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")

Voluntary trading statement for the six months ended 31 December 2018, update on strategic divestments and further cautionary announcement

1. **Voluntary trading statement for the six months ended 31 December 2018**

Revenue from the group's international operations grew at mid-single digit levels while weak trading conditions and the poor consumer environment in South Africa resulted in domestic revenue showing minimal growth.

The gross profit margin improved strongly while increased marketing, distribution and supply chain costs impacted the EBITDA margin which was flat on the prior period. Higher depreciation and finance costs resulted in normalised profit after tax for the six months being down mid-single digits.

Normalised headline earnings from continuing operations, which excludes capital profits of R19.6 million from the sale of the Isando manufacturing facility, are forecast to decline by between 4% and 9%.

Shareholders should note that the earnings per share measures have been impacted by the 4.3% increase in the weighted average number of shares in issue during the reporting period.

Ascendis Health shareholders are advised that the group's earnings for the six months ended 31 December 2018 are anticipated to be within the following ranges:

	Six months ended 31 Dec 2018 Expected ranges	Six months ended 31 Dec 2017 Restated	% change Expected ranges based on restated	Six months ended 31 Dec 2017 Reported	% change Expected ranges based on reported
Continuing operations					
Normalised headline earnings (R'm)	341 - 358	373	(9%) – (4%)	353	(3%) – 2%
Basic earnings per share (cents)	44.3 – 46.6 cents	52.3 cents	(15%) – (11%)	52.8 cents	(16%) – (12%)
Headline earnings per share (cents)	40.1 – 42.2 cents	52.9 cents	(24%) – (20%)	53.4 cents	(25%) – (21%)
Normalised headline earnings per share (cents)	70.3 – 73.9 cents	80.2 cents	(12%) – (8%)	75.8 cents	(7%) – (3%)
Total operations					
Normalised headline earnings (R'm)	325 - 341	321	1% - 6%	324	0% - 5%
Basic earnings per share (cents)	41.0 – 43.1 cents	41.1 cents	0% – 5%	46.6 cents	(12%) – (8%)
Headline earnings per share (cents)	36.8 – 38.7 cents	41.7 cents	(12%) – (7%)	47.2 cents	(22%) – (18%)
Normalised headline earnings per share (cents)	66.9 – 70.4 cents	69.1 cents	(3%) – 2%	69.6 cents	(4%) – 1%

Notes

a. As announced on SENS on 25 September 2018, the group has disposed of Ascendis Health Sports Nutrition South Africa. Ascendis Health Direct Selling's transaction did not materialise and negotiations are continuing with a potential buyer. These businesses have been classified as discontinued operations, resulting in the restatement of the comparative information.

b. Normalised headline earnings per share from continuing operations comprise headline earnings per share from continuing operations adjusted for once-off costs of approximately R61 million (R52 million in the comparative period to December 2017) as well as amortisation costs.

c. The results to December 2018 include Kyron Laboratories which was acquired on 1 March 2018 and therefore not included in the results for the comparative period to December 2017.

The financial information on which this voluntary trading statement is based has not been reviewed or reported on by the group's auditors.

The group's financial results for the six months ended 31 December 2018 will be released on SENS on Monday, 18 March 2019. The investor presentation in Johannesburg will be held on Monday, 18 March and will be webcast live at 10:00 a.m. SA time and will be accessible at the following link: www.corpcam.com/Ascendis18032019. The investor presentation in Cape Town will be held on Tuesday, 19 March at 10:00 a.m.

2. **Strategic divestments**

Following the strategic business review undertaken in 2018, selected businesses and assets were identified as non-core to the group's strategy and accordingly classified for divestment.

Biosciences
The Biosciences business, comprising Avima/Klub 5, Efekto, Marltons and Afrikelp, was considered as non-core to the group's new strategy. The board of directors of Ascendis Health has resolved to dispose of the Efekto, Marltons and Afrikelp businesses and negotiations for the sale are well advanced. Shareholders will be updated on developments relating to the disposal of these businesses. The Avima/Klub 5 businesses may be considered for disposal in the short to medium term.

Isando manufacturing facility
As announced on SENS on 20 December 2018, the sale of the Isando manufacturing facility was concluded for a total cash consideration of R130 million. The first payment of R102 million has been received and R28 million is to be paid by the end of April 2019. All conditions precedent to the transaction, including Competition Commission approval, have accordingly been fulfilled.

3. **Remedica offer and further cautionary announcement**

Shareholders are referred to the cautionary and cautionary renewals announcements published on SENS on 14 January 2019 and 8 February 2019 respectively, relating to an unsolicited offer received for the Remedica business unit ("Remedica") in Cyprus. Ascendis Health is involved in ongoing negotiations regarding the potential disposal of Remedica and will update investors should a transaction be concluded.

Shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made.

8 March 2019
Bryanston

Sponsor

questco
CORPORATE ADVISORY

Questco Corporate Advisory Proprietary Limited