



Private Placement Roadshow
28-31 October 2014



Ascendis
HEALTH

PRESENTATION OUTLINE

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HIGHLIGHTS OF PRIVATE PLACEMENT



SUMMARY AND UPDATE

Concluded: 24th October 2014:

- **Raised R190m (at R15.00)** equity placement last week to acquire The Scientific Group Proprietary Limited ("SG"), a synergistic medical device business (SENS 27/10).

In progress: 28th – 31st October 2014 (upto R400m accelerated book build):

- **Raising up to R300m (at price R15.00 – R15.75 via auction)** via issue of shares for cash.
- In addition, **up to R100m** will be made available via a **secondary placement** (5% of C2C's ASC shares).

Dividend:

- The issue shares will rank *pari passu* and trade ex-dividend [LDT 5 Dec].

INDICATIVE TERM SHEET

ISSUER	Ascendis Health Limited
NOTIONAL AMOUNT	Up to R400m via a primary and secondary placement
USES	Funding for acquisition pipeline and to reduce debt
SG CONTRIBUTION TO HEPS	Additional 8 cps to FY14 HEPS (12% earnings uplift)
30-DAY VWAP PRICE	R16.28 as at 24 October 2014 (R17.56 including SG: + 8cps x16)
ISSUE PRICE	R15.00 – R15.75
PLACEMENT DISCOUNT TO VWAP	R15.00 implies a discount of 8% (15% including SG) R15.75 implies a discount of 3% (10% including SG)
REQUIREMENTS	Irrevocable commitment to quantity and price by Tuesday 4 November 2014 (allocation confirmation Fri 7 Nov'14)

GEARING IMPACT

	12 months to 30 June 2014 Pre-equity raise ⁽¹⁾ ⁽²⁾	12 months to 30 June 2014 Post-equity raise ⁽²⁾ ⁽³⁾
Net debt to equity	87%	46%
Net debt to EBITDA	2.3x	1.7x

Notes:

1) The “Pre-equity raise” calculations assume the following:

- Equity as extracted from the audited full year results for Ascendis Health for the period ended 30 June 2014.
- Full utilisation of the recently announced debt package of R1.06bn

2) Annualised EBITDA includes the full year impact of the acquisitions concluded during the course of FY14 and acquisitions concluded post year end, namely RCA, brands acquired from Arctic Health and The Scientific Group.

3) The “Post-equity raise” calculations assume the following:

- Equity as extracted from the audited full year results for Ascendis Health for the period ended 30 June 2014, inclusive of the additional equity raised via the general issue of shares and vendor placement of R450m in total.
- Net debt assumes debt of R1.06bn is reduced by the cash raised from the general issue of shares for cash (R300m).



OVERVIEW OF SG ACQUISITION



SCIENTIFIC GROUP ACQUISITION

- SG is a **well-established medical devices company** founded in 1983.
- The purchase consideration is comprised of:
 - An amount of **R284m** (base consideration);
 - Day one = R153m
 - June 2015 = R31m
 - December 2015 = R100m
 - **R100m** (blood contract agterskot) – max. R100m if full 5 year tender is awarded to SG. If full contract awarded, it adds a further R100m in revenue and adds to earnings at a contribution margin level.
- The SG diagnostics acquisition **increases HEPS by 8cps** (12% earnings uplift).
- With **no agency overlap**, the acquisition is **highly complementary** to Ascendis Medical; Surgical Innovations and RCA.
- SG sells diagnostic services (5%), equipment (15%) and reagents (80%) to virtually all pathology laboratories (Pathcare, Lancet and Ampath etc) and hospitals.

SCIENTIFIC GROUP ACQUISITION (CONT.)

- SG maintains **long-standing relationships with over 10 principal agencies** which extends to pathology laboratories and research institutions.
- Main agencies include Horiba, Becton Dickenson diagnostics, Ortho Clinical Diagnostics, Sakura and Abbot diagnostics.
- The largest contribution from a single customer is approx. 13% of group revenue, representing an attractive **diversified customer base**.
- Exports are **40% of SG's sales – to other African countries**, further accelerating Ascendis' African expansion strategy.
- Since 2011, revenue **growth has averaged 15% per annum**. The most recent revenue split is as follows:
 - 10% is comprised of SA government tenders.
 - 40% is comprised of exports.
 - 50% is on-going SA reagent business.

PRO-FORMA EFFECTS OF THE SCIENTIFIC GROUP ACQUISITION - SENS

	12 months to 30 June 2014 – before acquisition ⁽¹⁾	Pro-forma for 12 months to 30 June 2014 – after the acquisition ⁽²⁾	Change (%)
HEPS (cents)	65	73	12%
HEPS excluding amortisation charges (cents)	72	80	11%
Net asset value per share (cents)	572	614	7%
Weighted average number of shares in issue ('000)	212 132	222 132	5%
Total shares in issue ('000)	239 368	254 456	6%

Notes:

- 1) The “before” column is extracted from the audited full year results for Ascendis Health for the period ended 30 June 2014.
- 2) In calculating the financial effects in the “after” column, it was assumed:
 - The SG placement of R150m was concluded at R15.00 per share.
 - Management accounts of SG diagnostics for the 12 month period to 31 August 2014 were incorporated.
 - A post-tax lending rate of 7.3% was applied to the remaining base consideration.



FINANCIAL IMPACT OF PRIVATE PLACEMENT



PRO-FORMA EFFECTS OF SG ACQUISITION AND R300m CAPITAL RAISE

	12 months to 30 June 2014 – before issue of shares ⁽¹⁾	Pro-forma for 12 months to 30 June 2014 – after issue of shares ^{(2) (3)}	Change (%)
HEPS (cents)	65	75	16%
HEPS excluding amortisation charges (cents)	72	82	14%
Net asset value per share (cents)	572	635	11%
Weighted average number of shares in issue ('000)	212 132	241 487	14%
Total shares in issue ('000)	239 368	273 811	14%

Notes:

- 1) The “before” column is extracted from the audited full year results for Ascendis Health for the period ended 30 June 2014.
- 2) In calculating the financial effects in the “after” column, it was assumed the share issue under the general authority (R300m issued at R15.50) and vendor placement (R150m issued at R15.00) were implemented on 1 July 2013.
- 3) The “after” EPS and HEPS calculations include the impact of The Scientific Group acquisition and the after-tax interest expense saved if the R300m cash raised under the general authority was used to reduce existing debt facilities.

NORMALISED EARNINGS IMPACT (USING SENS ANNOUNCEMENTS)

	PAT (Rm)	No. of shares ('000)	Cents per share
H2 '14 x 2 (excluding amortisation)	181	254 456	71
• Pharma Natura	10	254 456	4
• Respiratory Care Africa	22	254 456	9
• Arctic Healthcare	9	254 456	3
• Scientific Group	23	254 456	9 ⁽¹⁾
Total	245	254 456	96 ⁽²⁾
Historical P/E adjusted for acquisitions			16.1x ⁽³⁾
HEPS growth from acquisitions			33%

Notes:

- 1) 9cps vs 8cps includes impact of R300m capital raise therefore lower number of shares applied.
- 2) This is not a forecast. The calculation incorporates post year-end acquisitions on an annualised basis, excluding amortisation.
- 3) Based on a assumed raise price of R15.50.



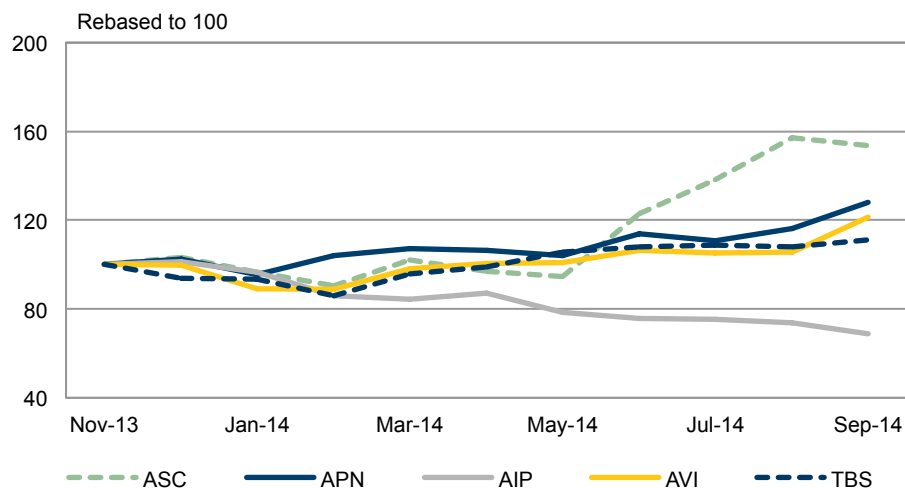
WONDER
3:2:1 (28) SR
CONTAINS SLOW RELEASE NITROGEN
BIVAT STADIGVIRSTELLENDEN STIKSTOF
LAWNS and Home Gardens
Graspekte en Huistuin
3:2:1 (28) SR

PEER ANALYSIS



PEER ANALYSIS

Share price performance since listing



- Since listing, Ascendis has significantly outperformed its peers.
- Ascendis acquisitions add >30% annualised to Jun'14 HEPS
- Ascendis Jun'14 sales growth 171% over prior year;
- EBITDA growth of 277% over prior year.

Share code	Share price growth since ASC listing	Historical PE (x)	1-yr FWD HEPS growth
ASC	53%	16.1*	> 30% (per slide 13)
APN	28%	32.7	26%
AIP	-31%	-	-
AVI	21%	17.5	8%
TBS	11%	19.3	16%
Average	16%	21.4	20%

* Not a forecast. Based on price of a R15.50 and Jun '14 plus post year-end acquisitions on an annualised basis and excluding amortisation.
Source: Bloomberg consensus forecasts for peers.



NEXT STEPS



NEXT STEPS

Fulfilment of irrevocable commitments (form to be sent)

Allocation and placement of shares

Issue of shares



OVERVIEW OF ASCENDIS HEALTH



ASCENDIS HEALTH AT A GLANCE

- Ascendis Health is a health and care company operating in the human, plant and animal healthcare sectors.
- The company's strategy is to create a synergistic group of health brands that cover the entire value chain, namely importation of raw materials, manufacturing and distribution to consumers via retail, traditional pharma and direct selling channels.
- As part of the company's growth strategy, Ascendis has a strong focus on acquisitive growth, utilising the expertise of the investment team from Coast2Coast.
- The company consists of three divisions, namely:
 - Consumer Brands;
 - Pharma-Med; and
 - Phyto-Vet.



Healthy home, healthy you

DIVISIONAL STRUCTURE



DIVISIONS:

CONSUMER BRANDS

Nutraceuticals, vitamins, sports nutrition, specialist skin care

PHARMA-MED

Prescription drugs and medical devices

PHYTO-VET

Plant and animal health

INCOME STATEMENT

R'm	June 2014	June 2013	% change
Revenue	1 618	598	171%
Cost of sales	890	340	162%
Gross profit	728	258	183%
Gross profit margin	45.0%	43.1%	
Other income	68	9	674%
Operating expenses (excl D&A)	550	201	174%
EBITDA	246	66	277%
Depreciation	10	4	143%
Amortisation	20	9	137%
Operating profit	216	53	310%
Operating profit margin	13.3%	8.8%	
Net finance costs	30	46	(35%)
Profit before tax	186	7	>1 000%
Taxation	46	5	813%
Profit after tax	140	2	>1 000%
HEPS	65c	9c	
HEPS before amortisation	72c	17c	

BALANCE SHEET – ASSETS

R'm	June 2014	June 2013	% change
Non-current assets	1 436	409	252%
Property, plant and equipment	87	43	103%
Goodwill	1 048	233	349%
Intangible assets	251	87	189%
Other non-current assets	50	46	10%
Current assets	1 121	535	109%
Inventories	431	169	155%
Trade and other receivables	476	173	175%
Cash and cash equivalents	95	135	(30%)
Other current assets	119	58	105%
Total assets	2 557	944	171%

BALANCE SHEET – EQUITY AND LIABILITIES

R'm	June 2014	June 2013	% change
Equity	1 213	388	212%
Non-current liabilities	514	100	416%
Borrowings	415	85	389%
Other non-current liabilities	99	15	569%
Current liabilities	830	456	82%
Borrowings	231	242	(5%)
Trade and other payables	395	129	207%
Bank overdraft	101	11	839%
Other current liabilities	103	74	38%
Total liabilities	1 344	556	142%
Total equity and liabilities	2 557	944	171%

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Coast2Coast

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