
- Over 240 registered products with good pipeline in registration process
- Avima exports over 60% of sales to 25 African countries – provides platform for other brands into Africa
- Horizontal and vertical integration projects between businesses in implementation enabling best practice (manufacturing, regional warehouses, distribution, sales force, merchandising)



	Share capital R'm	Number of shares 'm
Pre-listing (per PLS)	445	176
Shares issued on listing	400	36
	845	212
Vendor issuances	194	18
Listing fees	(19)	
Treasury shares	(15)	(1)
Balance at 31 Dec 2013	1 005	229
Headline earnings (R'm)		54
Weighted average number of shares in issue		185
HEPS		29c

INVESTMENT CASE



This document, prepared by Ascendis Health Limited (“Ascendis” or “the company”), has been outlined for the benefit and information of the recipient to whom this document is submitted in good faith and who is deemed by Ascendis to have accepted responsibility for ensuring that the confidentiality of this document will be maintained at all times. This document may not be submitted in any manner or form to any party or utilised in any manner or form without the prior written consent of Ascendis.

The material contained in this document is intended to be general background information on Ascendis and its activities. The information is supplied in summary form and is therefore not necessarily complete. The financial information contained in this document may include non-IFRS financial measures. This document may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical facts and may be “forward looking statements”. Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements may be identified through the use of words such as “expects”, “will”, “anticipates”, “estimates”, “believes”, or by statements indicating certain actions “may”, “could”, “should” or “might” occur. Ascendis is under no obligation, and does intend, to update any forward looking statements contained in this document.

The recipient acknowledges that Ascendis does not assume responsibility to it or to any other person for loss or damage of any kind whatsoever arising as a result of the use or misuse by the recipient of this document or for any opinion, advice, recommendation, representation or information, expressed or implied, contained herein, notwithstanding any negligence, default or lack of care by it or that such loss or damage was foreseeable.

Ascendis Health

Contact	Designation	Office	Mobile	Email
Dr. Karsten Wellner	CEO	+27 (0)21 701 2232	+27 (0)83 386 4033	karsten@ascendis.co.za
Robbie Taylor	CFO	+27 (0)21 276 0521	+27 (0)82 809 9506	robbie@ascendis.co.za