



Ascendis
HEALTH

Results presentation
for the six months ended
31 December 2015





PRESENTATION OUTLINE



Section	Presenter
Overview	Dr. Karsten Wellner
Financial review	Kieron Futter
Strategic focus	Dr. Karsten Wellner
Operational performance	Dr. Karsten Wellner
Outlook	Dr. Karsten Wellner



OVERVIEW





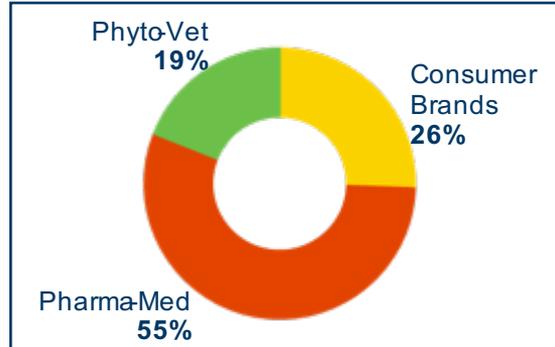
Who are we?

A South African-based health and care brands company that owns and develops strong brands



Brands

Resilient, market-leading brands



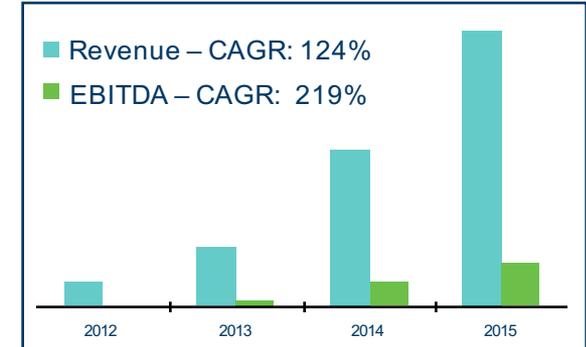
Diverse revenue streams

Health and care products for people, plants and animals



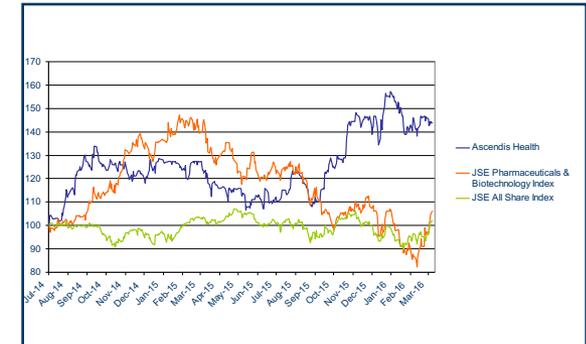
Management

Strong and experienced management team with a proven track record



Growth strategies

Organic, acquisitive, synergistic and international



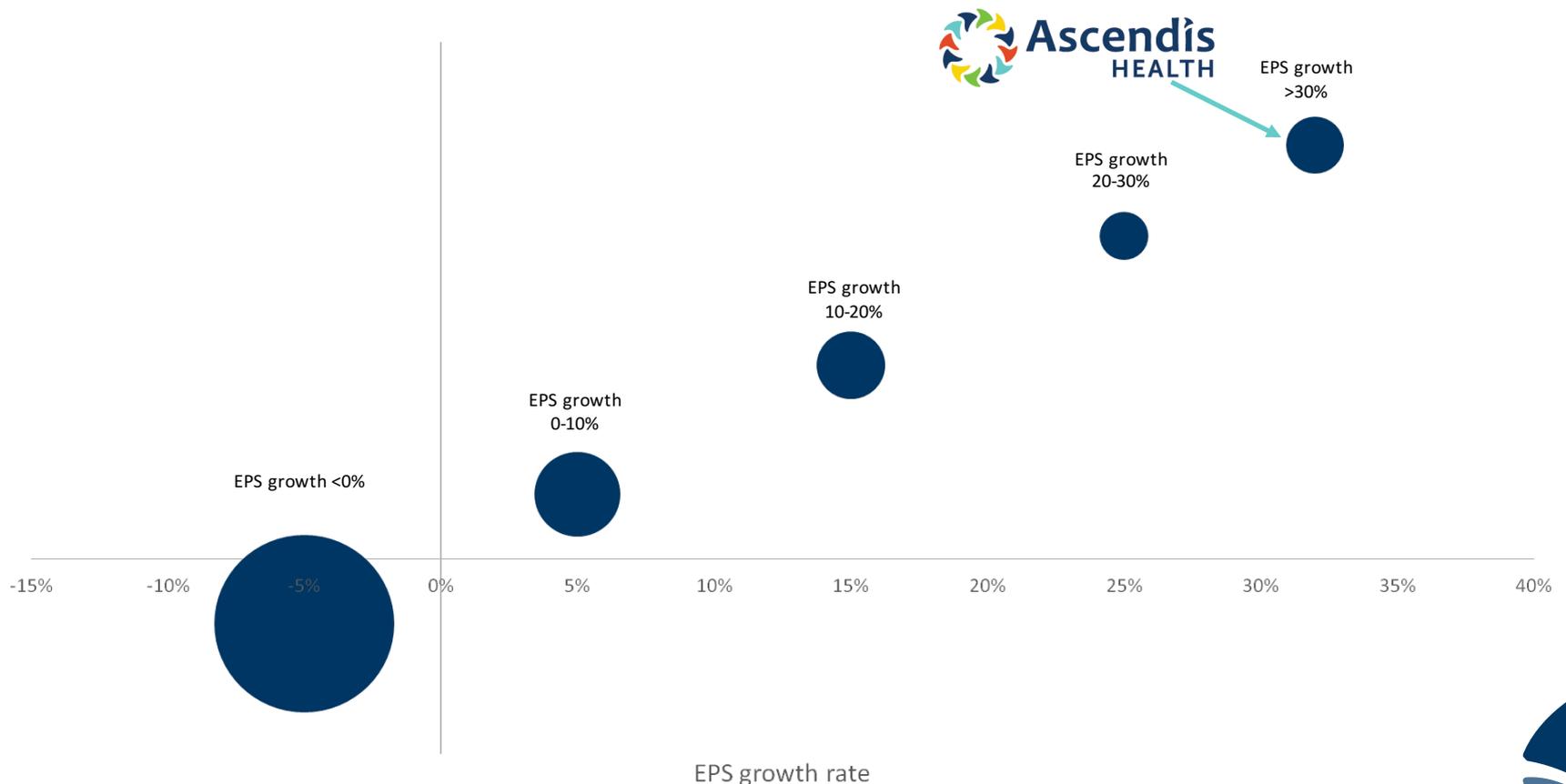
Current market capitalisation

R5 billion

EARNINGS PERFORMANCE ON THE JSE



Of the c.300 companies listed on the JSE Main Board for > 2 years, only 14 have had **EPS growth > 30%** p.a. for the last 2 consecutive years – **Ascendis** is one of these companies



Source: Capital IQ, 23 Feb 2016



-  **EBITDA UP 50% TO R287m**
-  **HEPS UP 37% TO 48.5 cps**
-  **Margin expansion through focus on efficiencies and cost control**
-  **Successful integration of first international acquisition – Farmalider (Spain)**

<ul style="list-style-type: none">Focus on efficiencies and cost control to improve margins at all levels	<p>Consolidation: restructuring, rationalisation of costs and focus on synergies to set up efficient base for further acquisitions</p>
<ul style="list-style-type: none">Continue new product development and innovation	<p>33 new product concepts launched in the last six months</p>
<ul style="list-style-type: none">Strong focus on internationalisation of all three divisions	<p>Refinement of acquisition strategy on Australia & Europe; opened trading offices in Africa; integration of Farmalider (Spain)</p>

FINANCIAL REVIEW





FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS



- Revenue **+40%** to R1.9bn
- EBITDA **+50%** to R287m (margin up 100 bps)
- Operating profit **+52%** to R245m
- Normalised HEPS **+31%** to 56 cps
- HEPS **+37%** to 49 cps
- Interim dividend **+19%** to 9.5 cps

INCOME STATEMENT



R'm	6 months to Dec 2015	6 months to Dec 2014	% change
Revenue	1 870	1 333	40.3
Cost of sales	1 057	736	43.6
Gross profit	813	597	36.2
Gross profit margin	43.5%	44.8%	
Other income	9	26	(66.3)
Operating expenses (excl D&A)	535	432	23.9
EBITDA	287	191	50.3
EBITDA margin	15.3%	14.3%	
Depreciation	17	10	70.9
Amortisation	25	20	23.8
Operating profit	245	161	52.3
Operating profit margin (excl amortisation)	14.4%	13.6%	
Net finance costs	48	38	26.1
Profit before tax	197	123	60.4
Taxation	50	34	45.4
Profit after tax*	147	89	66.2

* Before deduction of minority interest



HEPS AND NORMALISED HEPS



R' m	6 months to Dec 2015	6 months to Dec 2014	% change
Headline earnings	131	89	48.0
Once-off costs (after tax)	3	4	
Acquisition amortisation (after tax)	17	14	
Normalised headline earnings	151	107	41.4
Weighted average number of shares in issue ('m)	270.3	249.6	7.3
HEPS (c)	48.5	35.5	36.7
Normalised HEPS (c)	56.0	42.9	30.6

BALANCE SHEET – ASSETS

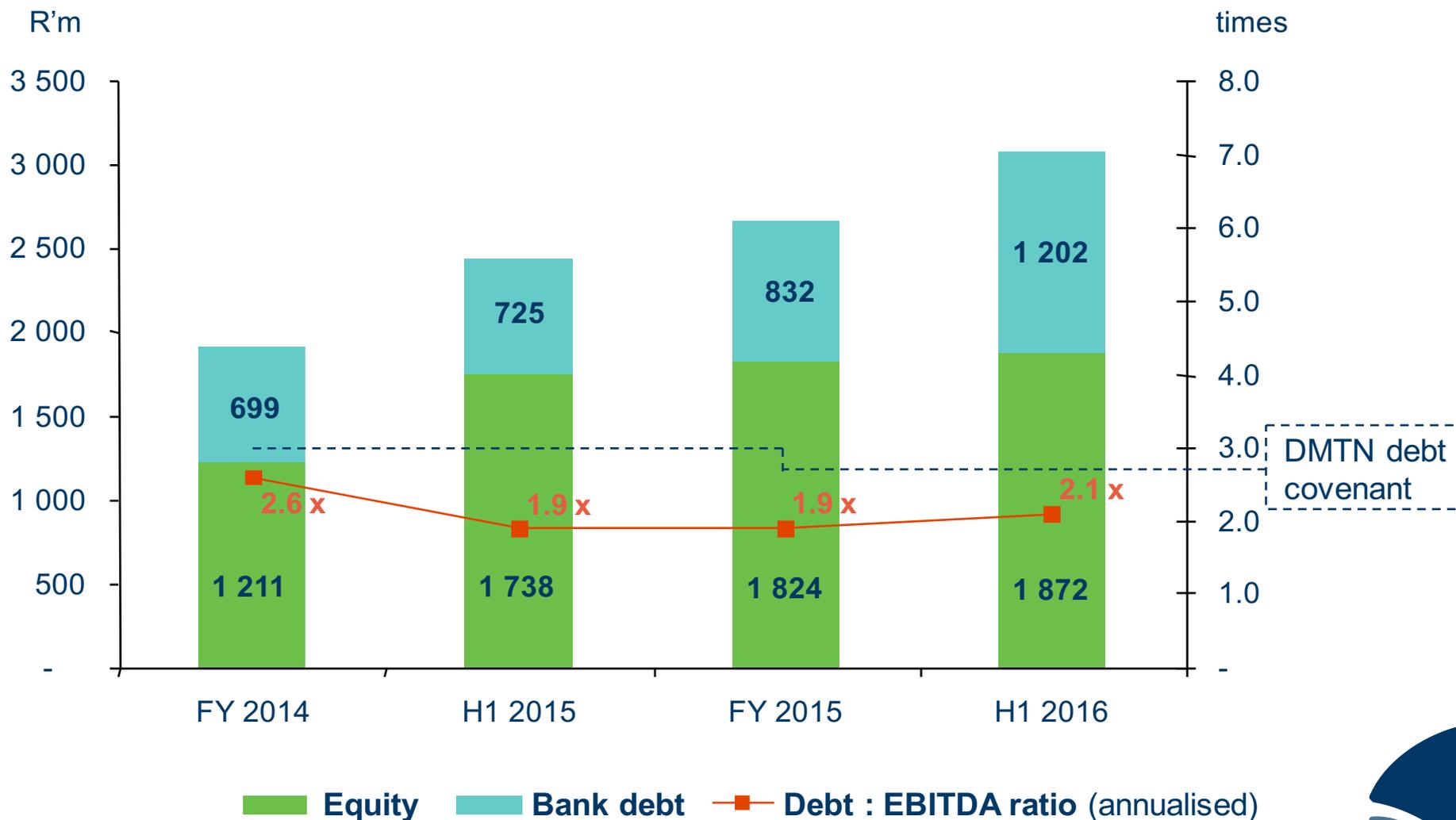


R'm	Dec 2015	Dec 2014	% change
Non-current assets	2 812	1 836	53.1
Property, plant and equipment	257	158	62.3
Intangible assets and goodwill	2 506	1 583	58.3
Other non-current assets	49	95	(48.9)
Current assets	1 800	1 311	37.3
Inventories	762	520	46.5
Trade and other receivables	788	521	51.3
Cash and cash equivalents	140	220	(36.2)
Other current assets	110	50	>100
Total assets	4 612	3 147	46.5

BALANCE SHEET – EQUITY AND LIABILITIES



R'm	Dec 2015	Dec 2014	% change
Equity	2 006	1 738	15.4
Non-current liabilities	1 213	708	71.3
Borrowings	857	547	56.5
Other non-current liabilities	356	161	>100
Current liabilities	1 393	701	98.6
Trade and other payables	638	367	73.7
Borrowings	345	177	94.7
Deferred vendor liabilities	290	66	>100
Bank overdraft	64	31	>100
Other current liabilities	56	60	(5.2)
Total liabilities	2 606	1 409	84.9
Total equity and liabilities	4 612	3 147	46.5



CASH GENERATION



R'm	6 months to Dec 2015	6 months to Dec 2014
Profit before tax	197	123
Adjustment for the effect of items of a non-cash nature	77	60
Working capital changes	(134)	(63)
Cash flow from operating activities	140	120
Net interest paid	(49)	(37)
Tax paid	(33)	(34)
Cash generated by operations	58	49

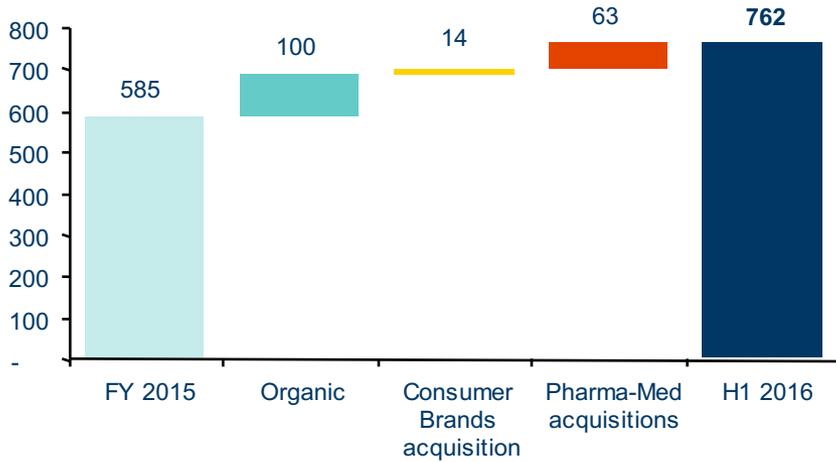
CASH UTILISATION

R'm	6 months to Dec 2015	6 months to Dec 2014
Cash generated by operations	58	49
Dividends paid	(29)	(41)
Acquisitions of tangible and intangible assets	(420)	(288)
Net proceeds of share issue	-	455
Net increase in borrowings	369	32
Other financing activities	-	(12)
Net (decrease)/increase in cash	(22)	195

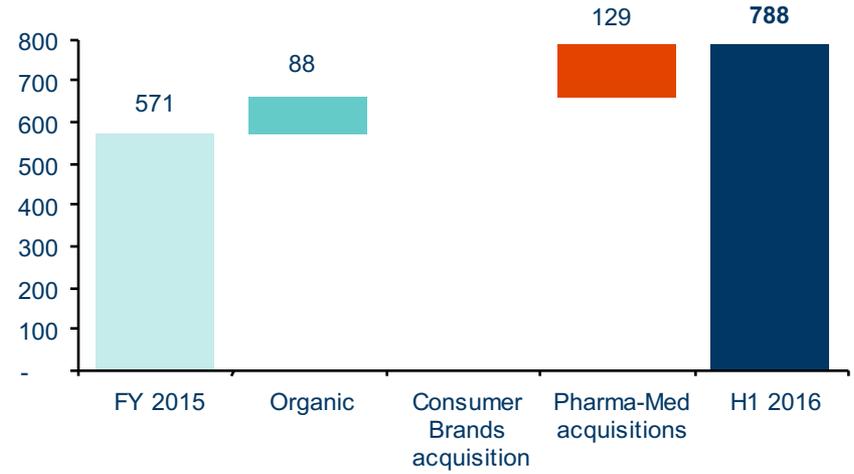


WORKING CAPITAL MOVEMENTS

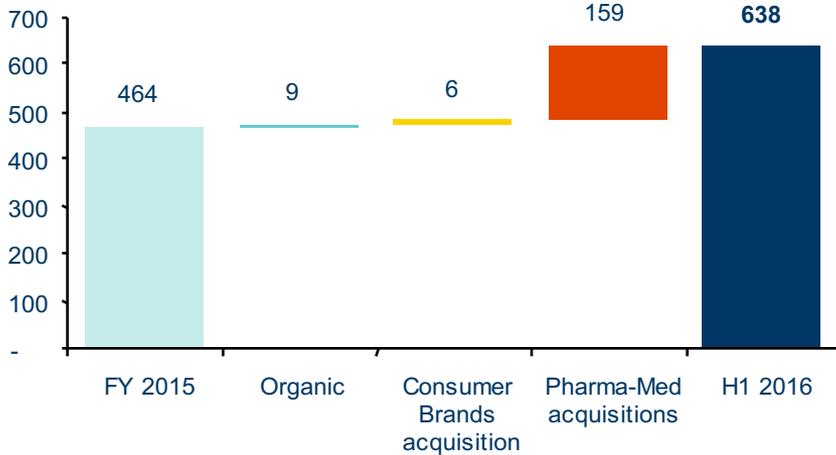
Inventories



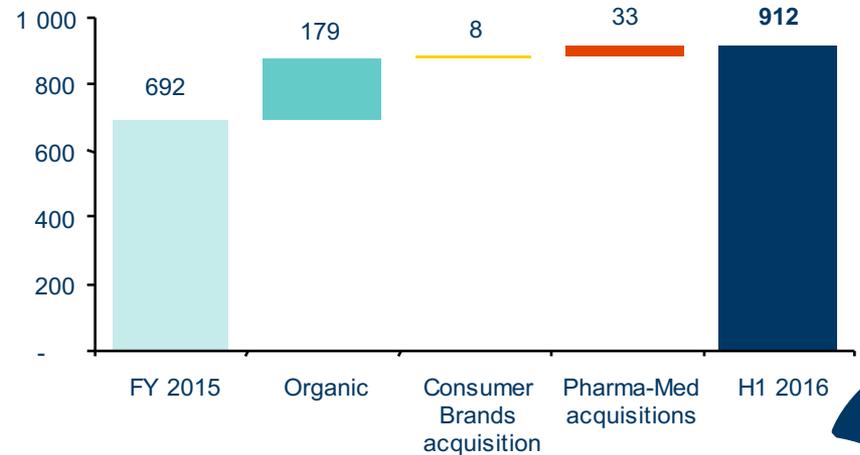
Accounts Receivable



Accounts Payable



Net Working Capital



KEY RATIOS

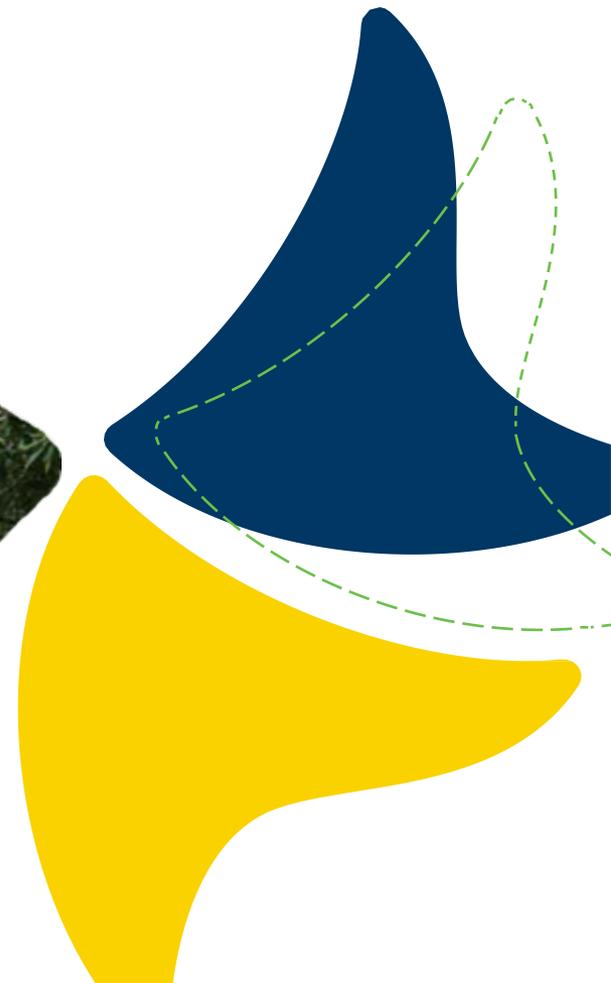
	Dec 2015	Dec 2014
Normalised sales* (R' m)	1 932	1 441
Normalised EBITDA* (R' m)	293	211
Interest cover (times)	5.1	4.7
Debt to EBITDA (times)*	2.2	1.2
Net working capital days*	98	104
Inventory days	132	114
Debtor days	77	65
Creditor days	(110)	(75)
ROE** (%)	16.4%	13.4%
ROTNA*** (%)	30.4%	23.9%

* Income statement measures use a full six months of results for all companies in the group, irrespective of the actual date of consolidation. This provides more meaningful ratio analysis.

** Adjusted for average equity

*** Excludes goodwill and intangibles

STRATEGIC FOCUS





MEDIUM-TERM GROWTH STRATEGIES



Target of **20-25%** revenue growth

Target of **10-15%** revenue growth

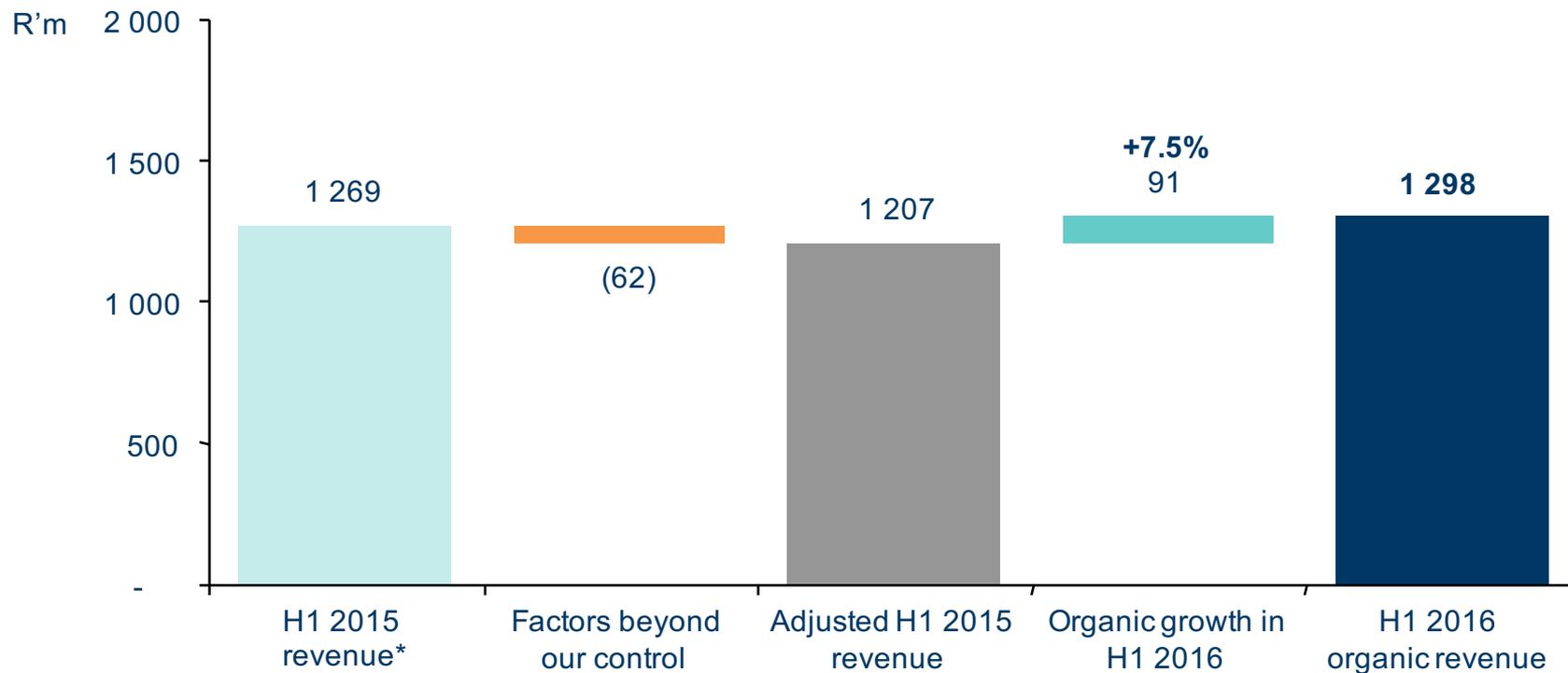
Target of **5%** profit growth



Target of **30%** of revenue



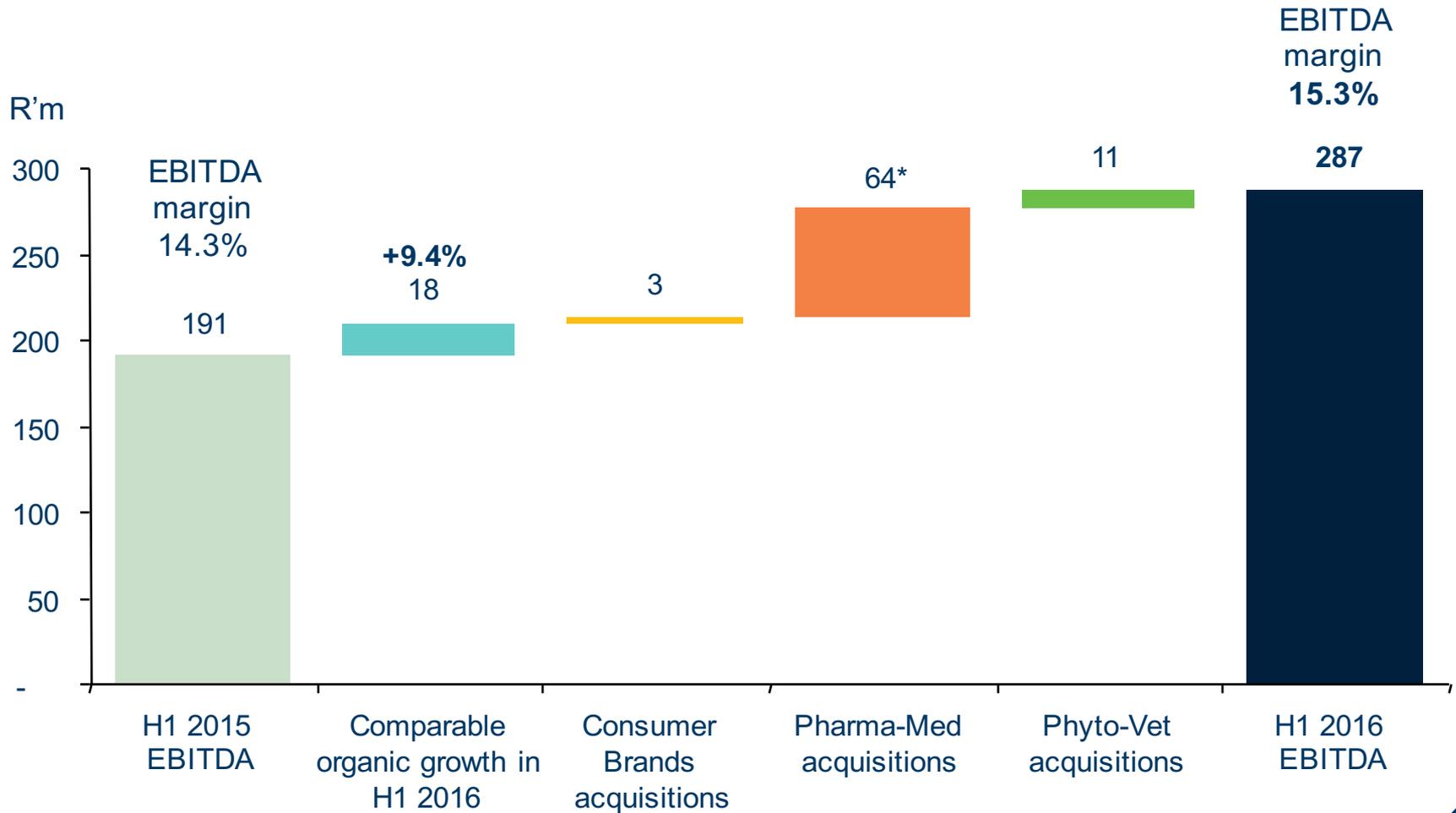
ORGANIC SALES GROWTH



- Challenges of factors beyond our control (drought, whey protein, CareFusion)
- Projects initiated to counter effects (e.g. cost control)
- Strong growth in pharma and medical products for surgery
- Excellent growth in contract manufacturing at PharmaNatura plant
- Continued strong growth in Sportron and animal health business

* H1 2015 revenue adjusted by R64m relating to Pharmachem onerous contract, recognised in the 2015 financial statements

EBITDA GROWTH



* Includes The Scientific Group and Farmalider acquisitions



NEW PRODUCT LAUNCHES





GROUP STRUCTURE



HEALTH & CARE BRANDS



Consumer



Pharma-Med



Phyto-Vet



GROUP SERVICES:

Finance, Treasury, IT, HR, Marketing, Legal, Regulatory, Supply Chain

SYNERGY PROJECTS



Project	Estimated savings	Actual/forecast savings
Warehouses finalised and production project for Sports Nutrition (SSN & Evox) at PharmaNatura	R7m p.a.	R3.7m p.a.

* Excludes once-off restructure costs

NEW SPORTS NUTRITION PRODUCTION FACILITY



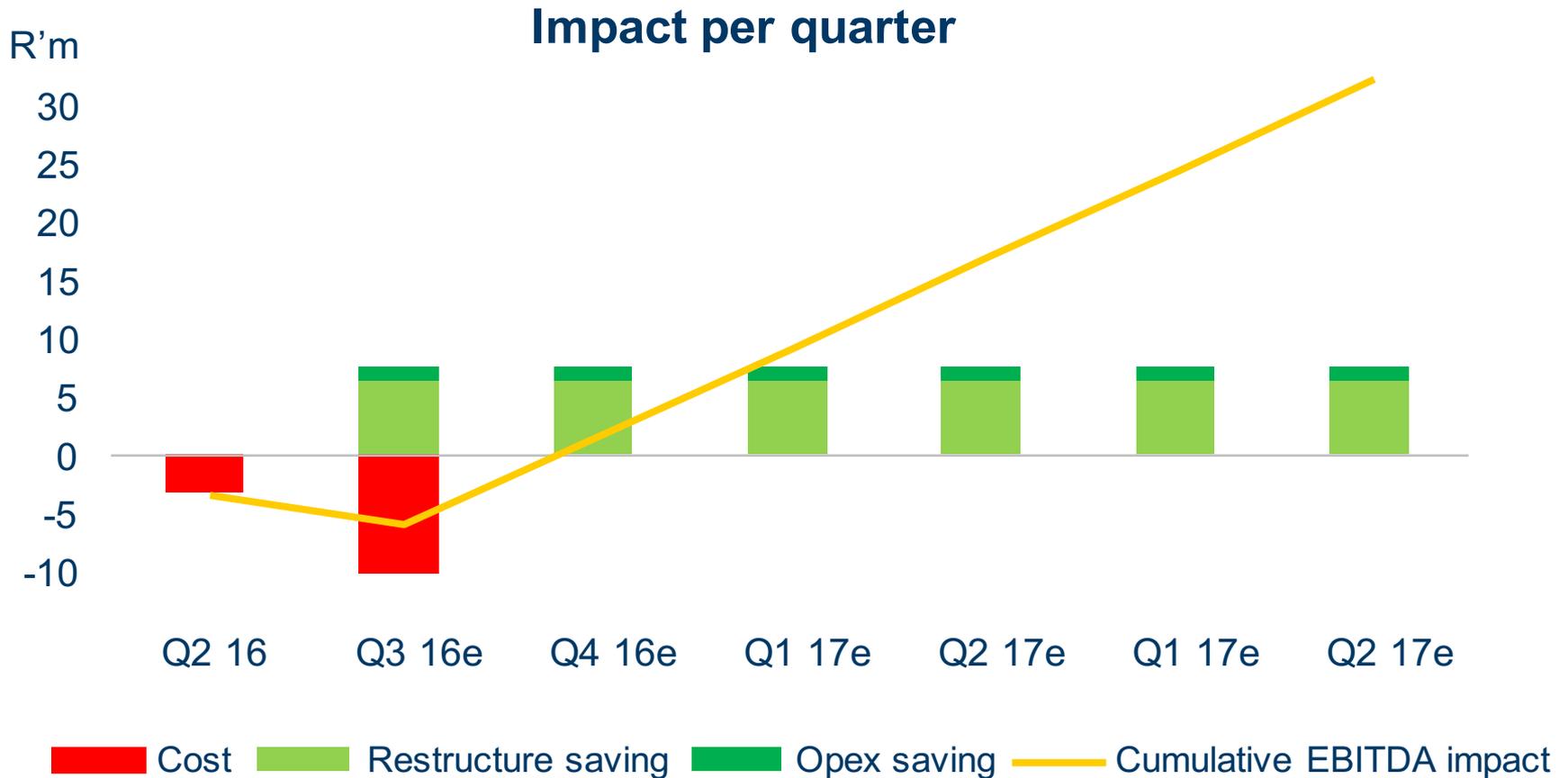
SYNERGY PROJECTS



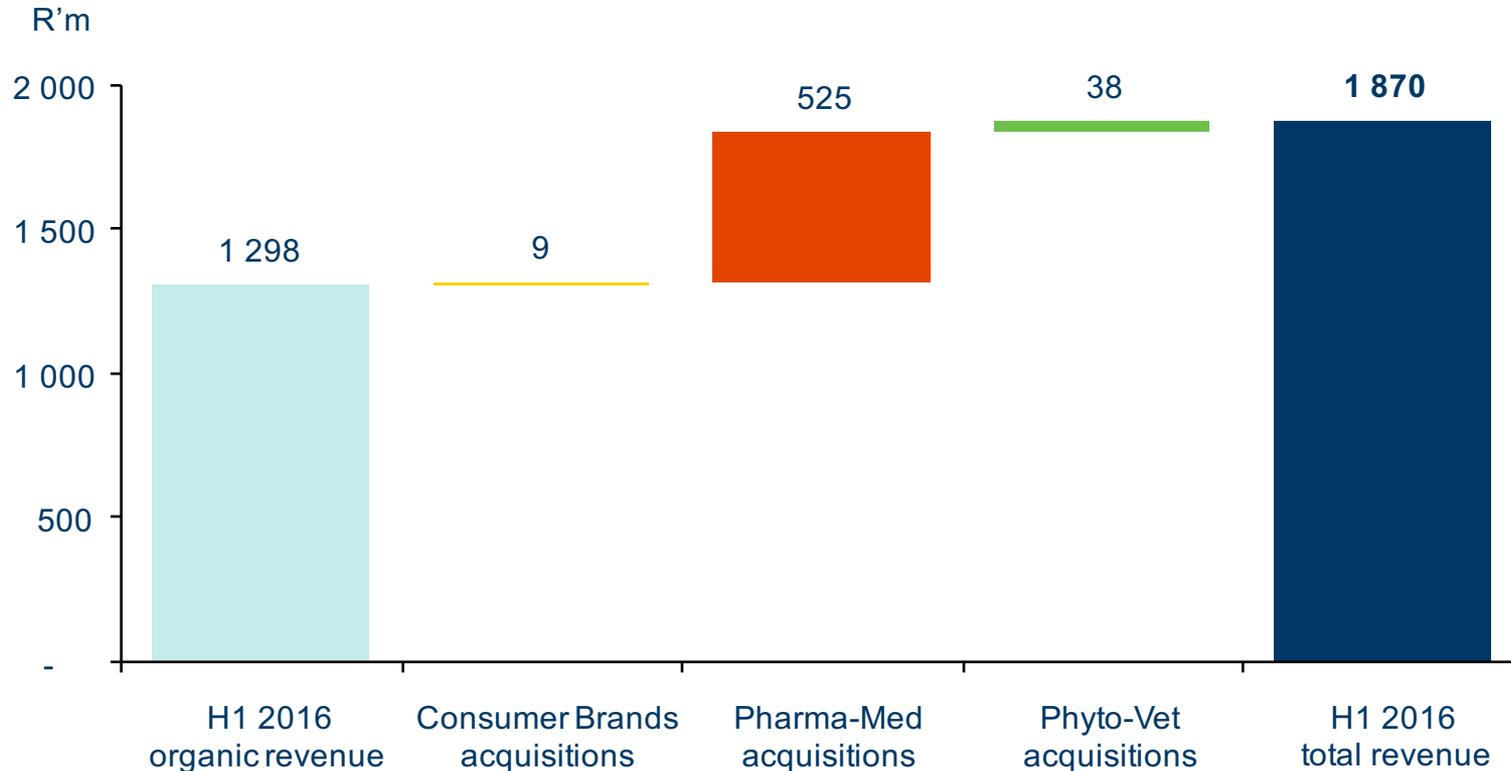
Project	Estimated savings	Actual/forecast savings
Warehouses finalised and production project for Sports Nutrition (SSN & Evox) at PharmaNatura	R7m p.a.	R3.7m p.a.
Direct selling warehousing & offices combined	R1m p.a.	R2.3m p.a.
Organisational changes	R10m p.a.	R25.6m p.a.*
Total	R18m p.a.	R31.6m p.a.

* Excludes once-off restructure costs

SYNERGIES & OPTIMISATION PROJECTS



ACQUISITIVE SALES GROWTH



- Consumer Brands acquisition: OTC Pharma (Spirulina) – Jul 2015
- Pharma-Med acquisitions: Farmalider (Spain) – Aug 2015, Bioswiss (diabetes) – Jul 2015 and Sandoz dossiers – Jul 2015
- Phyto-Vet acquisition: Ortus (agro chemicals)

MAJOR RECENT ACQUISITIONS



■ Farmalider (accretive from 1 August 2015)

- Established developer & manufacturer (28 years) of generic pharmaceutical products in Spain

- B2B model – R211.7m sales in H1 2016

- R29.1m PAT in H1 2016 (5 months, before minority interest)

- Acquisition of 49% for R210m

- 1st option 31% (Dec 2018), 2nd option 20% (Dec 2020)

- Founder and top management committed to business at least until 2020

- Business integration started (cross licensing of dossiers, monthly meetings)

- Excellent growth in new out-licensing agreements, 50% outside Spain (Europe)





FARMALIDER





MAJOR RECENT ACQUISITIONS



- **Akacia Healthcare (to be accretive from March 2016)**

- Leading SA manufacturer, marketer and distributor of pharmaceutical products, specialising in branded generics, OTC medicines and complementary medicines
- Reuterina is the market-leading probiotic; Sinucon and Sinuend brands are in top three of the cold and flu market
- Acquired for R245m + R100m for manufacturing facility
- Ascendis Pharma-Med division to benefit from entry into new channels, administrative synergies and vertical integration of manufacturing locally

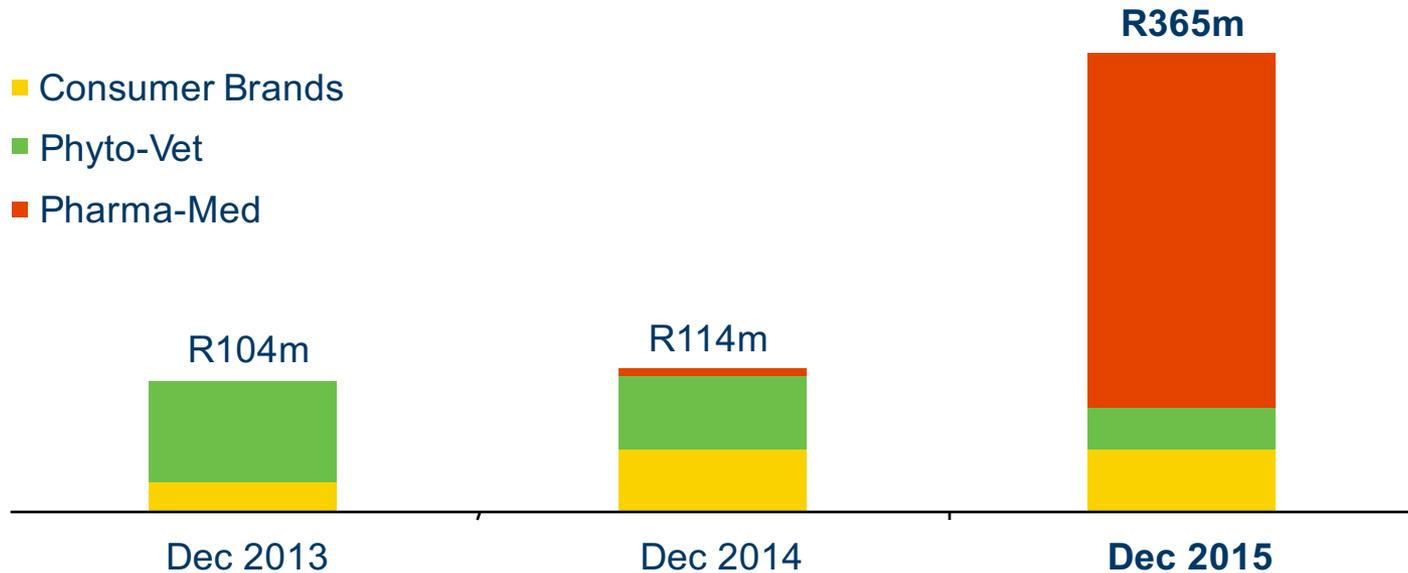




AKACIA HEALTHCARE



INTERNATIONALISATION / FOREIGN REVENUE

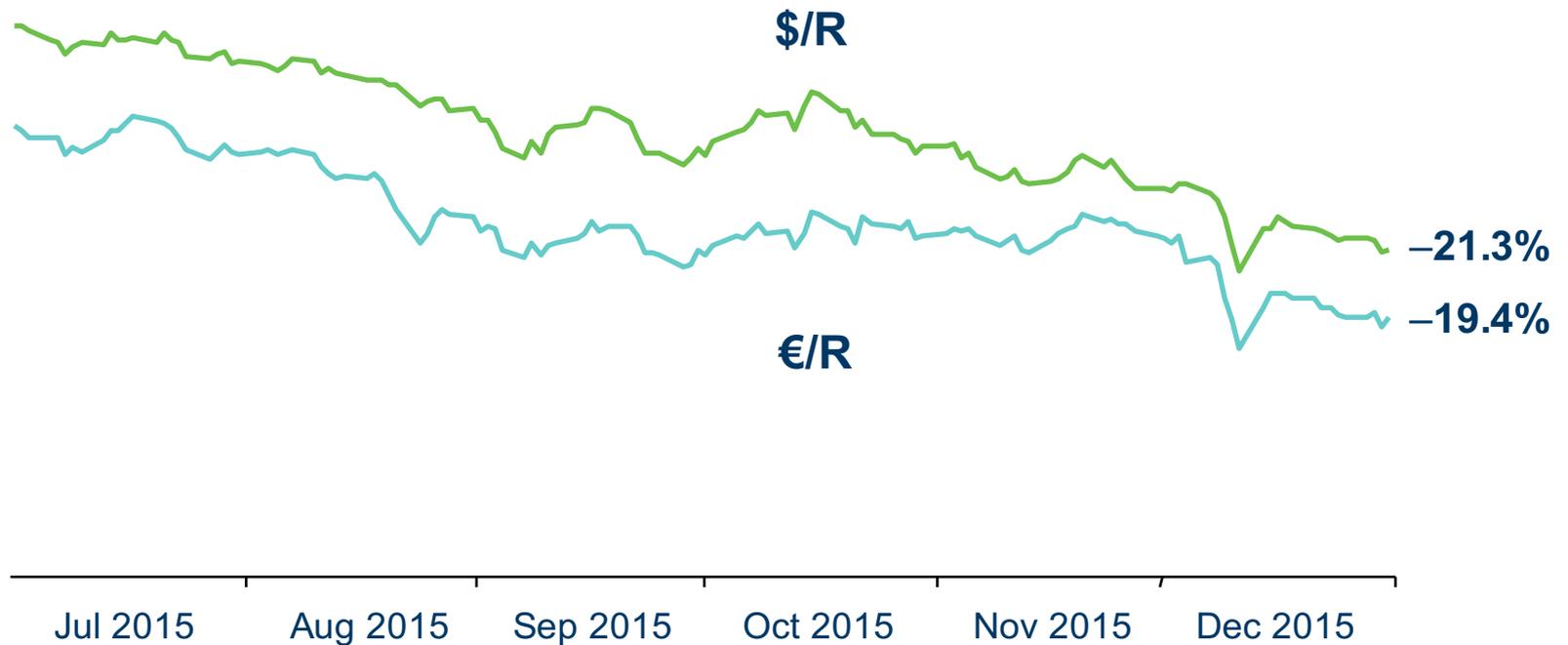


- International sales now 20% of revenue
- Most international brands: Swissgarde (63%), Avima (34%), Nimue (59%), The Scientific Group (36%)





RAND DEPRECIATION





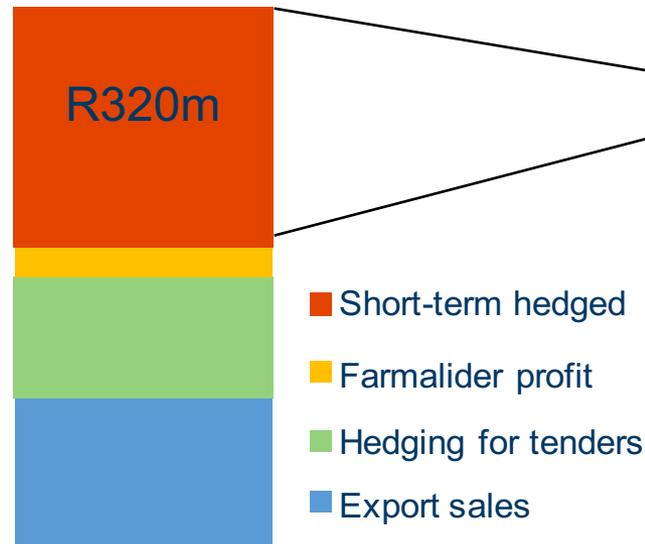
MITIGATION OF FOREX IMPACT

COGS

R1 057m



FX mitigation implemented



Further mitigation via price increases





INTERNATIONAL EXPANSION



- Phyto-Vet: offices set up in several African countries
- Business development manager for Australia employed, with focus on Ascendis nutraceuticals introduction in next nine months
- Employment of additional export manager for Sports Nutrition
- African offices of The Scientific Group used for medical devices Africa export strategy
- Europe-based Head of Skin business unit achieving profits ahead of budget for Nimue; search for new agents in the Far East
- Cross-selling opportunities between Farmalider and Ascendis Pharma division identified

International

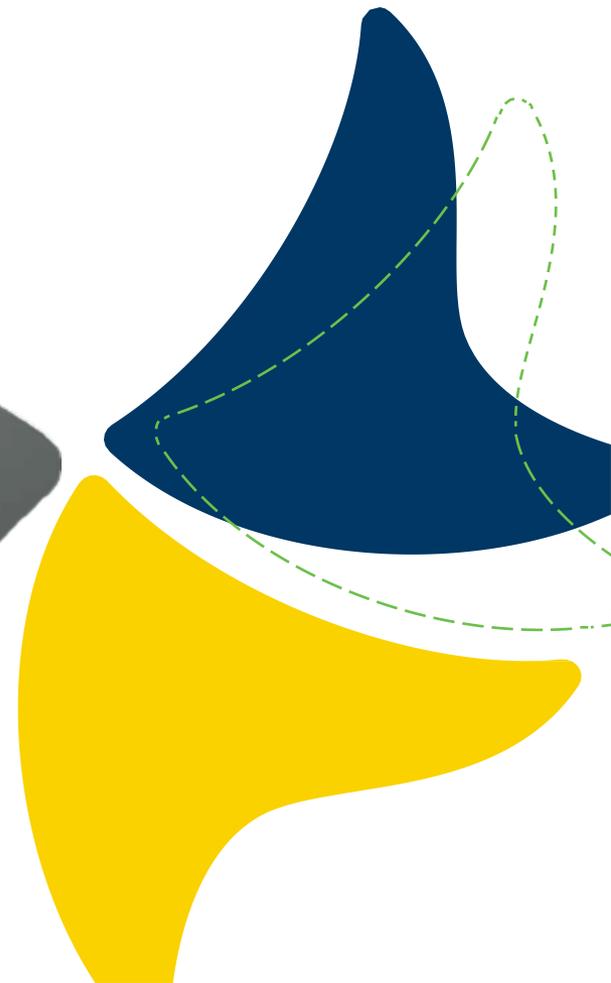
- Focus on large platform businesses in Europe, especially Spain and Eastern Europe, and on complementary businesses in sports nutrition, pharmaceuticals and pharma platform companies
- Set up deal team office in Australia and Poland
- Ongoing search in all business units (except pharma) in Australia
- Reluctant search in Africa due to integration risk

South Africa

- Bolt-on deals in negotiation in all divisions
- Focus on businesses with existing exports or export potential of brands

➤ **Very strong pipeline with more global focus on platform companies**

OPERATIONAL PERFORMANCE



DIVISIONAL PERFORMANCE



	Consumer 	Pharma-Med 	Phyto-Vet 
Revenue	+3.4% +7.9% adjusted growth	+95.4% +98.3% adjusted growth	+4.5% +16.4% adjusted growth
EBITDA	+0.9%	+110.9%	+18.5%
EBITDA margin	18.8%	17.8%	13.2%



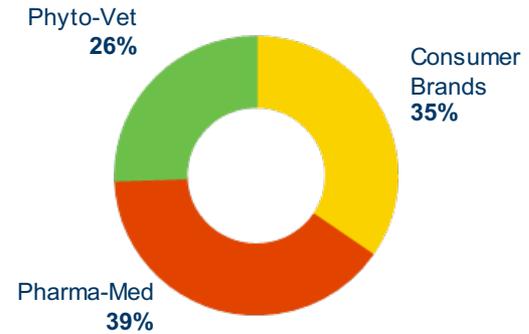
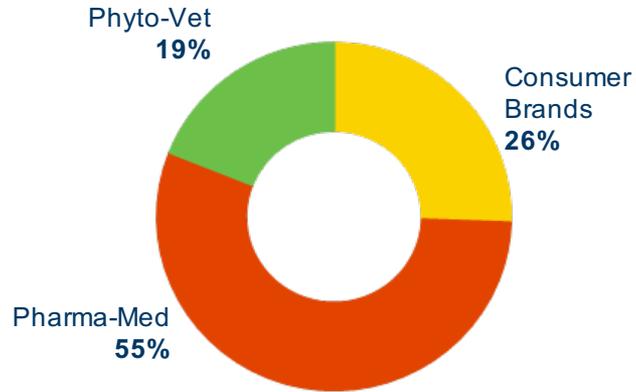


DIVISIONAL CONTRIBUTION

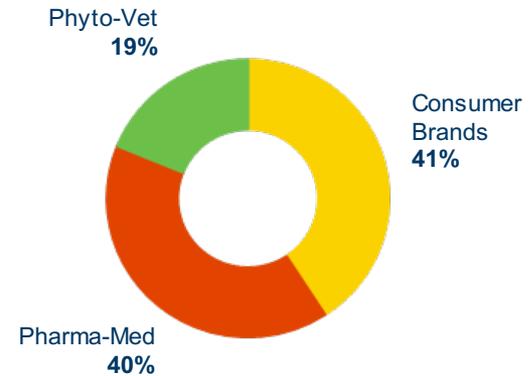
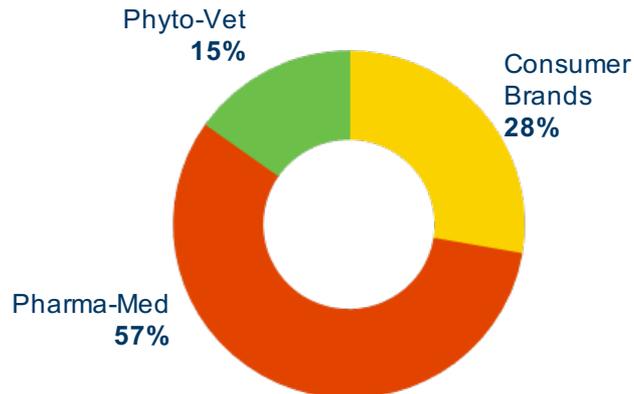
Dec 2015

Dec 2014

Turnover



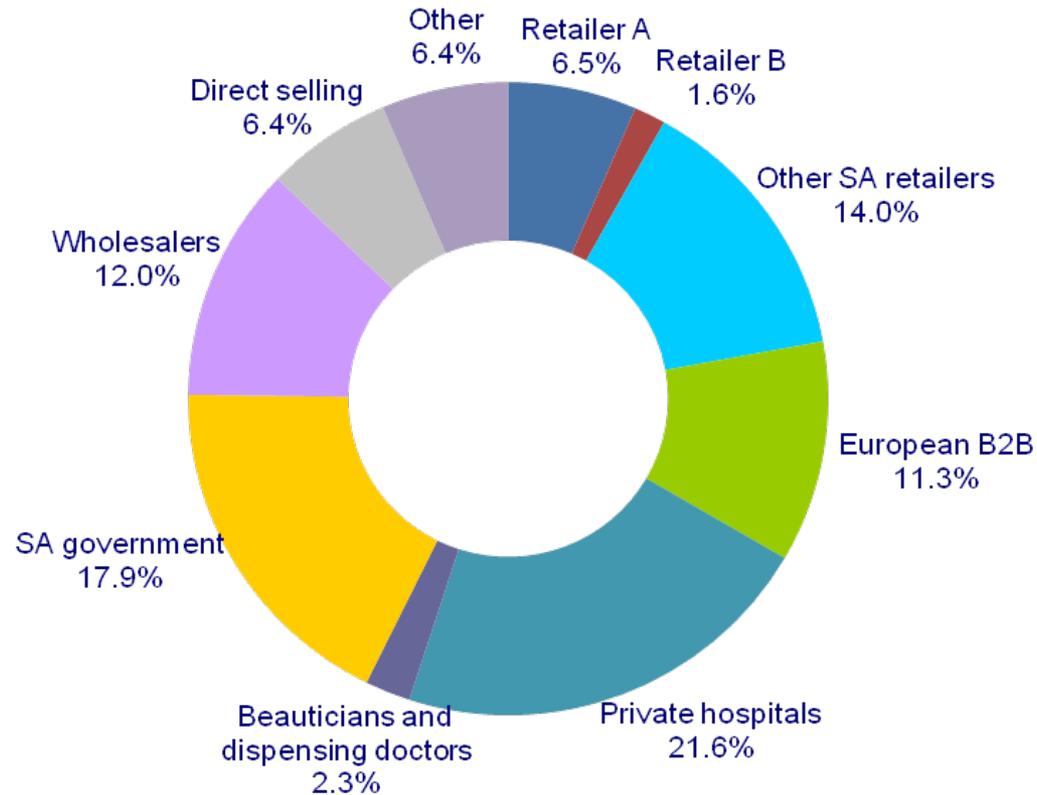
EBITDA





DIVERSIFICATION OF THE BUSINESS

Turnover breakdown by customer



Total revenue for H1 2015: **R1 870m**



MARKET-LEADING BRANDS



Wellness



Sports Nutrition



Skin



Direct Selling

No 1 in SA market segment

<p>Solal (healthy ageing)</p> 			<p>Ascendis Direct Selling (nutraceuticals)</p> 
<p>PharmaNatura</p> 	<p>Ascendis Sports Nutrition</p> 	<p>Nimue (beauty salon market)</p> 	

No 2 in SA market segment

MARKET-LEADING BRANDS continued



SA

Spain

Home &
Garden

Pet &
Vet

Pharmachem
(dispensing
doctor market)



Akacia



Farmalider
(pain
management –
paracetamol &
ibuprofen)



**Surgical
Innovations**
(surgery)



**Efekto and
Wonder**



Akacia
(cold & flu
products)



**Ascendis
Medical
Devices**



Marltons
(pet care)



**No 1 in
SA
market
segment**

**No 2 in
SA
market
segment**



R'm	%ch 2015 vs 2014	Dec 2015	Dec 2014	Dec 2013
Revenue	3.4%	478	462	299
Adjusted revenue growth	7.9%			
EBITDA	0.9%	90	89	71
EBITDA margin		18.8%	19.2%	23.6%

- Impact of CAMS regulations on Solal and sports nutrition brands
 - Evox whey protein reformulated, but only back on shelf with effect from December
- Integration of three sports nutrition companies into Ascendis Sports Nutrition in progress, with ongoing synergies (manufacturing, packaging, logistics, exports)
- Challenges in Nigeria due to oil price effect on consumers
- Chempure impacted by whey protein commodity oversupply worldwide (price erosion)
- Push for organic growth by adding new wellness brands via agency agreements
- Excellent performance by PharmaNatura plant, Nimue and Sportron



R'm	%ch 2015 vs 2014	Dec 2015	Dec 2014	Dec 2013
Revenue	95.4%	1 037	531	70
Adjusted revenue growth	98.3%			
EBITDA	110.9%	185	88	3
EBITDA margin		17.8%	16.5%	3.6%

- Farmalider acquired effective August 2015 - performed well ahead of expectations, benefit of currency translation and excellent out-licensing growth
- Successful integration of The Scientific Group
- Weaker Rand impacting GP, but improved efficiencies in the Pharma business
- Applications to DoH for additional price increases
- Strong performance by rest of the Medical division





R'm	%ch 2015 vs 2014	Dec 2015	Dec 2014	Dec 2013
Revenue	4.5%	355	340	292
Adjusted revenue growth	16.4%			
EBITDA	18.5%	49	41	39
EBITDA margin		13.8%	12.1%	13.4%

- Impact of drought in southern Africa on Efekto and Avima – approximately R35m in sales
- Supply chain restructure successfully finalised at Efekto
- Improved margins for Efekto and Marltons (successful synergy projects and SKU rationalisation project)
- Continued good growth in Marltons
- Focus on several export growth initiatives



OUTLOOK



EVOLUTION OF THE GROUP



FY2014

Listing
Integration
of acquisitions



FY2015

New product
development
Restructuring &
integration
Upscaling of talent



FY2016

Further cost
efficiencies
Product
innovation
International
platforms



FY2017

Acquisition of
international
platforms

ORGANIC AND ACQUISITIVE GROWTH



- Focus on efficiencies and cost control to **improve margins** at all levels
 - Increased local and/or in-house production
- Continue **new product** development and innovation
- Strong focus on **internationalisation** of all three divisions





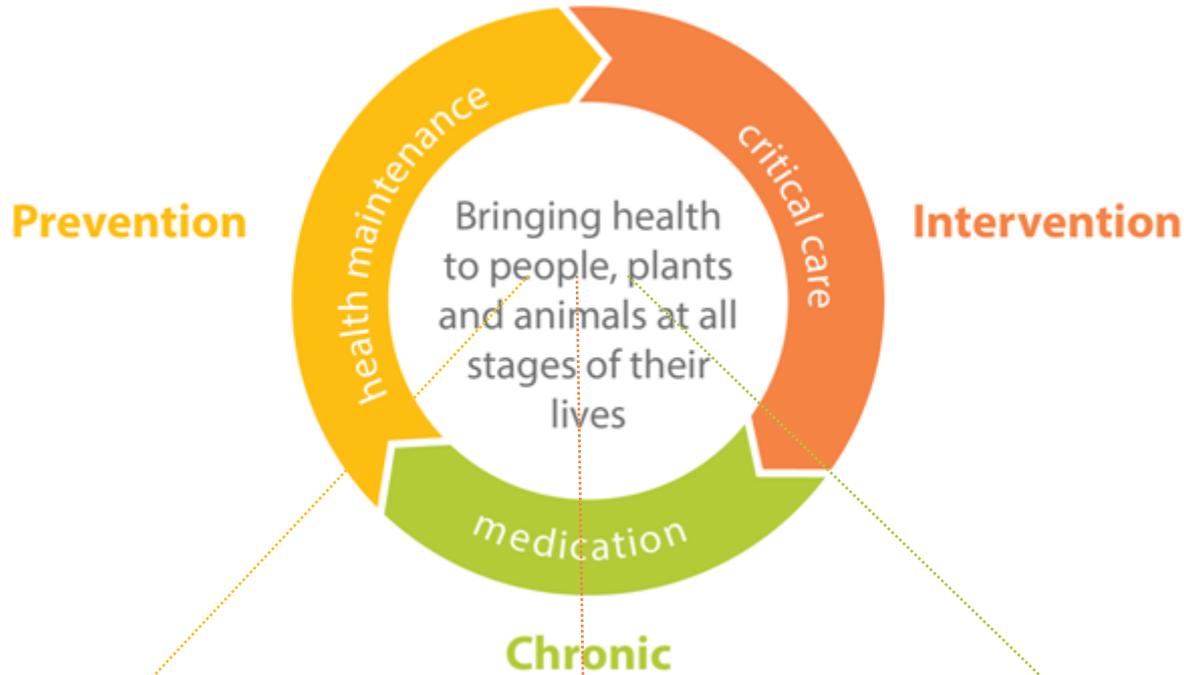
Leading Health and Care Brands Company

Healthy Home. Healthy You.

ADDITIONAL INFORMATION



VISION – A HOLISTIC VIEW ON HEALTH



CONSUMER BRANDS



PHARMA-MED



PHYTO-VET



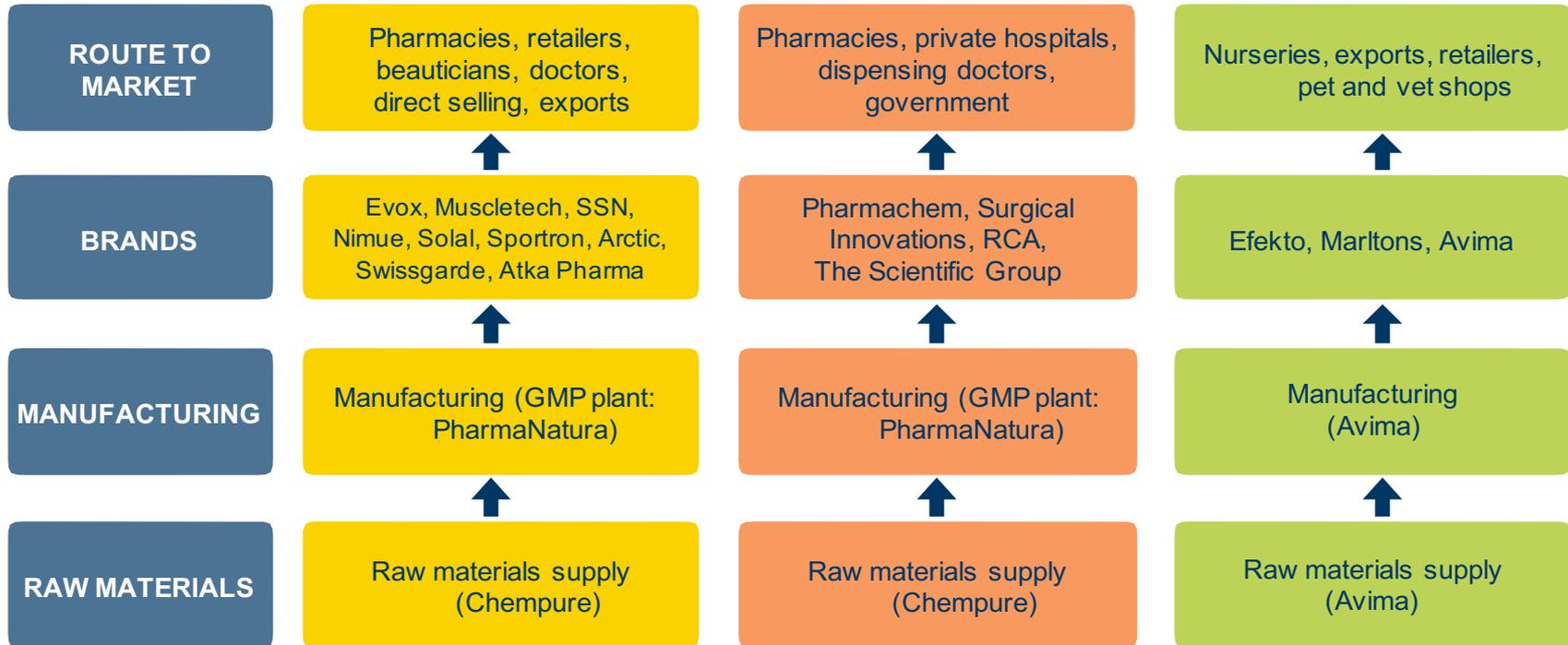


BUSINESS MODEL

Consumer

Pharma-Med

Phyto-Vet



GROUP SERVICES:
 Finance, Treasury, IT, HR, Marketing, Legal, Regulatory, Supply Chain





BRANDS

► **SOLAL, VitaForce, Bettaway, Foodstate, Junglevites, Arnica, Homeoforce, Dr Reckeweg, Similasan, Menacal, Chela range and Biobalance**

► **Nimue, SOLAL, & pH formula**

► **Evox, SSN & Muscletech, Bolus & Supashape**

► **Sportron & Swissgarde**

STRENGTHS

- Solal - established healthy ageing brand (>10 years)
- IP in 200 products
- Premium brands
- Mid- high LSM
- Similasan – strong homeopathic eye care range
- Market-leading vitamin and mineral brand dossiers
- Own API
- Long established brand with GMP manufacturing site for Vitaforce and Bettaway

- Nimue - established dermo-cosmeceutical brand in salons
- Own IP
- Premium brand
- High LSM
- Sold in 20 countries

- Established sports nutrition brands (>15 years)
- IP in most products
- Large shelf-presence
- Number 2 in SA market

- Established nutraceutical and personal care brands (>20 years)
- Direct selling networks
- Strong brand loyalty
- Defensible
- Access to high growth emerging and international markets





BRAND

► Ascendis Pharma

- Trusted, long-established generic medicines
- Access to doctor and pharmacy network
- Strong position in self-dispensing doctors' market
- Ability to compete for government tenders
- Strong pipeline off new dossiers



► Farmalider

- Established Spanish pharmaceutical group
- Strong presence in Spain and opportunities in Europe
- Own GMP accredited manufacturing site
- Strong cross licensing opportunities with Ascendis Pharma
- Product offering includes generic drugs, OTC, ethical products, dermocosmetics and dietary supplements



BRANDS

► **Surgical
Innovations**

- Medical equipment for surgery
- Strong in private hospitals
- Exclusive agency agreements in place with respected international brands including Olympus, Maquet, Medrad, Applied Medical and Merit



► **RCA**

- Medical equipment for ICU and trauma
- Focus on state and private hospitals
- Exclusive agency agreements with international principals like CareFusion, Hill-Rom, Mindray, Fisher & Paykel

► **The Scientific
Group**

- Complementary diagnostics product range
- Strong export footprint
- Exclusive agency agreements with Horiba ABX, Becton Dickinson, Ortho Capital Diagnostics, Sakura Finetek and Corning
- Biggest clients are NHLS (National Health Laboratory Service), the three largest private pathology service providers in SA (Ampath, Lancet and Pathcare), Botswanan Ministry of Health and the Zambian Ministry of Health.

BRANDS

STRENGTHS

▶ Efekto

- Established home and garden protection business (>45 years)
- IP in more than 800 products
- Premium brands
- Defensible 3-year registration process

▶ Wonder

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

▶ Avima

- Agri-chemical business for crop protection and public health
- Defensible 3-year registration process (70 registered products) (>50 years)
- 55% of sales to 21 other African countries
- Vertical integration with Efekto

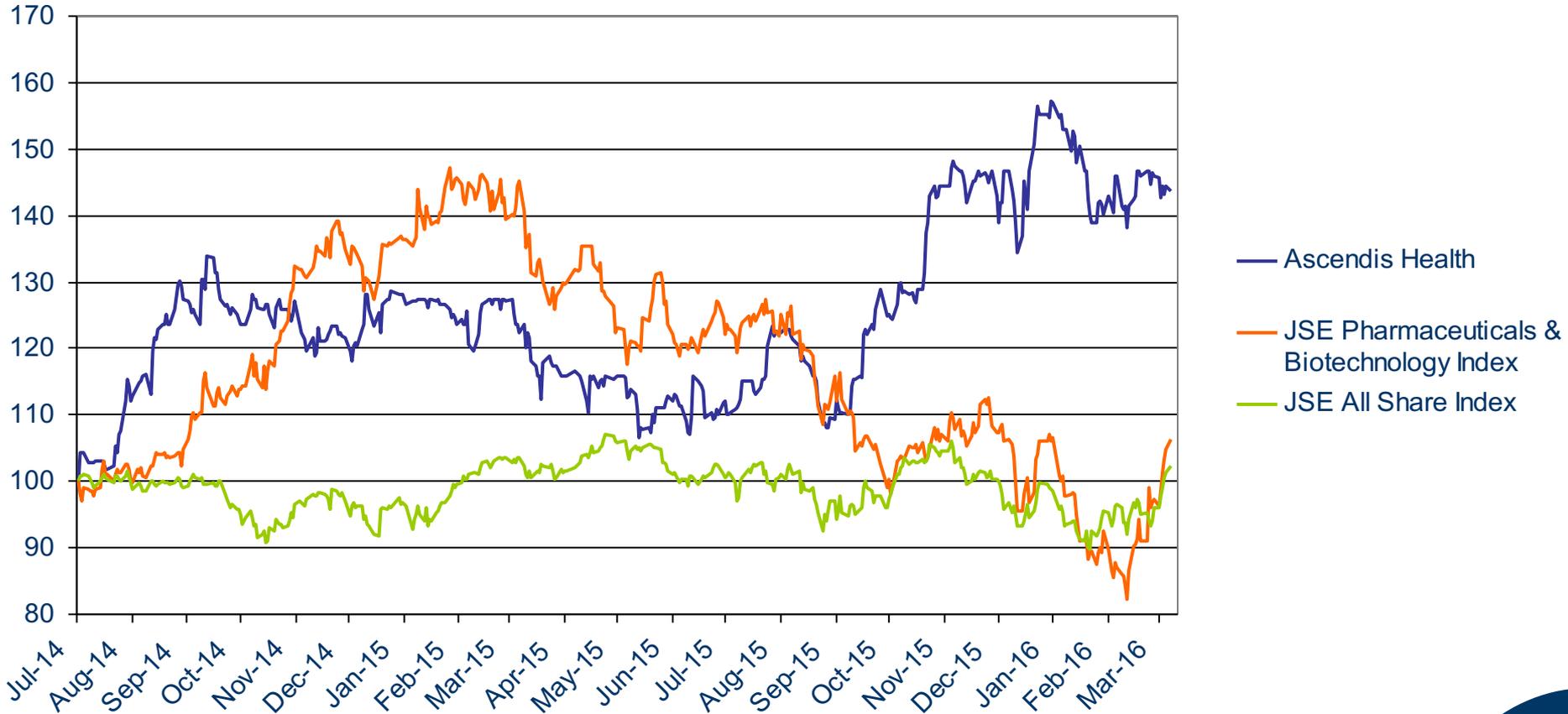
▶ Marltons, Koi Country

- Market leading pet care brand (>25 years)
- Synergies with Efekto (1 500 common customer doors)
- Sales are 60% retail chain stores and 40% pet/vet stores
- Koi Country - complementary bolt-on business



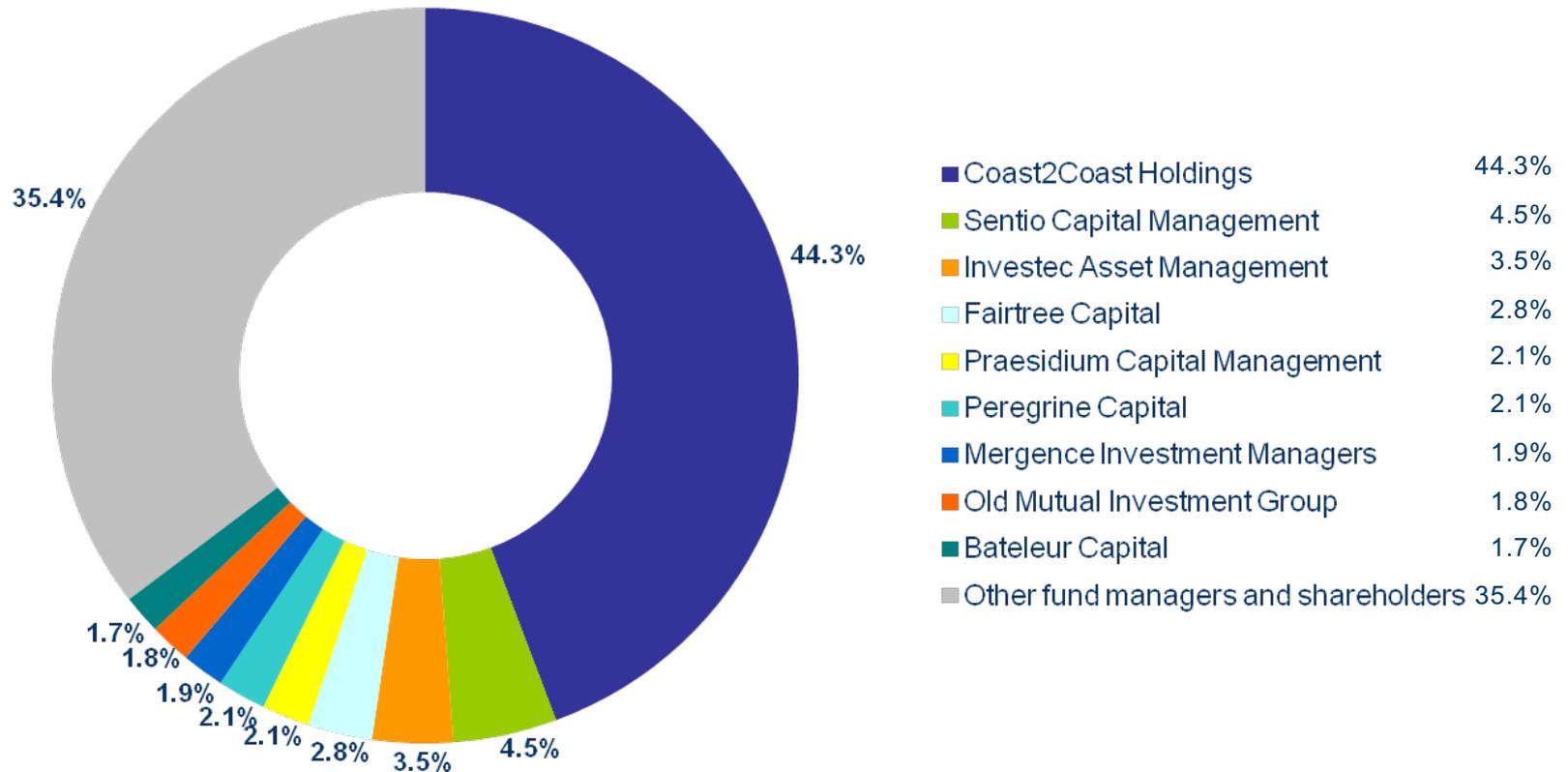


SHARE PRICE PERFORMANCE





SHAREHOLDER STRUCTURE

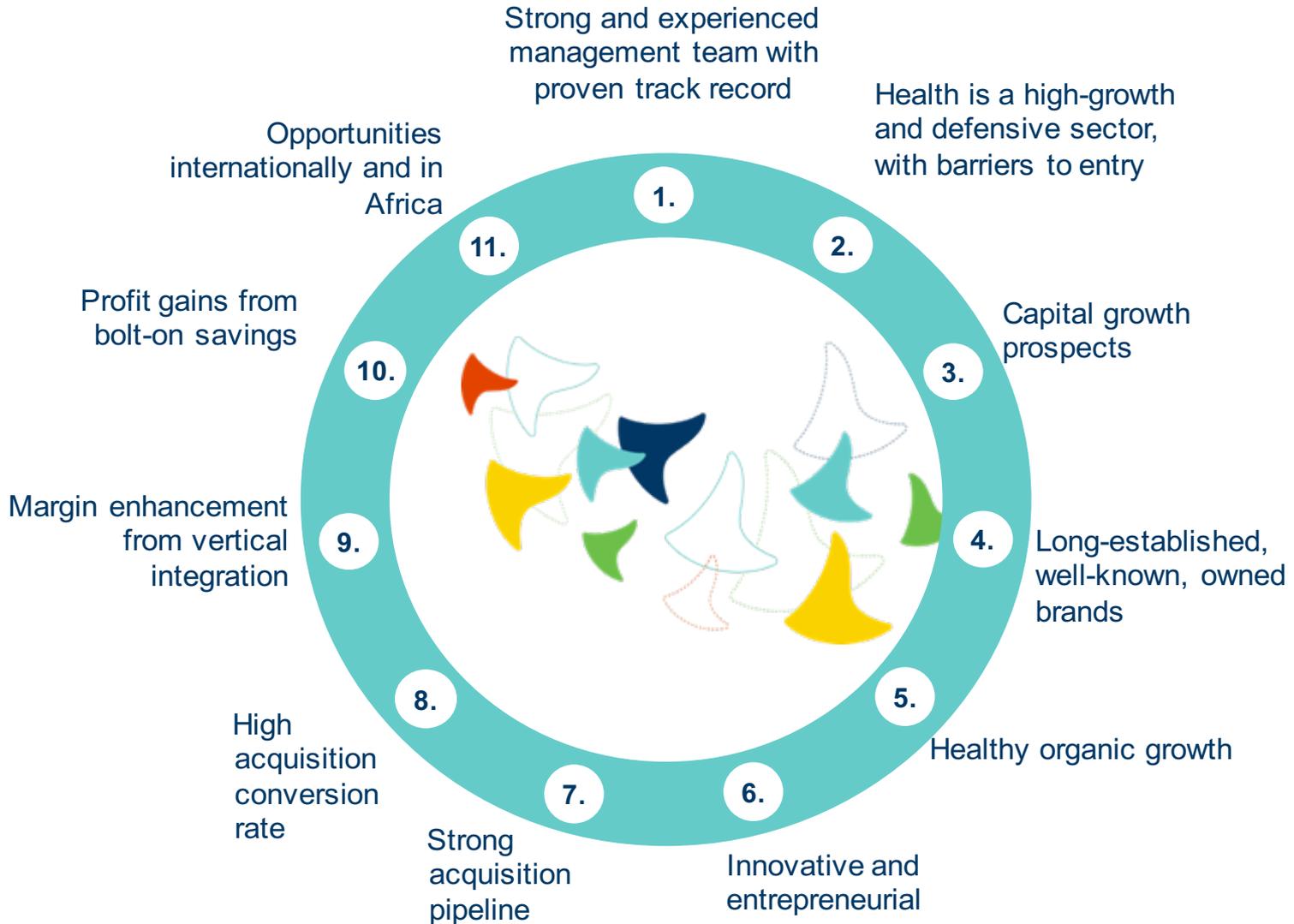


- 5.0% international holding
- 14.5% BEE holding (February 2016)





INVESTMENT CASE



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



Contact	Designation	Office	Mobile	Email
Dr. Karsten Wellner	CEO	+27 (0)11 036 9433	+27 (0)83 386 4033	karsten@ascendis.co.za
Kieron Futter	CFO	+27 (0)11 036 9480	+27 (0)83 678 6250	kieron.futter@ascendis.co.za
Pieter van Niekerk	Deputy CFO	+27 (0)11 036 9477	+27 (0)83 228 4708	pieter@ascendis.co.za