ASCENDIS HEALTH LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2008/005856/06)
ISIN: ZAE000185005 Share code: ASC
("Ascendis" or the "Company")

ACQUISITION OF REMEDICA HOLDINGS LIMITED AND SCITEC INTERNATIONAL SOCIETE A RESPONSABILITE LIMITEE AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Ascendis shareholders ("Shareholders") are advised that Ascendis has entered into agreements to acquire, directly or indirectly, through two distinct and divisible transactions:

1. The entire issued share capital of Remedica Holdings Limited ("Remedica"), a pharmaceutical company based in Cyprus, for a consideration of between c.EUR260 million and EUR335million (the "Remedica Purchase Consideration") from Margrit Pattichis, Charalambos Pattihis and Goldbond Trading and Investments Ltd (the "Remedica Disposing Shareholders"). An agreement was entered into with the Remedica Disposing Shareholders on 23 May 2016 (the "Remedica Agreement") (the "Remedica Transaction"); and
2. The entire issued share capital of Scitec International S.à r.l. ("Scitec"), a European sports nutrition company, for a consideration of c.EUR170million (the "Scitec Purchase Consideration"), from Scitec Holding B.V. (the "Scitec Disposing Shareholder"), which is indirectly owned by Polish Enterprise Fund VII LP and other minority owners. An agreement was entered into with the Scitec Disposing Shareholders on 23 May 2016 (the "Scitec Agreement") (the "Scitec Transaction").

The Remedica Transaction and the Scitec Transaction are collectively referred to as the "Proposed Transactions" for the purposes of this announcement.

2. STRATEGIC RATIONALE

As communicated to Shareholders, Ascendis' strategy is to complement its growth in the domestic health and care market with international expansion through the acquisition of platform businesses and bolt-on acquisitions. The Proposed Transactions are aligned with this strategy, enabling Ascendis to develop into an international business of scale and relevance with global reach.

The Proposed Transactions will create two new platforms for Ascendis, allowing it to significantly grow its European footprint, which is currently serviced by Farmalider S.A., a Spanish pharmaceutical business acquired in August 2015. The establishment of a sizable European platform will support further international growth and expansion into new geographies both through acquisitions and organically as the newly acquired international sales and distribution platforms can be utilised to channel existing Ascendis products. Ascendis will contribute favourably towards the growth of both Remedica and Scitec, as synergies are achieved in shared services, cross-licensing of pharmaceutical dossiers, product manufacturing and established routes to the European and developing markets.

The geographical diversification offered by the Proposed Transactions and their predominant invoicing in US Dollar and Euro will create a natural Rand hedge, with approximately half of Ascendis' sales being generated by foreign operations post implementation. The conclusion of the Proposed Transactions ensures that Ascendis maintains its defensive segmental mix of over-the-counter and pharmaceutical operations while enhancing diversification of its sales portfolio across products, channels, geographies and currencies.

3. OVERVIEW AND RATIONALE FOR THE REMEDICA TRANSACTION

Remedica, a Cyprus based pharmaceutical company, operating for over 50 years is dedicated to the development, production and sale of high quality, safe and efficacious generic pharmaceuticals. Remedica supplies more than 300 products from over 200 active pharmaceutical ingredients to c.100 countries worldwide, with c.7% of sales generated within Cyprus.

Remedica manufactures its products in five state-of-the-art manufacturing facilities, which in aggregate span over 40,000m^2, including a newly constructed EUR15 million oncology facility. These products cover a wide range of therapeutic categories, including anti-cancer, anti-infectives such as antibiotics and anti-malaria, analgesics, cardiovascular, diabetes, central nervous system, gastrointestinal and others. The products are available in a variety of dosage forms, including tablets, capsules, creams, ointments, aerosols, pessaries, suppositories, liquid syrups and oral powders. Remedica has a strong pipeline of products, particularly oncology and HIV products, which are expected to be launched over the next three years.

Remedica's business model is built on three pillars:

- Supplier of essential medicines, such as malaria treatment and antibiotics, primarily in emerging markets including the Middle East, Asia, Africa and South America, through their network of independent agents and distributors;
- Prequalified status to supply Non-Governmental Organisations ("NGO") and for a number of years has been supplying a range of products to some of the most reputable NGOs in the world such as, UNRWA, Red Cross (ICRC) and Medecins Sans Frontieres; and
- Development of generics which are also out-licensed to major multi-national pharmaceutical companies in Europe and elsewhere.

The Remedica Transaction will transform the Ascendis Pharma-Med division into an international pharma player. With its diversified portfolio of products, markets and clients, strong pipeline of new products and synergies with the Ascendis Pharma business in South Africa and Spain, Remedica is well positioned to deliver strong earnings growth in the future.

Remedica provides a credible platform for further international expansion and growth in the generic pharmaceutical industry, in both Europe and emerging markets through its existing product portfolio and pipeline, as well as manufacturing capabilities. These offer opportunities for important synergies which will be leveraged off Ascendis' recent acquisitions, Akacia Healthcare Holdings Proprietary Limited in South Africa and Farmalider S.A. in Spain.

Key features of Remedica include:

- Broad range of generic products covering a variety of therapeutic categories including higher margin products like oncology;
- Strong pipeline of major specialty disease drugs in both the public and private markets, as well as the NGO sector;
- Quality manufacturing facilities which are accredited by major world-wide health authorities and donor organisations;
- Diversified customer base across c.100 countries;
- Exposure to higher growth markets, such as the Middle East and Africa;
- Strategic position in Cyprus, a member state of the European Union and a crossroad between the European Union, Middle East and Africa;
- 11 owned buildings, including five Good Manufacturing Practice ("GMP") accredited manufacturing facilities, one being a new world class oncology facility;
- Quick product registration in Cyprus allows for a fast path to market into the rest of Europe;
- Substantial product development capabilities;
- Reputation for quality and efficacy;
- Experienced management team with the Chief Executive Officer to remain in the business for a minimum period of three years; and
- Solid historical financial performance with attractive EBITDA margins of over 25% in 2015.

4. OVERVIEW AND RATIONALE FOR THE SCITEC TRANSACTION

Scitec is a leading European sports nutrition company, selling products under its trademark brand name 'Scitec Nutrition ®'. It employs over 700 people and is focused on the marketing, production, and distribution of a wide variety of sports nutrition products targeted at strength training, functional fitness and well-being.

Scitec is a global player and sells its products in nearly 90 countries worldwide. It ranks amongst the leading sports nutrition brands across Europe with a key presence in major markets including Germany, France, Spain, Italy, Hungary and Poland. Its products are also present in regions such as the Middle East, Russia, Australia, Asia and sales were recently launched in the USA. Scitec employs a unique combined distribution strategy of own sales representatives, own retail and distributor partners depending on the country.

Scitec is vertically integrated and owns a modern manufacturing facility in the European Union, where the company produces a wide range of over 280 products compliant with strict quality guidelines. The facility is GMP certified as well as U.S Food and Drug Administration ("FDA") registered and has recently been upgraded to increase capacity for future growth. In addition to this, Scitec has its own in-house research and development department as well as an art and design team.

The acquisition of Scitec complements Ascendis' wellness products strategy, as it provides an international platform in the sports nutrition and nutraceutical industry. This allows Ascendis' sport nutrition brands, Evox and SSN, the opportunity to expand abroad while Ascendis looks to grow Scitec's business in Africa. The acquisition further provides the opportunity to extract synergies in procurement of whey protein, production, and research and development.

Key features of Scitec include:

- Well recognised brand in a growth sector;
- Economically attractive production profile;
- Further investment into the high growth wellness industry;
- Well diversified customer base across many geographies;
- Well established in key global sport nutrition markets with further potential to grow (recent entry into the USA);
- Strong corporate management team;
- Modern and efficient production facility;
- Available capacity in current manufacturing facilities to support growth; and
- Track record of strong financial performance for the last 3 years.

5. SALIENT TERMS OF THE REMEDICA TRANSACTION

5.1. The Remedica Purchase Consideration of between EUR260 million and EUR335 million will be settled in cash and Ascendis shares as follows:

5.1.1.1. EUR170 million to be paid on the completion of the Remedica Transaction (the "Initial Remedica Consideration"), which assumes a target working capital of EUR50 million and at least EUR5 million of surplus cash earmarked for future acquisitions;

5.1.2. EUR90 million deferred for 3 years (present value of EUR80 million based on a pre-tax discount rate of 4%); and

5.1.3. an amount to be determined based on the average EBITDA achieved for the three financial years post completion of the Remedica Transaction subject to certain targets being achieved with the total payment limited to EUR75 million (the "Remedica Earn Out").

The Initial Remedica Consideration will be funded as follows:

5.1.4. A new debt facility of EUR 90 million jointly from HSBC Bank plc ("HSBC") and Absa Bank Limited ("Absa");

5.1.5. Issue of Ascendis shares for EUR10 million to the Remedica Disposing Shareholders at the lower of the rights offer price and a share price of ZAR22 per share, converted at an exchange rate of ZAR17.00 : EUR1; and

5.1.6. The balance of EUR70 million utilising a portion of the proceeds from (i) a vendor consideration placement for an amount of c.ZAR 1.2 billion ("Vendor Consideration Placement") and/or (ii) a fully underwritten rights offer for an amount of c.ZAR 1.2 billion ("Rights Offer"). HSBC and Absa have committed to fully underwrite the Rights Offer, acting severally, subject to certain conditions.

5.2. The pricing and timing of the Rights Offer is expected to be published to all existing Shareholders within 60 days following the date of this announcement.

5.3. In addition to the Remedica Purchase Consideration, Ascendis will issue to Charalambous Pattihis (a Remedica Disposing Shareholder) 1,117,460 Ascendis shares at ZAR23.80 per share as a control premium payment at the date the Initial Remedica Consideration is paid.

5.4. At the date of this announcement the following conditions precedent, inter alia, are outstanding:

5.4.1. The relevant regulatory approvals, including from the JSE Limited ("JSE") and the South African Reserve Bank ("SARB"), 5.4.2. Shareholder approval of greater than 50% of the voting rights cast at the general meeting of Shareholders (“General Meeting”);and

5.4.3. Fulfilment or waiver of all conditions precedent to the Vendor Consideration Placement and the joint HSBC and Absa debt facility.

5.5. The expected effective date of the Remedica Transaction is 1 August 2016.

6. SALIENT TERMS OF THE SCITEC TRANSACTION

6.1. The Scitec Purchase Consideration of EUR170 million will be settled in cash as follows:

6.1.1. EUR150 million, adjusted for agreed working capital, debt and operating cash ,to be paid on completion of the Scitec Transaction (the “Initial Scitec Consideration”); and

6.1.2. EUR20 million deferred for 1 year.

The Initial Scitec Consideration will be funded as follows:

6.1.3. A new debt facility of EUR80 million jointly from HSBC and Absa; and

6.1.4. The balance of EUR70 million utilising a portion of the proceeds of the Rights Offer and/or Vendor Consideration Placement.

6.2. Ascendis will pay the Scitec Disposing Shareholder an amount of EUR10 million in the form of a non-refundable deposit, representing 6% of the Scitec Purchase Consideration, if the transaction is not completed within 120 calendar days of signing the Scitec Agreement.

6.3. The following conditions precedent, inter alia, are outstanding:

6.3.1. The relevant regulatory approvals, including from the JSE and the SARB;

6.3.2. Shareholder approval of greater than 50% of the voting rights cast at the General Meeting; and

6.3.3. the warranties provided by Ascendis in terms of the Scitec Transaction remaining true and correct as at completion of the Scitec Transaction, which warranties include that, subject to certain conditions, Ascendis has the necessary cash resources to meet its obligations in terms of the Scitec Transaction.

6.4. The expected effective date of the Scitec Transaction is 1 August 2016.

7. PRO FORMA FINANCIAL EFFECTS

Remedica reported a profit after tax of EUR16.5 million and net assets of EUR87.0 million for the year ended 31 December 2015 in its unaudited management accounts.

Scitec reported a profit after tax of EUR10.6 million and net assets of EUR73.6 million for the 12 months ended 31 December 2015 in its audited annual financial statements. The 6 months earnings to 31 December 2015 utilised in the pro forma financial effects tabled below, represent c. 40% of profits earned for the financial year ended 31 December 2015 and are before any add backs of non-recurring expenses that have been identified by Ascendis management.

The table below sets out the pro forma financial effects of the Proposed Transactions on the interim results of Ascendis for the six months ended 31 December 2015. The pro forma financial effects have been prepared for illustrative purposes only and because of their pro forma nature, may not fairly present the Company’s financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Proposed Transactions going forward.

The pro forma financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the Ascendis published interim results for the six months ended 31 December 2015. The pro forma financial effects are presented in accordance with the JSE Listings Requirements and the guide on Pro forma Financial Information issued by the South African Institute of Chartered Accountants.

The directors of the Company are responsible for the compilation, contents and preparation of the pro forma financial effects. Their responsibility includes determining that the pro forma financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Ascendis and that the pro forma adjustments are appropriate for purposes of the pro forma financial information disclosed pursuant to the JSE Listings Requirements. Consistent with the foregoing, the pro-forma effects set forth in the table below are based on available information and certain assumptions and estimates which the directors of the Company believe are reasonable.

For the purposes of reviewing the pro forma financial information tabled below, it is important to note that the earnings, diluted earnings, headline earnings and diluted headline earnings have the full transaction costs of ZAR111 million expensed against only 6 months of earnings. As such the normalised earnings are deemed more representative of the effect of the transactions on Ascendis' earnings on an on-going basis.

6 months to 31 December 2015	Before	Pro forma post the Scitec Transaction	Change	Pro forma post the Remedica Transaction	Change	Pro forma post the Proposed Transactions	Change
ZAR	(cents)	(cents)	(%)	(cents)	(%)	(cents)	(%)
	(1)	(2)	(2)/(1)	(3)	(3)/(1)	(4)	(4)/(1)
Earnings per share	48.75	41.67	(14.5%)	42.97	(11.9%)	37.04	(24.0%)
Diluted earnings per share	48.75	41.67	(14.5%)	42.97	(11.9%)	37.04	(24.0%)
Headline earnings per share	48.52	41.46	(14.6%)	42.76	(11.9%)	36.85	(24.0%)
Diluted headline earnings per share	48.52	41.46	(14.6%)	42.76	(11.9%)	36.85	(24.0%)
Normalised headline earnings per share	56.04	65.41	16.7%	78.49	40.1%	84.90	51.5%
Diluted normalised headline earnings per share	56.04	65.41	16.7%	78.49	40.1%	84.90	51.5%
Net asset value per share	687	920	33.9%	945	37.7%	1 104	60.8%
Net tangible asset value per share	(236)	(842)	257.5%	(840)	256.5%	(1 263)	436.2%
Weighted average number of shares in issue (thousands)	270 259	297 532	10.1%	301 954	11.7%	329 227	21.8%
Number of shares in issue (thousands)	271 729	326 274	20.1%	335 119	23.3%	389 665	43.4%

1. The Ascendis information reflected in the "Before" column has been extracted from the published interim results for the six month period ended 31 December 2015.
2. The "Pro forma post the Scitec Transaction" column has been calculated on the basis that only the Scitec Transaction has been implemented. The Scitec information has been extracted from the reviewed interim financial statements for the 6 month period ended 31 December 2015.
3. The "Pro forma post the Remedica Transaction" column has been calculated on the basis that only the Remedica Transaction has been implemented. The Remedica information has been extracted from the unreviewed management accounts for the 6 month period ended 31 December 2015.
4. The "Pro forma post the Proposed Transactions" column has been calculated on the basis that the Proposed Transactions have been implemented.
5. The effects on earnings, diluted earnings, headline earnings, diluted headline earnings, normalised headline earnings and diluted normalised headline earnings are calculated on the basis that the Proposed Transactions were effective 1 July 2015, while the effects on net asset value and net tangible asset value per share are calculated on the basis that the Proposed Transactions were effective 31 December 2015.
6. The statements of comprehensive income for Remedica and Scitec have been translated at the average exchange rate for the period 1 July 2015 to 31 December 2015 of R15.00: EUR1 and the statements of financial position have been translated at the exchange rate of R16.93:EUR1 as at 31 December 2015.
7. The Purchase Considerations are converted to ZAR at the current exchange rate of R17.66:EUR1 and assumes no Remedica Earn Out payment.
8. Based on a preliminary fair value allocation exercise in accordance with IFRS 3: Business Combinations, intangible assets identified and their respective useful lives are estimated as follows:

Remedica	Fair value (ZAR'm)	Useful life (years)
Marketing related intangible assets	461.8	40

Contract-based intangible assets	1,085.4	30
Scitec		
Marketing related intangible asset	844.6	Indefinite
Trade secrets and core recipes	1,330.6	Indefinite
Non-core recipes	167.9	20

The balance of the excess of the purchase consideration over the net asset value is allocated to goodwill.

9. Interest is assumed to have accrued on bank debt and vendor debt raised to fund a portion of the purchase consideration at an average pre-tax rate of 4% per annum. No interest is however payable to the vendors on the purchase consideration.
10. No adjustment has been recognised for the revaluation of the Euro denominated debt over the pro forma period. At each reporting date, the Company will be required to revalue the Euro denominated debt to account for the translation into the South African Rand functional currency. Any difference will be charged to Other Comprehensive Income for the period and recognised in the Foreign Currency Translation Reserve
11. Transaction costs related to the Proposed Transactions of ZAR111 million have been expensed. Costs directly attributable to equity and debt have been capitalised. ZAR57 million has been capitalised to equity. ZAR70 million has been capitalised to debt and is amortised over the term of the facility.
12. The following pro forma adjustments are reversed in the determination of pro forma normalised headline earnings per share:
    - Amortisation of intangibles raised through the fair value allocation exercise;
    - Transaction costs expensed to, or amortised through the income statement; and
    - Related tax charges.
13. The number and weighted average number of shares in issue are increased by 117,935,642 shares at an assumed issue price of ZAR22 per share as follows:
    - 54,545,455 shares issued in the equity raise to fund the Scitec Initial Consideration
    - 54,545,455 shares issued in the equity raise to fund the Remedica Initial Consideration
    - 7,727,273 shares in terms of EUR 10m issue as part of the Remedica Initial Consideration
    - 1,117,460 shares issued as consideration for the Remedica control premium

The detailed pro forma financial effects, including notes and assumptions, will be disclosed in the circular to Shareholders and reported on by the reporting accountants.

8. CATEGORISATION OF THE TRANSACTIONS

The Scitec Transaction and the Remedica Transaction are each individually classified as a Category 1 transaction in terms of section 9 of the JSE Listings Requirements, requiring separate Shareholder approval. Approval by the requisite majority of Shareholders present and voting at the General Meeting of Shareholders will be sought by Ascendis for the Remedica Transaction and the Scitec Transaction. The combined circular, which incorporates all necessary Category 1 transaction disclosure requirements as well as the notice of the General Meeting, is expected to be issued to all existing Shareholders within 60 days following the date of this announcement.

9. INVESTOR SUPPORT

Ascendis has approached its major shareholders and various international institutions in order to determine support for the Proposed Transactions. Shareholders representing c.63% of the total shares of Ascendis in issue have provided written undertakings to support and vote on the Proposed Transactions. Shareholders and new investors have provided written undertakings to participate in the Rights Offer and/or Vendor Placement to the total value of c.ZAR1.8 billion at an agreed price.

The International Finance Corporation (“IFC”) and another prominent long term international investor have committed US$30 million and ZAR180 million respectively towards the funding of the Proposed Transactions at an agreed price, which will be implemented by way of the Vendor Consideration

Placement. Ascendis is pleased to announce the IFC investment as it introduces a long term strategic international shareholder who focuses on investing in companies which display a positive social and environmental developmental footprint. The introduction of the IFC as a strategic long term shareholder illustrates Ascendis' global development as its international shareholder base grows.

Coast2Coast Capital Proprietary Limited, which currently directly or indirectly owns approximately 43% of the issued share capital of Ascendis, has committed to follow its rights under the Rights Offer, and/or successfully allocate any portion of its rights not taken up under the Rights Offer pursuant to back-to-back commitments, with the combined value thereof being c.ZAR520 million.

10. CIRCULAR

A combined circular containing details of the Proposed Transactions and the Rights Offer including detailed notes to the pro forma financial effects and together with a notice of General Meeting to vote on the resolutions required to implement the Proposed Transactions will be posted to Shareholders within 60 days following the date of this announcement.

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement released by the Company on SENS on 14 March 2016, as well as the details of the Proposed Transactions as contained in this announcement, and are advised that, as a result of the signing of the agreements of the Proposed Transactions, caution is no longer required to be exercised by Shareholders when dealing in Ascendis' securities.

12. INFORMATION PORTAL

For ease of access, an information portal relating to the Proposed Transactions has been created on the Ascendis website, hosted at: www.ascendis.co.za where all information relevant to the Proposed Transactions will be maintained.

24 May 2016

Johannesburg

Corporate Finance Advisor
Coast2Coast Capital Proprietary Limited

Joint Global Coordinators, Underwriters and Financial Advisors
HSBC Bank plc and Absa Bank Limited (acting through its Corporate and Investment Bank division)

Exclusive Financial Advisor to Ascendis on the Remedica Transaction
Jefferies International Limited

Financial Advisor to the Remedica Disposing Shareholders
Ponthieu Partners

Legal Advisors to the Joint Bookrunners
Bowman Gilfillan Inc. (as to South African law), Freshfields Bruchkhaus Deringer LLP (as to US and English law)

Legal Advisor to the Debt Providers
Linklaters LLP

Legal Advisers on the Scitec Transaction
Wolf Theiss

Legal Advisor to Ascendis on the Remedica Transaction
DLA Piper

Legal Advisor to Ascendis
Cliffe Dekker Hofmeyr Inc.

Legal Advisor to Ascendis as to debt funding
Allen & Overy LLP

Reporting Accountant to Ascendis
PricewaterhouseCoopers Incorporated

Reporting Accountant to Scitec and Remedica
Ernst & Young Incorporated

Transaction Sponsor
Absa Bank Limited (acting through its Corporate and Investment Bank division)

Sponsor
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