

ASCENDIS HEALTH

MEDIA RELEASE

12 May 2021

ASCENDIS REACHES AGREEMENT WITH LENDERS ON RECAPITALISATION

Johannesburg – Ascendis Health (JSE: ASC) has reached a consensual restructuring and recapitalisation agreement with its creditors Blantyre Capital Limited (Blantyre), acting on behalf of the funds that it advises, and L1 Health that will address its outstanding debt, expected to be approximately €447 million at the estimated closing date of the proposed transaction.

Under the terms of the agreement, lenders will exchange their debt interests for Ascendis Health's European subsidiaries Remedica (Cyprus), Sun Wave Pharma (Romania) and Ascendis' 49% shareholding in Farmalider (Spain).

The lenders will also receive the net proceeds from the disposals of Ascendis Health's South African subsidiaries Animal Health, Biosciences and Respiratory Care Africa (RCA), all of which are at an advanced stage of sale negotiations.

Ascendis Health will retain its three divisions in South Africa, namely Medical Devices (excluding RCA), Consumer Brands and Pharma.

CEO Mark Sardi said the outcome of the agreement with the lenders is the best outcome for all stakeholders, given the company's unsustainable debt levels, the cost and terms of the debt and the significant execution risk of the original divestment programme.

"The agreement provides an opportunity to protect the value of the company's South African assets as well as the interests of all stakeholders, including shareholders, creditors, suppliers, customers and employees."

In addition, Ascendis Health has been granted new debt facilities. These are a term loan facility of the Rand equivalent of €15 million which will be used to repay accumulated interest of approximately R220 million related to the current facilities and to contribute to the costs of the recapitalisation, and a new draw down facility of the Rand equivalent of €20 million which will primarily fund the remaining transaction costs and working capital requirements of the business.

“Importantly, the new draw down facility provides Ascendis Health with future working capital and bridge financing that will enable us to continue as a going concern and optimise the value of the South African businesses. The additional funding provided by the lenders will ensure that Ascendis has sufficient liquidity as it transitions from an international group with eight operating entities to a smaller domestic group with three South African operating businesses,” said Sardi.

The proposed transaction requires 75% shareholder approval and if it does not receive the required shareholder support, the senior lenders will be able to enforce their rights and Ascendis Health will be placed in business rescue.

Ascendis Health’s unsustainable gearing levels arose from debt-funded acquisitions undertaken in 2016 and 2017. The group has considered several options to reduce the debt and settle loans outstanding to a consortium of third-party lenders.

In January 2021, Blantyre and L1 Health collectively increased their senior debt exposure to more than 75% of the lender consortium. The two lenders proposed a recapitalisation to reduce debt levels and committed to provide funding to maximise the long-term strategic value of the group. Consensual negotiations between management, Blantyre and L1 Health commenced in February 2021.

Ends

Issued by Tier 1 Investor Relations on behalf of Ascendis Health

Enquiries:

Graeme Lillie
Tier 1 Investor Relations
+27 21 702 3102
+27 82 468 1507