



RMB | Morgan Stanley
Off Piste Conference
2nd & 3th of October 2014



Ascendis
HEALTH



OVERVIEW



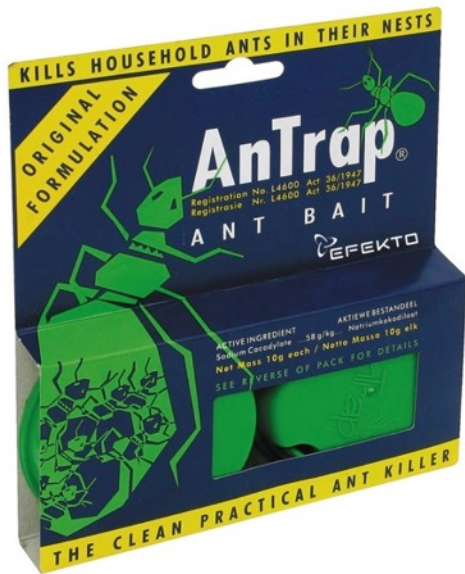
ASCENDIS AT A GLANCE

Sector profile	<ul style="list-style-type: none">• Health and care brands, pharmaceuticals, medical devices
Current market cap.	<ul style="list-style-type: none">• Approx. R4.0bn (main board JSE), listed 22nd of November 2013
Divisions (targeted mix)	<ul style="list-style-type: none">• Consumer Brands (40%), Pharma-Med (40%), Phyto-Vet (20%)
Brands	<ul style="list-style-type: none">• Strong, owned brands and IP
International sales	<ul style="list-style-type: none">• Over 50 countries, 11.5% outside of South Africa
Staff	<ul style="list-style-type: none">• Approx 1400 (Sept 2014)
Sales 2014	<ul style="list-style-type: none">• Sustainable (annualised): turnover approx R 2.2bn
EBITDA 2014	<ul style="list-style-type: none">• Sustainable (annualised): approx R334m
Mid-term growth targets pa	<ul style="list-style-type: none">• Organic (10-15%), acquisitive (20-25%), synergistic (5%)

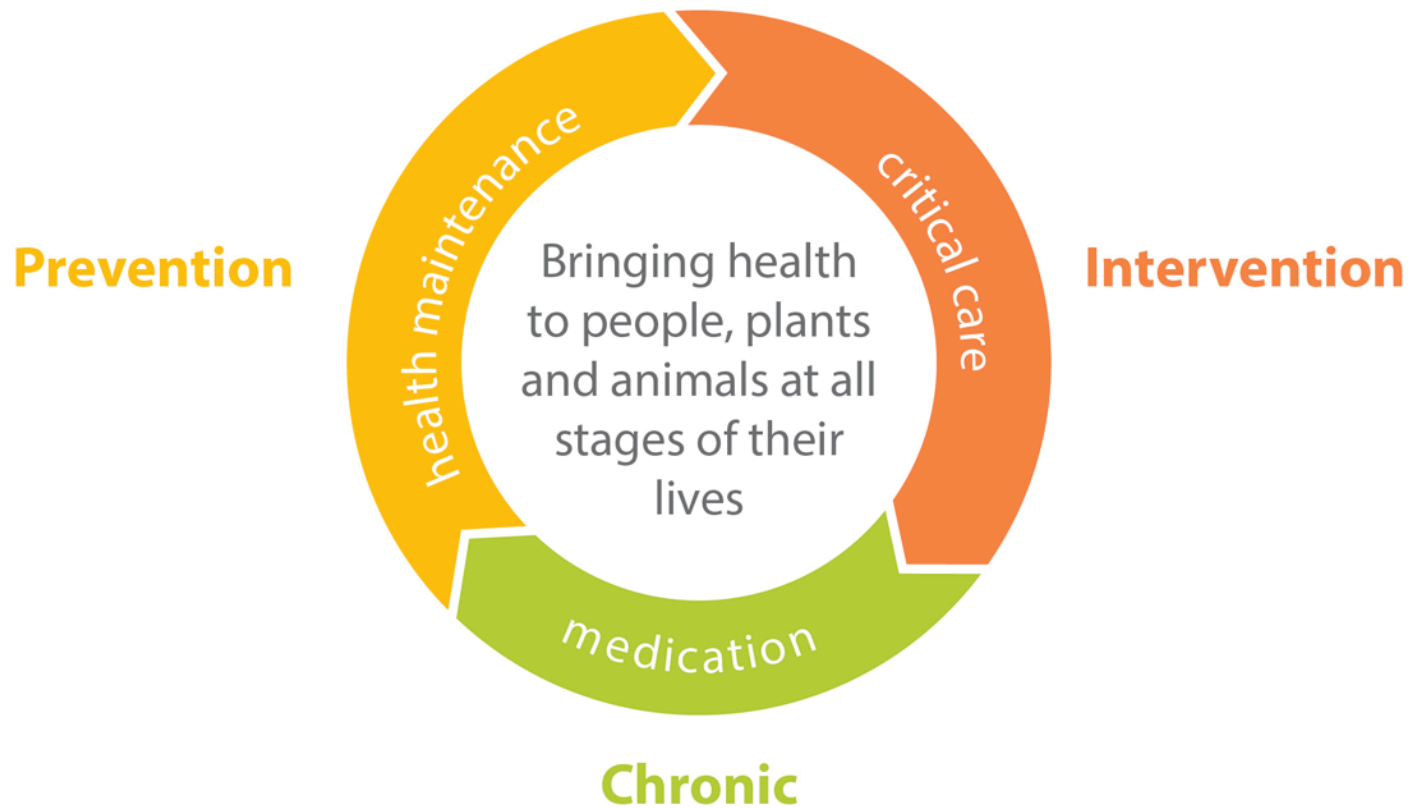
ASCENDIS - WHAT ARE WE ?

A South African Health and Care Brands Company

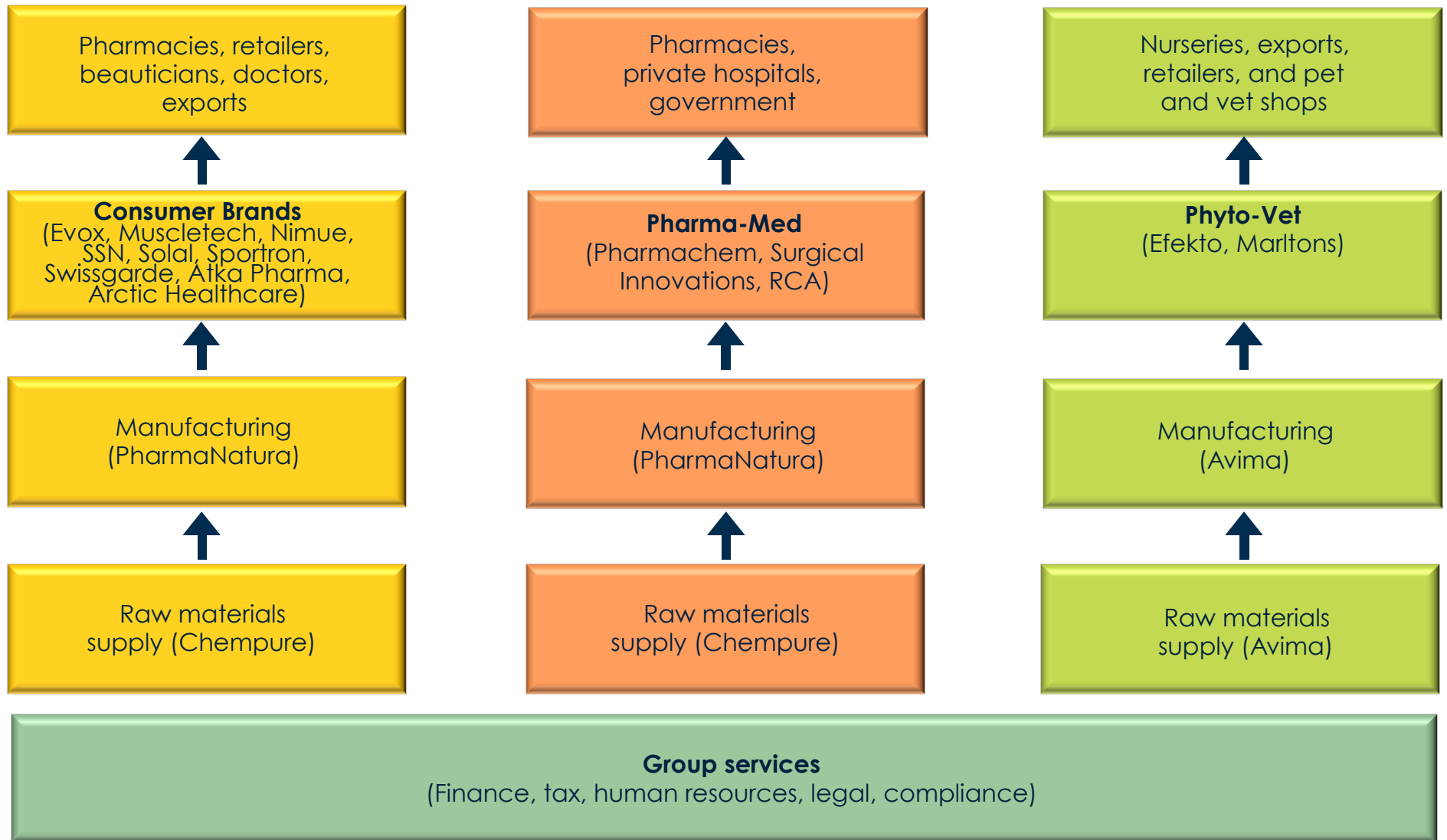
That owns and develops strong brands



“Healthy home, healthy you”

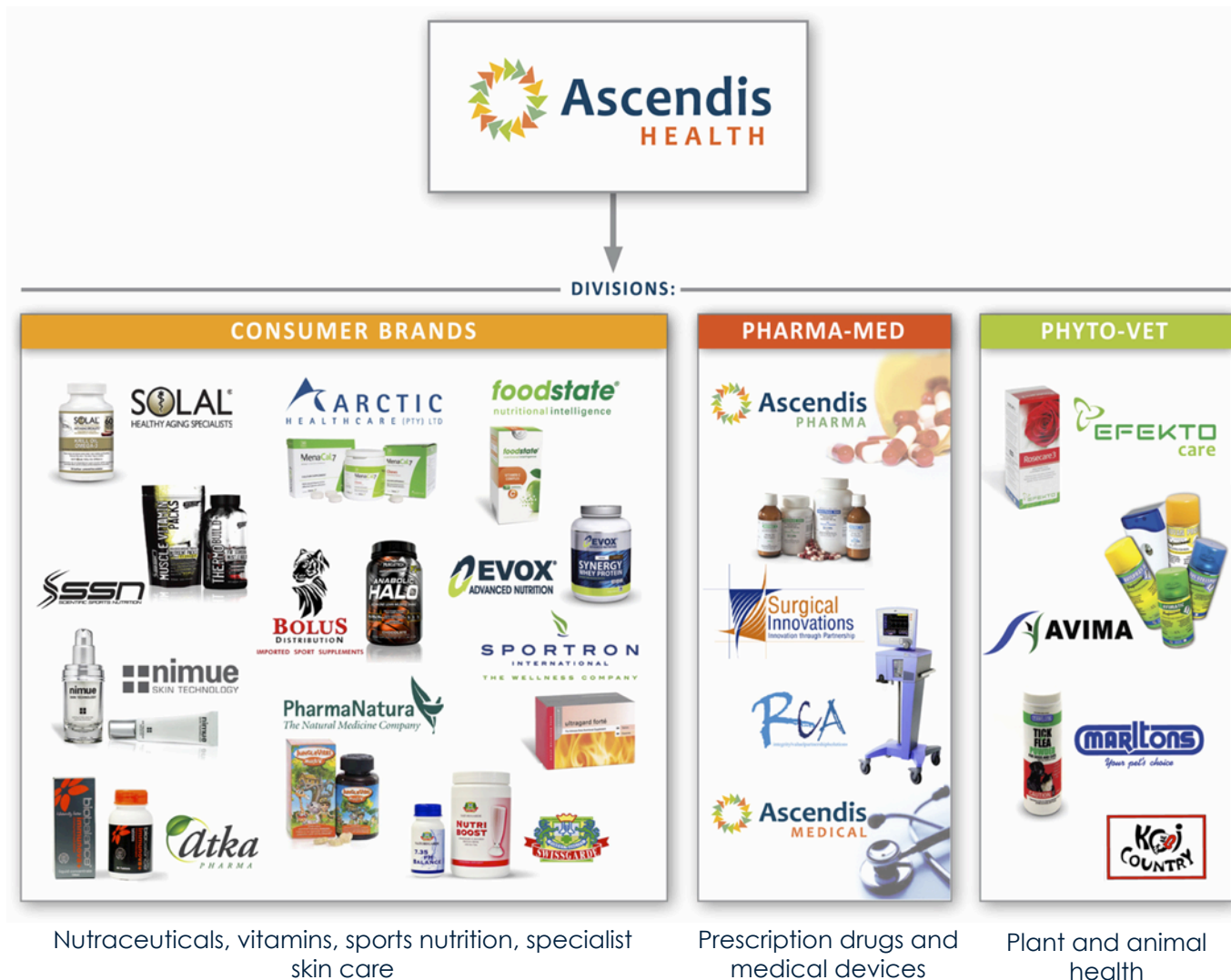


BUSINESS MODEL



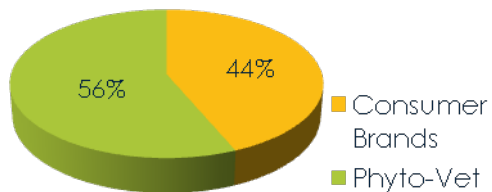


DIVISIONAL STRUCTURE

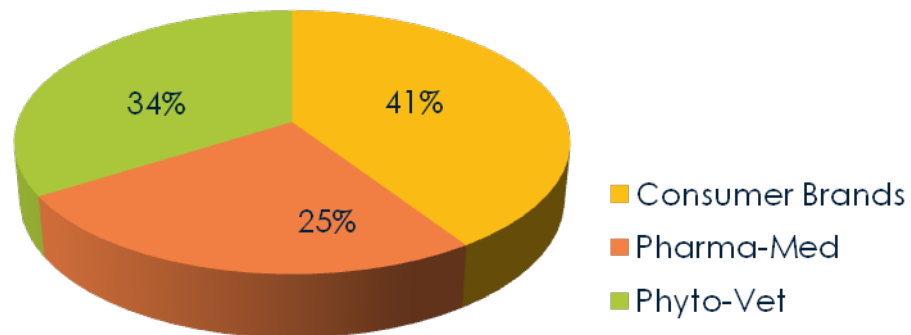


DIVISIONAL CONTRIBUTION

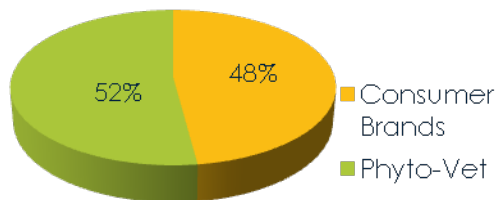
FY2013 Revenue
R598m



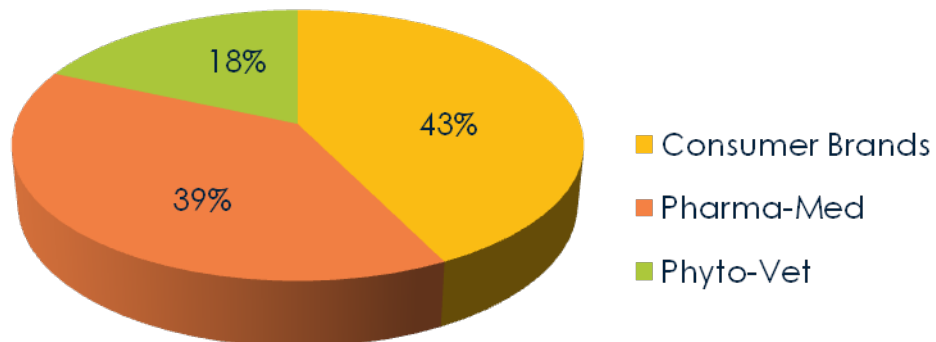
FY2014 Revenue
R1.6bn



FY2013 EBITDA
R66m



FY2014 EBITDA
R246m



CONSUMER BRANDS

BRANDS

Solal



Nimue



Evox, SSN & Muscletech



Sportron & Swissgarde



Atka,
PharmaNatura



STRENGTHS

- Established brand (12 years)
- IP in 200 products
- Premium brand
- High LSM
- Prescribed by doctors
- Management retained and invested in Ascendis

-
- Established brand (15 years)
 - IP in 200 products
 - Premium brand
 - High LSM
 - Sold in 20 countries
 - Management retained and invested in Ascendis

-
- Established brands (15 years)
 - IP in products
 - Large shelf-presence
 - Complementary sports nutrition brands

-
- Established brands (24 years)
 - Direct selling networks
 - Strong brand loyalty
 - Defensible
 - Access to high growth emerging market

-
- Own API, strong growth
 - Long established brand with GMP manufacturing site

PHARMA-MED

SEGMENT

Pharmaceutical



Medical devices



STRENGTHS

- 5 year registration process
- Access to doctor and pharmacy network
- Strong position in self-dispensing doctors' market
- Ability to compete for Government tenders

-
- Strong earnings growth
 - Strong in surgery, private hospitals
 - Exclusive agency agreements in place with respected international brands including Olympus, Maquet, Medrad, Applied Medical and the newly signed agreement with Merit
 - Turn-key projects for hospitals

-
- Focus on state and private hospitals
 - Strong in ICU and neo natal ICU
 - Exclusive agency agreements with international principals like CareFusion, Hill-Rom, Mindray, Fisher & Paykel
 - Turn-key projects for hospitals

BRANDS

Efekto



Wonder



Avima



Marltons



STRENGTHS

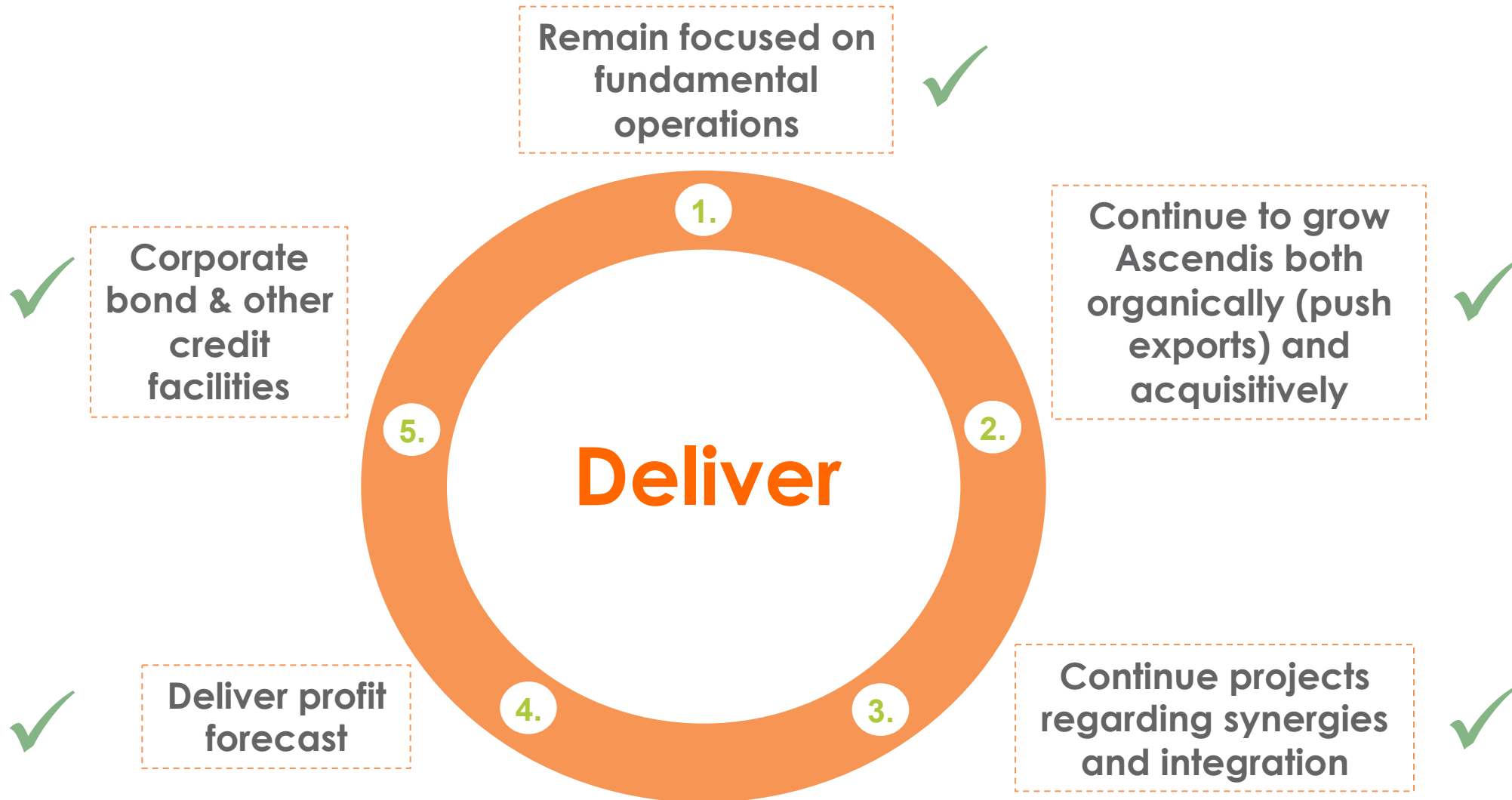
-
- Established business (45 years)
 - IP in more than 800 products
 - Premium brands
 - 3 year registration process
 - Management invested in Ascendis

-
- Number 1 brand in plant nutrition (45 years)
 - Strong shelf-presence and track record

-
- Defensible 3 year registrations (70 registered products) (52 years)
 - 50% of sales to 21 other African countries
 - Vertical integration with Efekto

-
- Market leading pet care brand (25 years)
 - Synergies with Efekto (1 500 common customer doors)
 - Sales are 60% retail chainstores and 40% pet/vet stores

COMMITMENTS MADE AT HALF YEAR RESULTS PRESENTATION 03/2014

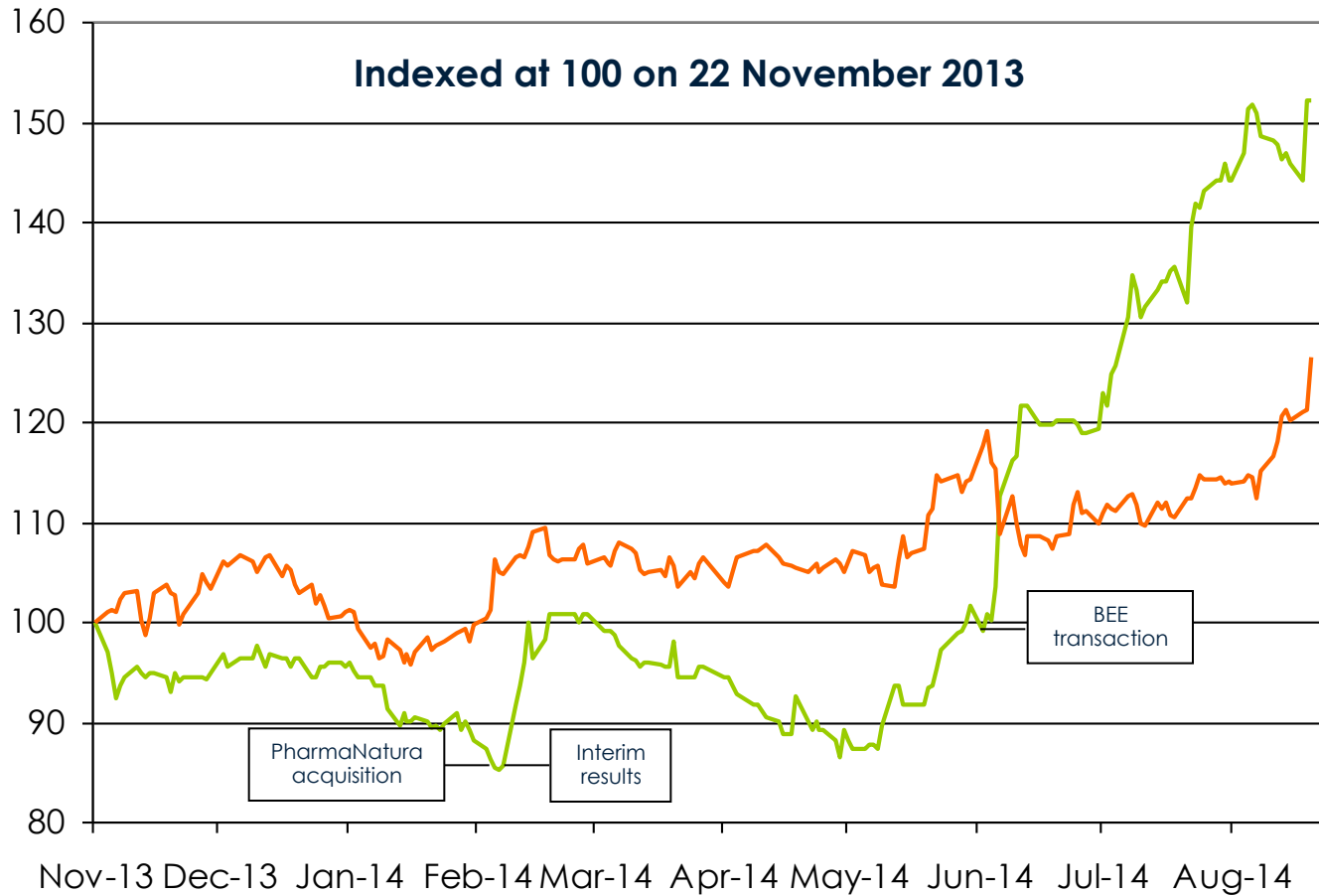


COMMITMENTS DELIVERED

- Exceeded pre-listing profit forecast
 - R140m PAT versus R124m forecast
- Acquisitions since January 2014
 - Surgical Innovations, Atka Pharma, PharmaNatura, Respiratory Care Africa, Arctic Healthcare dossiers
- Black Economic Empowerment (BEE) transaction with MIC
 - Additional R200m BEE shareholding over 3 years
- Bond issue and debt recapitalisation (R1.06 bn)
 - R2 bn DMTN programme – debut issue R400m
 - R660m in debt facilities



SHARE PRICE PERFORMANCE



— Ascendis Health
— JSE Pharmaceuticals & Biotechnology Index

Market capitalisation of **R4 bn**



FINANCIAL REVIEW



Ascendis
HEALTH

FINANCIAL HIGHLIGHTS

- Revenue **+171%** to R1.6 bn
- EBITDA **+277%** to R246m
- EBITA **+286%** to R236m
- Operating profit **+310%** to R216m
- Operating margin up from 8.8% to **13.3%**
- HEPS up from 9 cps to **65 cps**
- Final dividend of **15 cps**



EXPECTATION PER PRE-LISTING STATEMENT

	R'm
Forecast PAT per PLS to 30 June 2014	112
Add listing costs (after tax)	12
Forecast PAT to 30 June 2014	124
Profit of acquired businesses in H2	12
Expected PAT	136
Actual PAT	140

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	

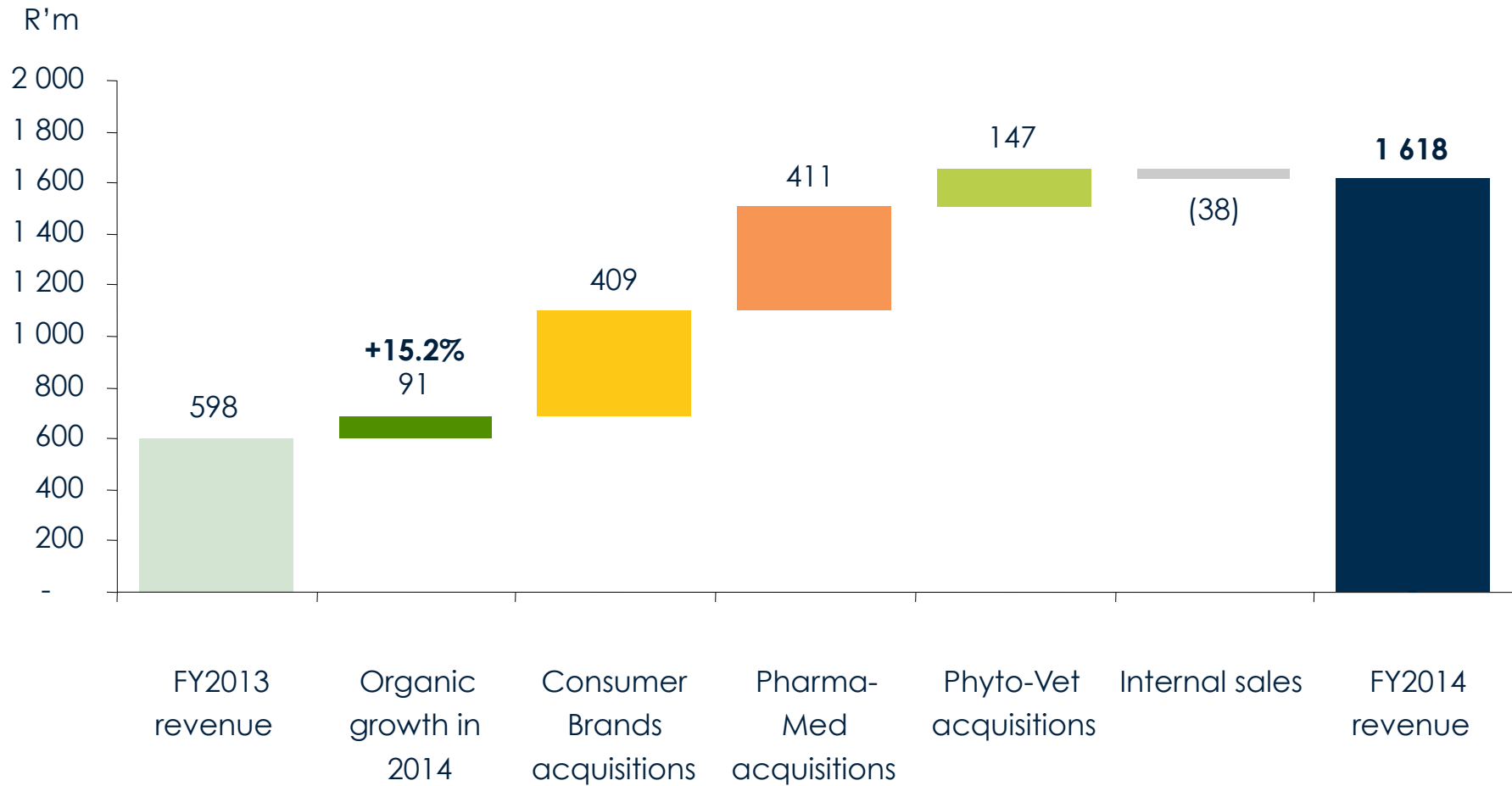
BALANCE SHEET – ASSETS

R'm	June 2014	June 2013	% change
Non-current assets	1 436	408	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%

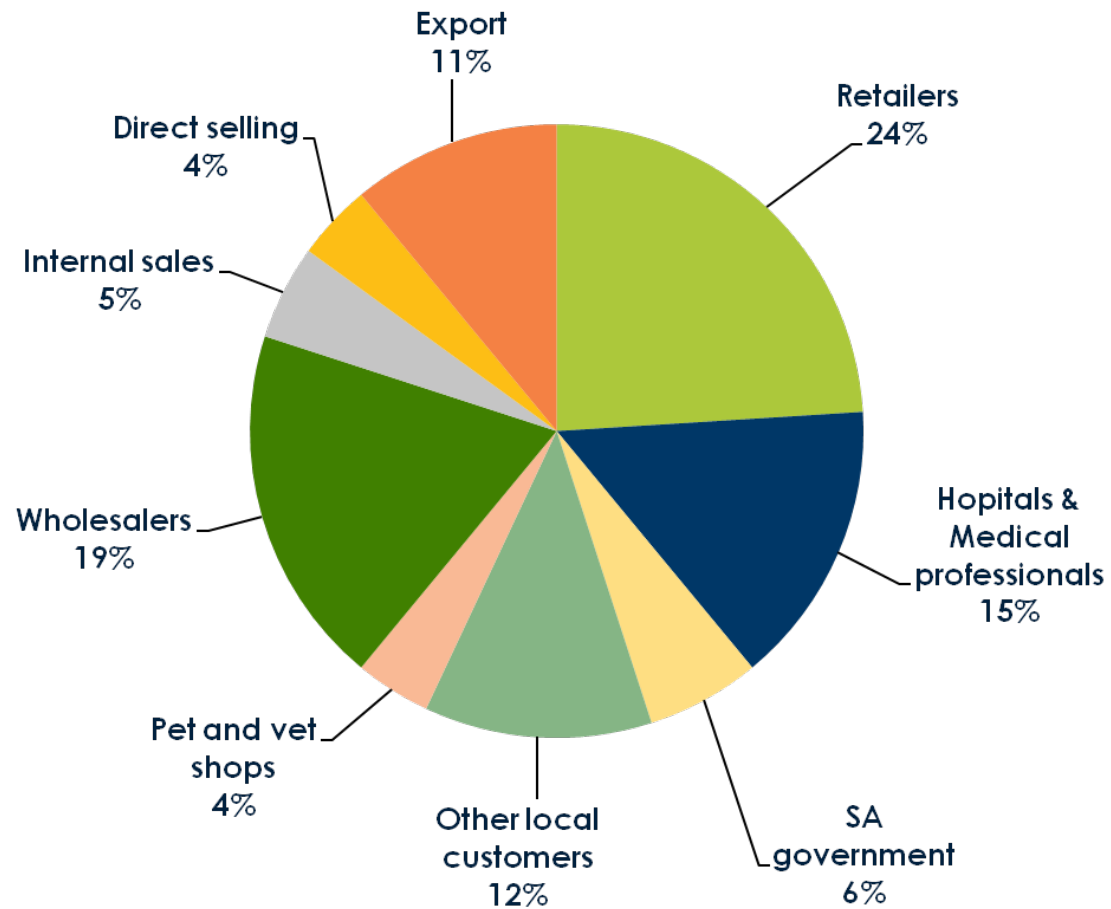
BALANCE SHEET – EQUITY AND LIABILITIES

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%

2014 REVENUE GROWTH

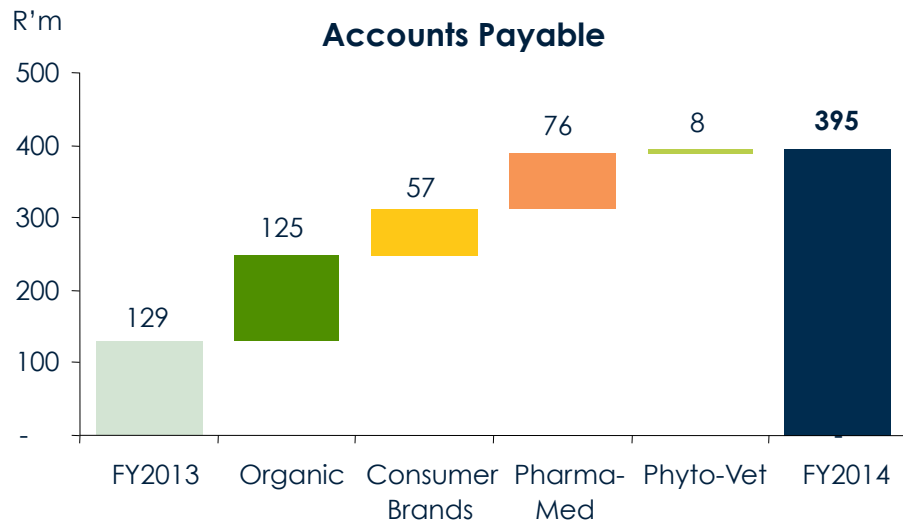
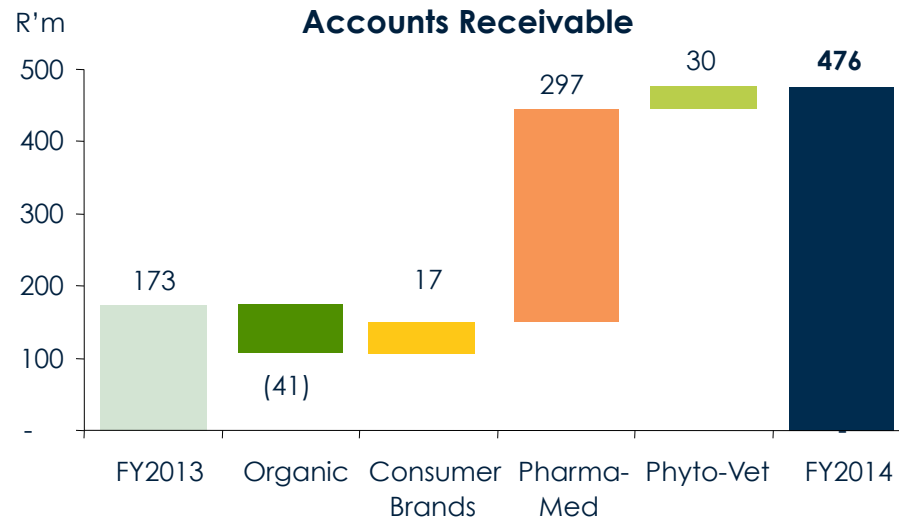
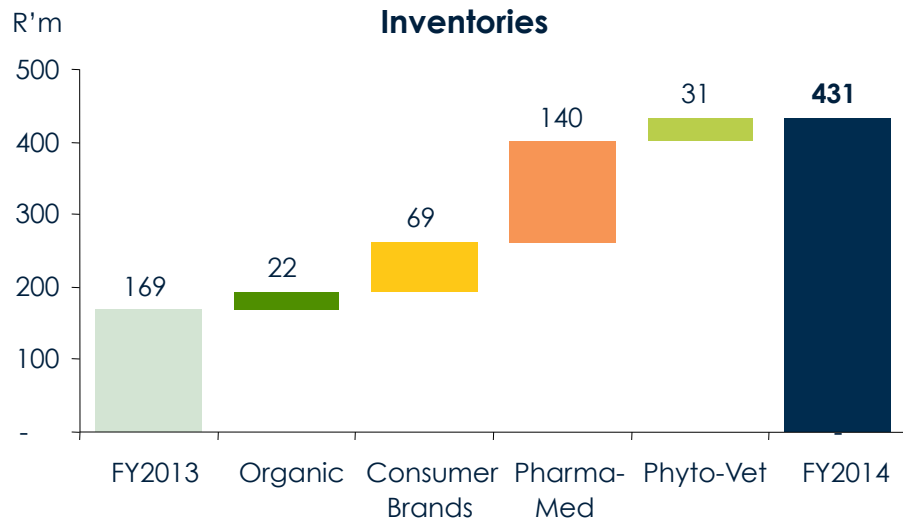


REVENUE ANALYSIS



Total revenue for FY2014: **R1 618m**

WORKING CAPITAL MOVEMENT



KEY RATIOS

	June 2014	June 2013
Annualised sales (R' m)	2 186	682
Interest cover (times)	7.2	1.1
Net debt to EBITDA (times)*	2.0	2.7
Net working capital days**	89	132
Inventory days	121	165
Debtor days	79	92
Creditor days	111	126

* Using annualised EBITDA

** Using annualised sales / cost of sales

CASH UTILISATION

R'm	June 2014	June 2013
Cash generated by operations	176	8
Net interest and tax	(75)	(64)
Cash generated by/(utilised in) operating activities	101	(56)
Acquisitions	(772)	(115)
Net proceeds of share issue	366	370
Proceeds/(repayment) of borrowings	505	(15)
Net movements on group loans	(272)	(7)
Other financing activities	(58)	(80)
Net cash (utilised)/generated	(130)	97

DMTN PROGRAMME AND DEBT REFINANCE

- Refinance existing debt and fund acquisitive growth

R2bn DMTN programme

- 'A' bond debut issue

Working capital facilities

- 5-year term debt
- Revolving credit facility
- Overdraft
- Other (trade finance, etc.)

R400m	Jibar + 495 bps
R200m	Jibar + 390 bps
R250m	Jibar + 350 bps
R150m	Prime
R60m	Prime
R1 060m	



STRATEGIC FOCUS



Ascendis
HEALTH

ORGANIC GROWTH STRATEGY

- Revenue has grown organically by 15.2%*
- Based on strong local brands
- High-end customer focus locally
- Leverage strong market positions in South Africa
- Continued emphasis on exports
- Focus on synergies in selling and marketing

* For businesses owned at 30 June 2013



ACQUISITION STRATEGY

- Acquisitions since listing
(annualised EBITDA R75m)
 - Surgical Innovations – January 2014
 - Atka Pharma – January 2014
 - PharmaNatura – June 2014
- Acquisitions post year end
(annualised EBITDA R60m)
 - RCA – August 2014
 - Arctic Healthcare dossiers – September 2014



MAJOR RECENT ACQUISITIONS

■ PharmaNatura

- Well-established nutritional supplement brands (Vitaforce, Homeoforce, Bettaway)
- GMP accredited plant in Johannesburg (12 000 sqm)
- Accretive to FY2014 for month of June 2014



■ Respiratory Care Africa

- Medical devices for operating theatres, ICU and trauma in state and private hospitals
- Exclusive agent for well-known international principals (CareFusion, Fisher & Paykel, Mindray, Hill-Rom)
- Complementary to Surgical Innovations
- Accretive from August 2014



■ Arctic Healthcare

- Market-leading vitamin & mineral brand dossiers (Chela-Fer, Menacal7, Chela-Preg, Chela-Mag, Supa Chewz)
- In line with Ascendis' bolt-on strategy
- Accretive from September 2014



SYNERGISTIC GROWTH

- Integration projects: PharmaNatura, Atka and RCA
- Synergy projects:
 - Sports Nutrition: sales, manufacturing, inbound logistics & procurement, packaging, business clustering, outbound logistics, export
 - CAMS & Skin: sales, procurement, manufacturing, logistics, export
 - Direct Selling: manufacturing, warehousing, offices, exports
 - Pharma & Medical: manufacturing, regulatory, exports
 - Phyto-Vet: warehouses, production, distribution, merchandising, sales, management

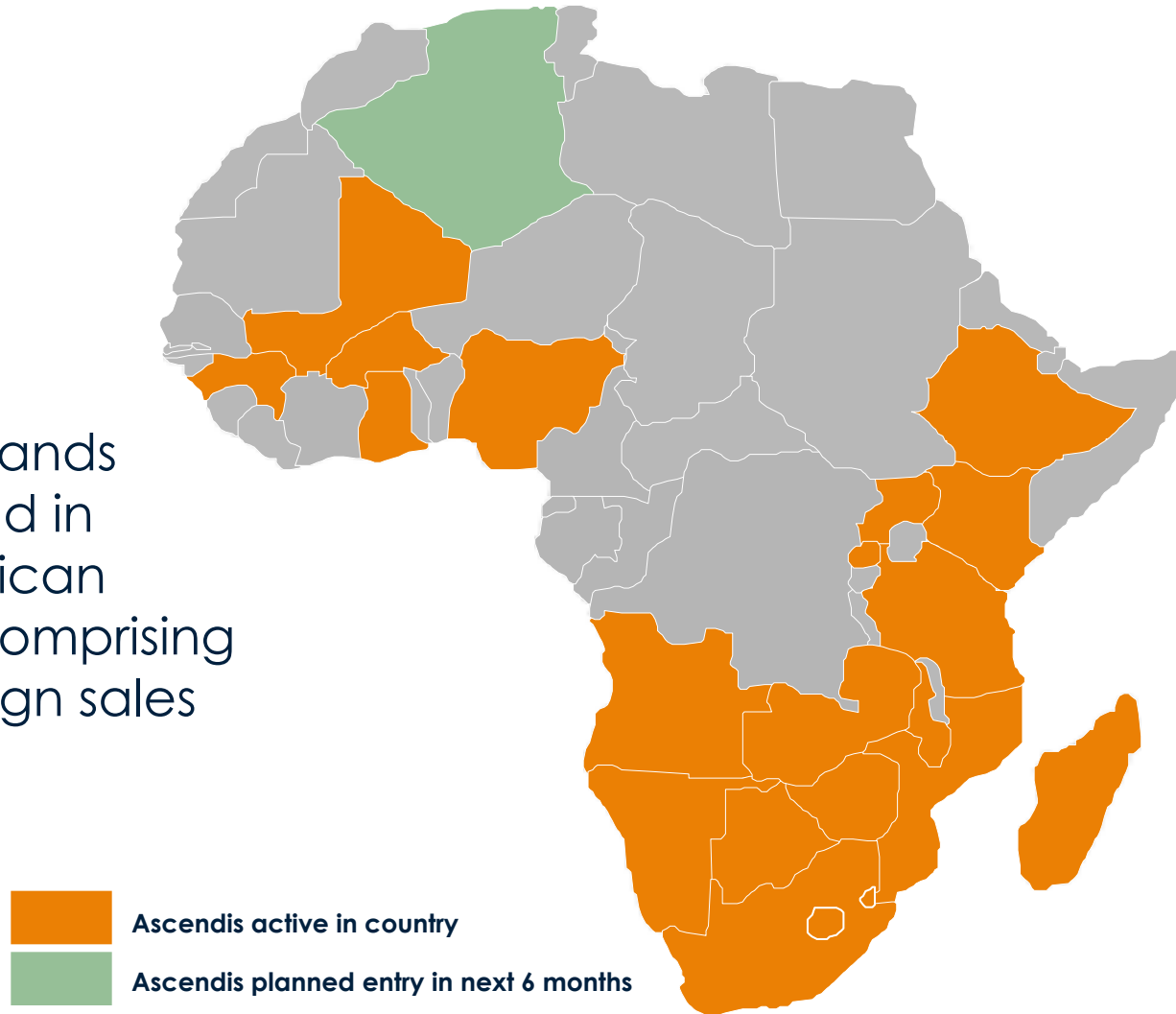
INTERNATIONAL EXPANSION

- 11.5% of turnover to outside South Africa (2014: R187m, +86%)
- Exports (US \$, Euro) cover 34% of imported cost of goods sold
- Most internationalised businesses: Nimue 65% of sales, Swissgarde 61% and Avima 61%
- Setting up dedicated export departments
- Strategic goal in 3 years: 30% of sales in international markets

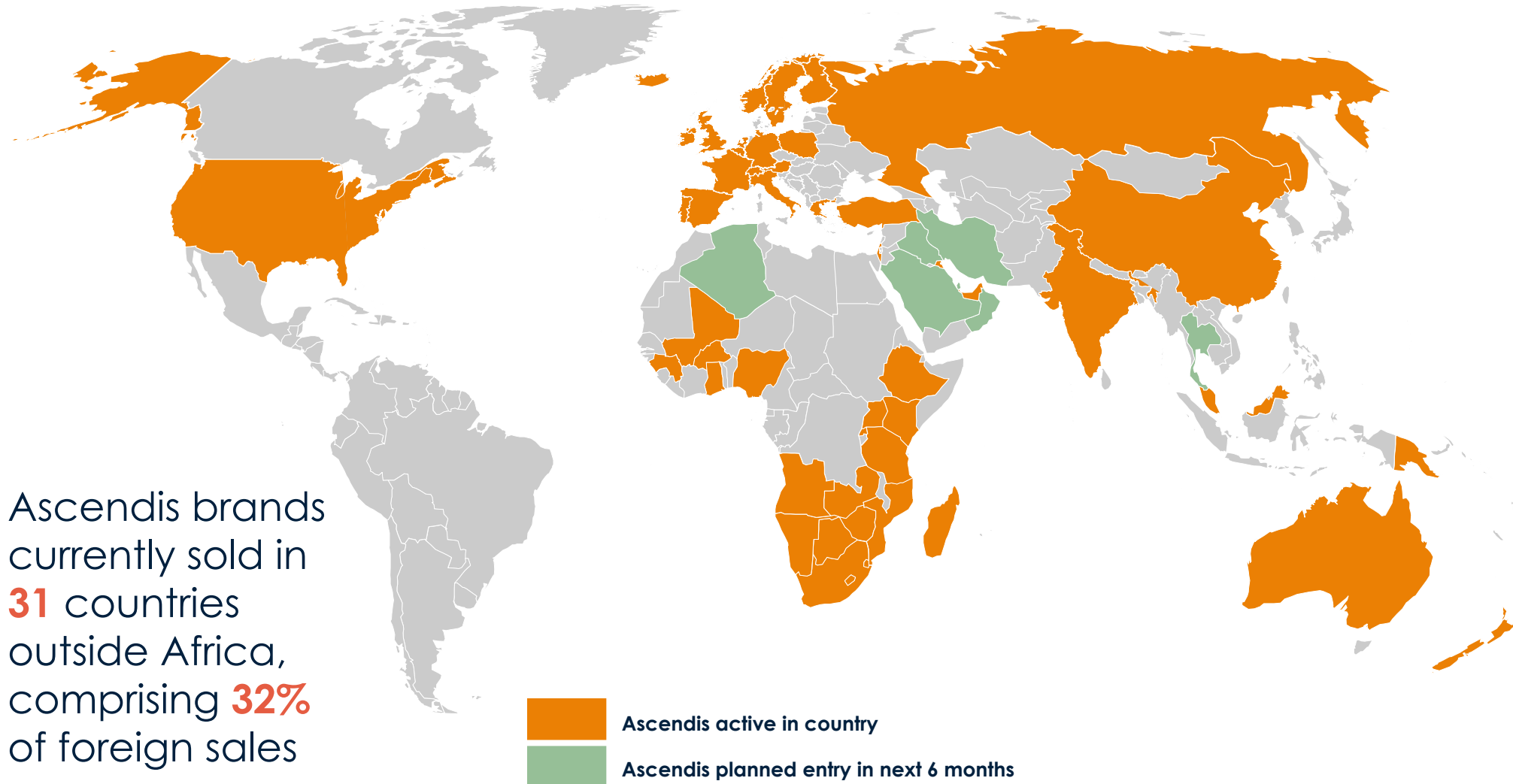


AFRICAN FOOTPRINT

Ascendis brands currently sold in **21** other African countries, comprising **68%** of foreign sales



GLOBAL REACH





OUTLOOK



OUTLOOK

Internal

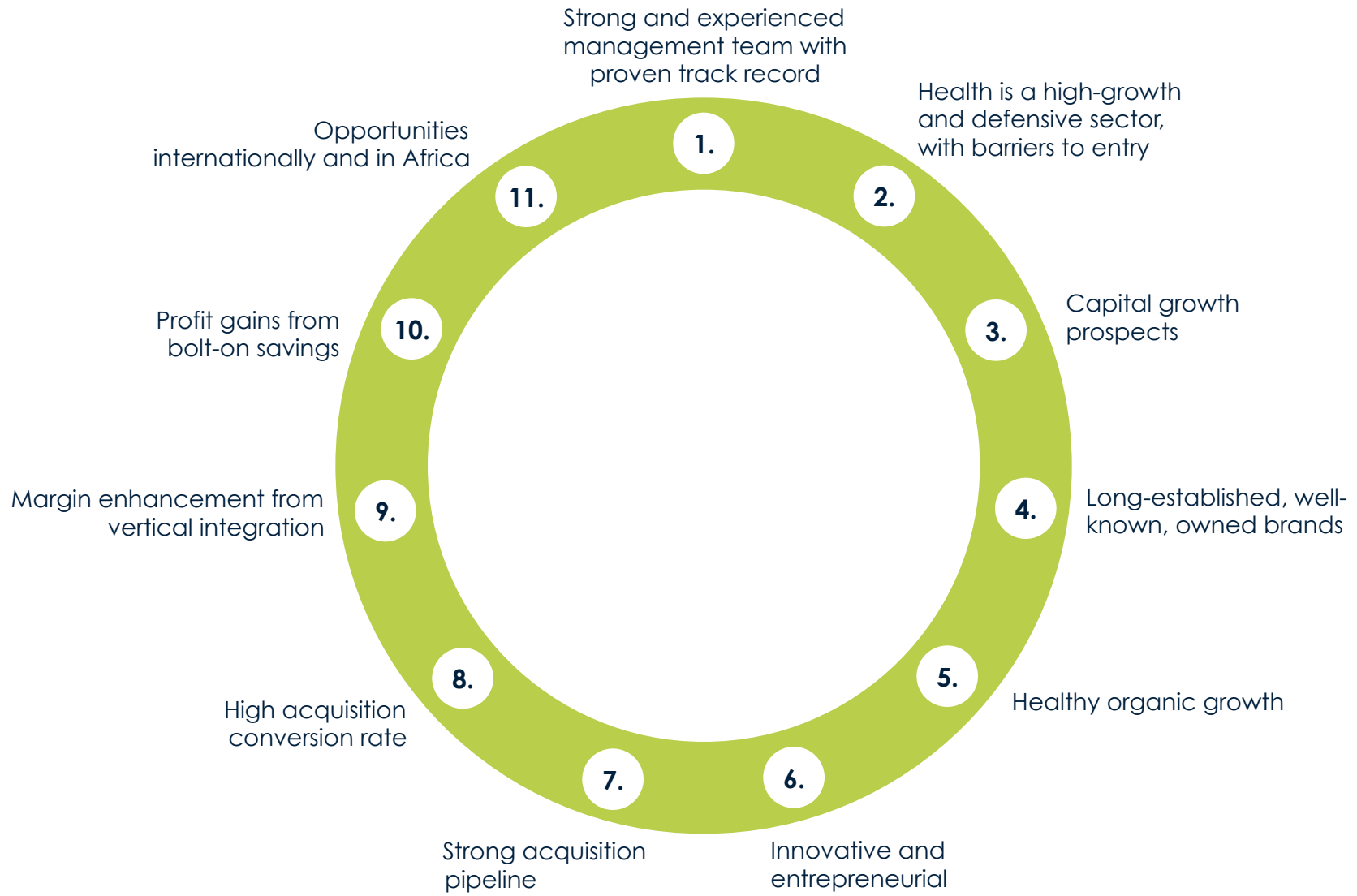
- Consolidation of supply chain
- Working capital improvements
- Integration & back-office
- Upskilling and continuous search for talent
- New product development
- Combine entrepreneurship with scale and structure

External

- Internationalisation
- BEE strategy
- Acquisition pipeline and funding
- Keep organic growth momentum

Deliver according to strategic plans
and internal budgets

INVESTMENT CASE



THANK YOU



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