



Ascendis
HEALTH

ANNUAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2020



Presentation outline



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02 Financial review	Kieron Futter
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Overview of the year

- Challenging 12 months: too much debt, too little liquidity and limited operational flexibility
- Spent a lot of time understanding the group's strategic capabilities and underlying business strengths
- Still lots to do, however we now have a roadmap to a brighter future in which we can deliver on our purpose of 'Making Tomorrow Healthier'

Stabilise ('Fix the balance sheet')

- Concluded R6.9bn debt refinancing during a liquidity scarce COVID-19 environment
- Raised R467m new money (including R100m COVID-19 funding pre refinancing conclusion)
- Reconnected with key stakeholders focussing on transparency and restoring belief

Optimise ('Execute better')

- Leverage entrepreneurial DNA across the businesses
- Established 'Transition Team' to manage high impact projects in across the businesses
- Set strategic priorities for underlying business and support functions

Monetise and Grow

- Disposed of / concluded agreements to sell business that were structurally challenged or consumed too much capital
- Set an orderly asset disposal programme to drive balance sheet restoration

Resilience, Innovation and Energy : Key behaviours that have underpinned the start of the turnaround journey



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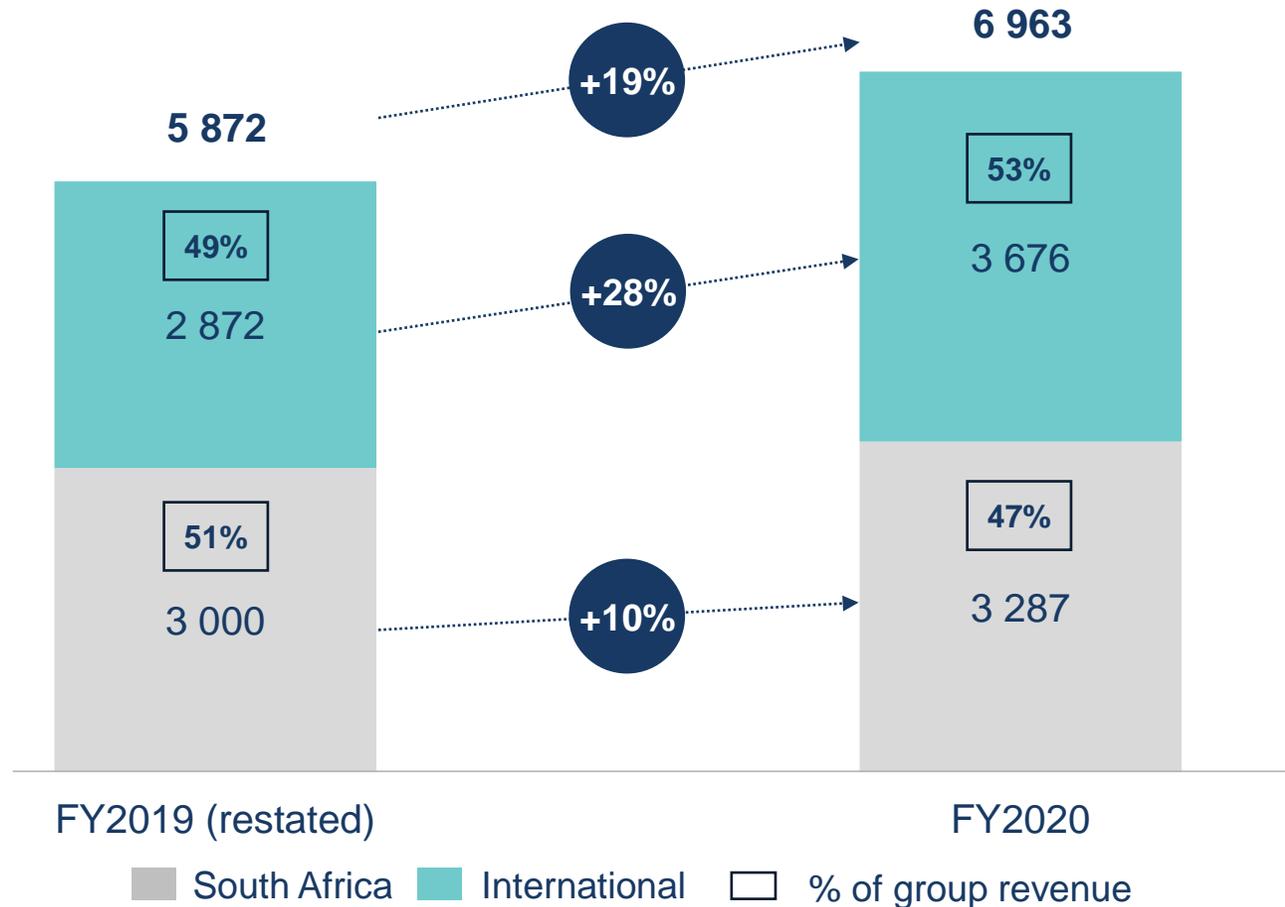
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Revenue growth

Revenue from continuing operations (R'm)

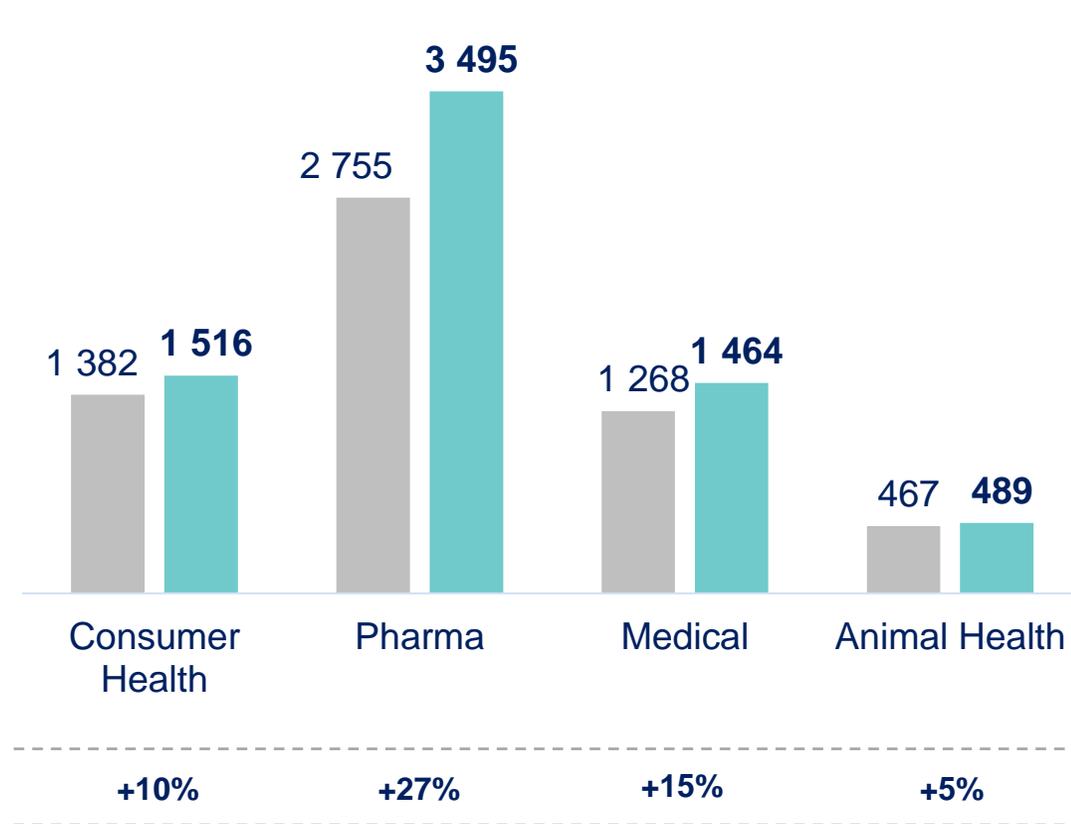


- Growth in Europe driven by ZAR depreciation and organic growth in new tender business secured by Remedica; the introduction of the National Health Service in Cyprus and new product launches in Sun Wave Pharma
- SA organic growth due to recovery from prior year supply issues, new agency business in Medical Devices and new tender awards in Animal Health

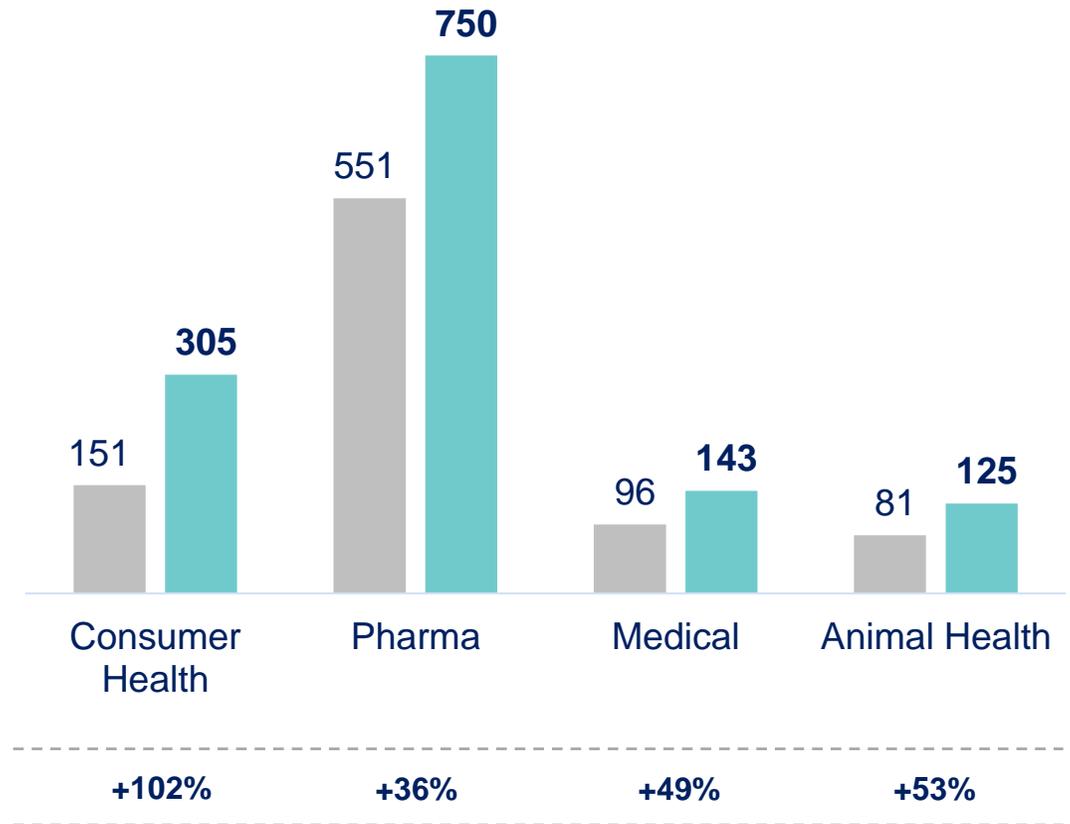


Segment performance

Revenue from continuing operations (R'm)



EBITDA from continuing operations (R'm) (before HO costs)



■ FY2019 (restated) ■ FY2020



Income statement

Continuing operations (R'm)	2020	2019 (restated)	% change
Revenue	6 963	5 872	19%
Cost of sales	3 751	3 270	15%
Gross profit	3 212	2 602	23%
Gross profit margin	46.1%	44.3%	
Other income	28	86	(67%)
Operating expenses	2 116	1 939	9%
Total expenses	3 343	3 933	
Plus: lease costs	58	-	
Less: depreciation, amortisation and impairments	(1 021)	(1 870)	
Less: once-off transaction-related and restructuring costs	(264)	(124)	
Normalised EBITDA including lease costs	1 124	749	50%
EBITDA margin	16.1%	12.8%	



Income statement (continued)

Continuing operations (R'm)	2020		2019 (restated)	% change
	Basic earnings	Normalised headline earnings	Normalised headline earnings	
EBITDA	917	1 124	749	50%
Add back: lease costs		58		
Less: depreciation & impairments	(1 021)	(1 021)	(1 870)	(45%)
Operating (loss)/profit	(104)	161	(1 121)	114%
Net finance costs	(855)	(856)	(403)	112%
Taxation	56	13	(153)	109%
Loss after tax	(903)	(682)	(1 677)	59%
Non-controlling interest	72	72	(11)	
Attributable loss after tax	(831)	(610)	(1 688)	64%
Add back: capital items	596	581	1 604	
Headline loss	(235)	(29)	(84)	66%
WANOS ('m)	477.5	477.5	477.5	
HEPS (c)	(49.2)	(6.0)	(17.6)	66%



Discontinued operations

R'm	Total group	Discontinued operations			Total discontinued	Continuing operations
		Bio-sciences	Direct Selling	Scitec		
2020						
Revenue	8 541	(336)	(53)	(1 189)	(1 578)	6 963
Normalised EBITDA	1 237	(18)	23	(61)	(56)	1 182
EBITDA margin	14.5%					17.0%
2019	Previously reported		Remedica added back	Scitec discontinued		Restated
Continuing operations						
Revenue	5 574		1 544	(1 246)		5 872
Normalised EBITDA	279		476	(6)		749
EBITDA margin	5.0%					12.8%



Impairments

R'm <i>Total group</i>				2020	2019 (restated)
CGU	Impairment of goodwill	Impairment of intangible assets	Impairment of PPE & inventory	Total impairments	Total impairments
Scitec		1	267	268	2 591
Biosciences	31			31	255
Consumer Health Africa			12	12	49
Total discontinued	31	1	279	311	2 895
Pharma Africa			15	15	494
Medical	9	91	209	309	224
Consumer Health Africa	195	(36)	(5)	154	211
Animal Health				-	171
Farmalider		176		176	443
Total continuing	204	231	219	654	1 543
Total	235	232	498	965	4 438



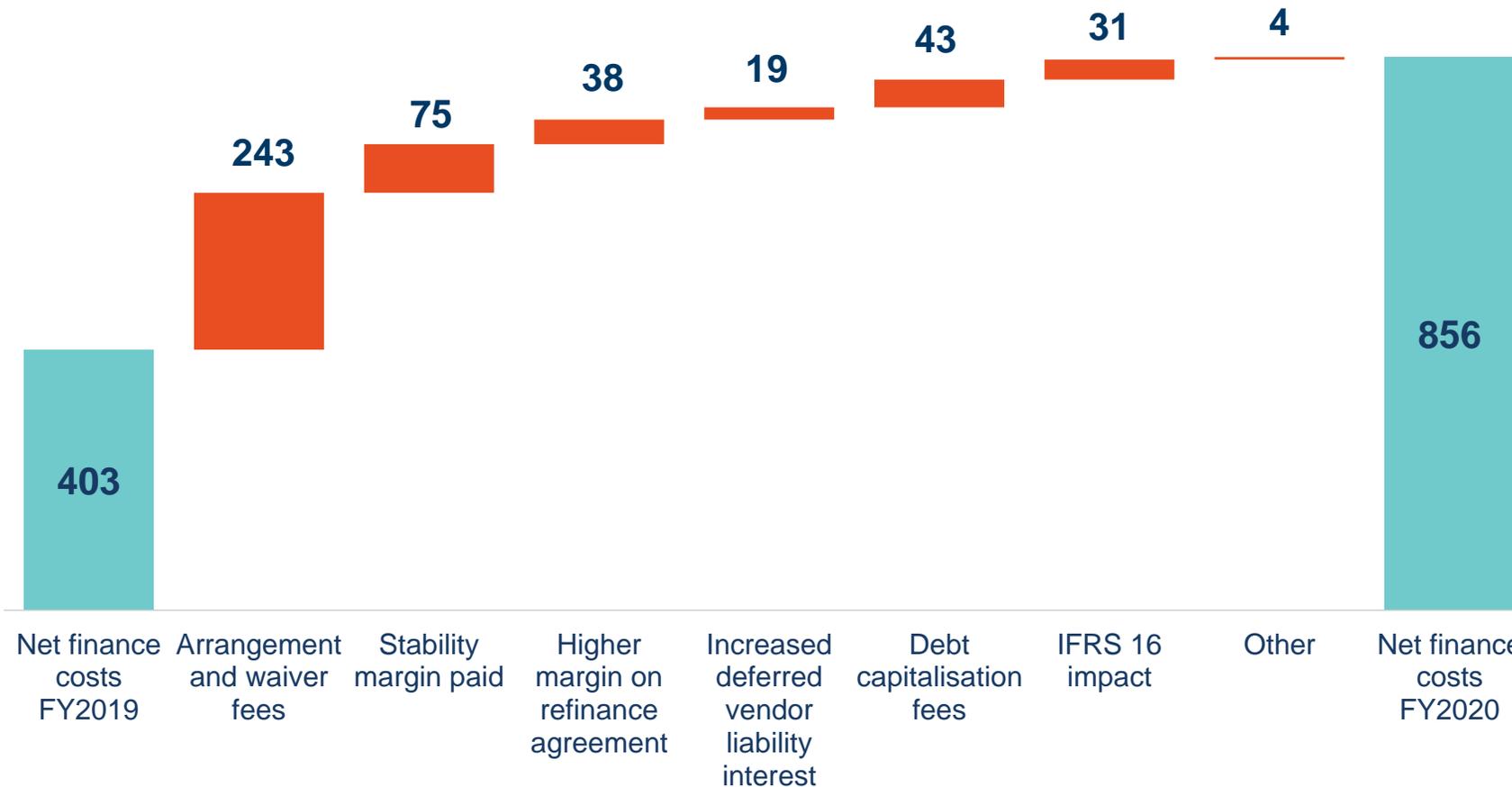
Transaction-related and restructuring costs

2020		R'm
Disposal costs	Remedica (Metro & Aqua)	74
	Scitec	15
	Other	5
Debt/capital restructuring		155
Impairment of assets held for sale	SA Pharma	15
Total		264



Finance costs

Net finance costs (R'm)

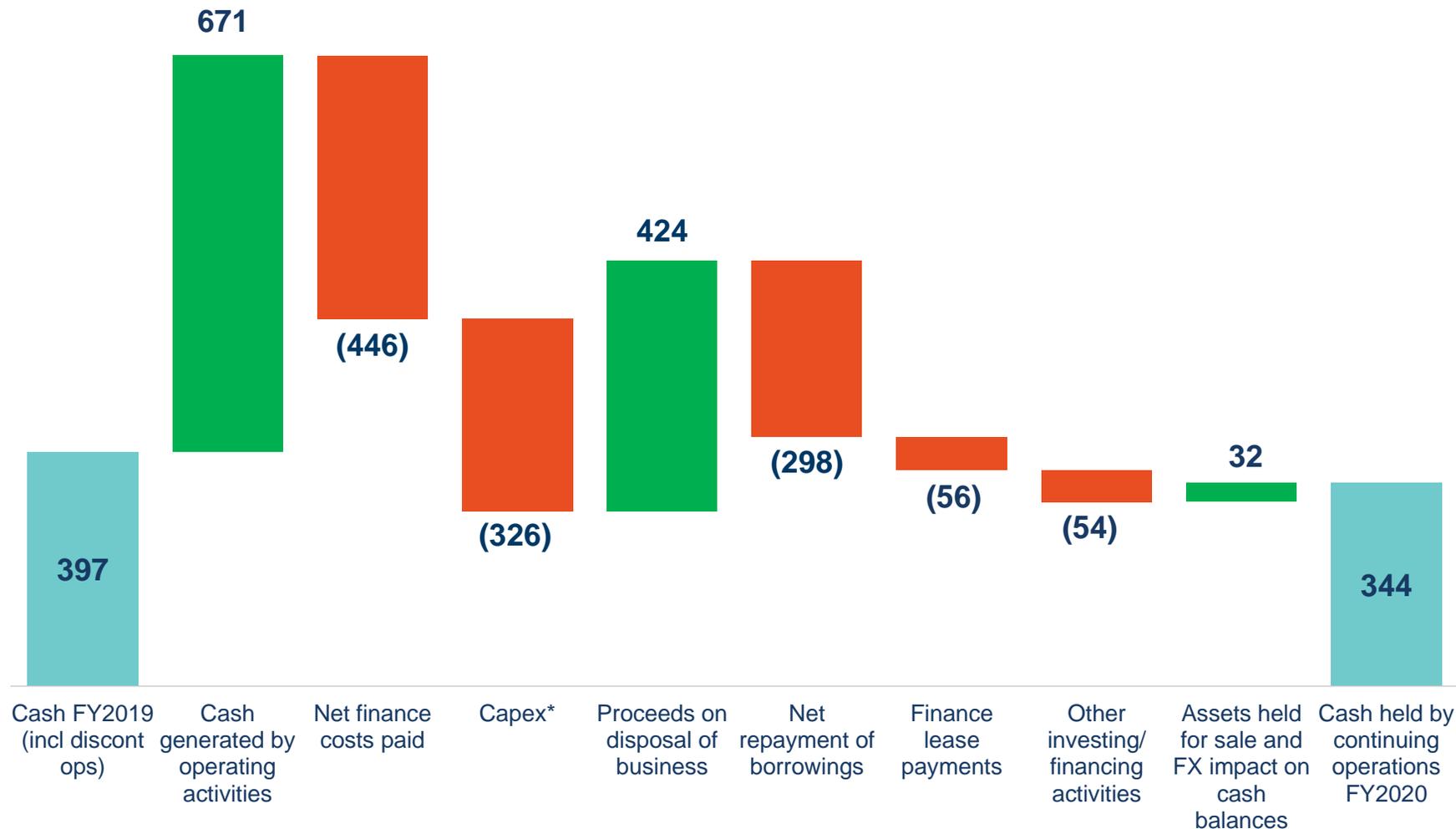


- 1% increase in margin related to the interim stability agreement with the senior debt providers
- Impairment of prior refinance costs being amortised for original debt
- Increase in interest cost arising from debt restructure (cash & PIK)
- Penalty interest paid on overdue deferred vendor liabilities for Remedica, SunWave Pharma and Kyrion
- Total weighted average cost of debt increased due to increased risk environment



Cash management

Cash (R'm)



* PPE – R213m; Intangibles – R113m

- Cash conversion from operating activities is 63.8% (Excl Once offs = 85%)
- Once off cash costs of R260m mainly related to disposals (R95m) and debt restructuring (R155m)
- Increased finance costs driven by higher debt levels and incremental interim stability margin
- Capex investment into compliance in EU and SA. Expansion capex for intangible assets in EU and demo equipment for Medical Devices
- Proceeds from sale of Bio1 in July 2019 used to repay bridge loan of R360m



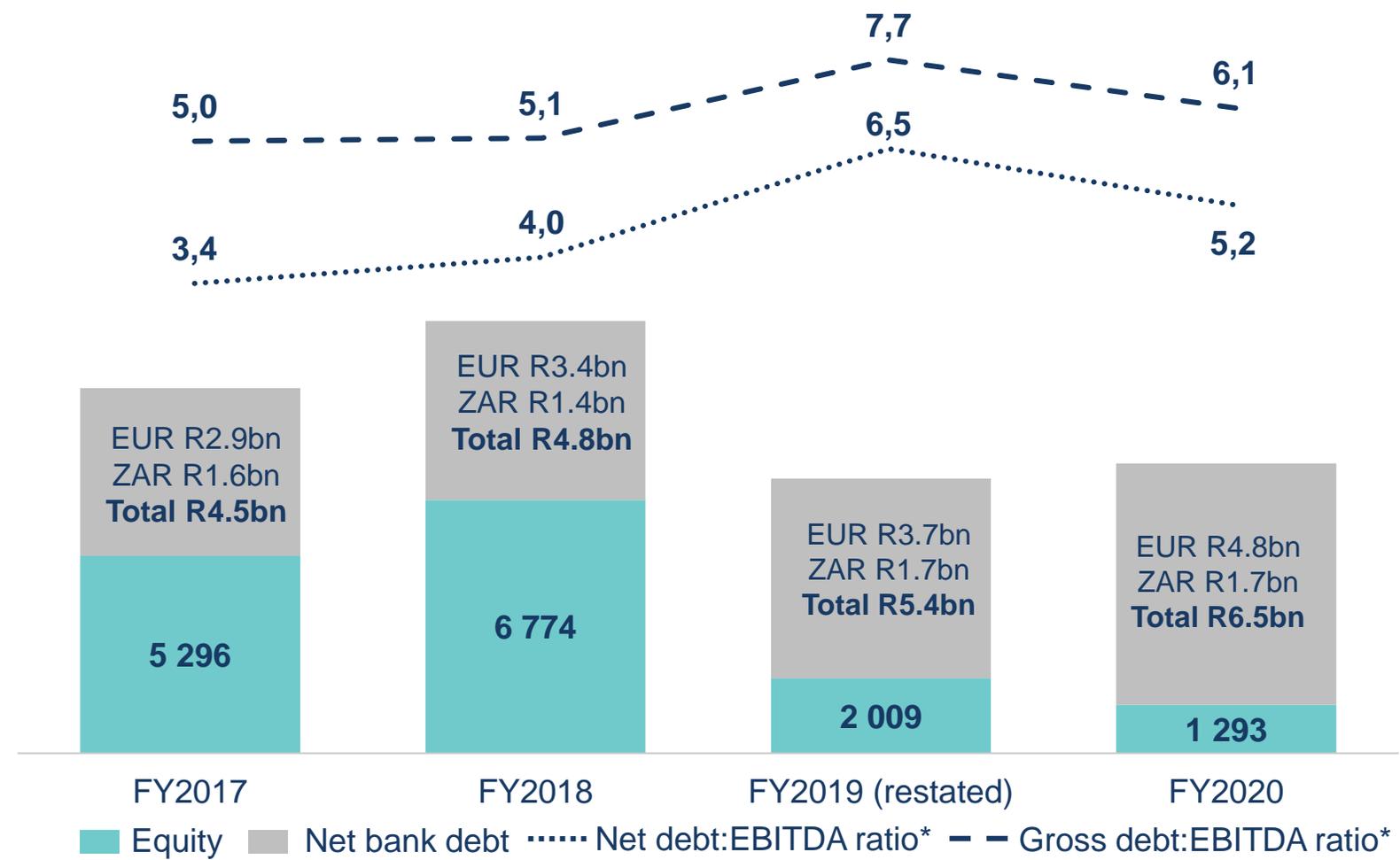
Net working capital

Net working capital (NWC) (R'm)



- NWC growing in line with revenue
- Trade debtors increase due to:
 - Increased tender business in Mexico for Remedica
 - Increased government business to combat COVID-19
 - Private customers are adhering to payment terms
 - Government debt : Certain provincial Department of Health debts remain long outstanding
- Inventory increase driven by:
 - Investment in new Medical Device agency (Qiagen & Phillips)
 - Stock build for Animal Health to mitigate CIPLA tech transfer
- Trade creditors caught up once liquidity restored post the debt refinance

Equity, net debt and debt:EBITDA (R'm)



- 74% of bank debt in EUR – increased by new facility and weaker ZAR
- 83% of DVL in EUR
- New senior facility agreement signed in June 2020 with lenders consortium with a bullet capital repayment in December 2021
- New super senior facility secured of R464m to address DVLs, COVID-19 and working capital
- Divestment program launched to repay Senior debt and DVL's with next 12 months

* Based on total group EBITDA



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Revenue analysis by business

Continuing operations	2020	2019 (restated)	% change
<u>INTERNATIONAL (€'m)</u>			
Remedica	123.9	95.4	30%
Sun Wave Pharma	51.5	44.3	16%
Farmalider	35.8	35.8	-
Other	0.2	0.5	
Total International - €'m	211.4	176.0	20%
Total International - R'm	3 676	2 848	29%
<u>SOUTH AFRICA (R'm)</u>			
Pharma	734	732	-
Medical	1 473	1 273	16%
Consumer Health	782	821	(5%)
Animal Health	492	490	-
Intercompany elimination	(194)	(292)	
Total South Africa - R'm	3 287	3 024	9%
Group – continuing operations - R'm	6 963	5 872	19%
Plus: Discontinued operations	1 579	2 183	
Total group - R'm	8 542	8 055	



EBITDA analysis by business

Continuing operations	2020	2019 (restated)	% change
<u>INTERNATIONAL (€'m)</u>			
Remedica	41.6	32.6	28%
Sun Wave Pharma	13.8	10.6	30%
Farmalider	2.7	4.7	(43%)
Other	-	(2.2)	
Total International - €'m	58.1	45.7	27%
Total International - R'm	1 014	688	47%
<u>SOUTH AFRICA (R'm)</u>			
Pharma	(45)	(2)	(>1 000%)
Medical	129	96	34%
Consumer Health	50	16	213%
Animal Health	121	80	51%
Total South Africa - R'm	255	190	34%
Group head office costs – R'm	(145)	(129)	12%
Group – continuing operations - R'm	1 124	749	50%
Plus: discontinued operations	47	78	
Total group - R'm	1 171	827	

Note that 2020 EBITDA has been adjusted to deduct lease costs to allow for comparability on a pre-IFRS 16 basis



Operational performance

Remedica

Summary P&L	€'m	2020	2019	% change
	Revenue	123.9	95.4	30%
	EBITDA	41.6	32.6	28%
	EBITDA margin	33.6%	34.2%	

Commentary

- Performance
- Increase in both revenue and EBITDA driven by new Mexico ARV tender and introduction of NHI in Cyprus
 - New revenue streams resulted in dilution of gross profit margin

- Priorities
- Optimisation of inventory and trade receivables levels
 - Preparation for sale of company to decrease debt levels

Farmalider

Summary P&L	€'m	2020	2019	% change
	Revenue	35.8	35.8	-
	EBITDA	2.7	4.7	(43%)
	EBITDA margin	7.5%	13.2%	

Commentary

- Revenue and EBITDA decline driven by supplier issues related to the implementation of the EU serialisation regulations
- Increase in fixed costs due to reversal of a provision of legal fees in FY19 and the new provision for another legal dispute in FY20

- Addition of alternative manufacturing sites in China and India to increase capacity and de-risk supply
- Close agreements with major multinational customers for pain management innovations



Operational performance

Pharma (SA)

Summary P&L

R'm	2020	2019	% change
Revenue	734	732	-
EBITDA	(45)	(2)	(>1 000%)
EBITDA margin	(6.2%)	(0.3%)	

Commentary

Performance

- Revenue for State and tender business flat despite recovery from FY19 supply issues due to lockdown related supply issues and loss of 2020 Flu season
- Profitability impacted by Covid-19 related cost increases (e.g. freight costs, API increases); inventory impairments and a provision for a historic third party legal claim

Priorities

- Complete sale of state & tender business
- Grow export market into SADC and West Africa
- Set therapeutic class focus

Medical (SA)

R'm	2020	2019	% change
Revenue	1 473	1 273	16%
EBITDA	129	96	34%
EBITDA margin	8.7%	7.5%	

Commentary

- Sales increase driven by improved exports in TSG & new Qiagen agency, partly negated by loss of Merit agency
- Forex impact drove 1.5% increase of COGS, with impact directly felt on GP margin
- Increase in costs driven by investment in sales heads and training for newly acquired agency partly negated by savings realised from premises integration

- Optimisation of inventory and trade receivables levels
- Ramping up sales from newly acquired Phillips agency
- Review portfolio priorities in a post Covid-19 economy



Operational performance

Sun Wave Pharma

Summary P&L	€'m	2020	2019	% change
	Revenue	51.5	44.3	16%
	EBITDA	13.8	10.6	30%
	EBITDA margin	26.8%	23.8%	

Commentary

- Performance
- Strong performance in both revenue and EBITDA driven by focus on top brands and increase in sales heads and medico-marketing activities
 - New products successfully launched in FY2019 supported by clinical trial results and media promotion
 - Increase in marketing investment

- Priorities
- Launch four new niche products
 - Recovery from Covid-19 business interruption

Consumer Health (SA)

Summary P&L	R'm	2020	2019	% change
	Revenue	782	821	(5%)
	EBITDA	50	16	213%
	EBITDA margin	6.5%	2.0%	

Commentary

- Sales drop driven by supply issues due to port strikes and third party supplier delivery challenges
- Discontinuation of low margin brands in Wellness drove lower sales but improved GP% margin
- Challenging environment for SA salon market resulted in lower Skin sales
- Integration of Wellness, Skin, Supply Chain & Chempure business units resulted in lower payroll costs
- Improved inventory procurement and control in the factory

- SKU rationalization
- Review Skin business model
- Develop omnichannel strategy



Operational performance

Animal Health

Summary P&L	R'm	2020	2019	% change
	Revenue	492	490	-
	EBITDA	121	80	51%
	EBITDA margin	24.7%	16.5%	

Commentary

Performance
<ul style="list-style-type: none"> Strong sales growth in Agrimed following the awarding of the Dorajet tender Growth in Vet revenue driven by a recovery from prior year supply issues and Price increase timing in Kyron Increased EBITDA margin due improved fixed cost control

Priorities
<ul style="list-style-type: none"> Complete tech transfer from CIPLA Expansion into other markets in SADC and East Africa

Biosciences

(disclosed as discontinued operations)

Summary P&L	R'm	2020	2019*	% change
	Revenue	341	274	25%
	EBITDA	17	16	5%
	EBITDA margin	4.9%	5.8%	

Commentary

Performance
<ul style="list-style-type: none"> Decrease in revenue and EBITDA driven by Bioscience 1 disposal successfully concluded in July 2019 Existing Avima business negatively affected by banning of products used in Zimbabwean tobacco farming

Priorities
<ul style="list-style-type: none"> Reregistration of affected KM5 products Relaunch of Dicorzal

* Comparable performance for remaining businesses



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**Thank you
Q&A**





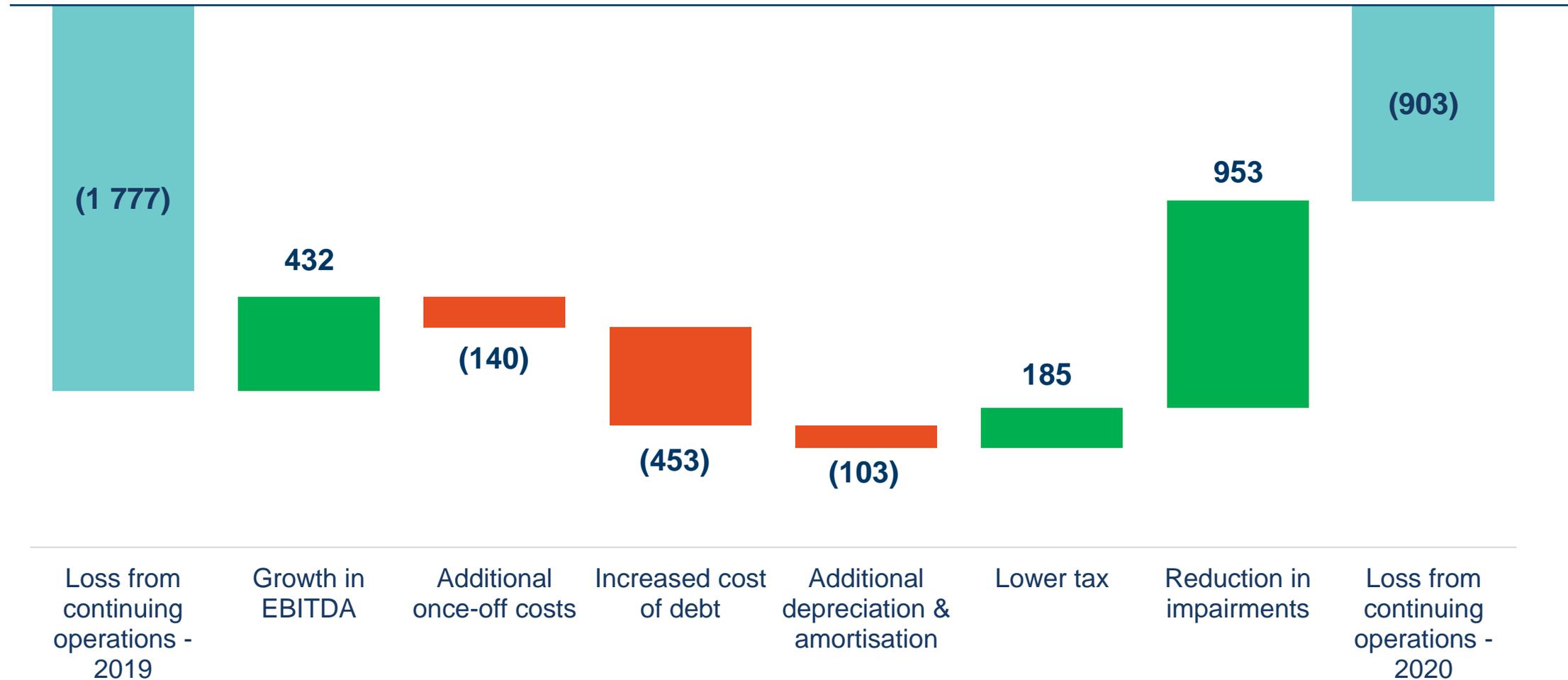
**Additional
Information**





Earnings reconciliation

Loss after tax from continuing operations (R'm)





Balance sheet – assets

R'm	2020	2019 (restated)	% change
Non-current assets	7 179	6 617	8%
Property, plant and equipment	1 039	1 105	(6%)
Right-of-use asset	320	-	
Intangible assets and goodwill	5 675	5 335	6%
Other non-current assets	145	177	(18%)
Current assets	5 057	4 672	8%
Inventories	1 583	1 533	3%
Trade and other receivables	2 322	1 890	23%
Cash and cash equivalents	393	464	(15%)
Other current assets	55	86	(35%)
Current assets held for sale	704	699	
Total assets	12 236	11 289	8%

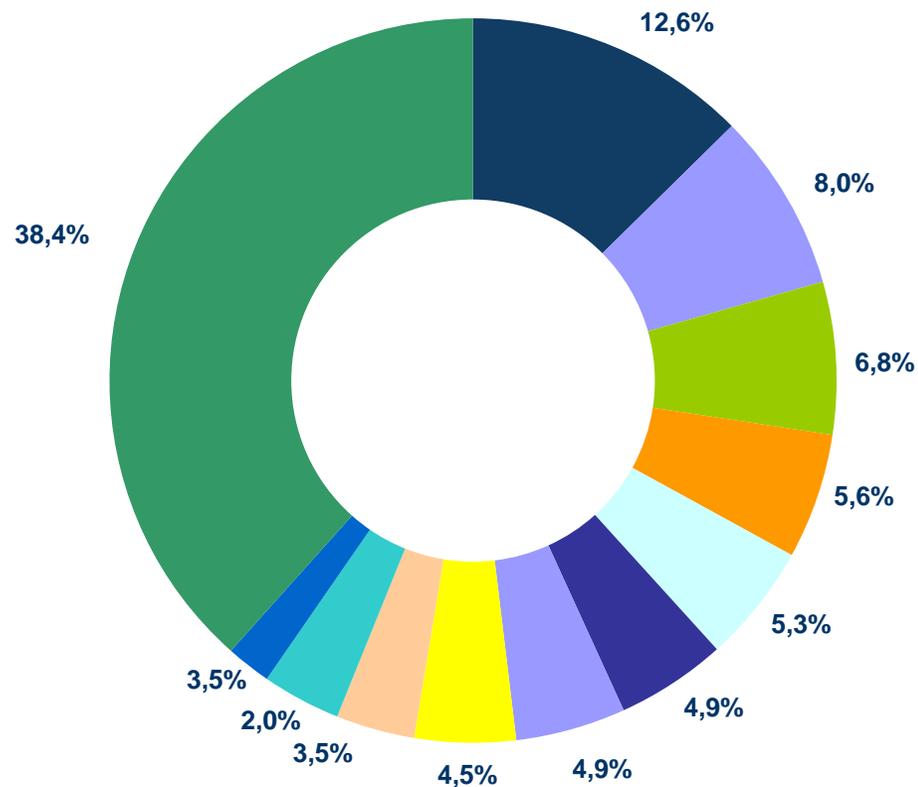


Balance sheet – equity and liabilities

R'm	2020	2019 (restated)	% change
Equity	1 293	2 009	(36%)
Non-current liabilities	8 053	915	780%
Borrowings	6 285	208	>1 000%
Deferred vendor liabilities	1 103	154	614%
Lease liabilities	294	19	>1 000%
Other non-current liabilities	371	534	(30%)
Current liabilities	2 890	8 365	(65%)
Trade and other payables	1 551	1 377	13%
Borrowings	540	5 545	(90%)
Deferred vendor liabilities	35	897	(96%)
Lease liabilities	55	13	333%
Bank overdraft	49	67	(27%)
Other current liabilities	210	292	(28%)
Current liabilities held for sale	450	174	
Total liabilities	10 943	9 280	18%
Total equity and liabilities	12 236	11 289	8%



Shareholding



Holdings at

	Jun 2020	Jun 2019
International Finance Corporation (IFC)	12.6%	3.7%
Mergence Investment Managers	8.0%	7.2%
Kefolile Health Investments	6.8%	6.8%
WBD Investment Holdings	5.6%	5.6%
Mineworkers Investment Company (MIC)	5.3%	5.3%
Coast2Coast	4.9%	18.0%
Coutts & Co	4.9%	4.9%
Public Investment Corporation (PIC)	4.5%	4.4%
Old Mutual Investment Group	3.5%	2.9%
Laurium Capital	3.5%	4.4%
SBG Securities	2.0%	1.0%
Other fund managers and shareholders	38.4%	35.8%



22.2% international holding
(22.2% at Jun 2019)



50.5% BEE holding (31.7% at Jun 2019),
including 18.7% black female ownership



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