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Page: 1

Ascendis back on acquisition trail

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CIPLA OPERATIONS ACQUIRED

Ascendis grows vet footprint

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Editor At Large, Cape Town

After a brief lull in corporate activity, healthcare conglomerate Ascendis looks to be back on the acquisition trail.

On Monday, Ascendis, which has a market capitalisation of more than R9bn, announced the acquisition of the Southern African veterinary operations of Cipla India for R375m.

This follows a decision by pharmaceuticals giant Cipla India to focus on human health-care only in SA.

The deal shows Ascendis is determined to build up its Phyto-Vet division. The company's big deals in the past 18 months have been mainly on the consumer brands side and in

pharmaceuticals – including bold acquisitions offshore.

Ascendis CEO Karsten Wellner said the Cipla animal health businesses would allow the company to expand into the attractive veterinary drug market with high-margin products.

He said the Cipla operations would add therapeutic products to Ascendis' portfolio.

Cipla Vet has a strong presence in antibiotics, endoparasitides and ectoparasiticides with brands like Triworm and Petcam, while Cipla Agrimed holds leading positions in antimicrobials and endectocides in the local farming community.

Wellner said only about 10% of Cipla's veterinary sales were generated through export to Namibia, Botswana, Zambia and

↓
R375m
is the sum
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regional
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↓
R31m
was booked
as combined
annual profit
by Cipla Vet
and Cipla
Agrimed

Angola. "This provides an excellent opportunity for synergies through Phyto-Vet's existing African network."

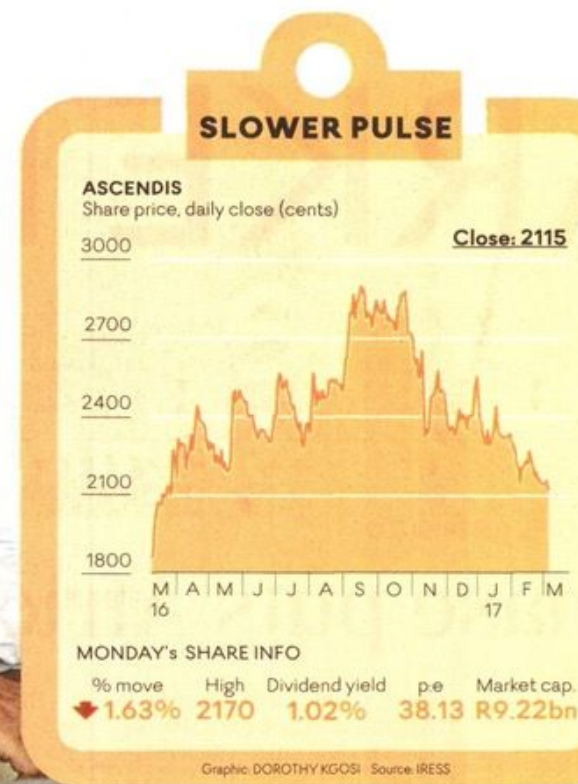
Cipla Vet and Cipla Agrimed's total profit after tax was R31m in the year to March 2016.

Ascendis is due to report its interim results on Wednesday.

A recent trading update pencilled in headline profits of R166m-R178m for the six months to end-December. This translated into headline earnings per share of 40c-43c, down from 49c a year earlier.

Ascendis noted that once-off costs for the period topped R92m – mainly relating to costs for the acquisition of offshore businesses Remedica and Scitec in August 2016.

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ASCENDIS

Cipla an 'excellent fit' for Phyto-Vet

ASCENDIS was buying Cipla Agrimed and Cipla Vet for R375 million, because the deal was an “excellent strategic fit” for its Phyto-Vet division. In a statement issued yesterday, the healthcare company said there was a potential adjustment to reflect a price band of R250m to R500m in relation to working capital, net debt and earnings before interest, tax, depreciation and amortisation for the period to the end of March. Cipla Vet operates in the companion-animal segment, with sales to more than 1 000 outlets through veterinary practices, veterinary shops, equine outlets and wholesalers. Cipla Agrimed operates in the commercial-animal segment. Ascendis said its strategy was to create a group of brands that covered the value chain from importing raw materials to manufacturing and distribution via retail and direct-selling channels, spanning human, plant and animal health. The deal was a perfect fit for Phyto-Vet, because it would give it a presence in areas in which Ascendis was not strongly represented, it said. It noted that expanding into veterinary pharma complemented Ascendis’ presence in the pharma industry and Phyto-Vet’s sub-Saharan African bioscience business. – Staff Reporter *Go to www.busrep.co.za*

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