



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")

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**Trading statement for the year ended 30 June 2019 and renewal of cautionary  
announcement**

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**Renewal and update on cautionary announcement**

Ascendis Health is pleased to advise shareholders that negotiations with the preferred bidder on the disposal of its Remedica business in Cyprus are at an advanced stage, and the Company expects to make further announcements in due course.

**Trading statement**

The consolidated results of the Company and its subsidiaries ("the group") for the year ended 30 June 2019 ("the period") were impacted by the adverse trading conditions in the South African consumer market and the European sports nutrition business.

Lower sales in South Africa caused by liquidity constraints and related supply challenges as well as the depressed consumer environment resulted in earnings declining in all businesses except Animal Health. In Europe, Sun Wave Pharma performed well, but both Scitec and Farmalider reported lower earnings.

As a result of the economic headwinds in South Africa and Europe, an extensive valuation process was completed which resulted in a total impairment across goodwill, intangible assets and property, plant and equipment of approximately R4.2 billion.

The group incurred considerable consulting and professional fees associated with the restructuring of the senior lender debt, and other once-off costs.

As a result of these factors the group incurred a sizeable net loss after taxation for the year.

Ascendis shareholders are advised that the group's earnings for the period are anticipated to be within the following ranges:

	Year ended 30 June 2019 expected range	Year ended 30 June 2018 restated	Change - expected range based on restated results	Year ended 30 June 2018 reported	Change - expected range based on reported results
<b>Continuing operations</b>					
Normalised headline (loss)/earnings (R'm)	(475) – (495)	100	(575) – (595)	738	(1 213) – (1 233)
Basic (loss)/earnings per share (cents per share)	(982.2) – (983.7) cents	7.4 cents	(989.6) – (991.1) cents	101.9 cents	(1 084.1) – (1085.6) cents
Headline (loss)/earnings per share (cents per share)	(121.8) – (124.5) cents	13.9 cents	(135.7) – (138.4) cents	104.4 cents	(226.2) – (228.9) cents
Normalised headline (loss)/earnings per share (cents per share)	(98.0) – (102.1) cents	21.7 cents	(119.7) – (123.8) cents	159.7 cents	(257.7) – (261.8) cents
<b>Total operations</b>					
Normalised headline (loss)/earnings (R'm)	(67) – (78)	411	(478) - (489)	628	(695) - (706)
Basic (loss)/earnings per share (cents per share)	(958.5) – (969.1) cents	55.7 cents	(1 014.2) – (1 024.8) cents	60.0 cents	(1 018.5) – (1 029.1) cents
Headline (loss)/earnings per share (cents per share)	(36.3) – (42.2) cents	78.5 cents	(114.8) – (120.7) cents	78.0 cents	(114.3) – (120.2) cents
Normalised headline (loss)/earnings per share (cents per share)	(13.8) – (16.0) cents	89.0 cents	(102.8) – (105.0) cents	136.0 cents	(149.8) – (152.0) cents

## Notes

- a. The accounting policy for normalised headline earnings per share has been amended in the current year, for the following:
  - i. now adding back costs incurred to restructure the debt and equity structure of the group;
  - ii. now adding back settlement of product-related litigation;
  - iii. no longer add back the amortisation of intangible assets that arise upon business combinations; and
  - iv. no longer add back the operational profits or losses that will not form part of the future of the group that have not been recognised as a discontinued operation in terms of International Financial Reporting Standards (IFRS 5).
- b. Normalised headline earnings per share from continuing operations comprise headline earnings per share from continuing operations adjusted for once-off costs of approximately R120 million (R37 million in the comparative year to June 2018). These once-off costs in the current year include:
  - i. costs relating to the disposal of the Bioscience business unit and the proposed disposal of Remedica totalling R26 million;
  - ii. restructuring of the group debt, including the costs of the proposed corporate bond issue that was not launched R81 million; and
  - iii. other operational restructuring and retrenchment costs R13 million.
- c. Shareholders are advised that prior year errors have resulted in the restatement of the earnings per share and headline earnings per share attributable to total operations, which has resulted in a reduction in earnings of R20 million. The restatement resulted in a decrease

in basic and diluted earnings per share of 4.1 cents per share. The restatements were as a result of the following:

- i. reclassification of demonstration medical device equipment placed in hospitals from inventory to property, plant and equipment. This has resulted in an additional depreciation charge of R3 million;
  - ii. increase in tax payable due to interest paid on term loans incorrectly claimed as a tax deduction of R13 million;
  - iii. correction of accounting errors identified during the statutory audit of Farmalider in Spain which is 49% owned by Ascendis of R4 million; and
  - iv. correction of incorrect adjustments for the put-option remeasurement in the prior year as a headline earnings adjustment, relating to the balance of the shareholding of Farmalider.
- d. The group's earnings per share measures have also been impacted by a 4.9% increase in the weighted average number of shares in issue during the reporting period.
- e. Discontinued operations: The following businesses have been classified as discontinued operations, resulting in the restatement of the comparative information:
- i. Ascendis Sports Nutrition South Africa sold effective 1 September 2018.
  - ii. Ascendis Direct Selling, where the original sale did not materialise, however negotiations with a new potential buyer are continuing;
  - iii. Afrikelp, Efekto and Marltons businesses in the Biosciences division, with a sale completed on 31 July 2019. The two remaining businesses in the division, Avima and Klub M5, are being considered for divestment; and
  - iv. the Remedica business unit in Cyprus, where negotiations are at an advanced stage and the group continues to operate under a cautionary statement ahead of the expected sale of the business.
- f. The results for the period include Kyron Laboratories for a full year compared to only four months for the comparative period.

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

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

### **Release of group financial year end results**

The group's financial results for the year ended 30 June 2019 will be released on SENS on Wednesday, 30 October 2019. The investor presentation will be held on 31 October 2019 in the form of a live webcast at 10:00 SA time and will be accessible at the following link: [www.corpcam.com/Ascendis31102019](http://www.corpcam.com/Ascendis31102019) .

22 October 2019  
Bryanston

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