



Analyst presentation
for the year ended
30 JUNE 2014



Ascendis
HEALTH

PRESENTATION OUTLINE

Section	Presenter
Overview	Dr. Karsten Wellner
Financial review	Robbie Taylor
Strategic focus	Dr. Karsten Wellner
Operational performance	Dr. Karsten Wellner
Outlook	Dr. Karsten Wellner



OVERVIEW



COMMITMENTS MADE

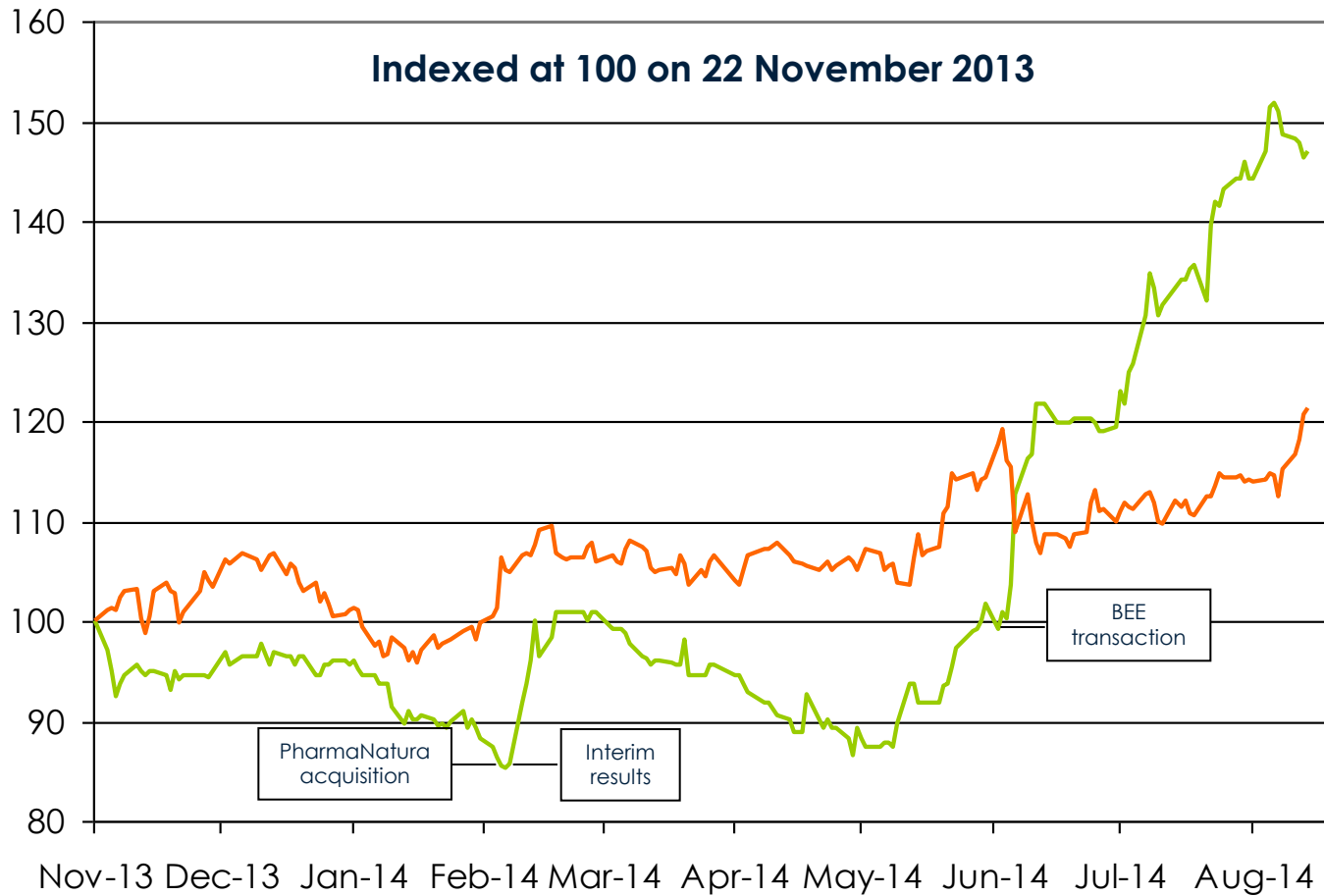


COMMITMENTS DELIVERED

- 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
- 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



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**



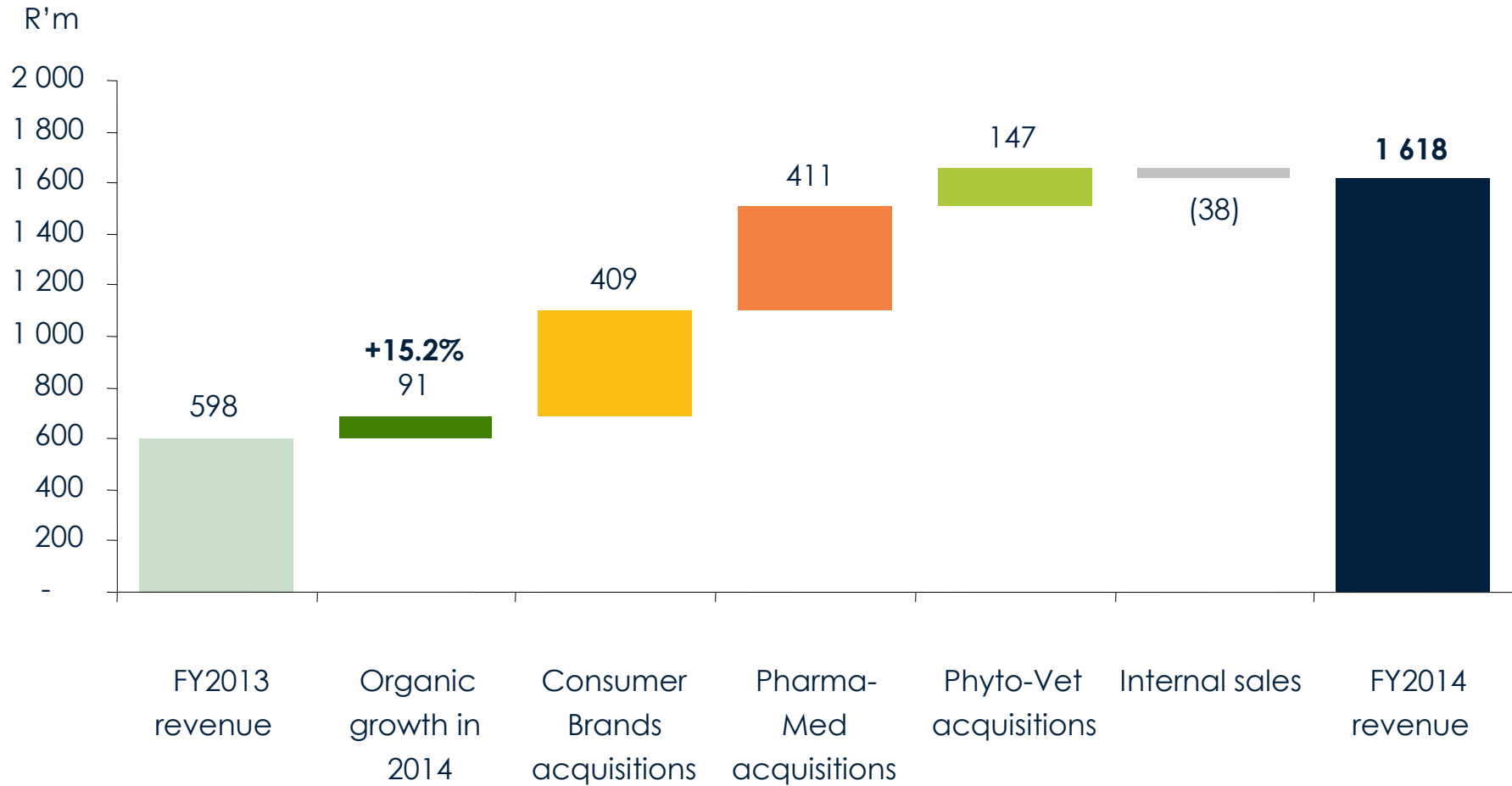
EXPECTATION PER PRE-LISTING STATEMENT

	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

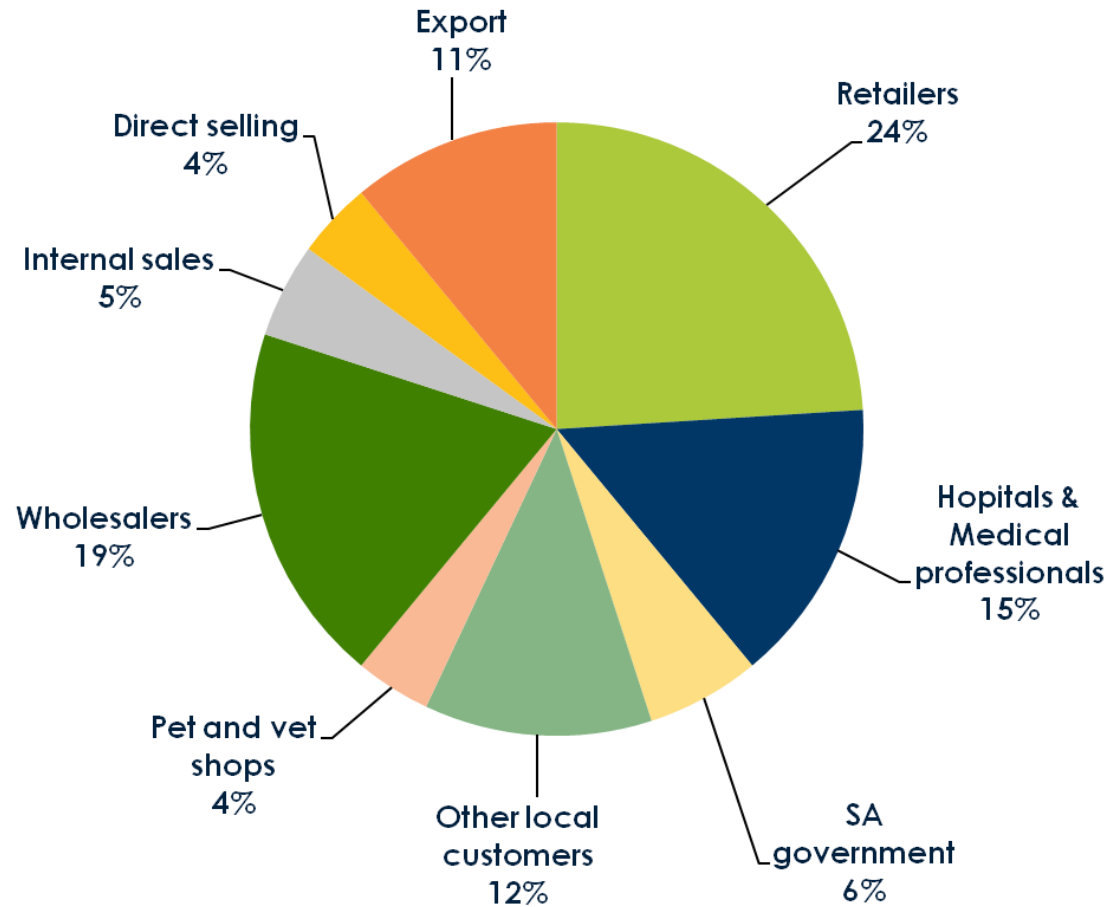
INCOME STATEMENT

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	

2014 REVENUE GROWTH



REVENUE ANALYSIS



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

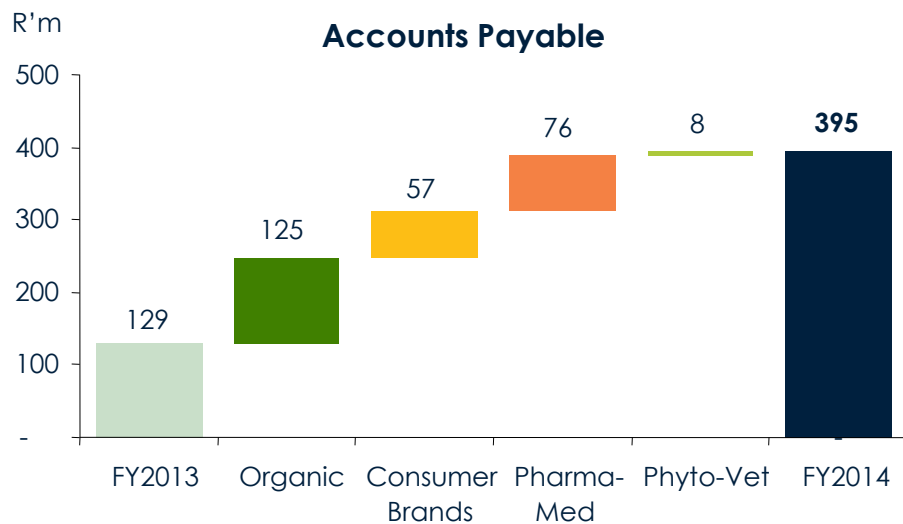
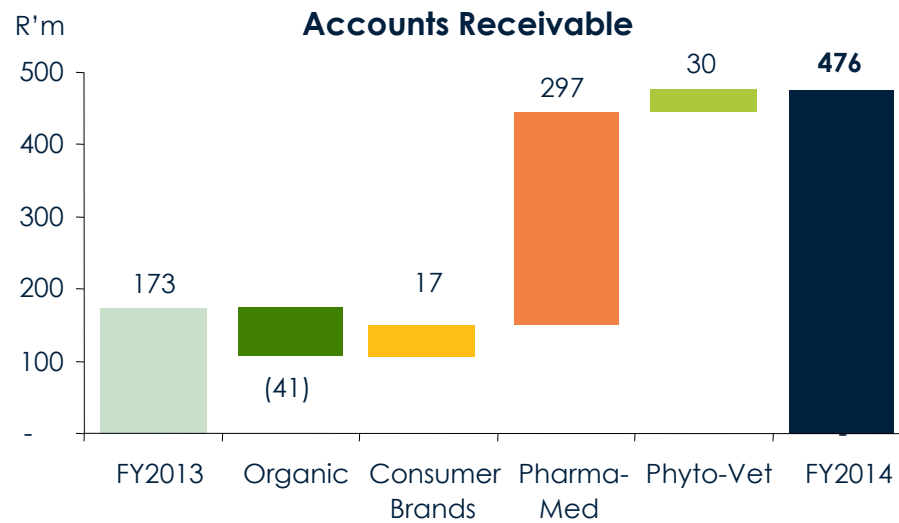
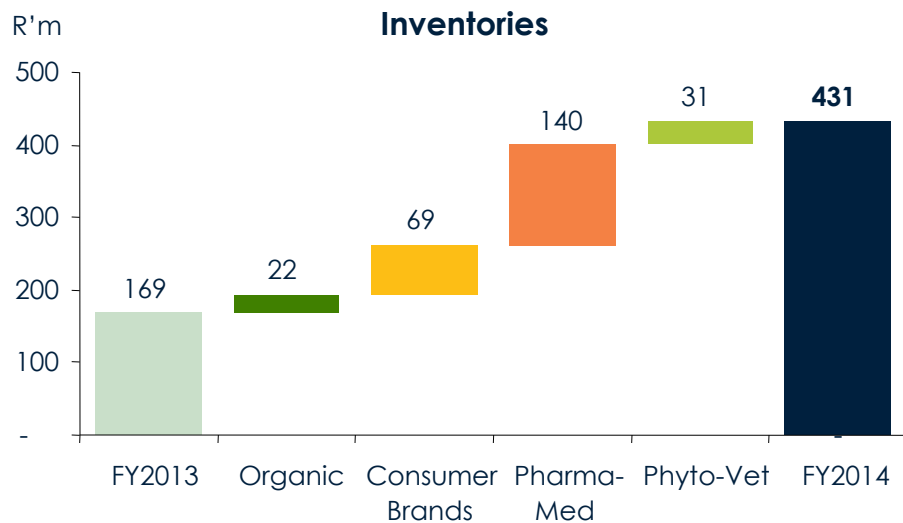
BALANCE SHEET – ASSETS

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%

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

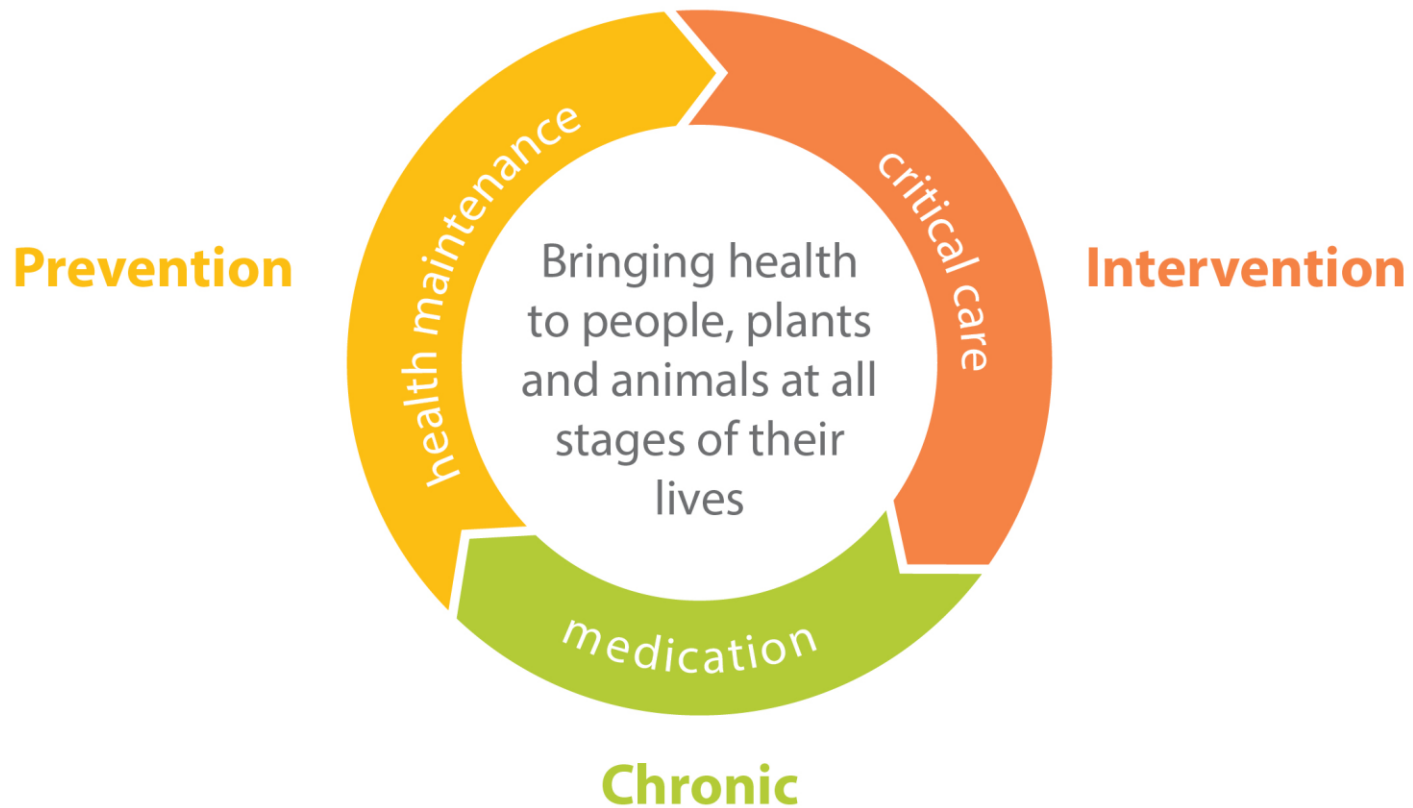
R1 060m



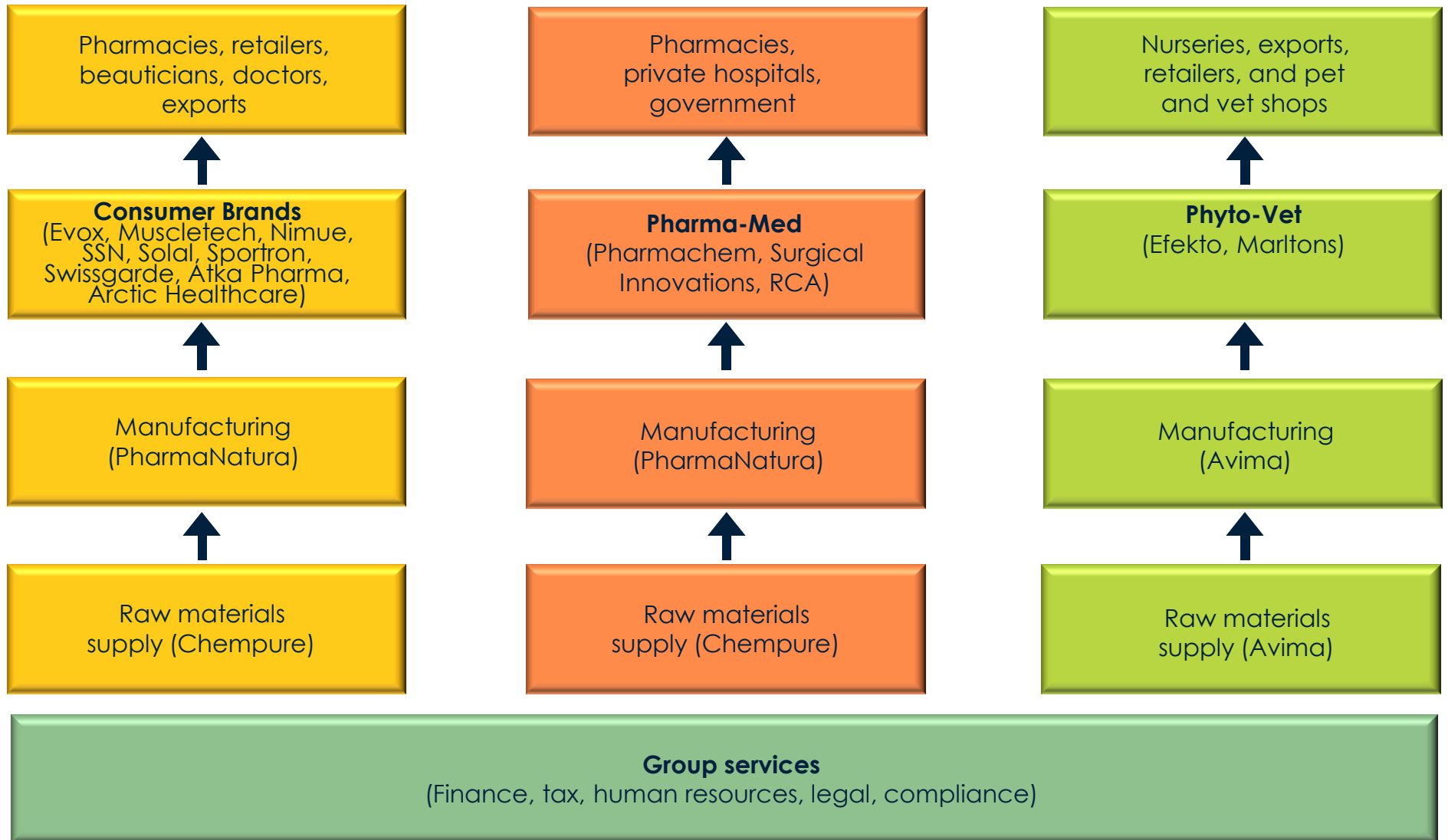
STRATEGIC FOCUS



“Healthy home, healthy you”



BUSINESS MODEL





ORGANIC GROWTH STRATEGY

- Revenue has grown organically by 15.2%*
- Based on strong local brands
- High LSM 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

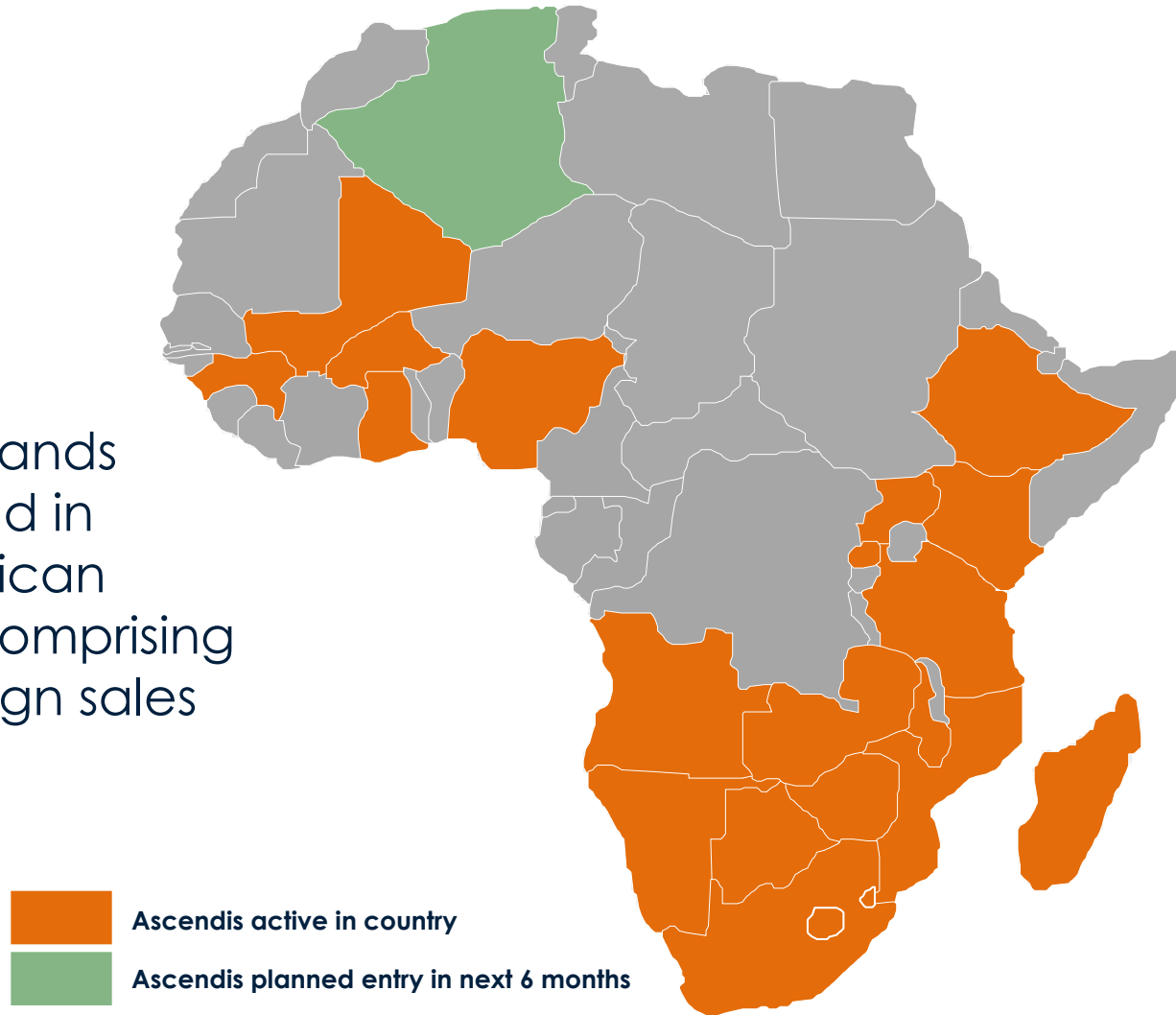
INTERNATIONAL EXPANSION

- 11.5% of turnover to foreign markets (2014: R187m, +86%)
- Exports 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

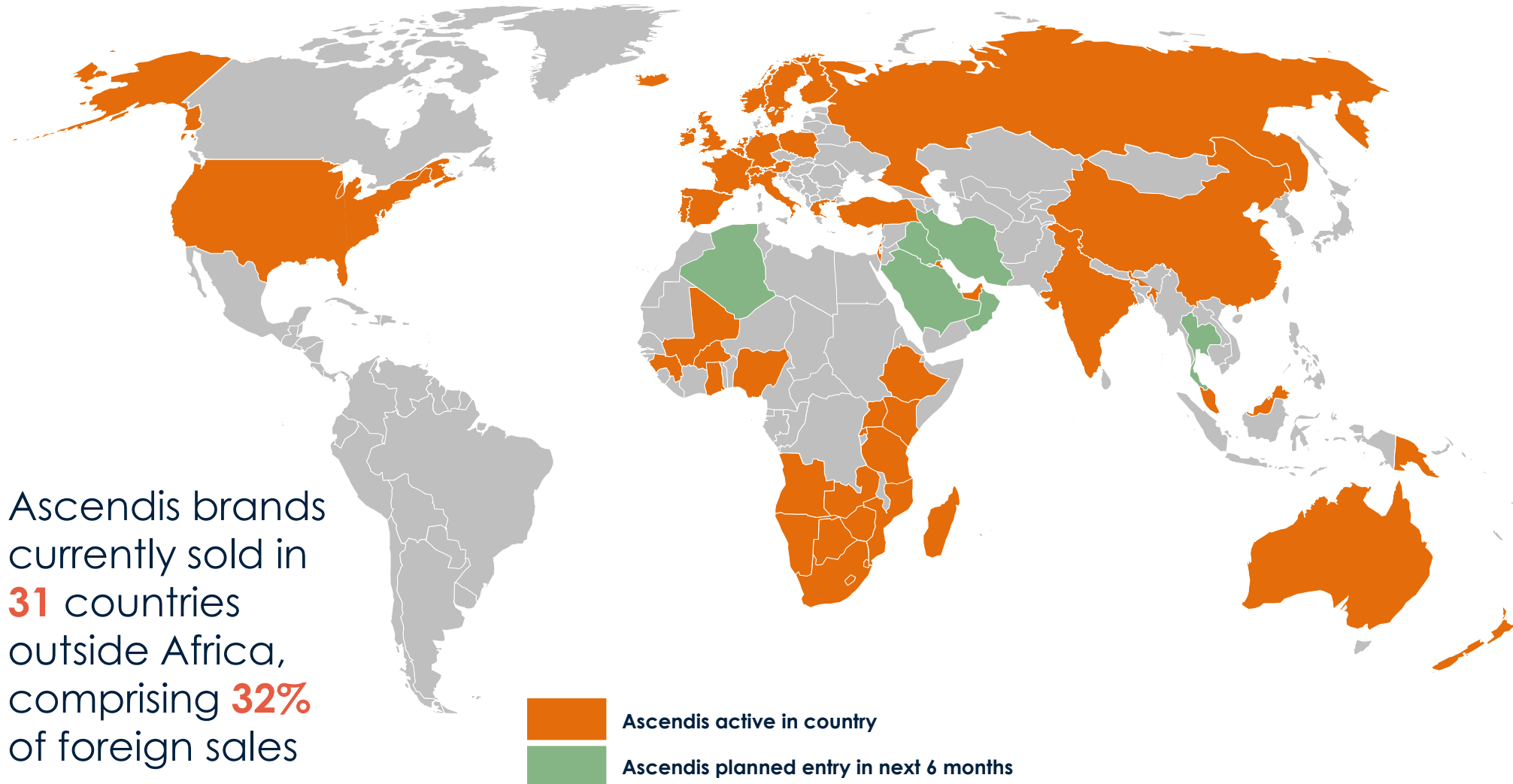


AFRICAN FOOTPRINT

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



GLOBAL REACH





OPERATIONAL PERFORMANCE



DIVISIONAL STRUCTURE



DIVISIONS:

CONSUMER BRANDS

Nutraceuticals, vitamins, sports nutrition, specialist skin care

PHARMA-MED

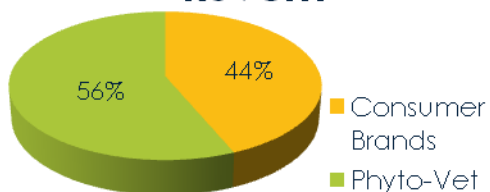
Prescription drugs and medical devices

PHYTO-VET

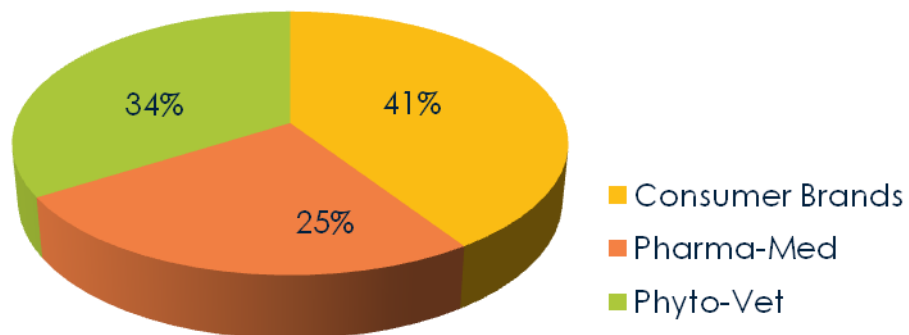
Plant and animal health

DIVISIONAL CONTRIBUTION

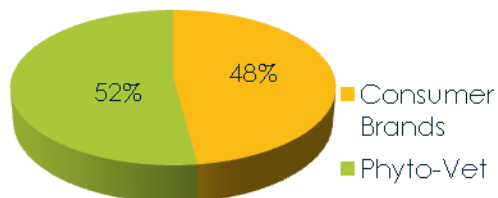
FY2013 Revenue
R598m



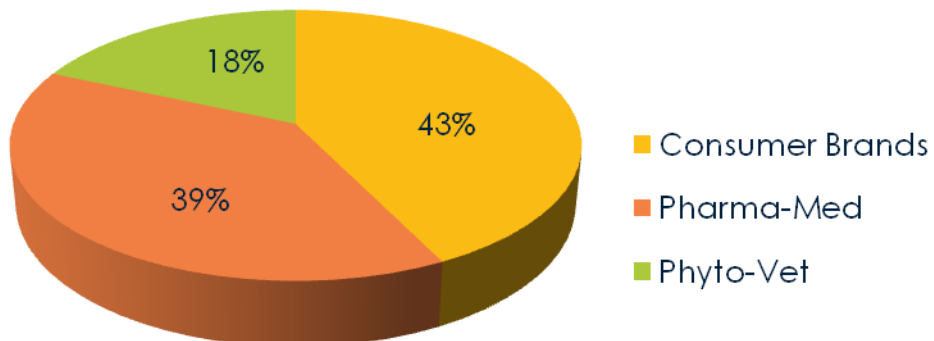
FY2014 Revenue
R1.6bn



FY2013 EBITDA
R66m



FY2014 EBITDA
R246m



CONSUMER BRANDS

R'm	June 2014	June 2013	% change
Revenue	658	261	153%
EBITDA	113	33	241%
EBITDA margin	17.1%	12.7%	

- Strong performance of Nimue, Swissgarde due to export markets
- Encouraging performance of Solal in view of the regulatory challenges
- Many new product launches (>70 SKU's planned for 2015)
- Continuing growth in sports nutrition businesses with investments into exports
- Integration of acquired companies on track
- Integration of procurement, production and warehousing for the sports nutrition businesses ongoing
- PharmaNatura acquisition in June 2014 - GMP plant with first integration of previously outsourced manufacturing of Sportron

REGULATORY ENVIRONMENT

- CAMS regulations impact approx. 1.6% of group turnover
- Applied for implementation extensions, looking at licensing of new or alternative products, NPD and working on “category A” dossiers
- Industry is lobbying for more practical regulations
- Regulations will lead to industry consolidation – opportunity for Ascendis
 - GMP manufacturing site of PharmaNatura
 - Strong regulatory departments at Pharmachem and Solal
 - Several highly skilled in-house pharmacists in the Consumer Brands division

PHARMA-MED

R'm	June 2014	June 2013
Revenue	411	-
EBITDA	103	-
EBITDA margin	25.1%	

- Pharmachem had challenges due to delayed price adjustments in state tender and imported inflation
- Onerous contract adjustment reduced revenue in Pharmachem, impacting the margin; expected to normalise between 14-18%
- Late payments by state hospitals
- Surgical Innovations – excellent growth in all specialities; increase focus on public health care
- Acquisition of Respiratory Care Africa (RCA) in August 2014

PHYTO-VET

R'm	June 2014	June 2013	% change
Revenue	549	337	63%
EBITDA	49	36	35%
EBITDA margin	8.9%	10.7%	

- Marltons' margin slightly lower, bringing down average
- Synergy projects between Efekto and Marltons implemented (warehouses, production, distribution, merchandising, management)
- Avima had a strong year based on African tender business growth
- Warehouse and operations improvements at Efekto finalised; Marltons underwent a SKU rationalisation project and due diligence in final stage to acquire a bolt-on business
- New international partnerships for further growth in home & garden and vet channel



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

THANK YOU





ADDITIONAL INFORMATION



CONSUMER BRANDS

BRANDS

STRENGTHS

Solal



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

Nimue



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

Evox, SSN & Muscletech



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

Sportron & Swissgarde



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

Atka,
PharmaNatura



- 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

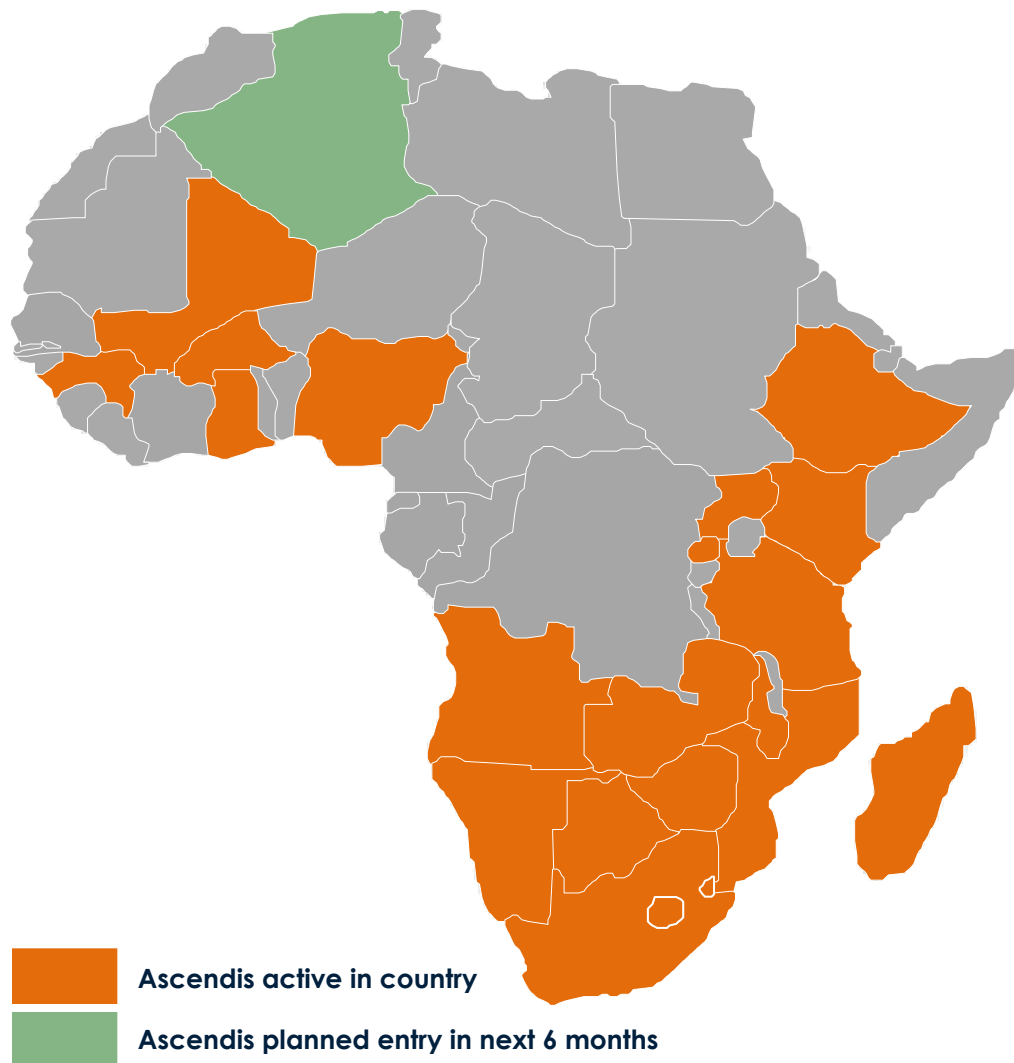
-
- Established business (45 years)
 - IP in more than 800 products
 - Premium brands
 - 3 year registration process
 - Management invested in Ascendis

-
- 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

AFRICAN FOOTPRINT



African countries serviced by Ascendis' subsidiaries

	Avima	Pharmachem	SSN *	Sohel	Alko	Nimue	Morlons	Pharma Ndura	Sportron	Eleto	Swisgarde
Algeria			✓								
Angola	✓						✓	✓		✓	
Botswana	✓	✓	✓	✓	✓		✓			✓	✓
Burkina	✓										
Ethiopia	✓										
Ghana	✓		✓	✓	✓						
Guinea	✓										
Kenya	✓			✓	✓	✓		✓			
Lesotho		✓	✓	✓	✓		✓			✓	✓
Madagascar	✓										
Malawi	✓	✓	✓	✓				✓			
Mali	✓										
Mauritius	✓			✓			✓				
Mozambique	✓		✓				✓	✓	✓	✓	
Namibia	✓	✓	✓	✓	✓				✓	✓	✓
Nigeria	✓	✓					✓				✓
Rwanda	✓										
South Africa	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Swaziland	✓	✓		✓	✓		✓			✓	✓
Tanzania	✓			✓	✓						
Uganda	✓		✓				✓				✓
Zambia	✓		✓	✓	✓		✓	✓		✓	✓
Zimbabwe	✓			✓	✓		✓	✓		✓	


* Includes SSN, Supashape and Muscle Junkie

GLOBAL PRESENCE

Countries serviced by Ascendis' subsidiaries globally (beyond Africa)

	Avima	SSN*	Solal	Atka	Nimue	Pharma Natura		Avima	SSN*	Solal	Atka	Nimue	Pharma Natura
Australia		✓					New Guinea	✓					✓
Austria		✓					New Zealand					✓	
Bahrain		✓					Norway					✓	
Belgium		✓					Oman		✓				
China						✓	Poland					✓	
Finland					✓		Portugal		✓				
France		✓					Qatar		✓				
Germany		✓			✓		Russia		✓			✓	
Greece		✓			✓		Saudi Arabia		✓				
Iceland					✓		Slovakia		✓				
India		✓					Slovenia		✓				
Iran		✓					Spain		✓				
Iraq		✓					Sweden		✓			✓	
Ireland					✓		Switzerland					✓	
Israel						✓	Thailand		✓				
Italy		✓					Turkey		✓			✓	
Kuwait		✓					UAE		✓				✓
Malaysia					✓		UK		✓	✓		✓	
Netherlands		✓			✓		USA				✓		

* Includes SSN, Supashape and Muscle Junkie

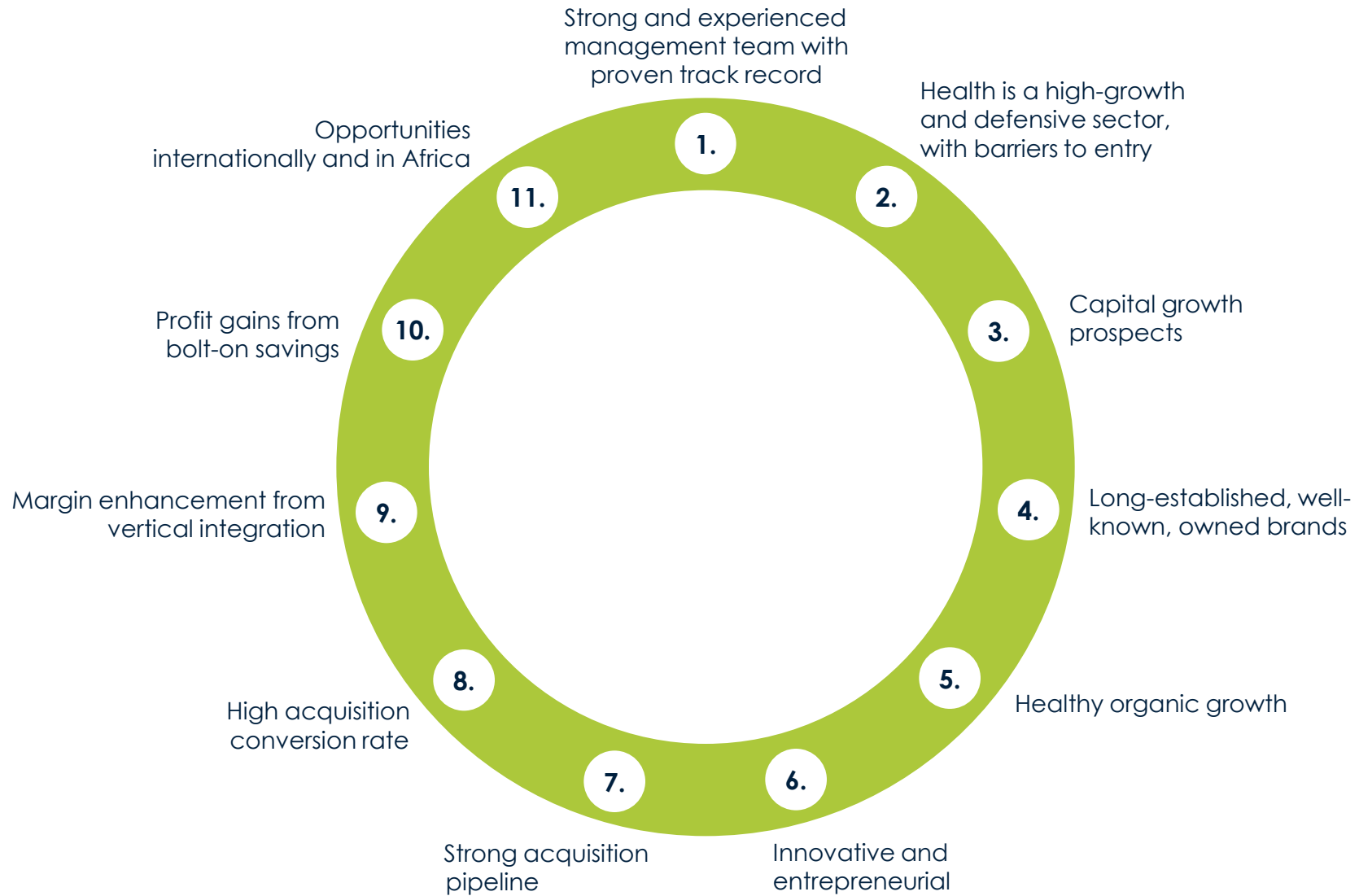
 Ascendis active in country

 Ascendis planned entry in next 6 months

SHARE CAPITAL AND SHARES IN ISSUE

	Share capital R'm	Number of shares 'm
Pre-listing (per PLS)	553	176
Shares issued on listing	400	36
	953	212
Vendor issuances	189	26
Listing fees	(19)	
Treasury shares	(15)	1
Balance at 30 June 2014	1 108	239
	June 2014	June 2013
Headline earnings (R' m)	138	9
Weighted average number of shares in issue ('m)	212	103
HEPS	65c	9c

INVESTMENT CASE



DISCLAIMER

This presentation has been prepared by Ascendis Health Limited based on information available to it as at the date of the presentation.

This presentation may contain prospects, projections, future plans and expectations, strategy and other forward- looking statements that are not historical in nature. These which include, without limitation, prospects, projections, plans and statements regarding Ascendis' future results of operations, financial condition or business prospects are based on the current views, assumptions, expectations, estimates and projections of the directors and management of Ascendis about the business, the industry and the markets in which it operates.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond Ascendis' control and are difficult to predict. Actual results, performance or achievements could be materially different from those expressed, implied or forecasted in these forward-looking statements.

Any such prospects, projections, future plans and expectations, strategy and forward-looking statements in the presentation speak only as at the date of the presentation and Ascendis assumes no obligation to update or provide any additional information in relation to such prospects, projections, future expectations and forward- looking statements.

Given the aforementioned uncertainties, current and prospective investors are cautioned not to place undue reliance on any of these projections, future plans and expectations, strategy and forward-looking statements.

CONTACT DETAILS

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