



Ascendis HEALTH

SCITEC & REMEDICA
July 2016

Press Clippings



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BROADCAST



PRINT

Full steam ahead for Ascendis

PURCHASE | Ascendis Health said on Tuesday that all the conditions had been met for it to go ahead with its R7.3bn acquisition of European health-care businesses Scitec and Remedica. The conditions for its R1.2bn rights offer had been fulfilled, and Ascendis had received irrevocable undertakings from shareholders and investors to the value of R2.3bn to participate in the rights offer and a subsequent vendor consideration placement of R1.2bn-R1.5bn. Tamar Kahn

BUSINESS DAY



ASCENDIS HEALTH

Acquisitions worth R7.3bn on track

ASCENDIS Health, the listed health and care brands company, said yesterday its R7.3 billion deal announced in May to acquire two major European health and care businesses, Remedica Holdings and Scitec International, was on track. Remedica, a pharmaceutical manufacturer based in Cyprus, would be acquired for R4.4bn, including a deferred payment of R1.5bn after three years. Scitec International, a leading European sports nutrition company would be acquired for R2.9bn, including a deferred payment of R340 million after one year. Karsten Wellner, the chief executive of Ascendis Health, said all the conditions to the R1.2bn rights offer had been fulfilled. "We are also excited that both the rights offer and the vendor consideration placement are well supported by investors in the form of excess irrevocable undertakings provided," he said. Ascendis had secured R2.3bn in irrevocable undertakings from some shareholders and new strategic investors to participate in the R1.2bn rights offer and the subsequent R1.2bn to R1.5bn vendor consideration placement, he said. Ascendis had also entered into an underwriting agreement with Absa Bank and HSBC Bank to underwrite any rights offer shares not subscribed. The transactions are in line with the company's acquisitive growth strategy. Ascendis shares fell 1.5 percent on the JSE yesterday to close at R24.99. – Staff Reporter

Ascendis Health

Share price, rand Apr 12 - Jul 12

Close: R24.99



BUSINESS REPORT
The Star



ASCENDIS HEALTH

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BUSINESS REPORT
Mercury



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BUSINESS REPORT
Cape Times



COMPANY COMMENT

Signs of good health at Ascendis two years on

INSTITUTIONAL investors — understandably — might have been a tad wary when healthcare conglomerate Ascendis came to market in late 2013. Its growth-by-rapid-acquisition strategy blinked “high risk” on the institutional dashboard. Painful memories of Macmed Healthcare, no doubt, also spooked early sentiment.

But a couple of years down the line, Ascendis — operationally and geographically well-diversified and capable of pumping hearty cash flows — is starting to look every bit the kind of high-growth fodder that adventurous big investors crave.

The company’s proposed R1.2bn rights offer (to part fund key international deals) has seen a healthy take-up. Ascendis secured irrevocable undertakings from existing shareholders and new strategic investors that total R2.3bn to participate in the R1.2bn rights offer and the subsequent R1.2bn to R1.5bn vendor placement.

Also encouraging is that Absa Bank and IISBC Bank have agreed to underwrite the capital raising, and that Cape Town-based investment company Coast 2 Coast — the controlling shareholder in Ascendis with a 41% stake — is committed to following its rights (valued at a not insubstantial R520m).

There is no doubt Ascendis will continue on its acquisition tack, especially now that its paper is covered by investors. But there may also be a regular hammering on the Coast 2 Coast boardroom door from parties keen to secure a meaningful dose of this growth prescription.

□ □ □

THE Public Investment Corporation sold 2.4-million of its SABMiller shares on Wednesday, presumably to Anheuser-Busch InBev (AB InBev), leaving it with 48.4-million shares, a move



that will generate slightly more than R40bn when the mega-brew deal is finalised.

The SABMiller share price on the JSE has eased back since it reached a recent high of R990 in May. Last Monday, it hit a low of R820 before recovering some lost ground. That there is so much price volatility on the JSE, compared with the tight trading range on the London Stock Exchange (LSE) since the AB InBev offer last October, merely reflects the volatility in the rand-sterling exchange rate.

There was an uptick in the LSE price earlier this week — at one stage it even moved above the £44 a share offer. Traders attributed this to the coming payment of the final dividend for financial 2016.

Investors may also have taken heart at news from the US that the merger is on track for conditional approval from the US antitrust enforcers. AB InBev undertook to sell off SABMiller’s US operations, but this was not sufficient to silence independent distributors and craft brewers who are concerned about AB InBev’s ability to restrict competitor access to important inputs.

■ Nick Wilson edits Company Comment (wilsonn@bdfm.co.za)

BUSINESS DAY Late Final



R7.3 BILLION ACQUISITION OF SCITEC AND REMEDICA FIRMLY ON TRACK

ASCENDIS HEALTH RECENTLY

bolstered its international growth strategy with the announcement of separate acquisitions of two major European health and care businesses.

Remedica, a pharmaceutical manufacturer based in Cyprus, will be acquired for R4.4 billion (€260 million) including a deferred payment of R1.5 billion (€90 million) after three years. Scitec International, a leading European sports nutrition company will be acquired for R2.9 billion (€170 million) including a deferred payment of R340 million (€20 million) after one year.

Ascendis Health CEO, Dr Karsten Wellner commented, 'We are pleased to announce that all conditions precedent to the R1.2 billion rights offer have been fulfilled, with the JSE approving the circular to shareholders and the application for the listing of the letters of allocation, and the rights offer shares required to implement the rights offer. We are also excited that both the rights offer and the vendor consideration placement are well supported by investors in the form of excess irrevocable undertakings provided.'



▲ Dr Karsten
Wellner

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Ascendis has also entered into an underwriting agreement with Absa Bank Limited and HSBC Bank plc to underwrite any Rights Offer Shares not subscribed for pursuant to the Rights Offer.

Coast2Coast Capital Proprietary Limited, which currently directly or indirectly owns approximately 41 percent 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 up to R520 million.

Dr Wellner concluded, 'This unequivocal support for the Ascendis business model across all sectors of the investment community is a clear vote of confidence in the growing value that we are adding to local and international shareholders, and confirmation of our prudent business practices to grow Ascendis into a global health and care company.'

SA PHARMACEUTICAL & COSMETIC REVIEW



ASCENDIS ACQUISITIONS ON TRACK

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PHARMACY NEWS



ONLINE

The screenshot shows the fin24 website header with a search bar and a navigation menu. Below the menu is a table of exchange rates provided by iNET BFA.

Delayed data provided by	ZAR/AUD	ZAR/EUR	ZAR/GBP	ZAR/JPY
iNET BFA	10,88 ▲ (1.07%)	15,86 ▲ (1.10%)	18,98 ▲ (0.21%)	0,14 ▲ (2.53%)

Ascendis expands with R7.3bn euro buys

Jul 12 2016 15:38 Carin Smith



Johannesburg - Ascendis Health [JSE:ASC] is continuing its international growth strategy with the announcement of separate acquisitions of two major European health and care businesses for a total of R7.3bn.

About half of Ascendis' sales will now be generated by foreign operations and products will be sold in about 144 countries. Founded in 2008 and listed on the JSE since 2013, the group's strategy is based on organic, acquisitive and synergistic growth locally and internationally.

Remedica Holdings, a pharmaceutical manufacturer based in Cyprus, will be acquired for R4.4bn, including a deferred payment of R1.5bn after three years. Scitec International, a European sports nutrition company, will be acquired for R2.9bn, including a deferred payment of R340m after one year.

"Our strategy is to complement growth in the domestic health and care market through international expansion and by acquiring platform businesses offshore," CEO Dr Karsten Wellner had explained earlier this year. These acquisitions in the European Union will be game changing for Ascendis, in his view, and position the group as an international health and care business of scale.



Ascendis Health CEO Dr Karsten Wellner (Supplied)

COMPANY DATA

ASCENDIS HEALTH LIMITED
[JSE:ASC]

Last traded

25

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READ: Ascendis plays like a good soccer team - CEO

According to Wellner, all conditions precedent to the R1.2bn rights offer have been fulfilled. The JSE has approved the circular to shareholders and the application for the listing of the letters of allocation and the rights offer shares required to implement the rights offer.

"We are also excited that both the rights offer and the vendor consideration placement are well supported by investors in the form of excess irrevocable undertakings provided," he said.

Coast2Coast Capital, which currently directly or indirectly owns about 41% 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 up to R520m.

"This unequivocal support for the Ascendis business model across all sectors of the investment community is a clear vote of confidence in the growing value that we are adding to local and international shareholders, and confirmation of our prudent business practices to grow Ascendis into a global health and care company," said Wellner.

Earlier this year, Ascendis also announced it had received Competition Commission approval to proceed with the 100% acquisition of pharmaceutical business Akacia Healthcare for R345m. Akacia manufactures and distributes branded generic prescription, over-the-counter and complementary medicines.

Wellner has explained in the past that the success of Ascendis lies in its strategy of diversification. He admitted that SA is facing difficult times as a country, but is confident that Ascendis' diversified product portfolio, strategy and customer base enable it to stay strong.

Change	0
% Change	0
Cumulative volume	515998
Market cap	0

Last Updated: 14-07-2016 at 03:45. Prices are delayed by 15 minutes. Source: McGregor BFA

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News

Ascendis on track for R7.3bn buyout of European firms

12TH JULY 2016

BY: NATASHA ODENDAAL
CREAMER MEDIA DEPUTY EDITOR ONLINE

[EMAIL THIS ARTICLE](#)

FONT SIZE: 

JSE-listed Ascendis Health's acquisition of two major European health and care businesses, Remedica Holdings and Scitec International, for a combined R7.3-billion, remained on track, with all conditions precedent for a multibillion-rand rights offer to partly fund the acquisitions met.


The transactions would be funded through a combination of the fully underwritten rights offer, new debt facilities of about €180-million and vendor placements of about R1.2-billion, besides others.

Ascendis would buy Cyprus-based pharmaceutical manufacturer Remedica for R4.4-billion, including a deferred payment of R1.5-billion after three years, and European sports nutrition company Scitec International for R2.9-billion, including a deferred payment of R340-million after one year.

"We are pleased to announce that all conditions precedent to the R1.2-billion rights offer have been fulfilled, with the JSE approving the circular to shareholders and the application for the listing of the letters of allocation and the rights offer shares required to implement the rights offer," Ascendis CEO Dr Karsten Wellner said on Tuesday.

The rights offer and the vendor consideration placement were "well supported, he said, pointing to the excess irrevocable undertakings secured from certain existing shareholders and new strategic investors reaching some R2.3-billion.

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Ascendis had also entered into an underwriting agreement with Absa Bank and HSBC Bank to underwrite any rights offer shares not subscribed for, while Coast2Coast Capital, which directly or indirectly owned about 41% of the issued share capital of Ascendis, committed to follow or allocate its rights under the rights offer, with the combined value of up to R520-million. 

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Ascendis R7,3bn acquisition of Scitec and Remedica on track

OPTIONS

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Ascendis Health recently bolstered its international growth strategy with the announcement of separate acquisitions of two major European health and care businesses, Remedica Holdings and Scitec International, totalling R73bn.

Remedica, a pharmaceutical manufacturer based in Cyprus, will be acquired for R4,4bn including a deferred payment of R1,5bn after three years. Scitec International, a leading European sports nutrition company will be acquired for R2,9bn including a deferred payment of R340m after one year.

Ascendis Health CEO, Dr Karsten Wellner, commented, "We are pleased to announce that all conditions precedent to the R1,2bn rights offer have been fulfilled with the JSE approving the circular to shareholders and the application for the listing of the letters of allocation and the rights offer shares required to implement the rights offer. We are also excited that both the rights offer and the vendor consideration placement are well supported by investors in the form of excess irrevocable undertakings provided."



Dr Karsten Wellner

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Wellner concluded, "This unequivocal support for the Ascendis business model across all sectors of the investment community is a clear vote of confidence in the growing value that we are adding to local and international shareholders, and confirmation of our prudent business practices to grow Ascendis into a global health and care company."

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Markets | Tue Jul 12, 2016 4:59am EDT

Related: HEALTHCA

BRIEF-Ascendis Health sets final terms for rights offer



Ascendis Health Ltd :

* Final terms of a fully underwritten renounceable rights offer, posting of circular and notice of general meeting

* Subscription price is at a discount of 13.3 pct to closing price on July 11 2016

* Qualifying shareholders are offered 54.5 mln new shares of no par value at subscription price of 22.00 rand per rights offer share

* Transactions will be funded by way of a new debt facility to value of 180 mln eur, a vendor consideration placement of 1.2 - 1.5 bln rand and rights offer

* It is Ascendis' intention to use proceeds of rights offer to partially fund transactions and associated transaction costs

* Co has secured irrevocable undertakings from some existing shareholders, new strategic investors to total value of 2.3 bln rand to participate in rights offer Source text for Eikon:

Further company coverage: (Bengaluru Newsroom)

REUTERS.COM



Business > Companies

Ascendis: Acquisitions worth R7.3bn on track

COMPANIES / 13 Jul '16, 07:30am

Staff Reporter

Johannesburg - Ascendis Health, the listed health and care brands company, said yesterday its R7.3 billion deal announced in May to acquire two major European health and care businesses, Remedica Holdings and Scitec International, was on track.

Read also: Ascendis on R7.3bn prowl in Europe



Karsten Wellner, the chief executive of Ascendis Health, said all the conditions to the R1.2bn rights offer had been fulfilled. File picture: Supplied. Credit: INDEPENDENT MEDIA

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Ascendis Health

Ascendis R7.3 Billion Acquisition of Scitec and Remedica Firmly on track

July 13th, 2016

Tags: growth, shareholders, ascendis health, absa, business

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COMPANY COMMENT: Ascendis; SABMiller

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INSTITUTIONAL investors — understandably — might have been a tad wary when healthcare conglomerate

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Also encouraging is that Absa Bank and HSBC Bank have agreed to underwrite the capital raising, and that Cape Town-based investment company Coast 2 Coast — the controlling shareholder in Ascendis with a 41% stake — is committed to following its rights (valued at a not insubstantial R520m).

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BDLIVE.CO.ZA





South Africa's Ascendis seeking slice of growing global sports nutrition market

by Kate Douglas on 15 July 2016



Demand for health and wellness products – including dietary supplements, sports nutrition and herbal medicines – have seen strong growth over the last decade with the global industry expected to reach a value of US\$1tr by 2017. Unlike prescription drugs, wellness products are considered natural remedies to promote wellbeing and are sold over the counter.

In South Africa a similar trend has been seen as consumers become increasingly health conscious, according to Dr Karsten Wellner, CEO of the Johannesburg Stock Exchange-listed Ascendis Health. The company owns a portfolio of natural remedies and wellness related brands.

"How big the market is depends on what you include. But in South Africa what they call the complementary and alternative medicines (CAMs) market is assumed to be between R10bn and R13bn (\$700m and \$915m), and this includes sports nutrition," he told *How we made it in Africa*.

However, recent regulatory changes put forward by the Department of Health propose stricter procedures for registering these over-the-counter 'complementary medicines' – similar to those required for prescription pharmaceutical drugs. While the move is meant to protect consumers from untested medicines which make false-claims, Wellner notes the costs involved limit the industry's growth potential.

"If you register pharmaceutical drugs you need a toxicology, efficiency studies, and clinical data and that is very expensive.

"An extreme example is if you squeeze 20 oranges to drink as a juice, you take in a higher dosage of vitamin C compared to what is recommended as a daily dosage. Theoretically, if you had to put that vitamin C in a pill instead of drinking it, you would need a pharmaceutical dossier to do so," he explains.

"Due to these regulations starting to be implemented, the market in South Africa hasn't had as strong growth like markets in Europe or in other developing markets."

Capturing growth in sports nutrition

Sports nutrition products have also been growing strongly globally. "And in many markets its growing by double digits," adds Wellner.

In addition to its own South African sports nutrition brand Evox, Ascendis Health recently acquired a major European player, Scitec International, for R2.9bn (about \$203m). The deal is part of the company's strategy to increase revenues from foreign markets due to a weakening rand, but also gives it a strong foothold in the global sports nutrition market. According to Wellner, Scitec is one of the top three sports nutrition companies in Europe.

"And we see a lot of potential coming from this acquisition for our export market into developing markets like the Middle East and Africa."

Ascendis already exports various products to other African countries, mainly South Africa's neighbours. However, the rest of continent only accounts for a small percentage of its business.

"I think in some African markets sports nutrition is not a big story yet because when you look at a Maslow's [hierarchy of needs] pyramid – they simply are not there yet. They have more basic consumer needs than sports nutrition. The higher developed a market is, the more sports nutrition is used."

However, he adds a growing number of gyms in some countries could be indicative of an expanding market.

"Wherever there are gyms people focus on their bodies and health... So overall we see nice trends in Africa for sports nutrition – but growing from a lower base."

HOWWEMADEITINAFRICA.COM



Dr Karsten Wellner, Ascendis Health CEO

Jul 12, 2016

Zweli Sikhakhane

No comments yet

Business

118 Views



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“This unequivocal support for the Ascendis business model across all sectors of the investment community is a clear vote of confidence in the growing value that we are adding to local and international shareholders, and confirmation of our prudent business practices to grow Ascendis into a global health and care company.”

Ascendis Health R7.3 billion acquisition of Scitec and Remedica firmly on track

Ascendis Health recently bolstered their international growth strategy with the announcement of separate acquisitions of two major European health and care businesses, Remedica Holdings and Scitec International, totaling R7.3 billion.

NATIONAL - ONLINE, South Africa - July 12, 2016 - PRLog -- Remedica, a pharmaceutical manufacturer based in Cyprus, will be acquired for R4.4 billion (€260 million) including a deferred payment of R1.5 billion (€90 million) after 3 years. Scitec International, a leading European sports nutrition company will be acquired for R2.9 billion (€170 million) including a deferred payment of R340 million (€20 million) after 1 year.

CEO, Dr Wellner commented, "We are pleased to announce that all conditions precedent to the R1.2 billion rights offer have been fulfilled with the JSE approving the circular to shareholders and the application for the listing of the letters of allocation and the rights offer shares required to implement the rights offer. We are also excited that both the rights offer and the vendor consideration placement are well supported by investors in the form of excess irrevocable undertakings provided."

Ascendis has secured irrevocable undertakings from certain existing shareholders and new strategic investors to the total value of R2.3 billion to participate in the R1.2 billion rights offer and the subsequent R1.2 billion - R1.5 billion vendor consideration placement.



Dr Karsten Wellner

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Notes to editors

Ascendis Health (JSE: ASC) is a fast growing health and care company selling a portfolio of market-leading brands for animals, plants and humans. Founded in 2008 and listed on the JSE since 2013, the group's strategy is based on organic, acquisitive and synergistic growth locally and internationally. The group is increasingly focused on internationalisation and Ascendis brands are currently exported to more than 50 countries globally. For more information, visit www.ascendis.co.za.

Remedica Holdings develops, produces and sells generic pharmaceutical products. Based in Limassol, Cyprus, the business is strategically located between the European Union, the Middle East and Africa. Founded 56 years ago, Remedica supplies more than 300 products, including oncology drugs, via 2500 marketing authorisations to 100 countries globally. For more information, visit www.remedica.eu.

Scitec International is a leading sports nutrition company selling products in nearly 90 countries under the Scitec Nutrition brand. Scitec Nutrition ranks among the leading sports nutrition brands in major markets like Germany, France, Spain, Italy, Hungary and Poland, with a strong presence in the Middle East, Russia, Australia and Asia. For more information, visit www.scitecnutrition.com/en.

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Ascendis on track for R7.3bn buyout of European firms

By: [Natasha Odendaal](#)
Creamer Media Deputy Editor Online

MERGERS & ACQUISITIONS

JSE-listed Ascendis Health's acquisition of two major European health and care businesses, Remedica Holdings and Scitec International, for a combined R7.3-billion, remained on track, with all conditions precedent for a multibillion-rand rights offer to partly fund the acquisitions met. The transactions would be funded through a combination of the fully underwritten rights offer, new debt facilities of about €180-million and vendor placements of about R1.2-billion, besides others.

EQUITY

Ascendis Health sets terms for R1.2bn rights issue

Ascendis Health, the South African maker of diet supplements, garden pesticides and medical equipment, has announced the final terms of its fully underwritten R1.2bn (\$83m) rights issue.

By Aidan Gregory *12 Jul 2016*

The company will issue 54.5m new shares at R22 a share, giving rights holders a 13.3% discount from Monday's closing price of R25.37. Existing shareholders will be entitled to subscribe for 18.2 shares per 100 already owned. The last day of trading with rights is Tuesday, July 19. ...

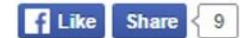
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MARKETING SPREAD

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➔ Ascendis R7.3-billion acquisition of Scitec and Remedica on track

Posted: July 15, 2016 in Business Spread

Tags: Ascendis Health

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Companies and Deals

Ascendis's healthy appetite

New deals put the company on investor radar screens.

By **INVESTOR** *Sasha Planting* | 18 July 2016 00:02



This article was first published in the latest issue of the Moneyweb Investor. To read the magazine click [here](#).

South African pharmaceutical giant Aspen had better start looking over its shoulder: Ascendis Health, which listed on the JSE in 2013 aims to reach Aspen's size within ten years.

It's a big ask considering Aspen has a market capitalisation of R162 billion while Ascendis (ASC) is a fraction of that at R6.9 billion.

It might have been easy to dismiss this goal as part of the seemingly endless energy that emanates from Ascendis's irrepressible CEO Karsten Wellner, if it wasn't for two sit-up-and-pay-attention acquisitions.

The company recently announced the R7.3 billion acquisition of two Europe-based companies, generic manufacturer Remedica and sports nutrition business Scitec which will provide the group with two additional growth platforms in Europe.

Remedica, which is based in Cyprus, will complement Ascendis's existing pharmaceutical business and increase its pharmaceutical footprint in Europe, says Andre Bekker, investment analyst at Avior Capital Markets.

The acquired facilities also have spare capacity to take on the majority of Ascendis's existing Farmalider business' manufacturing which is currently outsourced in Spain. "This will support growth in overall margins," Bekker says.

Scitec Nutrition, which is Europe's third largest sports nutrition business will serve as a platform for Ascendis's consumer business in central Europe.

These deals – which followed on from the acquisitions of medical devices firms Respiratory Care Africa (2014) and The Scientific Group (2014); Kol Country (2014) and Spanish generics manufacturer Farmalider (2015), as well as six products from Arctic Health Care (2014) – will change the face of the company, he says.

The investment community largely ignored Ascendis when it first listed. At the time the company had stated its intention of building a multinational healthcare company with three pillars: consumer brands, pharma-med and phyto-vet. It had been cobbled together from about ten smallish acquisitions and had an annualised turnover of R1.6 billion ahead of the listing.

But along with the rapid fire acquisitions and some decent results, it was the passion the CEO – Dr Wellner as some in the media call him – brought to the job that made him hard to miss. Educated in Germany with a doctorate on economics (his thesis was on the impact of economic sanctions in SA), he says he "lives wellness".

It sounds trite, but he thrives on this job. "A good business with good products and lots of passion is better than a business with great products and no passion," he says. "It's the same as competing in the Iron Man. You can't just show up – this race is 70% mental – it takes passion and determination to complete it."

It was this passion, coupled with his 18 years of experience with the global healthcare company Fresenius that attracted Ascendis founders Cris Dillon and Gary Shayne to him.

"We look for three things in people," says Dillon. "Passion, genetics [smarts] and a team ethic. We are like a dog sled team. Everyone must pull in the same direction. If one dog pulls to the right, the sled will not move smoothly."

Coast2Coast, which has a 45% stake in Ascendis, is intimately involved in the strategic direction of the company.

"C2C handles all of our mergers and acquisitions and corporate finance," says Wellner. This leaves him free to focus on investors, banks and strategy while Ascendis SA MD Cliff Sampson focuses on integration and day-to-day operations.

The financial support provided by C2C is not to be underestimated. At least 50 investment professionals staff the global deal team. "We have cherry picked the cream of the crop," says Dillon, "and they are looking for opportunities all over the world."

The company is also looking for an MD to run their business in Europe.

In its results for the six months to December Ascendis reported revenue up 40% to R1.9 billion, Ebitda up 50% to R287 million and headline earnings per share (eps) up 37% to 49cps. Of the roughly 300 companies listed on the JSE's main board for more than two years, only 14 have seen eps growth of +30% a year for the last two years.

Ascendis is one of those companies.

"I was initially a little sceptical about this business. But what has impressed me is that management has executed on everything they said they would," says Keith McLachlan, fund manager at AlphaWealth.

Others remain a tad puzzled by Ascendis' focus on integrated healthcare – that is, healthcare for plants, animals and humans.

"Don't look local," says McLachlan, "look at a company like Johnson & Johnson which incorporates consumer brands as well as pharmaceuticals and medical devices. This could be an emerging market J&J."

While J&J may not have a phyto-vet division, it is one that McLachlan is positive about. "This is an underappreciated market segment. People tend not to skimp on products for their gardens and pets, and as their kids grow up, they tend to spend more in these areas."

International growth

These two acquisitions place Ascendis on a different footing globally. Management has been on a drive to acquire large platform businesses (onto which smaller bolt-on acquisitions can be added) in Europe, specifically Spain and Eastern Europe.

The acquisitions provide that drive with considerable impetus. While the stated intention was to grow offshore earnings to 30% of the total, earnings from Remedica and Scitec (€23 million and €16 million) will push the group's offshore earnings from 20% to 50% of the total.

"At least 60% of our cost of goods is exposed to rand volatility. These deals are important in that they provide a natural hedge to our import requirements and revenue stream," Wellner says.

The company has embarked on a capital raising exercise to fund the acquisitions, which should be complete by August.

It will take until the end of the year to close up the deals and tidy up the finance, says Dillon. After which Ascendis could be open for deals in the New Year.

To buy or not to buy

Both McLachlan and Bekker believe that there is upside in the share price, which at the time of writing was R23.12.

MONEYWEB.CO.ZA

Meet the Boss: Karsten Wellner, CEO, Ascendis Health

by Kate Douglas on 21 July 2016



Karsten Wellner, CEO of Ascendis Health in South Africa

1. What was your first job?

It was in a furniture shop in Germany. It was my dad's business... but it wasn't full time. I worked there sometimes on Saturdays as a 13- or 14-year-old to earn some money or during my school holidays.

2. What parts of your job keep you awake at night?

Honestly, nothing keeps me awake because I can sleep very well. I am one of those blessed people.

Of course when investors ask me that question they always want to hear the one answer which they think keeps me awake – the foreign exchange rate. However, that is no longer an issue because we just announced two big deals which will work as a foreign exchange hedge against event-induced volatility in our business.

But what is of concern is having the right mix in our business between entrepreneurial spirit and corporate know-how. So on one hand it is about getting economies of scale in order to corporatise your business to a size where it can be a global player but, at the same time, not losing entrepreneurial spirit. And I think that is the major issue that is important for me. It is not worrying me or keeping me awake, but it is something that I constantly have to focus on and believe is important when I look at our business.

3. Who has had the biggest impact on your career and why?

The biggest impact on my career was the decision, when I was a student, to do a traineeship in South Africa. That traineeship came with a student organisation called the International Association of Students in Economy and Commerce (AIESEC), and they organised for me a traineeship with Esso Oil South Africa in Sandton. It was there that I fell in love with the country and the people, and it probably actually changed my life. I did my PhD on economic sanctions against South Africa and researched and travelled the country.

I married a South African some years later and have been living here since 2000. So that decision to do a traineeship probably changed my business career and my life tremendously.

4. What is the best professional advice you've ever received?

Whatever you do, do it with passion. And I think that is probably the big advice I am using throughout my life and expect from the people working around me. It was once said in a TV interview that I can't stand energy suckers; I want to have positive energy contributors. And quite often you have people sitting in a meeting and you can immediately feel whether that person contributes positive energy to the room or consumes energy.

For me it is important to be surrounded by people who have passion, high energy levels and who are positive contributors as opposed to negative, impassionate thinkers. It is important in our business and is how we decide who we employ.

5. The top reasons why you have been successful in business?

Like I said, what I am doing, I am doing with passion. The second reason is I don't give up. I have some endurance which also comes from [participating] in sport. For several years I did the Ironman. To do the Ironman you don't have to be the most-gifted sporty person. What is most important is having endurance – your brain has to pull you through those times when the muscles don't want to work anymore. And it is the same as in the job.

And the last reason is my international openness. I think I am quite cosmopolitan. Of course it is easy to say you are cosmopolitan when living in South Africa and speaking in a German accent, but I have worked in many markets in Eastern Europe, the Middle East and Africa. I have travelled so many markets worldwide in my ex-jobs and I think that opens your eyes to different perspectives and puts things into context.

So I think it is the mix between that openness for different things and passion and endurance.

6. Where's the best place to prepare for leadership? Business school or on the job?

I think you need both and I can answer that quite confidently because I worked for five years at the University of Stellenbosch Business School, and have been teaching MBA classes in international management and market-entry strategies. You get a mix of quite different people there, like doctors, municipal workers, lawyers, financially-trained people, engineers and self-made businessmen across various age groups. None of them would be able to be as good if they didn't have some theoretical knowledge. However, if this is not paired with good operational experience, it is a waste.

So you need both and I think that's why business schools are important next to university because business schools have a more practical approach. But even some really big, relevant, international business schools, only accept people who have actually had work experience. They don't accept anyone who comes immediately out of university. They first need operational experience.

So I think that there is no black or white answer to your question, you need both. You need the operational experience and you need the theoretical tool kit. For example, you can give a carpenter the best tool kit but if he doesn't have operational experience, like how to use the tools in his toolbox, then it doesn't work. It's the same in business and we see it.

7. How do you relax?

Sport and pursuing things passionately in my private life. If I do sport, I put a lot of effort in. If I spend time with my family, I try to have quality time and not just time.

8. By what time in the morning do you like to be at your desk?

I don't have a fixed desk. I have an office in Cape Town, Johannesburg and spend quite a lot of time on aeroplanes. Already I have been in 16 different countries this year... So a lot of my time is actually spent going to the airport and travelling from meeting to meeting. So there is no real time when I am in the office.

But I put a lot of hours in. The most important is the quality of the hours and because I travel a lot I have to put in more hours in order to get to the places I have to be.

9. Your favourite job interview question?

I like to ask what [potential employees] have excelled at or done well outside of their job. So we try to find, let's say, the chess champion, the debating-club president, the guy who has done triathlons and got national colours, or the guy who has climbed Kilimanjaro. Something out of the normal where they show me that they have passion for something. You can ask them everything about the job and they will tell you what they have done, but I try to find that passion or x-factor in the person during the interview. I try to find out what excites them, what makes them tick, what makes them to go the extra mile. I think that is probably a question I ask candidates quite often in interviews.

10. What is your message to Africa's aspiring business leaders and entrepreneurs?

It is the same advice I give my 19-year-old daughter who is studying at the moment in Stellenbosch: don't take things for granted and, next to your theoretical education, try doing as many traineeships as possible in order to look into different businesses – even if it is only for two or three weeks. Try to apply for jobs in companies where you can shadow somebody, and even if you don't get money for it, you will get life experience.

Try to mix theoretical education with practical experience. Sometimes people have this entitlement attitude of thinking because they have studied, they should get a job. But in order to get a good job you must actually show you have done more than just studying. The competition is big and if I have two CVs on my desk – one from someone who studied and has seven As and another from a person with three As but practical experience – I would always go for the person with practical experience.

Dr Karsten Wellner is the CEO of Ascendis Health, a Johannesburg Stock Exchange-listed company which owns a portfolio of natural remedies and wellness-related brands. Prior to joining the group in 2011, he headed up Fresenius Kabi South Africa where he was responsible for the African and Middle Eastern region for eight years. He also previously ran Fresenius Switzerland for five years and oversaw pharmaceutical exports and developing markets.

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