

**PRE CLOSED PERIOD
INVESTOR LUNCH
12th and 13th of June 2017**





OVERVIEW

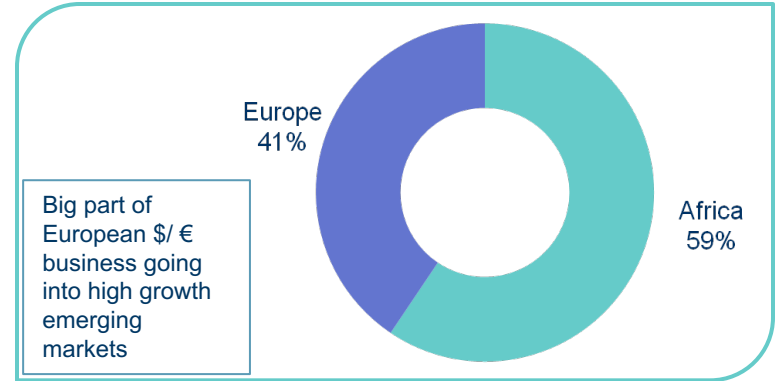


ASCENDIS HEALTH AT A GLANCE (31st of Dec 2016) H1 2017



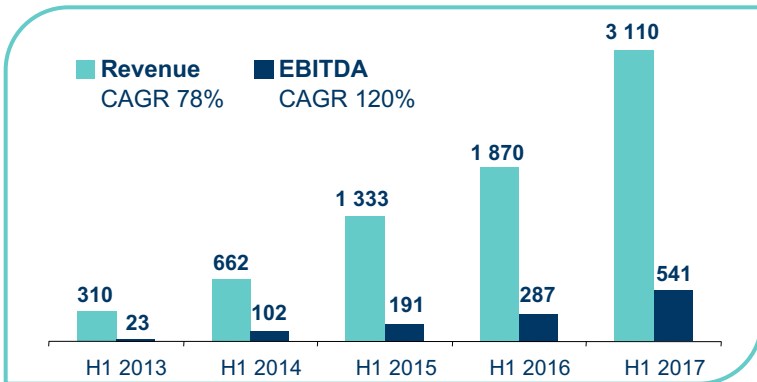
Health and care brands group

A South African-based global health and care brands group that owns and develops market-leading brands for people, plants and animals



Diverse revenue streams

Revenue diversified across multiple health and care products, channels, geographies and currencies



Growth strategies

Organic, acquisitive, synergistic and international (exports to 109 countries, mainly in Africa & Europe)



Management

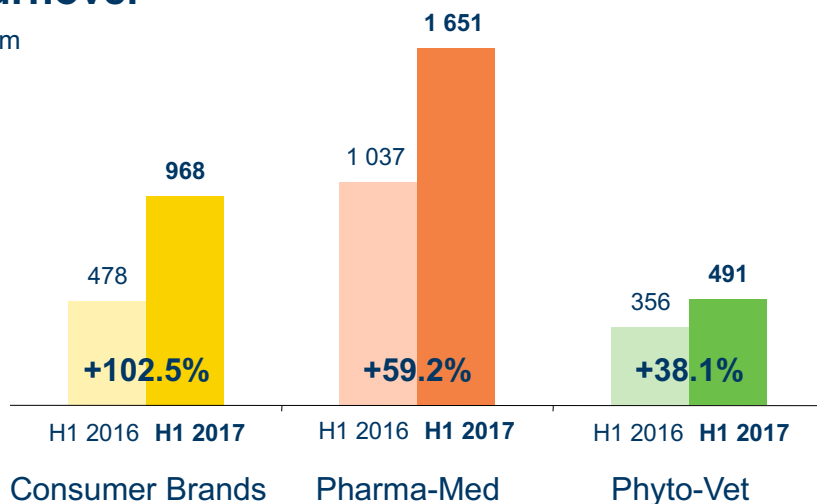
Strong and experienced management team locally and internationally with a proven track record and entrepreneurial culture

DIVISIONAL CONTRIBUTION H1 2017

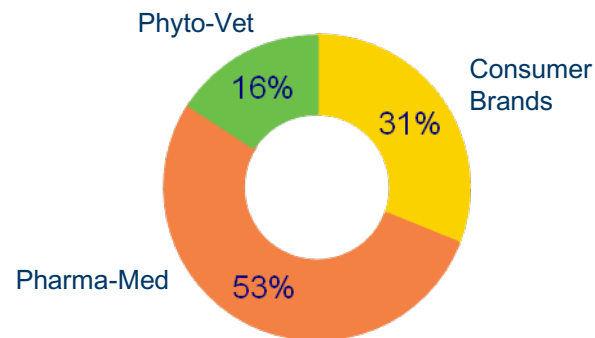


Turnover

R'm

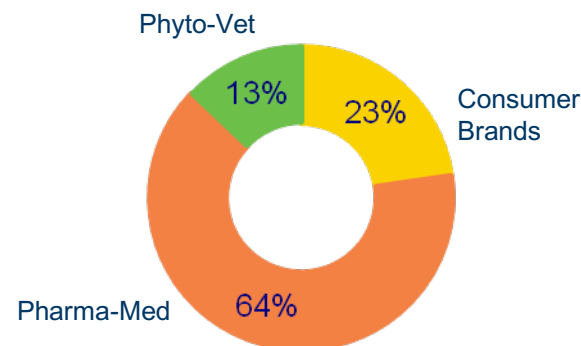
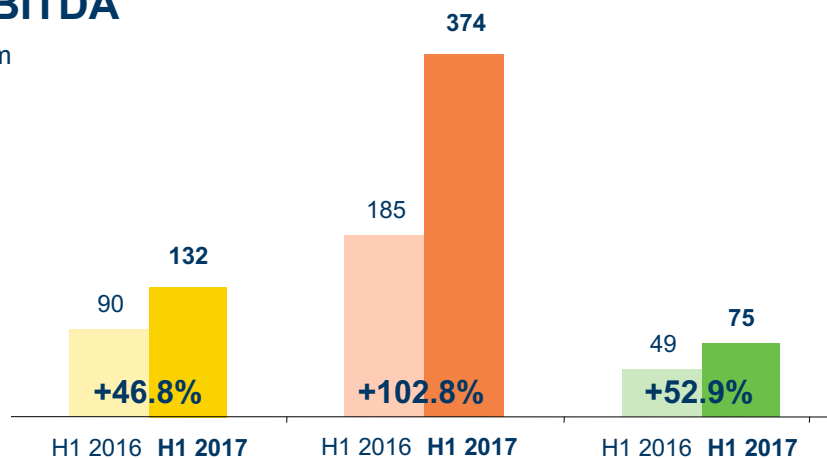


December 2016



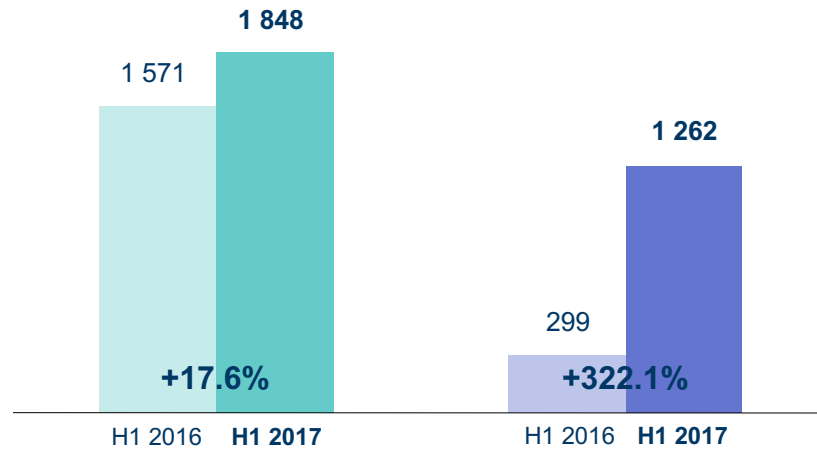
EBITDA

R'm

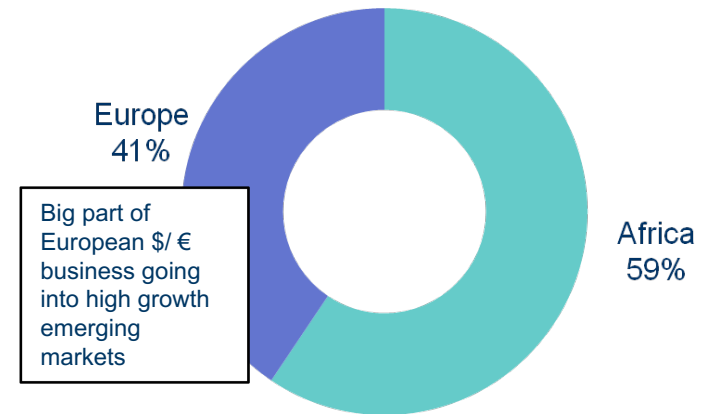


Turnover

R'm

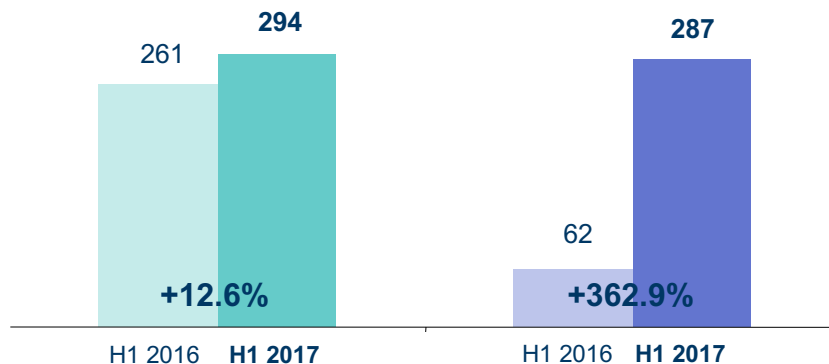


December 2016



EBITDA

R'm



OPERATIONAL PERFORMANCE H2 (Jan – May) 2017





PHARMA-MED H1 vs H2 (May 2017)



HALF YEAR in R'm	% ch 2016 vs 2015	Dec 2016	Dec 2015	Dec 2014
Revenue	59.2%	1 651	1 037	531
EBITDA	102.8%	374	185	88
EBITDA margin		22.7%	17.8%	16.5%

- Remedica (in for 5 months) performed strongly; successful integration into Ascendis; strong NPD pipeline
 - Once-off integration costs of Akacia in Pharma impacting EBITDA
 - Expect rationalisation projects to pos. impact earnings in H2
 - Large pharma tenders in SA with lower margin and forex headwinds impacting margin
 - SA registration of European dossiers progressed; strong product development pipeline
 - Farmalider focused on higher margin sales; result above expectations; new dossier pipeline
- PHARMA**
- Double digit growth in Medical Devices resulting in further market share expansion (strong 2nd position in SA)
 - Start of synergy projects between three business units within Medical
 - Medical Devices training centre of excellence established
- MEDICAL DEVICES**
- Overall an excellent divisional performance

H2 (Jan-May) 2017

- Remedica** on track (double digit growth), focus on NPD, new markets and adding other Ascendis products
- Forex headwinds still impacting **Pharma SA** margins
- H2 in Asc Pharma SA improved vs H1, due to
 - SA rationalisation. & plant improvement projects
 - New and dedicated SA Pharma management team (since Feb 2017) making positive impact
- Farmalider** in Spain still focused on higher margin sales; results so far again above our expectations
- Ongoing double digit growth in **Medical Devices**, loss of one agency compensated by adding new brands
- Government procurement & payments with challenges
- Synergy projects between three Medical business units
- Good performance of hospital businesses and exports

Again an excellent and further improved divisional performance



CONSUMER BRANDS H1 vs H2 (May 2017)



HALF YEAR in R'm	%ch 2016 vs 2015	Dec 2016	Dec 2015	Dec 2014
Revenue	102.5%	968	478	462
EBITDA	46.8%	132	90	89
EBITDA margin		13.6%	18.8%	19.2%

Wellness delivered double digit growth in premium nutraceuticals and single digit growth in multivitamins in mainstream retail; product mix shift to focus on own brands driving improved margins; positive outlook for H2

WELLNESS

Direct Selling impacted by ongoing challenges in Nigeria with payments in US\$; overall improvement expected in H2

DIRECT

Skin experienced sluggish European market demand, with Rand strength impacting sales, but upside potential in H2 from distribution agreement with Amgen, global leader in aesthetics and neurotoxins, for southern Africa

SKIN

Scitec focused on mitigating rising whey protein input costs, which along with cost of raw material into new geographies, channels and brand acquisition impacted operating margin; successful integration into Ascendis

SPORTS NUTRITION

H2 (Jan-May) 2017

- **Wellness:** Ongoing improvements in NPD, marketing and in-fill rates, expect better H2 then H1, preparing launch of high end doctors Solal range in SA and Solal in Australia (September)
- Sunwave acquisitions in Romania, (effec. from 1st of June 2017), approx 20% EBITDA margin, high double digit CAGR (sales & profits); huge opportunities
- **Direct Selling:** ongoing challenges in Nigeria with payments in US\$; improved Nigerian market sales
- **Skin:** consumer sentiment not changed; launch of new high end range with brand ambassador Helena Christensen (Feb to March), strong NPD pipeline
- **Sports Nutrition in SA:** addressing low in-fill rates in trade, new MD, focus on synergies (internat. brands)
- **Scitec:** new MD (with Unilever background) just signed up, ongoing raw material (whey protein) price increases – focus on improved production yields and investments into two new routes to market (internet and mass retail)

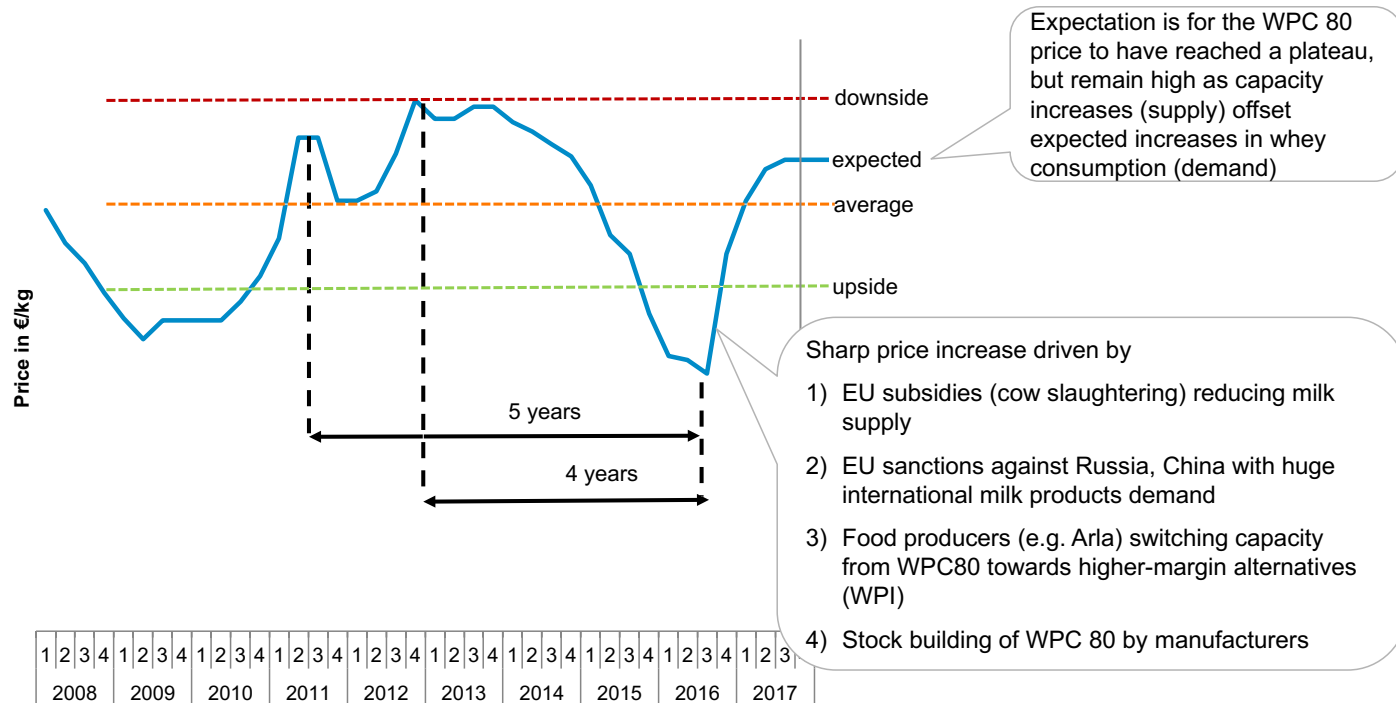
*** Improvements, but raw material cost challenges at Scitec**



RAW MATERIAL CHALLENGES IN SPORTS NUTRITION: WHEY PROTEIN



Whey protein world market prices have been fluctuating in recent years; we expect that it's price has peaked now



Source: Whey price, internal documents
WPC: whey protein concentrate; WPI: whey protein isolate

HALF YEAR in R'm	%ch 2016 vs 2015	Dec 2016	Dec 2015	Dec 2014
Revenue	38.1%	491	356	340
EBITDA	52.9%	75	49	41
EBITDA margin		15.2%	13.8%	12.1%

PHYTO

- Biosciences sector showed excellent growth, resulting in a solid performance in H1 despite drought in Gauteng up to November
- Integration and rationalisation projects benefited operating margin
- Sub-Saharan Africa continued its recovery as the effects of El Nino receded, but water restrictions still in place in the Western Cape
- Positive impact of Afrikelp brand and its internationalisation
- Continued dominance in domestic garden and home sector (Efekto)
- Investment in ongoing expansion plans in East Africa
- Supply to Zimbabwe halted due to treasury issues

VET

- Pet & Vet: SKU rationalisation and synergy projects to improve margins further in H2
- Overall an excellent divisional performance

H2 (Jan-May) 2017

- **Biosciences** sector with ongoing double digit (mainly) organic growth
- Sub-Saharan Africa continued its recovery, but water restrictions still in place in the Western Cape
- Expect normal fertilizer season again (Sep–Nov); WC?
- Positive impact of high margin Afrikelp brand and its internationalisation
- Continuous growth in Africa
- **Pet & Vet:** ongoing SKU rationalisation and synergy projects in H2, focus on WC
- Finalisation of Cipla Vet (companion anim.) and Cipla Agrimed (production anim.) complementary bolt-on acquisitions (effective 1st of June 2017) with approx 20% EBITDA margin, offering huge opportunities

*** Overall an ongoing positive divisional performance**



FINALISED ACQUISITIONS IN WELLNESS (2nd) AND VET (1st of June 17)



Sun Wave Pharma

Making Tomorrow Healthier



ANIMAL HEALTH



DESCRIPTION

- The leading OTC & nutraceuticals business based in Romania developing and marketing registered food supplements and OTC products
- Very strong sales and profit growth based on unique concept of promoting products directly to doctors (290 reps) with highly educational and scientific approach (doctors prescribe products)
- Well-diversified product (9 therapeutic classes), customer and supplier portfolio

RATIONALE

- Attractive platform for ASC to enter high growth Romanian market; replicate model in other eastern European markets
- Sourcing and R&D synergies
- Move Sunwave production in-house (Scitec and/or Remedica)
- Cross-selling opportunities:
 - Solal range, Farmalider prescription & OTC ranges, Remedica prescription drugs into Romania
 - Sunwave products into Remedica & Farmalider networks and into South Africa

DEAL STRUCTURE

- Purchase price of €42.5m plus max deferred payment of €23m
- 1/3 cash (from existing funds), 1/3 debt, 1/3 deferred (over 3 years, subject to EBITDA)
- Asset deal
- CEO (ex-shareholder) stays on
- Strong middle management
- ASC has appointed additional executive



PERFORMANCE

- Sales & profits: double digit 3-year CAGR
- €3.9m PAT for year to Dec 2016
- EBITDA margin close to 20%
- Strong product pipeline
- Growth acc. to expectations since March

SOUTH AFRICAN ACQUISITION - CIPLA ANIMAL HEALTH



DESCRIPTION

- Cipla Agrimed (production animals) and Cipla Vet (companion animals), estab. 2004, Cipla India focusing on core competencies & divesting their veterinary operations in southern Africa
- Well known range high quality animal medicines at attractive margins
- 300 (Agrimed) & 45 (Vet) SKUs with > 210 marketing authorisations
- Agrimed sells via agri co-operatives, tenders in SA/Botswana and large farmers; Vet via wholesalers, vet shops and vet practises

RATIONALE

- Very complementary to ASC Phyto-Vet division
- High margin products in strong growth segments
- Internationalisation potential via strong ASC Phyto network in Africa
- Expansion into attractive veterinary pharma industry for Ascendis
- Synergies with strong Ascendis' retail presence in SA

DEAL
STRUCTURE

- Purchase price of R375m (based on c.7.5 x EBITDA), no equity raise needed
- Deferment of R50m over 15 months (adjusted to working capital net debt and target EBITDA to March 2017)
- Strong management stays on

PERFORMANCE

- PAT for year ending March 2016: R31m
- Business performance - last three years with double digit CAGR in sales & profits
- 20% and 16% market shares in addressable markets in SA
- Strong cash generation
- Currently only 10% in export markets, opportunity for synergies with ASC Phyto-Vet's existing African network



KEY DEVELOPMENTS IN H2



- Ongoing focus on **synergies** on 2016 European acquisitions; integration finalised
- Focus on **production efficiencies** between and within the two South African pharma plants (product ranges, yields, contract manufac.) to lift Pharma margins
- Finalisation of bottom up budget end of May and development of brand plans for 2018 with **strong focus on organic growth**
 - Finalisation of **Employment** of new European head for Ascendis with focus on operations and strategy and of new MD for Scitec in Hungary
 - **Finalisation** of Sunwave and Cipla acquisitions
 - Working on one additional complementary bolt-on acquisition in SA for H2 2017/ beg. of H1 2018
 - International shareholders: 20.8% (up from 16.9%)
 - Focus on **free cash generation (focus on gearing levels), treasury** and to deliver an improved H2



**Leading Health and Care
Brands Company**

*Healthy Home. Healthy You.
Healthy Life.*

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