

Ascendis Health Limited  
(Registration number 2008/005856/06)  
(Incorporated in the Republic of South Africa)  
Share code: ASC  
ISIN: ZAE000185005  
("Ascendis Health" or "the Company" or "the Group")



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## CONCLUSION OF A SALE AGREEMENT IN RESPECT OF THE ISANDO MANUFACTURING FACILITY

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### 1. Introduction

Shareholders are referred to the announcement released on SENS on 25 June 2018 in terms of which the Company advised that it had embarked on a strategic review of its business, with the objective of improving performance through focusing on organic growth, improved cash generation and enhanced profitability ("the Strategic Review"). A key element of the Strategic Review includes the divestment of non-core assets and businesses.

The board of directors of the Company ("the Board") is pleased to advise shareholders that it has entered into a sale agreement ("the Sale Agreement") with Mylan Proprietary Limited ("Mylan") in terms of which Mylan will acquire 100% of the shares in Ascendis Health International Proprietary Limited, ("AHI SPV") for an aggregate cash consideration of R130 million ("the Disposal"). The Disposal is subject to approval by the Competition Commission.

As part of the transaction, the Company has entered into a manufacturing and supply agreement with Mylan to continue producing the products that are currently being manufactured at the factory.

### 2. Information relating to AHI SPV

AHI SPV houses the Isando-based manufacturing operations of Ascendis Health. The assets of AHI SPV, which are being sold as a going concern, comprise the following:

- the pharmaceutical manufacturing facility located in Isando, comprising c.28 000m<sup>2</sup> of plant, warehouse and office space. The facility includes capsules, oral solids and semi-solids manufacturing and packaging as well as quality control laboratory with a state-of-the-art stability centre, which is used to conduct physicochemical and microbiological tests for pharmaceuticals and Complementary and Alternative Medicines (CAMS); and
- related business assets (equipment, staff etc.) which facilitate the manufacturing and packaging capabilities of the Isando manufacturing facility,

(collectively, "Manufacturing Business").

As at the financial year ended 30 June 2018, the aggregate net book value of the Manufacturing Business was R103 million and, for the period then ended, the Manufacturing Business generated an aggregate net loss after tax of R46 million.

The net asset value and net loss after tax disclosed above have been extracted from the audited annual financial statements of the Group for the year ended 30 June 2018 which were prepared in accordance with International Financial Reporting Standards.

### 3. Rationale for the Disposal

Following an extensive evaluation of strategic options relating to its manufacturing requirements, Ascendis Health decided to sell selected manufacturing assets to reduce the complexity of its South African pharmaceutical operations. The Group will therefore be consolidating its manufacturing

facilities into its facility in Wynberg, Gauteng. Based on the low utilisation of its Isando manufacturing facility, the Board believes it is in the Group's best interest to dispose of this operation. The facility was acquired through the purchase of Akacia Healthcare in 2015.

#### **4. Application of the sale proceeds**

The cash proceeds from the Disposal will be applied by the Company mainly to reduce debt levels and to fund working capital requirements. Part of the proceeds will be invested in upgrading the Company's supply chain.

#### **5. Effective date, condition precedent and warranties**

The approval of the Competition Commission is a condition precedent to the Disposal.

The effective date of the Disposal will follow the approval of the Disposal by the Competition Commission.

The Sale Agreement contains warranties and indemnities that are customary for agreements of this nature.

#### **6. Categorisation**

The Disposal is a category 2 transaction in terms of the Listings Requirements of the JSE Limited and accordingly is not subject to approval by shareholders.

Johannesburg  
20 December 2018

Sponsor



Questco Corporate Advisory Proprietary Limited