

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 UPDATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

The board of directors of Ascendis Health ("the Board") wishes to provide an update to shareholders on the performance of Ascendis Health and its subsidiaries (the "Group") for the 6 months ended 31 December 2019 ("the Current Period") relative to the 6 months ended 31 December 2018 ("the Prior Period"). The expected revenue and normalised earnings before interest, tax, depreciation and amortisation ("EBITDA") lower and higher ranges for the Current Period are presented below, along with the Prior Period figures and the percentage change between the lower and higher Current Period figures compared to the Prior Period:

REVENUE					
	Six months ended 31 Dec 2019	Six months ended 31 Dec 2019	Six months ended 31 Dec 2018	% change	% change
	Lower range	Higher range	(Restated) <sup>1</sup>	Lower range	Higher range
INTERNATIONAL					
Remedica (€'m) <sup>2</sup>	54.0	56.7	42.8	26%	33%
Sun Wave Pharma (€'m)	26.0	27.4	20.6	26%	33%
Scitec (€'m)	37.0	38.9	37.7	(2%)	3%
Farmalider (€'m)	16.5	17.3	18.1	(9%)	(4%)
Other (€'m)	-	-	0.5		
<b>Total International - €'m</b>	<b>133.5</b>	<b>140.3</b>	<b>119.7</b>	<b>12%</b>	<b>17%</b>
<b>Total International - R'm</b>	<b>2 173</b>	<b>2 285</b>	<b>1 958</b>	<b>11%</b>	<b>17%</b>
SOUTH AFRICA					
Pharma (R'm)	351	369	336	4%	10%
Medical (R'm)	683	718	638	7%	13%
Consumer Health (R'm)	456	479	491	(7%)	(2%)
Biosciences (R'm)	211	222	517	(59%)	(57%)
Animal Health (R'm)	233	245	245	(5%)	-
Intercompany elimination (R'm)	(102)	(107)	(181)		
<b>Total South Africa (R'm)</b>	<b>1 832</b>	<b>1 926</b>	<b>2 046</b>	<b>(11%)</b>	<b>(6%)</b>
GROUP (INTERNATIONAL + SOUTH AFRICA)					
<b>Total Group - R'm</b>	<b>4 005</b>	<b>4 211</b>	<b>4 004</b>	<b>0%</b>	<b>5%</b>
Less: Discontinued operations (R'm)	(250)	(262)	(566)	(56%)	(54%)
<b>Group – continuing - R'm</b>	<b>3 755</b>	<b>3 949</b>	<b>3 438</b>	<b>9%</b>	<b>15%</b>

NORMALISED EBITDA <sup>3</sup>					
	Six months ended 31 Dec 2019	Six months ended 31 Dec 2019	Six months ended 31 Dec 2018	% change	% change
	Lower range	Higher range	(Restated) <sup>1</sup>	Lower range	Higher range
INTERNATIONAL					
Remedica (€'m) <sup>2</sup>	16.1	17.8	14.0	15%	27%
Sun Wave Pharma (€'m)	7.0	7.7	5.8	21%	34%
Scitec (€'m)	1.2	1.3	0.9	29%	42%
Farmalider (€'m)	-	-	4.2	(100%)	(100%)
Other (€'m)	-	-	(0.1)		
<b>Total International - €'m</b>	<b>24.3</b>	<b>26.8</b>	<b>24.8</b>	<b>(2%)</b>	<b>8%</b>
<b>Total International - R'm</b>	<b>394</b>	<b>436</b>	<b>405</b>	<b>(3%)</b>	<b>8%</b>
SOUTH AFRICA					
Pharma (R'm)	3	3	(2)	269%	287%
Medical (R'm)	130	144	133	(2%)	8%
Consumer Health (R'm)	33	36	29	12%	24%
Biosciences (R'm)	12	13	84	(86%)	(85%)
Animal Health (R'm)	59	65	46	28%	42%
<b>Total South Africa (R'm)</b>	<b>237</b>	<b>261</b>	<b>290</b>	<b>(18%)</b>	<b>(10%)</b>
GROUP (INTERNATIONAL + SOUTH AFRICA)					
Group head office costs (R'm)	(49)	(54)	(50)	(2%)	8%
<b>Total Group - R'm</b>	<b>582</b>	<b>643</b>	<b>645</b>	<b>(10%)</b>	<b>0%</b>
Less: Discontinued operations (R'm)	(7)	(8)	(66)	(89%)	(88%)
<b>Group – continuing - R'm</b>	<b>575</b>	<b>635</b>	<b>579</b>	<b>(1%)</b>	<b>10%</b>

- (1) The following businesses have been classified as discontinued operations, resulting in the restatement of the comparative information:
- The Afrikelp, Efekto and Marltons businesses in the Biosciences division, with a sale completed on 31 July 2019;
  - The two remaining businesses in the Biosciences division, Avima and Klub M5, are being considered for sale; and
  - Ascendis Direct Selling
- (2) The Remedica business unit in Cyprus, that was classified as a discontinued operation for the year ended 30 June 2019, is now being classified as a continuing operation after negotiations for the sale of the business were terminated in December 2019.
- (3) Performance Measure (“PM”): Shareholders are advised that normalised EBITDA is not a term defined by International Financial Reporting Standards and may accordingly differ from company to company. The Board however believes that normalised EBITDA is a relevant performance measure as it provides a measure of cash earnings. The normalised EBITDA figures have been calculated consistently with Ascendis Health’s methodology for the calculation of normalised EBITDA as set out on its website.

## Commentary

The growth in International revenue and normalised EBITDA compared to the Prior Period is driven primarily by higher sales in Europe due to new tender business secured by Remedica and new product launches by Sun Wave Pharma. This was partially offset by increased market competition in Scitec's core markets and lower licence fee revenue in Farmalider.

Revenue growth in South Africa is due to the recovery from prior year supply issues in Pharma, new agency contracts in Medical Devices and new tender awards in Animal Health.

Growth in normalised EBITDA was driven by higher gross profit as a result of the increased revenue partly negated by increased provisions for legal fees in Farmalider relating to a dispute with a supplier and increased investment in marketing in Europe and South Africa.

The group incurred extensive legal and advisor fees associated with the restructuring of the senior lender debt, and other once-off costs related to the disposal of Biosciences and the Remedica negotiations as well as a considerable increase in finance expenses associated with the interim stability agreements with the senior lenders.

An impairment loss for goodwill and intangible assets of R24m was recognised in respect of the Direct Selling business owing to the deterioration in the trading performance.

These additional costs and impairments have had a considerable adverse impact on profit after tax compared to the Prior Period.

The financial information on which this trading update is based has not been reviewed or reported on by the Company's external auditors.

The financial results for the 6 months to 31 December 2019 are expected to be released on or about Wednesday, 11 March 2020. The Company will issue a trading statement on SENS to provide earnings guidance to shareholders once the board and management has reasonable certainty on the expected financial performance for the Current Period, in line with the JSE Listings Requirements.

## Annual general meeting

At the annual general meeting ("AGM") starting at 09:00 today, management will provide further commentary on the business unit performance for the Current Period and an update on the group's strategy.

The AGM will be webcast live. The webcast link is accessible on the home page of the Company's website [www.ascendishealth.com](http://www.ascendishealth.com)

5 February 2020  
Bryanston

Sponsor



Questco Corporate Advisory Proprietary Limited