



Ascendis
HEALTH

Welcome



Ascendis
HEALTH

**Investor Pharma site tour:
Akacia**

**Karsten Wellner
27 October 2016**



MEET THE TEAM: EXECUTIVES



Dr Karsten Wellner - *Group CEO*

- PhD Economics
- Over 25 years experience in international and South African health markets
- Former MD, Fresenius Kabi SA



Kieron Futter - *Chief Financial Officer*

- Qualifications include CA (SA) B. Com (Honours) and a Higher Diploma in Auditing at Univ. of JHB, and CIMA.
- 18 years experience in financial management
- Former CEO of Nandos owned restaurants



Cliff Sampson - *Managing Director: South Africa*

- Dip Inst. Mkt. Man, MAP and MBA
- Over 30 years experience in FMCG industry
- Former MD of Foodcorp and National Brands



Viral Desai - *Managing Director: Ascendis Pharma division*

- Bachelor of Commerce, Bachelor of Pharmacy
- 12 years in var. roles at Adcock, mostly generics





ASCENDIS HEALTH AT A GLANCE (FY2016)



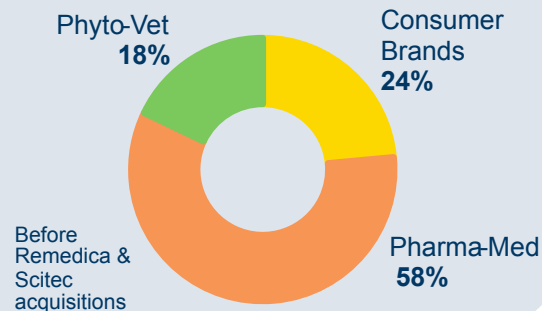
Who are we?

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



Brands

A portfolio of robust and defensible, market-leading brands, with a focus on owned brands



Diverse revenue streams

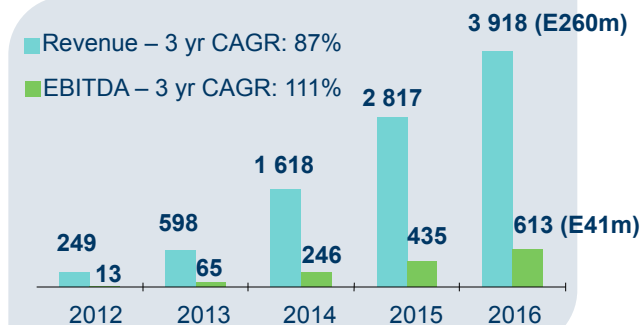
Health and care products for people, plants and animals



Management

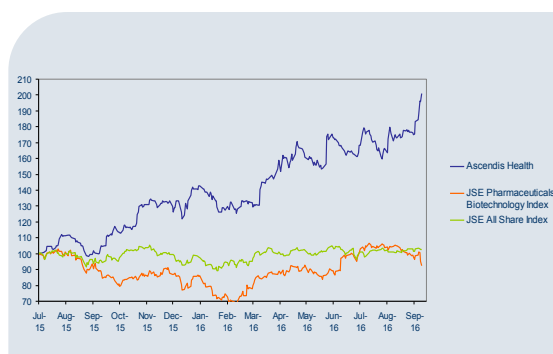
Strong and experienced management team with a proven track record and entrepreneurial culture

Plant Tour Akacia 27th of Oct 2016



Growth strategies

Organic, acquisitive, synergistic and international (currently exporting products to 52 countries, mainly in Africa & Europe)



Current market capitalisation

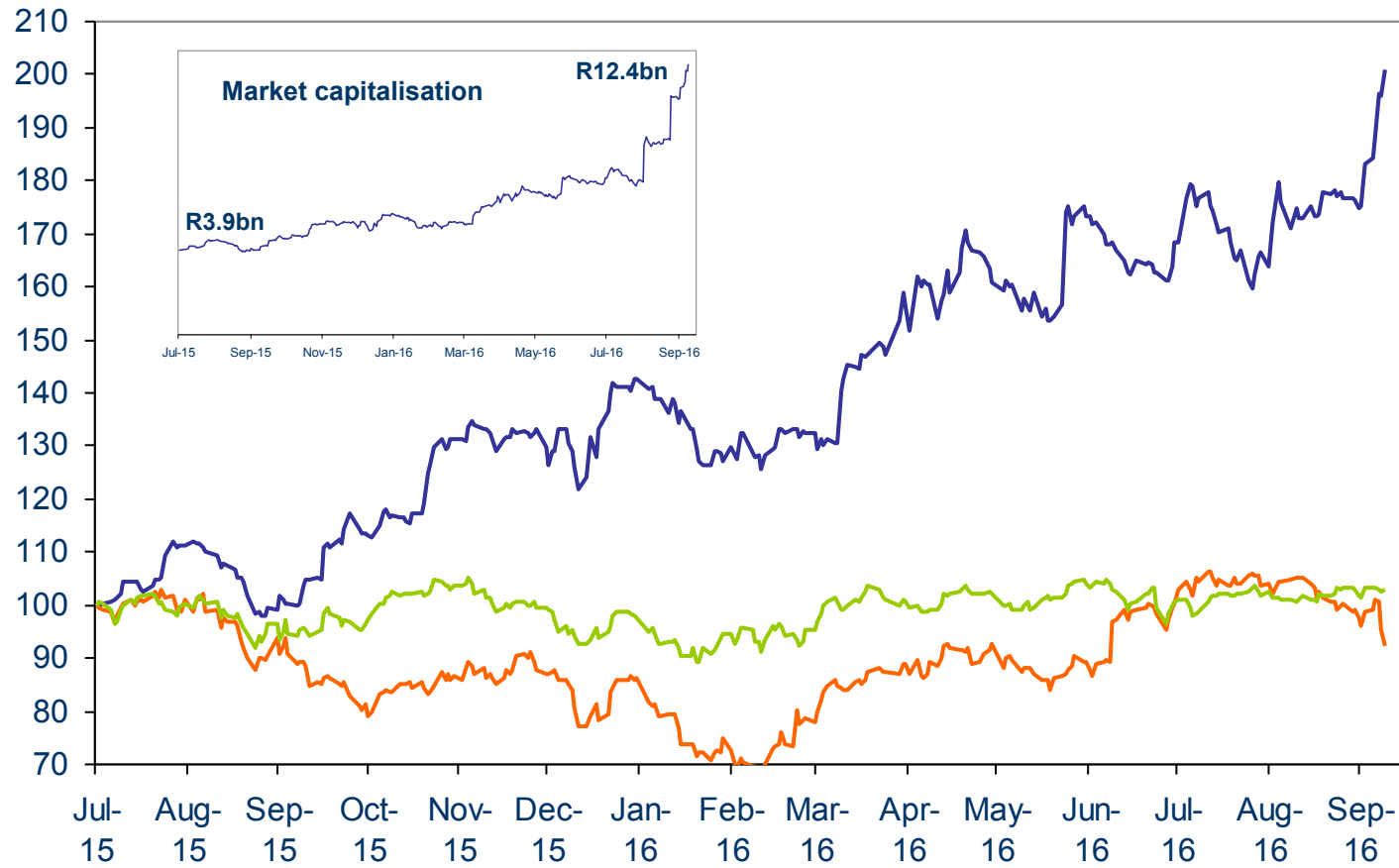
Approx R12 billion (Euro 815m)





SHARE PRICE PERFORMANCE

Indexed to 100



- Ascendis Health
- JSE Pharmaceuticals & Biotechnology Index
- JSE All Share Index





ASCENDIS AT A GLANCE (end of Oct 2016)



Who are we	A health and care brands company that owns and develops strong brands
Current market capitalisation	~ZAR 12bn (Euro 815m) , listed on JSE (Pharma)
Coast2Coast ownership	34%
Growth strategies	Organic, acquisitive, synergistic and international
Brands	Resilient, market-leading brands and IP
Divisions (targeted mix)	Consumer Brands (40%), Pharma-Med (45%), Phyto-Vet (15%)
International sales	>100 countries
Staff	Over 3 300
Annual Turnover ⁽¹⁾	> ~ZAR6.8bn (>~Euro 450m);
Annual EBITDA ⁽¹⁾	> ~ZAR1.2bn (>~Euro 80m)

⁽¹⁾ Normalised FY17
Euro/ZAR = 15,13



ASCENDIS REPORTING DIVISIONS



- Skin care and dermatology
- Sports nutrition
- Dietary supplements
- Food supplements
- Vitamins and minerals
- Functional foods



- Prescription medicines
- OTC drugs
- Medical devices
- Medical consumables



- Plant and animal health
- Veterinary medicine
- Pet care and pet accessories



PHARMA-MED

(sales approx R 2.3bn in FY 2016, Euro 152m)



BRANDS	STRENGTHS
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► **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 of new dossiers**
- **Akacia brands: cost effective generic & OTC brands in cold & flu (Sinucon & Sinuend) and anti-diarrhea probiotics (Reuterina, market-leader); 23 000m2 GMP manufac. facility (valued at R100m); huge synergy potentials with Ascendis**



► **Surgical Innovations**

- **Pharma** 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.



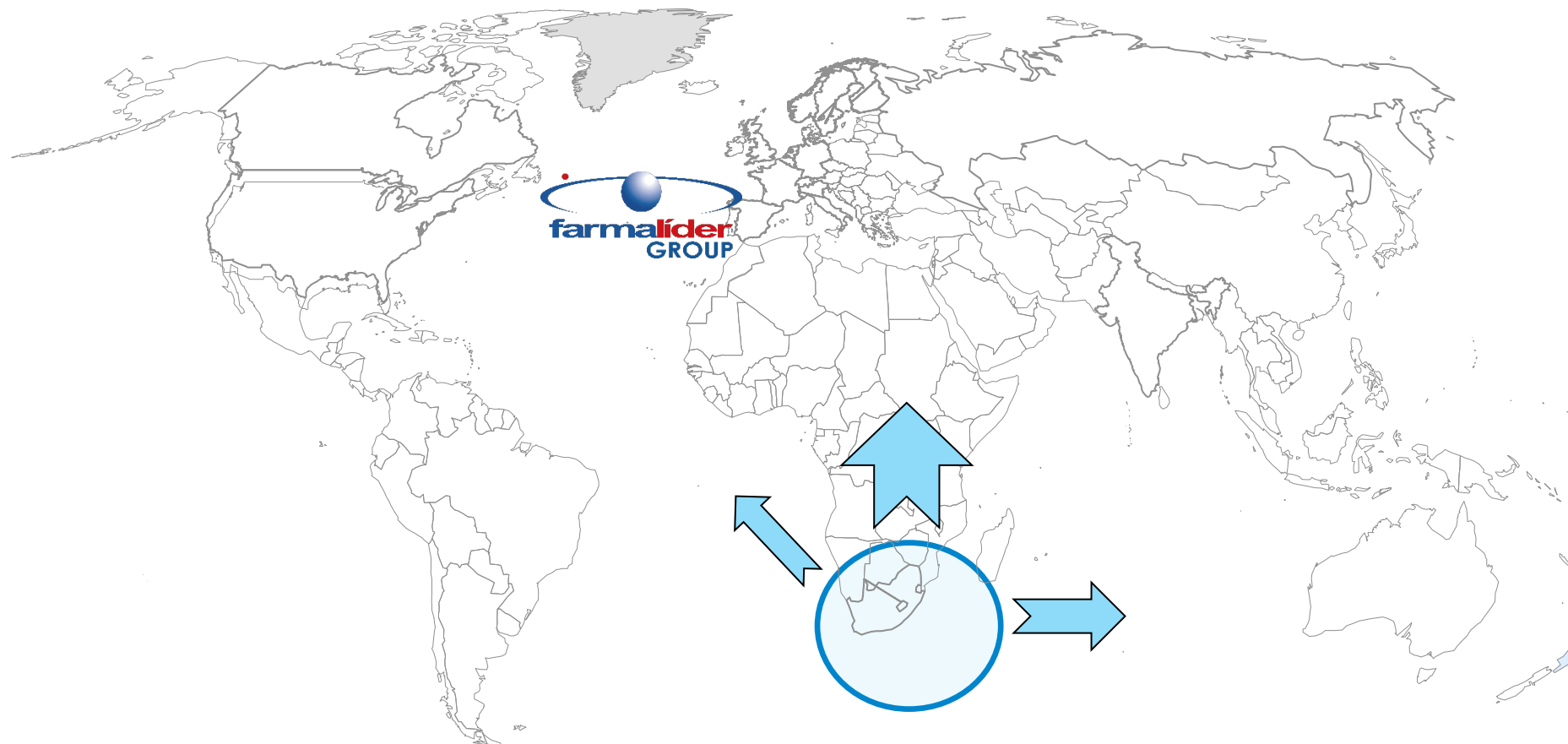
ASCENDIS OPERATING BUSINESS UNITS



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Organisational structure for Ascendis



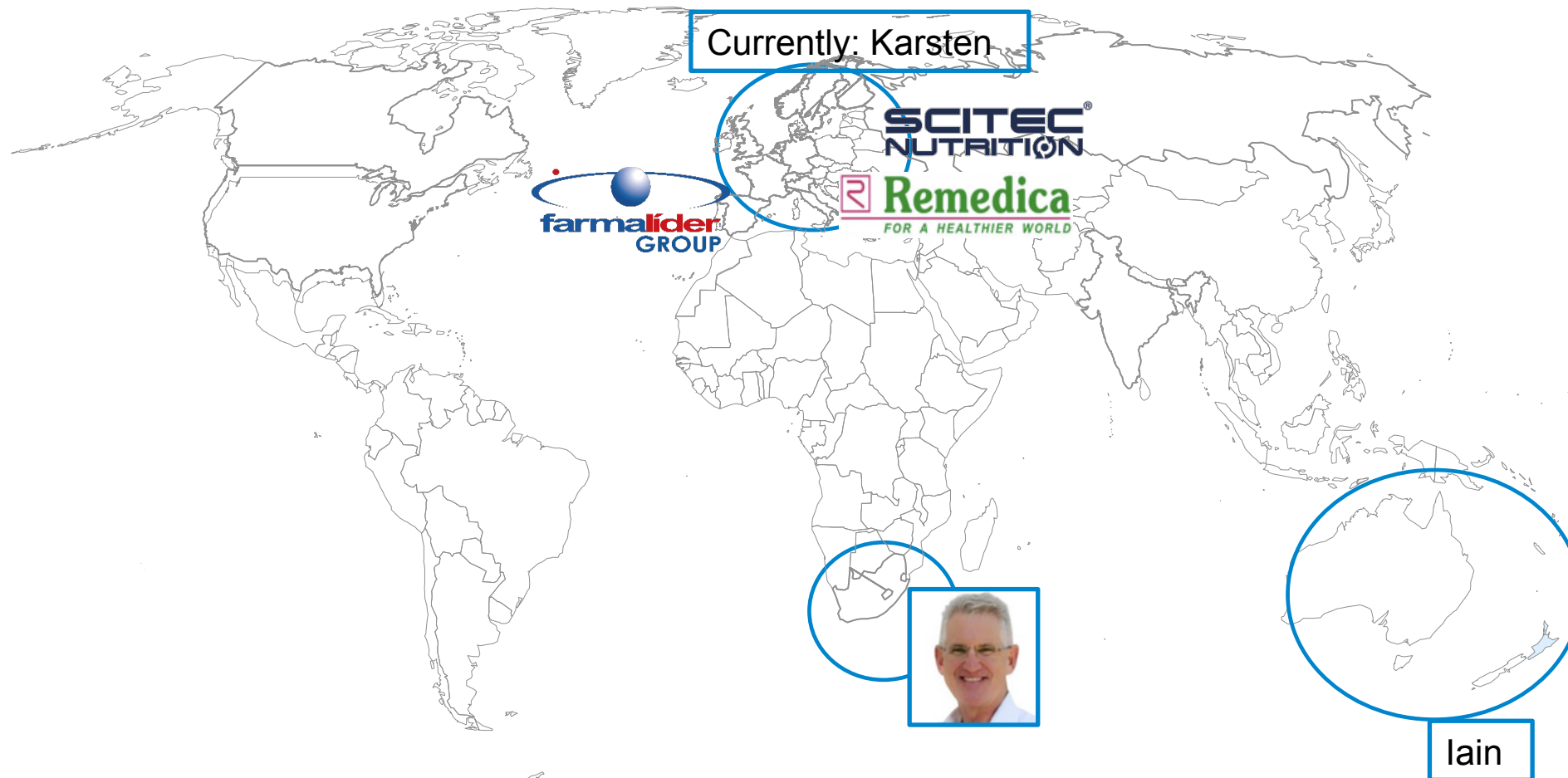
Change from a SA' business with exports (22% of sales outside SA) to a global company

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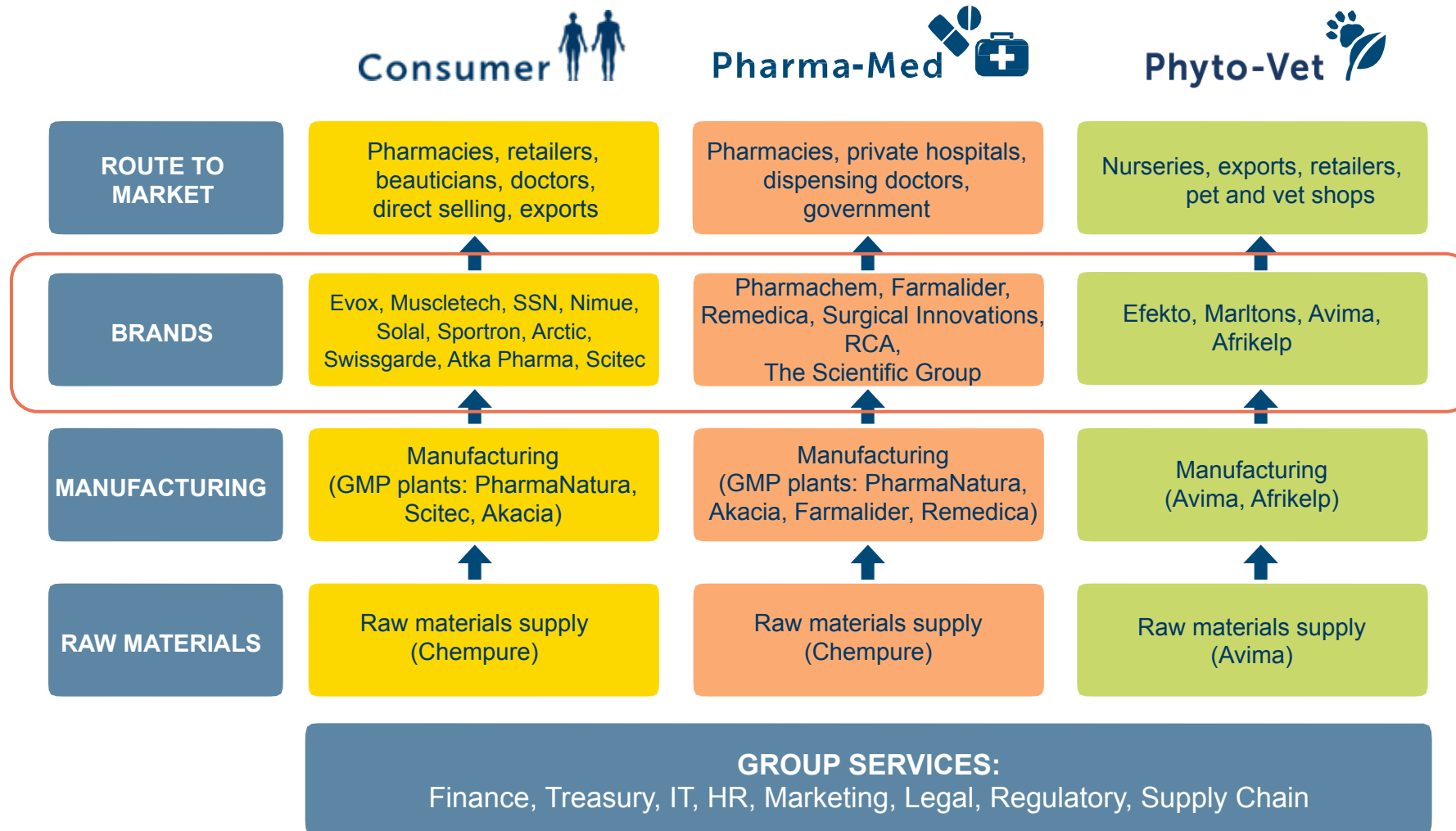
Organisational structure for Ascendis



Change to a global company (50% US\$/Euro sales) with regional structure

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BUSINESS MODEL: PIMARY FOCUS ON BRANDS





ASCENDIS PRODUCTION SITES



PharmaNatura	<ul style="list-style-type: none">✓ 12.000 sqm, GMP accredited plant in Johannesburg✓ Nutritional supplements and herbal medicines, contract-manufacturing✓ Prescription drugs, since Jan 2016: Sports Nutrition production (powders) in sep. building
Scitec	<ul style="list-style-type: none">✓ One of the top 3 sports nutrition brands in Europe, plant built in 2008, in Budapest (Hungary)✓ GMP and FDA food supplements approval, 6.100 sqm✓ Powders, Bottles, sachets, capsules, tablets
Akacia	<ul style="list-style-type: none">✓ 23.000 sqm GMP facility with approx 14.000 sqm for production and packaging✓ Ex Roche plant; Valued at approx R100m✓ Spare capacity
Farmalider	<ul style="list-style-type: none">✓ Only 20% of production needs produced in own facility in Madrid, Spain, 3000 sqm✓ Facility includes granules, tablets, coated tablets, hard capsules✓ Currently operating at close to full capacity
Remedica	<ul style="list-style-type: none">✓ 40.000 sqm GMP accred. plant in Limasol, Cyprus, five manufacturing plants on one single site✓ Full capabilities in terms of conventional dosage forms; 1-1.5 shifts currently✓ New oncology oral formulation facility
Avima	<ul style="list-style-type: none">✓ Crop protection and public health plant in Krugersdorp✓ Manufacturing also for Efekto
Afrikelp	<ul style="list-style-type: none">✓ Seaweed processing plant for production and packaging of natural growth stimulants in agriculture and horticulture✓ Based in Gansbaai and Cape Town, Western Cape

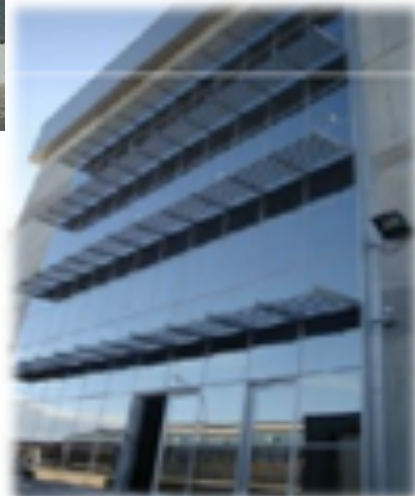
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REMEDICA'S PRODUCTION SITE



oncology factory

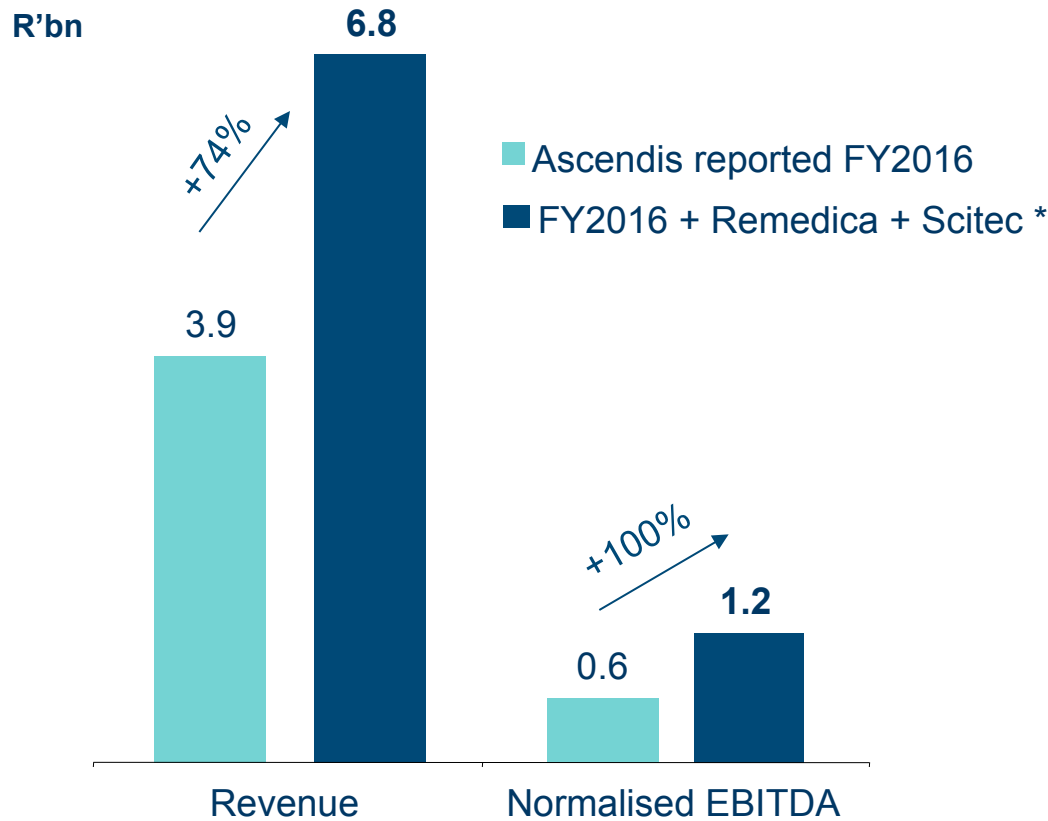


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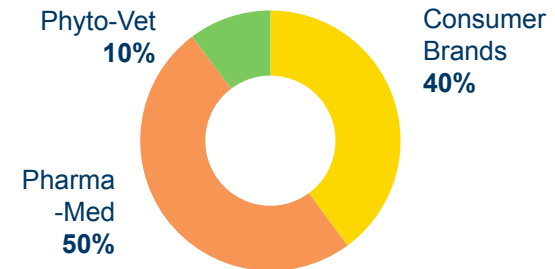


Including Remedica and Scitec acquisitions (pro-forma, no forecast):



Ascendis Health

- Global company
- Perfect Rand hedge
- Lower tax rates
- Well diversified

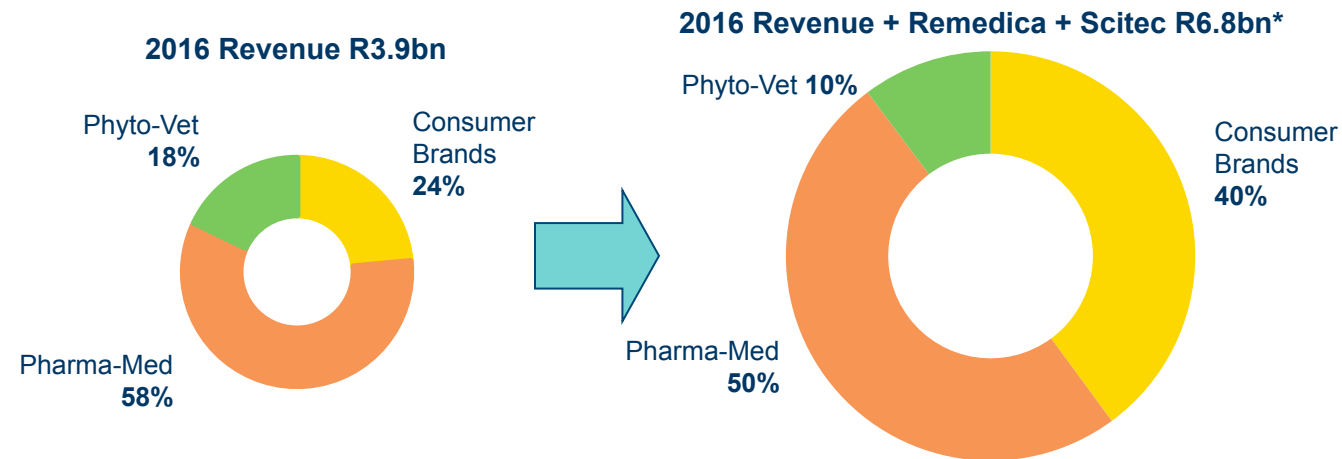


2016 Ascendis revenue + Remedica + Scitec: R6.8bn

* Using management accounts from Remedica and Scitec for January – June 2016 annualised, using average exchange rate



- Remedica and Scitec transforming Ascendis into a > R12 billion market cap company
- Highly earnings-accretive deals with strong support from funders



- Increased EBITDA margin >2%*
- **3 312 Ascendites dedicated to health and profitable growth**

* Ascendis Health reported FY2016 plus Remedica and Scitec for January – June 2016 annualised
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Leading Health and Care Brands Company

Healthy Home. Healthy You.



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Akacia Investor Day
27 October 2016

Kieron Futter



2016 CASH GENERATION



R'm	June 2016	June 2015
Profit before tax*	402	293
Adjustment for the effect of items of a non-cash nature	119	95
Working capital changes*	(81)	(102)
Cash flow from operating activities	440	286
Net interest paid	(131)	(69)
Tax paid	(95)	(123)
Cash generated by operations	214	94
Cash conversion ratio (cash pre-tax and interest : EBITDA)	72%	66%

* Adjusted for impact of acquisitions



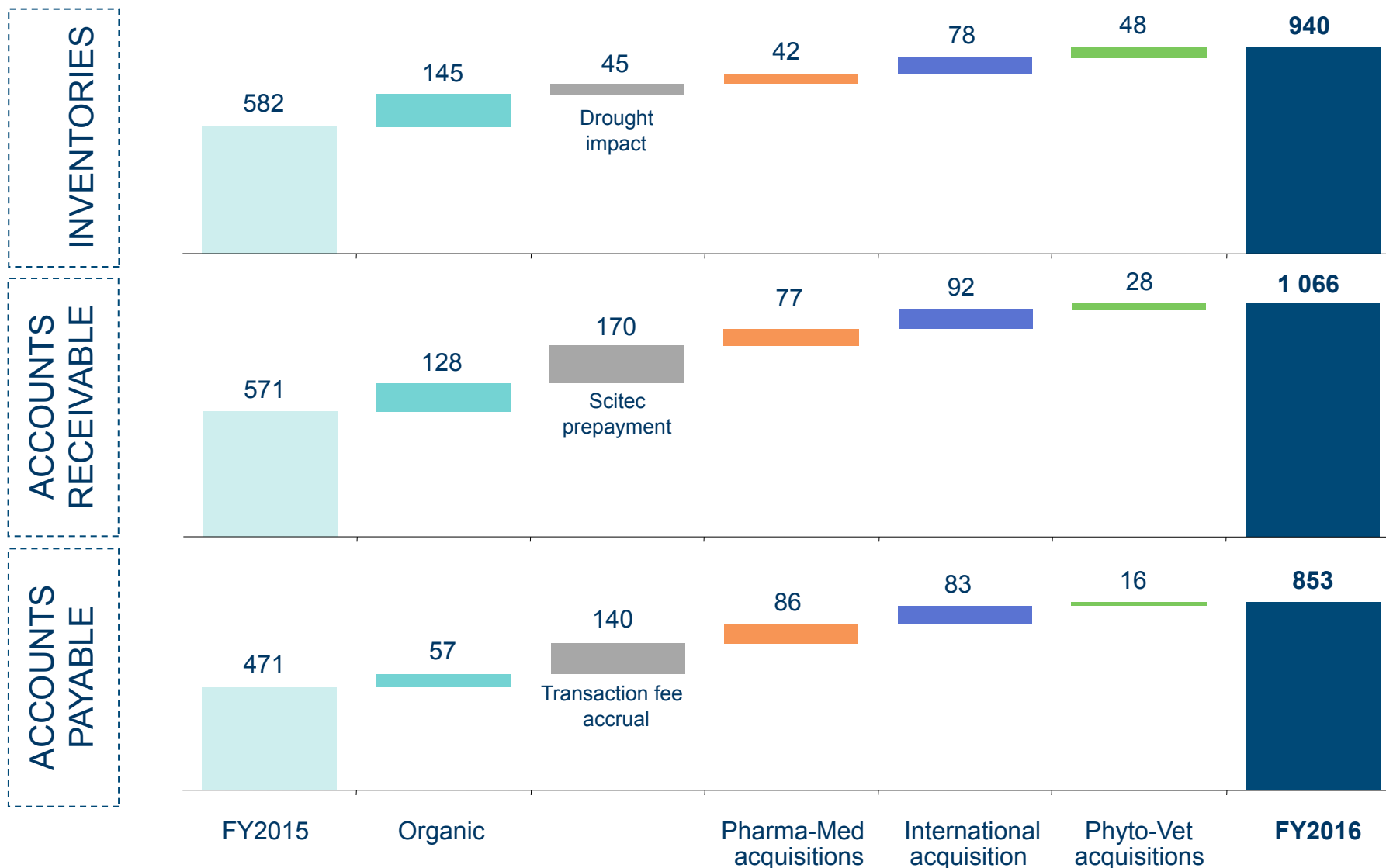
2016 CASH UTILISATION



R'm	June 2016	June 2015
Cash generated by operations	214	94
Dividends paid	(57)	(62)
Acquisitions of tangible and intangible assets	(1 339)	(539)
Net proceeds of share issue	557	479
Net increase in borrowings	452	148
Other financing activities	45	(13)
Net (decrease)/increase in cash	(128)	107

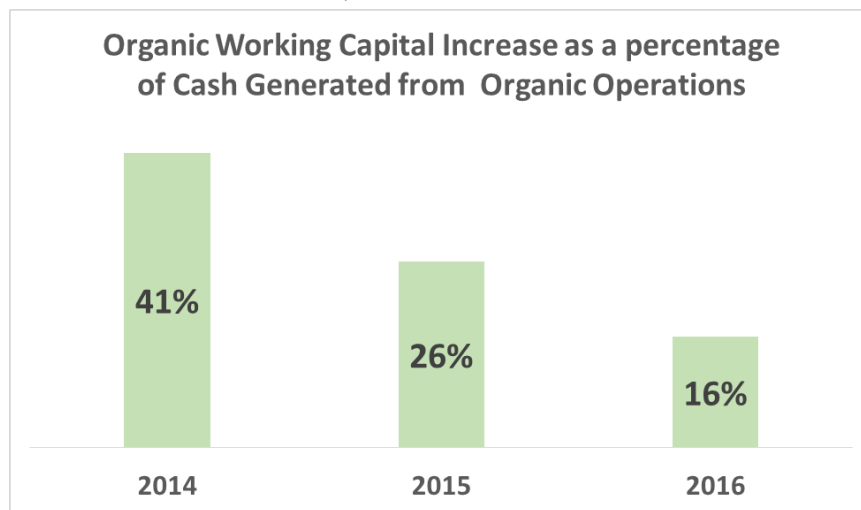
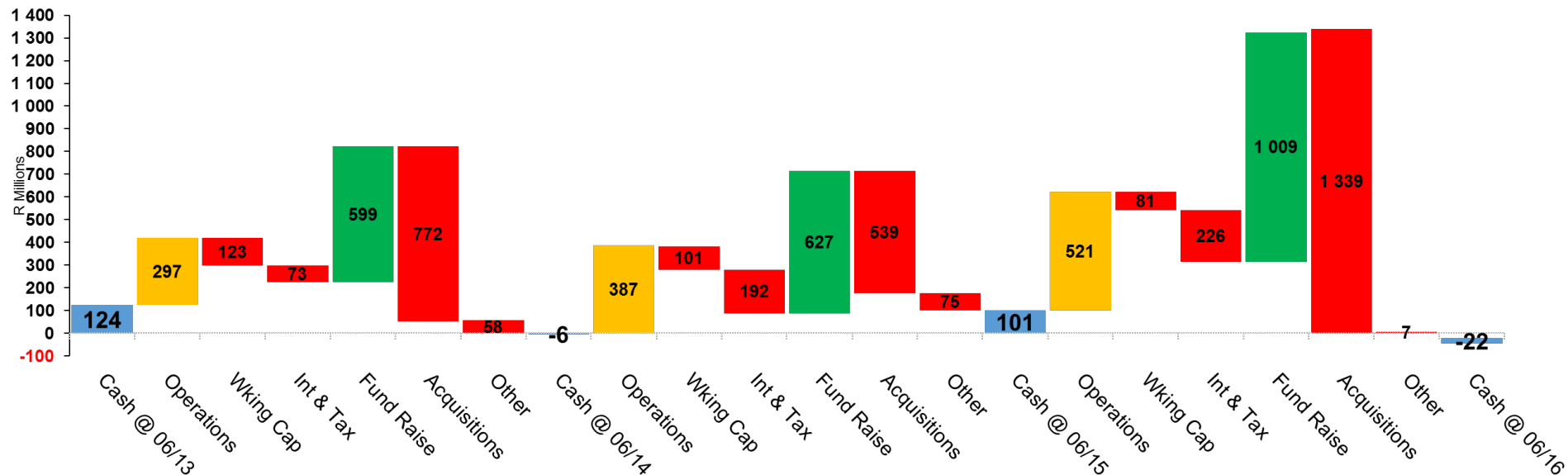


WORKING CAPITAL MOVEMENTS



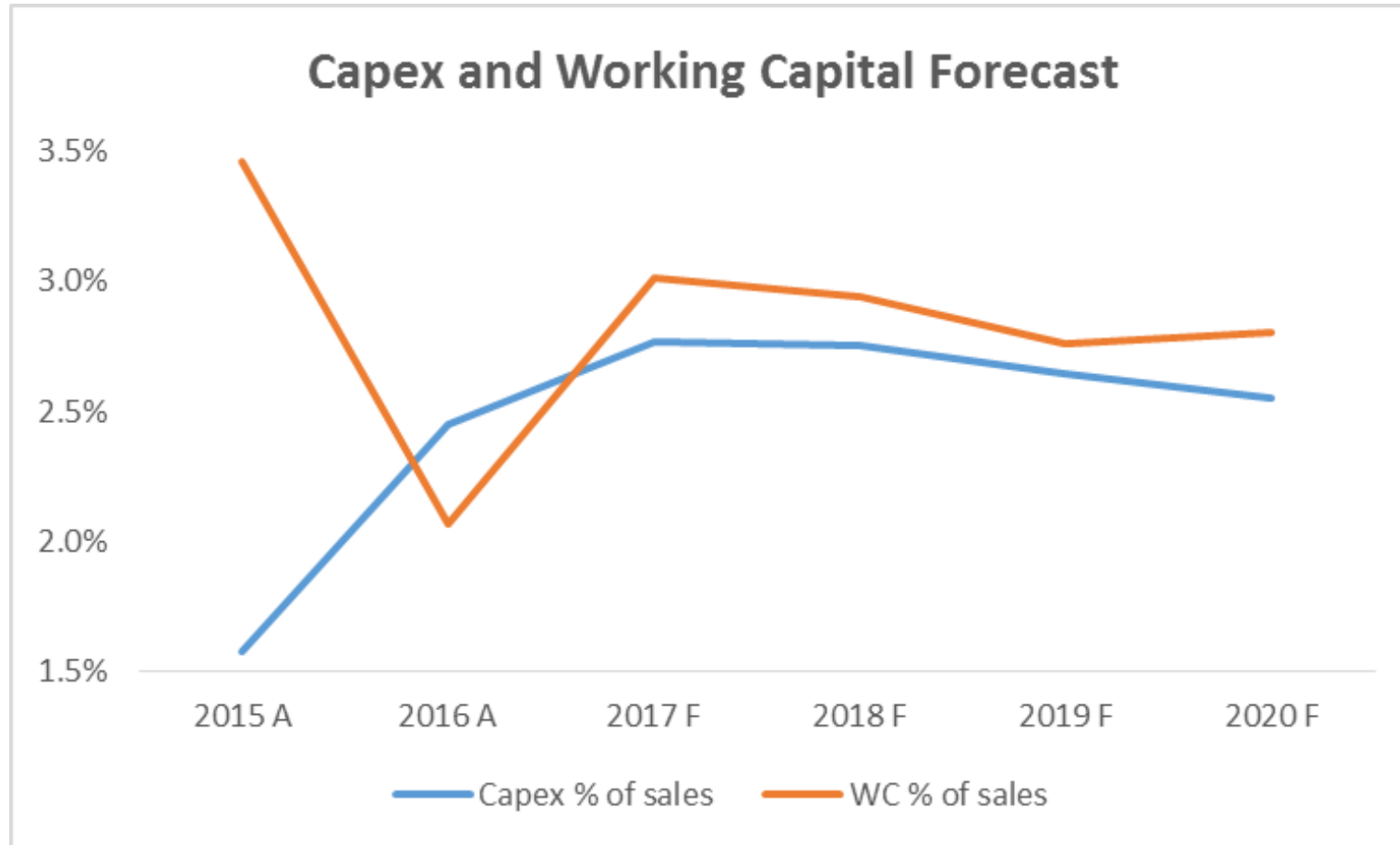


CASH FLOW WATERFALL (2013 – 2016)





CAPEX & WORKING CAP (2015A – 2020F)





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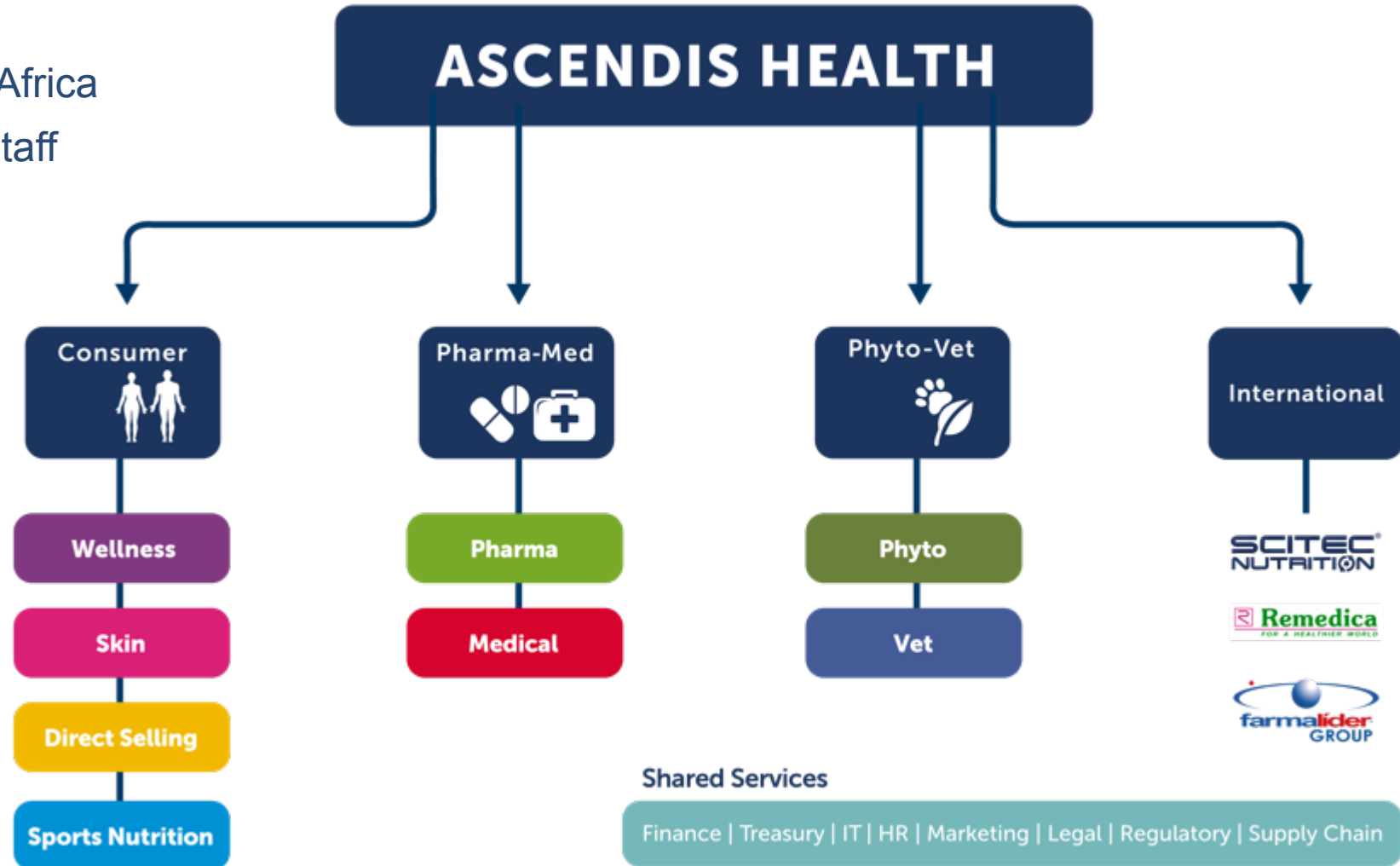
October 2016

Cliff Sampson MD – South Africa

ORGANISATIONAL STRUCTURE



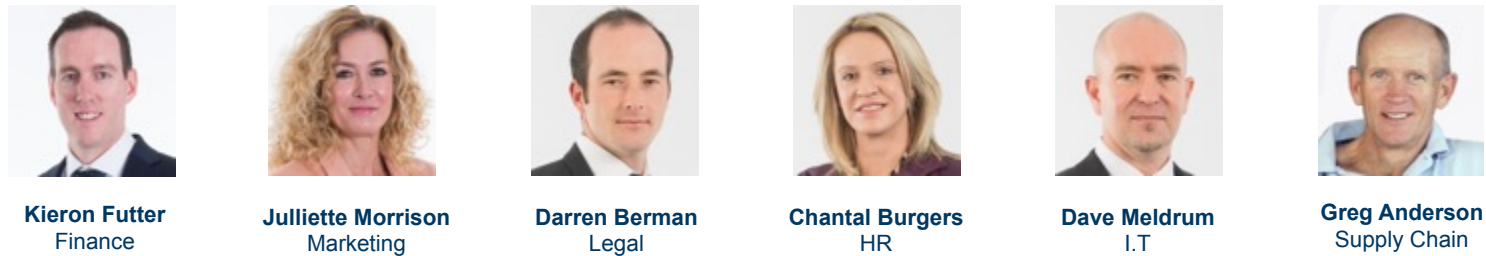
- The Ascendis family
- 1 900 staff in South Africa
- 1 600 international staff
- Consistent values



MEET THE SOUTH AFRICAN TEAM



SUPPORT



► OUR STRATEGIC IMPERATIVES



Leadership

that aligns our efforts as one team



Culture

that is built around our DNA



Growth

that is in line with our strategy

People

who are engaged as brand ambassadors



Processes

that deliver efficiencies in all that we do



► OUR CORE VALUES



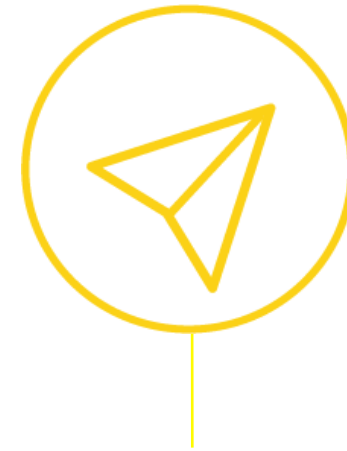
Success

Recognising value
and achieving results



Integrity

Demonstrating ethical,
accountable and
consistent behavior



Entrepreneurial Spirit

Taking calculated
risks driven by
innovative thinking





Pharma

Pharmachem
Akacia

Medical Devices



▶ IMPORTANCE OF PHARMA-MED TO ASCENDIS



FY 2016

Group		
Revenue	3 918	
EBITDA	673	
EBITDA MARGIN%	17.2	
Pharma-Med division		% of Group
Revenue	2 295	58.5
EBIDTA	370	55.0
EBITDA MARGIN %	16.1	

Akacia only financially effective as at 1 May 2016

After Remedica/Scitec acquisition (FY 2017): 45% of sales in Pharma-Med



► PHARMA – MOVING FORWARD



- Pharmachem/Akacia Integration
- Procurement Integration projects
 - Raw
 - Wrap
 - Manufacturing
- Group Manufacturing Projects (Insourcing)
 - Wellness (synergies with PharmaNatura plant)
 - Direct Selling
 - Pharma
- International Projects
 - Farmalider
 - Remedica





THANK YOU



Ascendis Pharma



Ascendis
Pharma

Strategy – South Africa

- Branded OTC
- Dispensing Doctor
- Public Sector (Tender)
- Pharmacy (Generics)
- Hospitals (Speciality)
- Local Manufacturing



Manufacturing – why it is important ?



- ▶ **Local preference** – drive to reindustrialize SA
- ▶ **Historical Pharma model** was to outsource – insource to gain full value chain
- ▶ **Contract manufacturing to become a meaningful contributor to profit**
 - Multinational - focus on local market
 - Farmalider
 - Remedica
- ▶ **Streamlined & best practice processes** in line with global standards
- ▶ **Project capital expenditure**
 - R5m to R10m p.a.
 - Compliance (e.g. MCC approval)
 - Introduce new capabilities (e.g. coated tablet)
 - Increase efficiencies (e.g. bottle packer)

Brands

'Super Brands'
Transform Reuterina
and Sinucon



Now that's **Sinucon**idence

#3

Maintain and/or achieve a Top 3 position in the various therapeutic classes we choose to compete in

Industry captains in chosen therapeutic classes (Local and International)

- Advisory boards
 - Reuterina
 - CNS

Innovation

Doing business innovatively with new channels, markets and products

Launch generic opportunities

First to Market

- Linezolid IV (Aklid)
Antibiotic
Hospital

Others (8)

- Respiratory
- Pain
- Antibiotics



66
dossiers

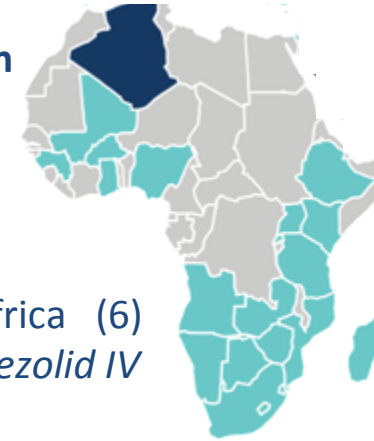
Registration process

- World class regulatory team
- Sandoz dossiers
- 6- 12 launches annually

Dossier Submission

Rest of Africa (3)

- Sildenafil spay
- Ibuprofen IV



South Africa (6)

- Linezolid IV

Maximise on the cross-functional opportunities

- Products
- Systems
- Contacts





endis
Pharma

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SUCCESS

INTEGRITY

ENTREPRENEURIAL SPIRIT

