



aspen
H O L D I N G S

Annual Results Presentation 2014



Recognition

Wide acknowledgment of Aspen

GOLDEN HANDS VISIONARY CEOs
Who have turned around organisations, people, markets and industries

CHIETA CERTIFICATE OF ACCREDITATION
This is to certify that ASPEN PHARMA CARE LTD has been accredited for a period of two years as a Chemical Industry Education and Training Provider in terms of the South African Qualification Authority Act of 1995.

THE AFRICAN LEGAL AWARDS 2013
WALSH OF THE YEAR 2013

THE BANKER DEALS OF THE YEAR 2014
The green shoots of recovery are now blossoming in many regions of the world, as our Deals of the Year awards for 2014 show. Records were broken left, right and centre, while activity in the 'crisis countries' Ireland, Italy and Portugal – was hugely encouraging.

AFRICA HR LEADERSHIP AWARDS

Notice of Nomination Asia CEO Awards
HIGHLIGHTING LEADERSHIP ACHIEVEMENT

Standard Bank TOP WOMEN AWARDS 2014 WINNER
In the Category of TOP GENDER EMPOWERED COMPANY MULTINATIONAL
Awarded to ASPEN PHARMACARE HOLDINGS

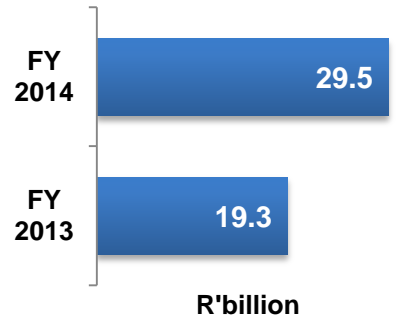
CERTIFICATE
This is to certify that Aspen Bad Oldesloe GmbH has implemented and maintains an Energy Management System.

Top 10
Gold Fields Ltd
Aspen Pharmacare Holdings Ltd
Kumba Iron Ore Ltd
Liberty Holdings Ltd
Clicks Group Ltd
Exxaro Resources Ltd

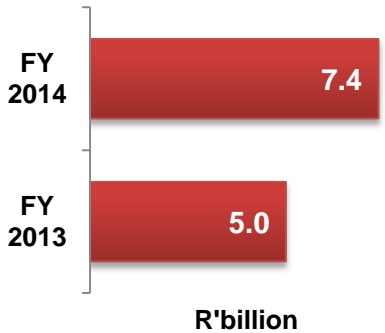
Highlights



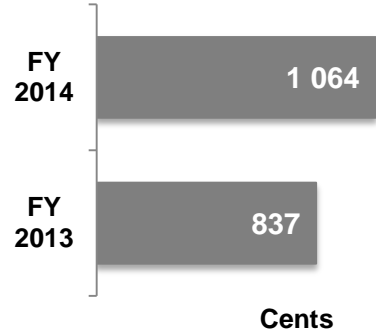
+53%
Revenue



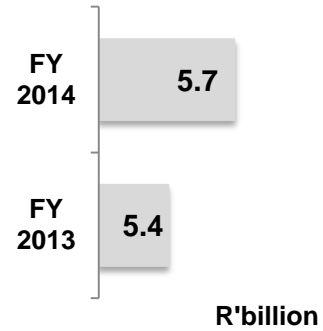
+47%
Operating profit



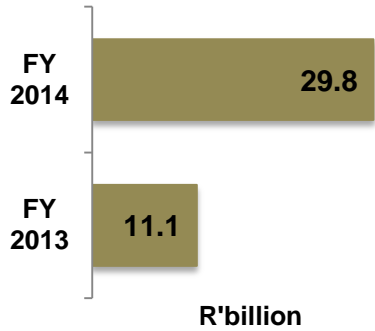
+27%
Normalised headline
EPS



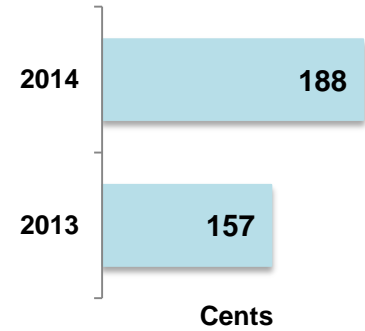
+7%
Cash generated from
operations



+169%
Net borrowings



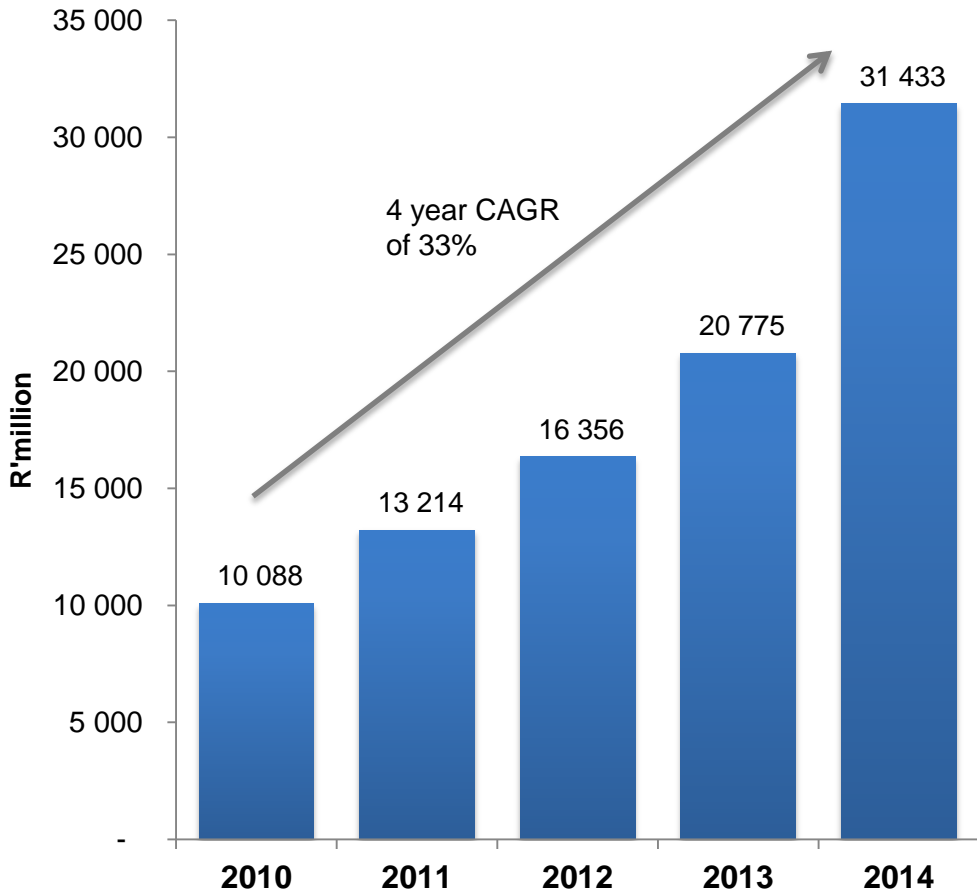
+20%
Distribution to
shareholders



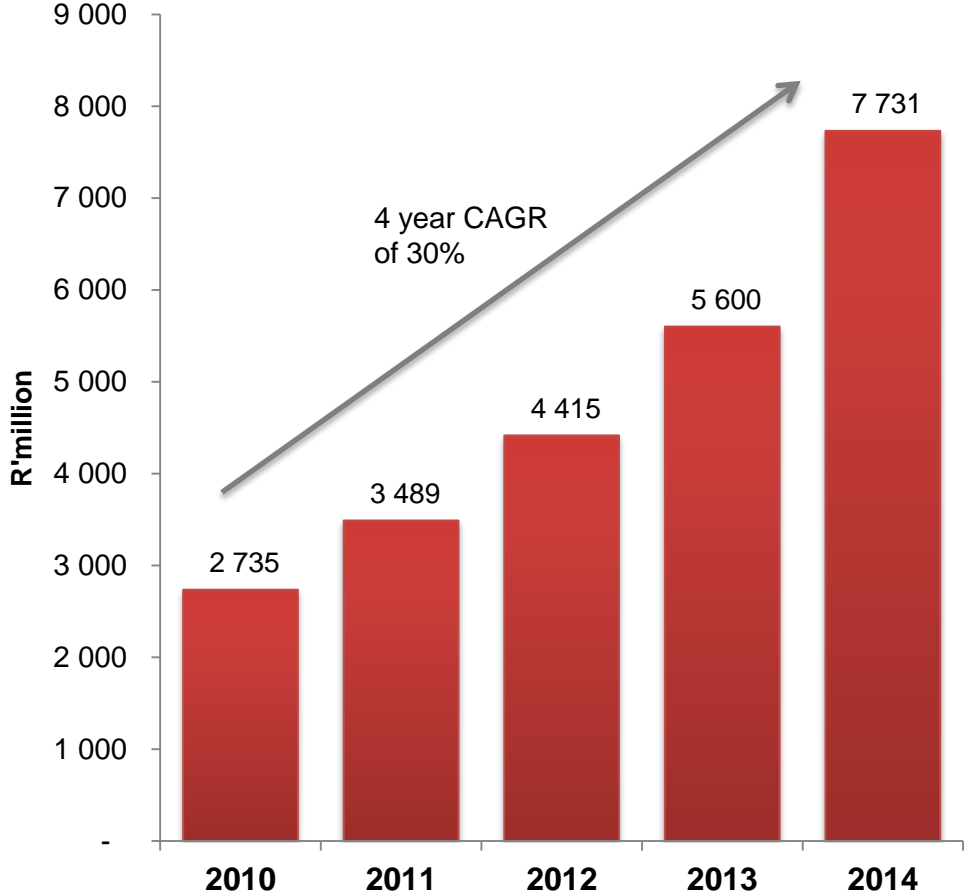
5 year performance review



Gross revenue



Normalised EBITA





Abridged group statement of comprehensive income

For the year ended 30 June

R'million	FY 2014	FY 2013	% change
Revenue	29 515	19 308	53%
Cost of sales	(15 793)	(10 077)	
Gross profit	13 722	9 231	49%
Net operating expenses	(5 907)	(3 932)	50%
EBITA	7 815	5 299	47%
Amortisation	(390)	(256)	
Operating profit	7 425	5 043	47%
Net funding costs	(1 068)	(554)	
Profit before tax	6 357	4 489	42%
Tax	(1 351)	(975)	
Profit for the year	5 006	3 514	42%
Basic earnings per share (EPS)	1097.9 cents	773.0 cents	42%
Headline earnings per share (HEPS)	1016.3 cents	788.0 cents	29%
Normalised HEPS	1064.2 cents	837.3 cents	27%

Net funding costs



R'million	FY 2014	FY 2013
Net interest paid	(1 018)	(544)
Debt raising fees on acquisitions	(155)	(52)
Foreign exchange gain on transaction funding	249	-
Notional interest on financial instruments	(131)	(2)
Hyperinflationary adjustments	(8)	-
Other foreign exchange and fair value gains/(losses)	(5)	44
Total	(1 068)	(553)



Reconciliation of earnings per share

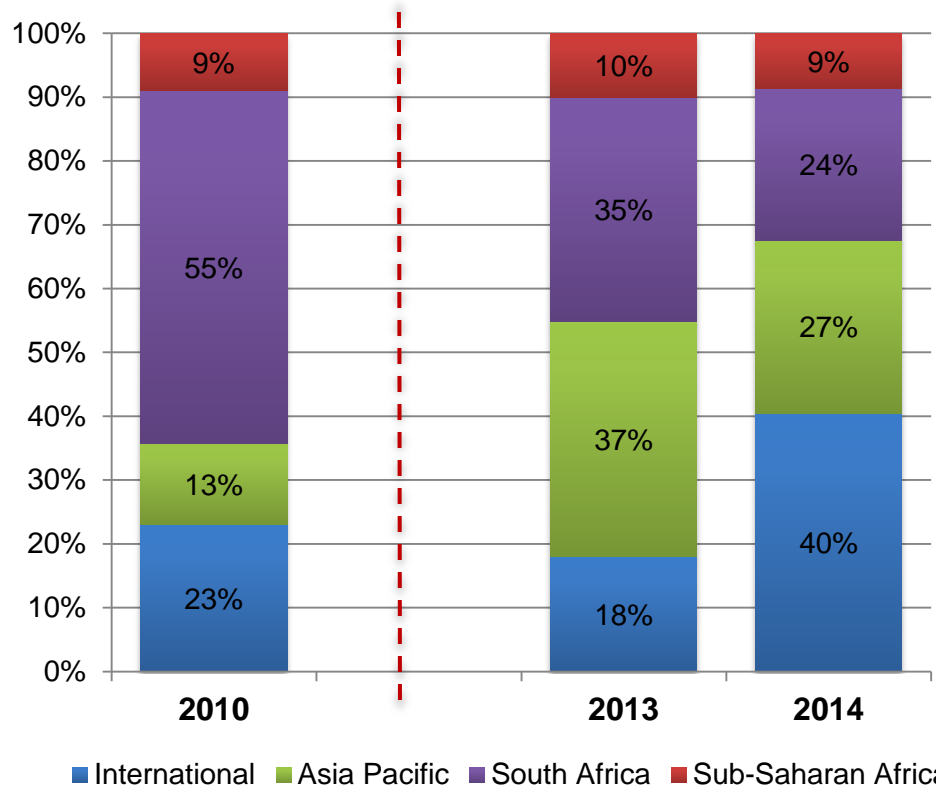
For the year ended 30 June

Cents	FY 2014	FY 2013	% change
Basic earnings per share (EPS)	1 097.9	773.0	42%
Impairments	23.6	23.0	
Profit on sale of assets	(105.2)	(8.0)	
Headline EPS (HEPS)	1 016.3	788.0	29%
Restructuring costs	6.5	23.3	
Capital raising fees	32.0	10.2	
Transaction costs	63.6	7.8	
Foreign exchange gain on transaction funding	(54.2)	-	
Settlement of product liabilities	-	8.0	
Normalised HEPS	1 064.2	837.3	27%
Dilution	(0.3)	(1.1)	
Normalised diluted HEPS	1 063.9	836.2	27%

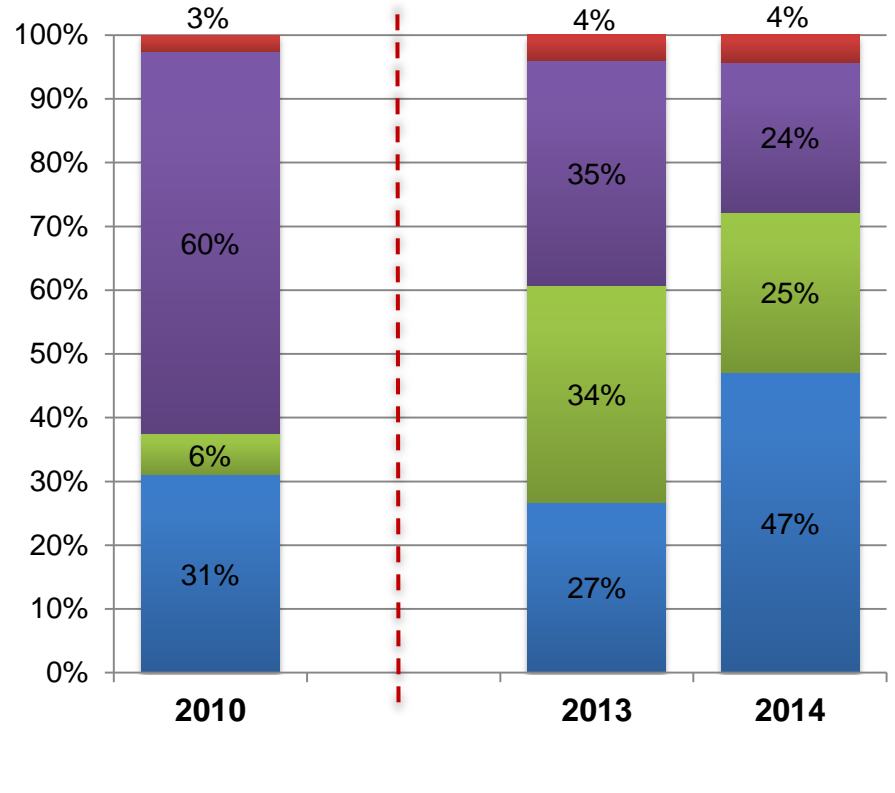
Segmental contribution



Gross revenue by region

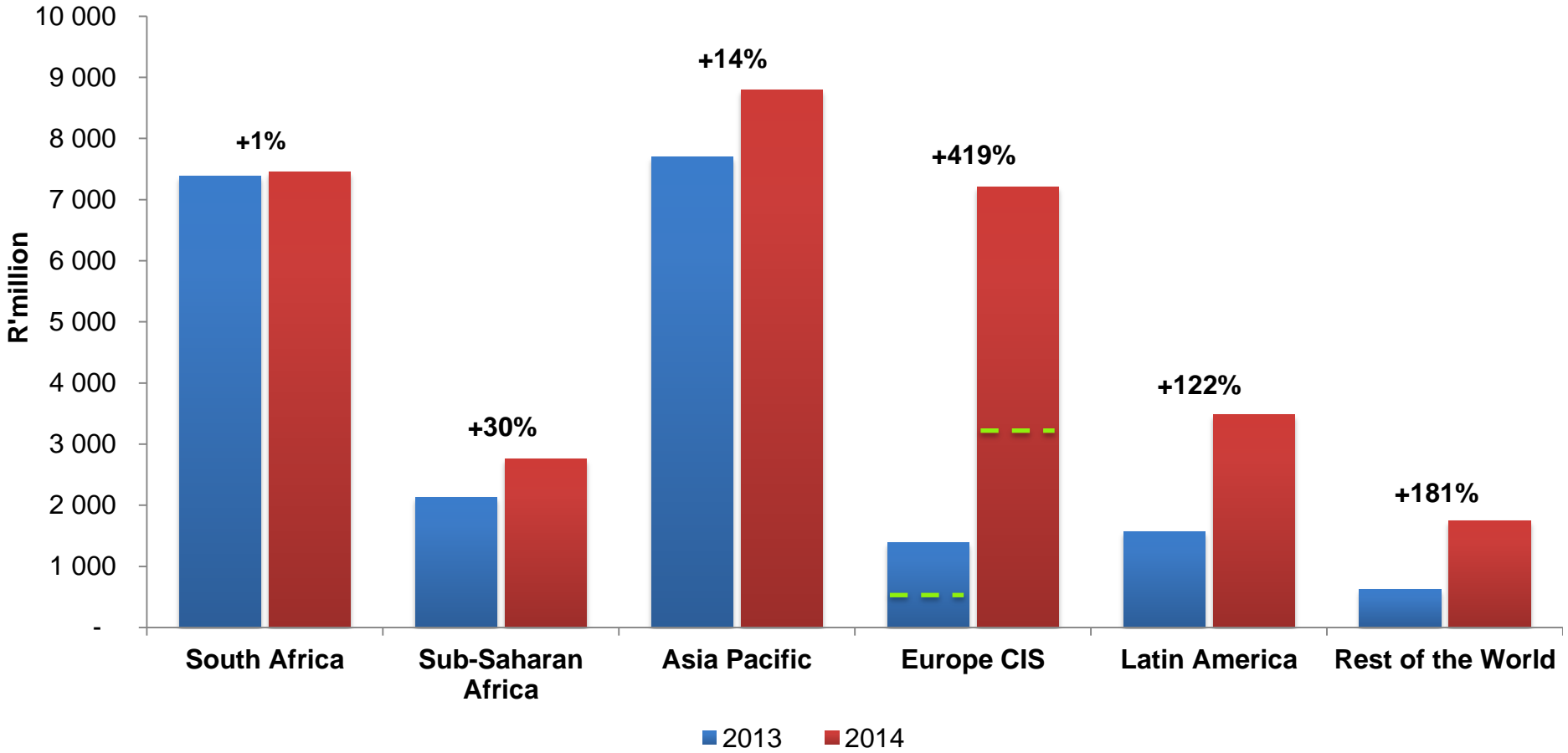


Normalised EBITA* by region

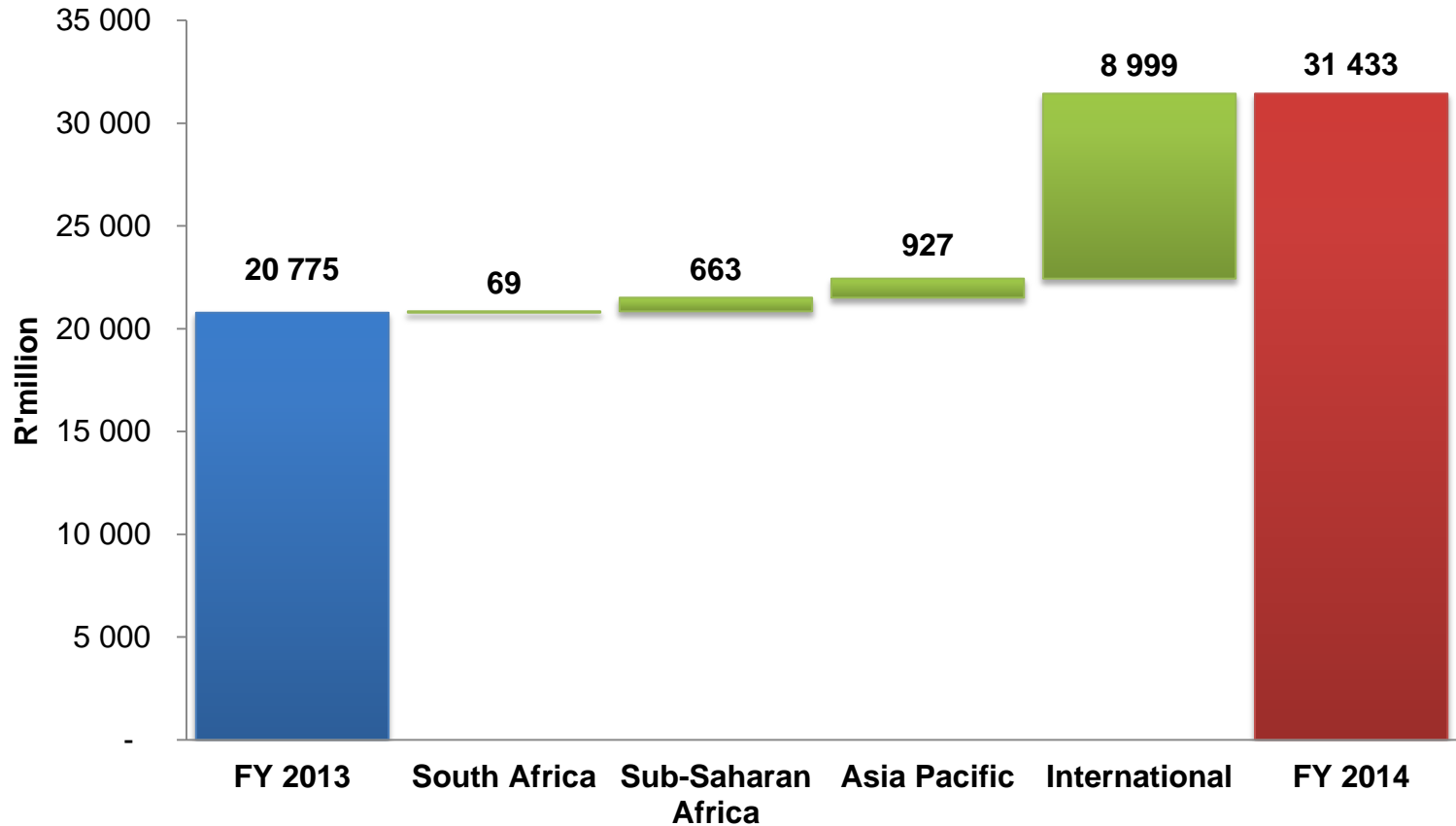


*Normalised EBITA = Earnings before interest, tax and amortisation adjusted for specific non-trading items

Revenue by customer geography



Gross revenue bridge





Foreign exchange impact on material trading currencies

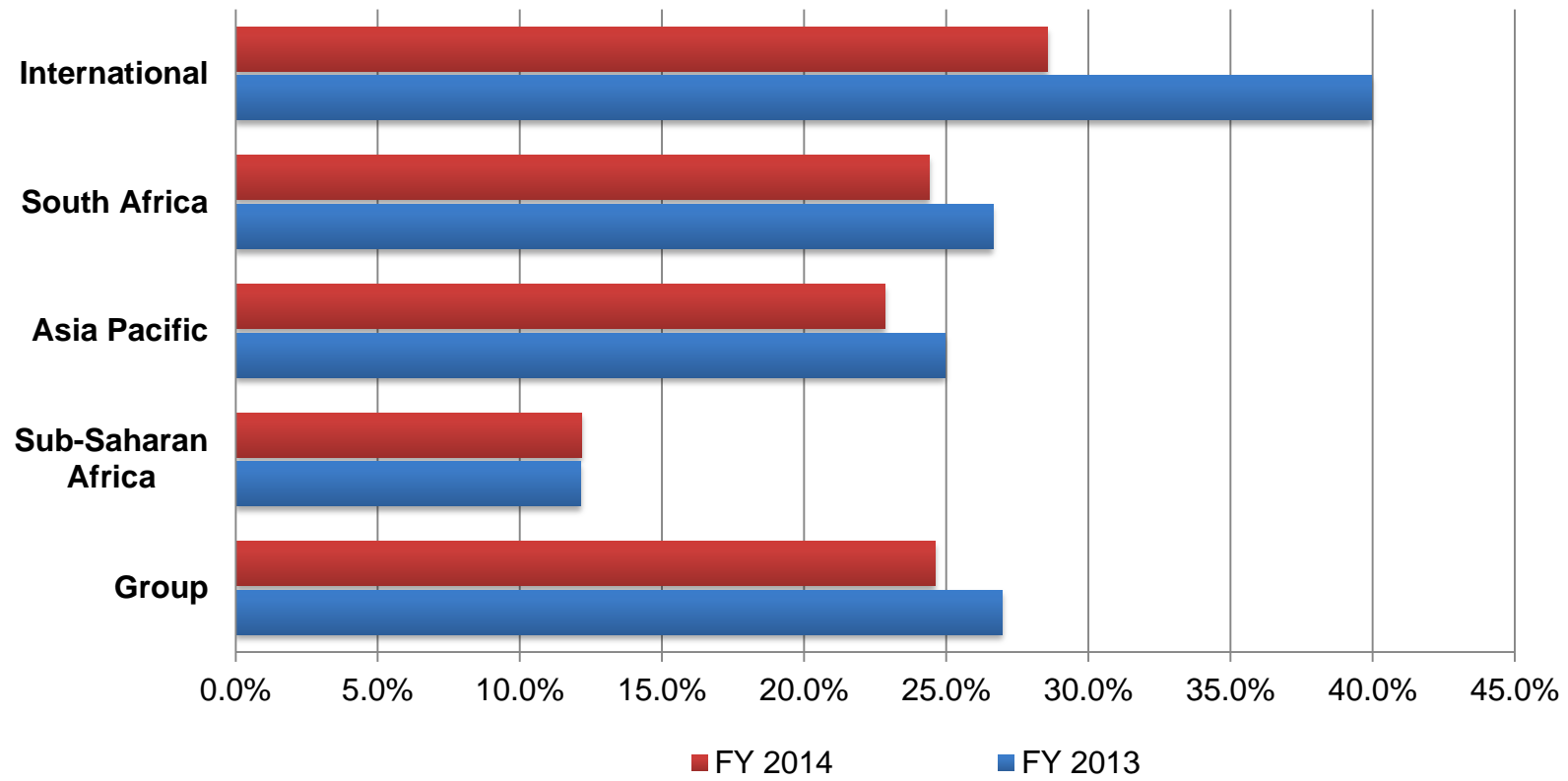
Group foreign exchange analysis on revenue

	Average rate 12 months to June 2014	Average rate 12 months to June 2013	Variance %	Revenue June 2014	Rate benefit R'm
Rand/USD	10.44	8.93	17%	2 234	322
Rand/ EUR	14.20	11.60	23%	6 952	1 277
Rand/AUD	9.55	9.12	5%	8 086	369
Rand/BRL	4.56	4.34	5%	788	38
Rand/MXN	0.80	0.70	14%	1 012	126
Rand/VEF	1.25	1.58	-21%	1 113	(292)
Total				20 185	1 840

Operating margins



Normalised EBITA margin %



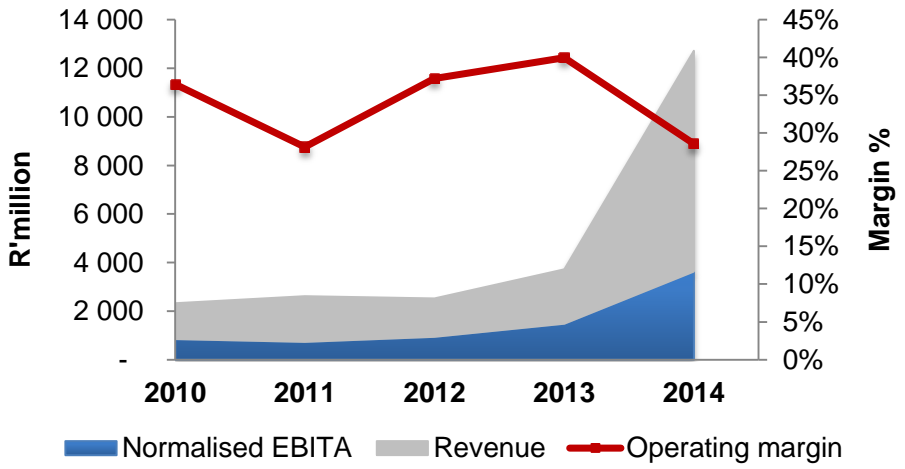
International



- What we said last year?
 - Significant additions to product portfolio
 - Establishment of affiliates in the CIS and Europe
 - Extension of business in Latin America
 - Further benefits from margin improvement projects

- How we performed?
 - Material transactions completed
 - 18 new registered entities in Europe
 - Expanded portfolio and geographic coverage
 - Realised

Performance review



- Outlook
 - Further growth from acquisitions
 - Margin % narrowing due to re-weighting
 - Implementation of promotional strategies
 - Added margin improvement projects
 - Effect of disposals



Asia Pacific

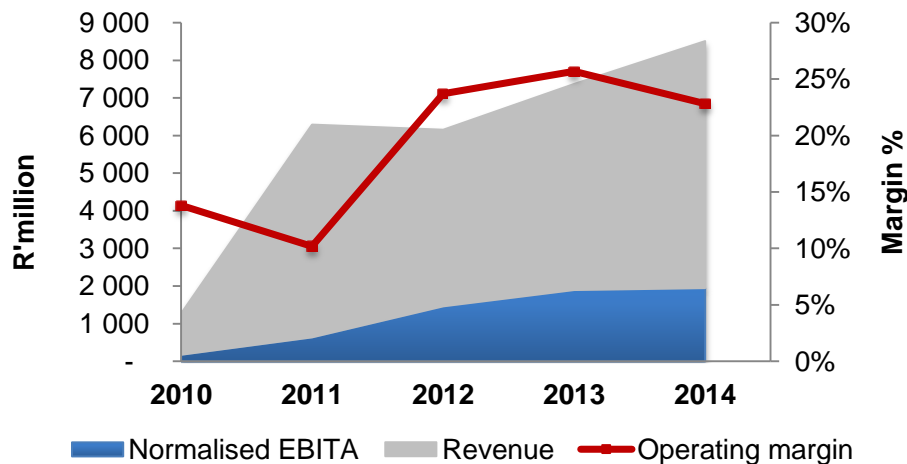
What we said last year?

- Acquired products to drive growth
- Price disclosure cuts continue to erode
- Further cost of goods savings
- Beneficiary of impending transactions
- Expansion in Asia

How we performed?

- Biggest growth driver
- Two more price cuts
- Offset price cuts
- Increased offering in Japan
- Work-in-progress

Performance review



Outlook

- Revenue decline from disposals and discontinuations
- Price disclosure cuts to continue
- More cost of goods saving
- Asia growth

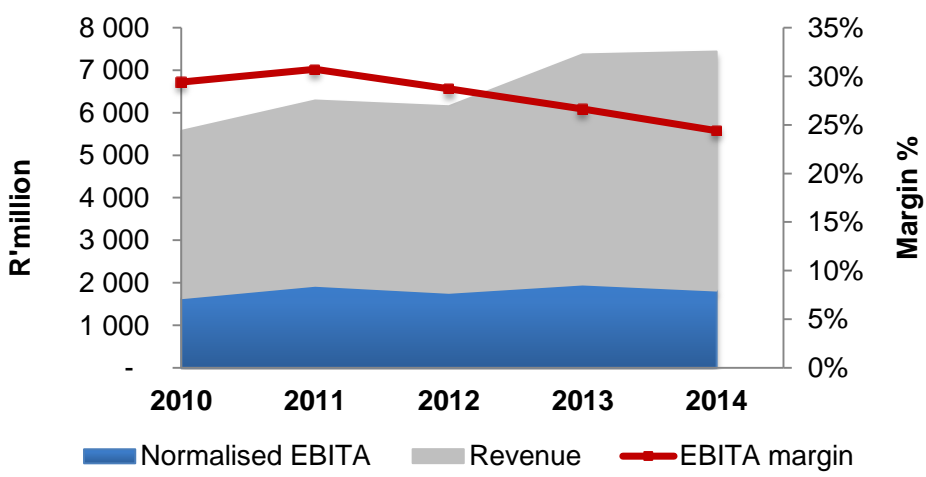
South Africa



- What we said last year?
 - Continuation of organic growth
 - Improved performance from consumer
 - Pressure on margins from currency weakness
 - Legislative uncertainty

- How we performed?
 - Private market growth in challenging market
 - Double digit growth
 - Weaker margins
 - Section 18(A), Regulation 9

■ Performance review



■ Outlook

- Private market growth solid
- Ongoing uncertainty of ARV volumes
- Exposure to currency
- Performance weighted to H2

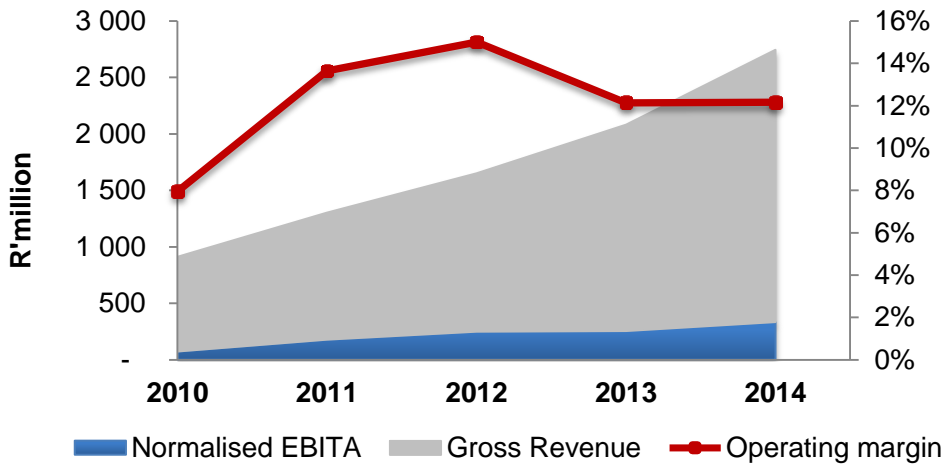
Sub-Saharan Africa



- What we said last year?
 - Continuation of second half momentum
 - On going vulnerability to geo-political factors

- How we performed?
 - Excellent growth
 - Constrained performance in Kenya and Nigeria

Performance review



- Outlook
 - Double digit growth
 - Geo-political risk



Group statement of financial position

As at 30 June

R'million	FY 2014	FY 2013
ASSETS		
Non-current assets	51 334	29 645
Property, plant and equipment	7 151	4 343
Intangible assets	35 699	18 933
Goodwill	6 641	5 973
Contingent environmental indemnification asset	727	-
Other non-current assets	1 116	396
Current assets	31 213	15 777
Inventory	10 275	4 101
Receivables and other current assets	12 712	5 657
Cash	8 226	6 019
Total assets	82 547	45 422



Group statement of financial position (Continued)

As at 30 June

R'million	FY 2014	FY 2013
EQUITY AND LIABILITIES		
Share capital and reserves	28 876	22 799
Non-current liabilities	37 629	9 758
Borrowings	29 915	8 924
Contingent environmental liability	727	-
Unfavourable and onerous contracts	2 639	-
Deferred tax	1 351	601
Other non-current liabilities	2 997	233
Current liabilities	16 042	12 865
Borrowings	8 075	8 153
Trade and other creditors	6 884	4 175
Unfavourable and onerous contracts	335	-
Other current liabilities	748	537
Total equity and liabilities	82 547	45 422



Environmental contingency

- Moleneind API site at Oss requires soil decontamination
- Merck has indemnified Aspen against this pre-existing condition
- As site owner, Aspen may be liable to the authorities
- Liability is contingent on failure by Merck under the indemnity
- Per IFRS 3, the contingent liability and indemnification asset are shown separately on the statement of financial position
- Estimated at EUR50 million (R727 million at 30 June 2014)



Unfavourable and onerous contracts

- IFRS 3 requires assumed contracts which are not market-related to be recognised as an asset or liability
- Unfavourable and onerous contracts recognised
 - 10 year contract to supply APIs to MSD commencing 1 October 2013
 - Contracts to supply GSK from NDB commencing 1 May 2014
- Reasons for unfavourable and onerous contracts
 - Margin not market related
 - Investment required by Aspen to deliver is not reflected in the supply price
- Liability of R3.0 billion at 30 June 2014
 - Estimated discounted value of unfavourable terms
- Amortised to revenue over the contract period
 - R226 million recognised in operating profit



Movement in working capital

R'million	FY 2014 incl.		FY 2014 excl.	FY 2013	% change
	Acquisitons	Acquisitions	Acquisitions		
Inventories	10 275	5 894	4 381	4 101	7%
Trade receivables and other receivables	9 627	3 787	5 840	5 464	7%
Trade creditors and other payables	(6 884)	(2 756)	(4 128)	(4 175)	-1%
Total working capital	13 018	6 925	6 093	5 390	13%

- Acquisitions during the year comprise 53% of closing working capital
- One-off increase in debtors due to deal structure
- High inventory levels in API business necessitated by production cycle
- Opportunities to reduce inventory levels in future



Group statement of cash flows

For the year ended 30 June

R'million	FY 2014	FY 2013	% change
Cash operating profit	7 911	5 960	33%
Changes in working capital	(2 187)	(590)	
Cash generated from operations	5 724	5 370	7%
Net finance costs paid	(709)	(585)	
Tax paid	(1 178)	(799)	
Cash generated from operating activities	3 836	3 986	-4%
Normalisation adjustments	72	142	
Normalised cash generated from operating activities	3 908	4 128	-5%
Working capital as a % of revenue*	37%	27%	
Less: Attributable to acquisitions	-8%	-	
Comparable working capital as a % of revenue*	29%	27%	

*Calculated based on annualised revenue for acquisitions added during the year

Cash generation



	FY 2014	FY 2013
Normalised operating cash flow per share	857 cents	906 cents
Normalised operating cash flow to normalised earnings conversion rate	81%	109%
<i>Adjusted for post acquisition increase in working capital of acquisitions: (Primarily one-off investment in new debtors)</i>		
Normalised operating cash flow per share	1179 cents	906 cents
Normalised operating cash flow to normalised earnings conversion rate	111%	109%

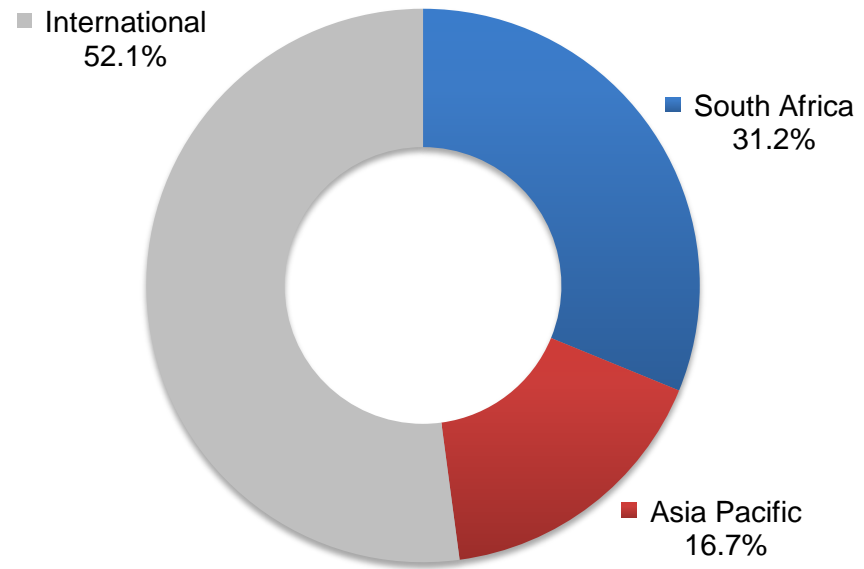


Borrowings

Year ended 30 June

R'billion	FY 2014
Opening balance	11.1
Cash flow from operating activities	(3.8)
Capital expenditure	2.0
Proceeds from sale of assets	(1.0)
Acquisitions of businesses/brands	19.8
Distribution to shareholders	0.7
Other	0.2
Exchange rate effect	0.8
Closing balance	29.8

Net borrowings of R29.8 billion



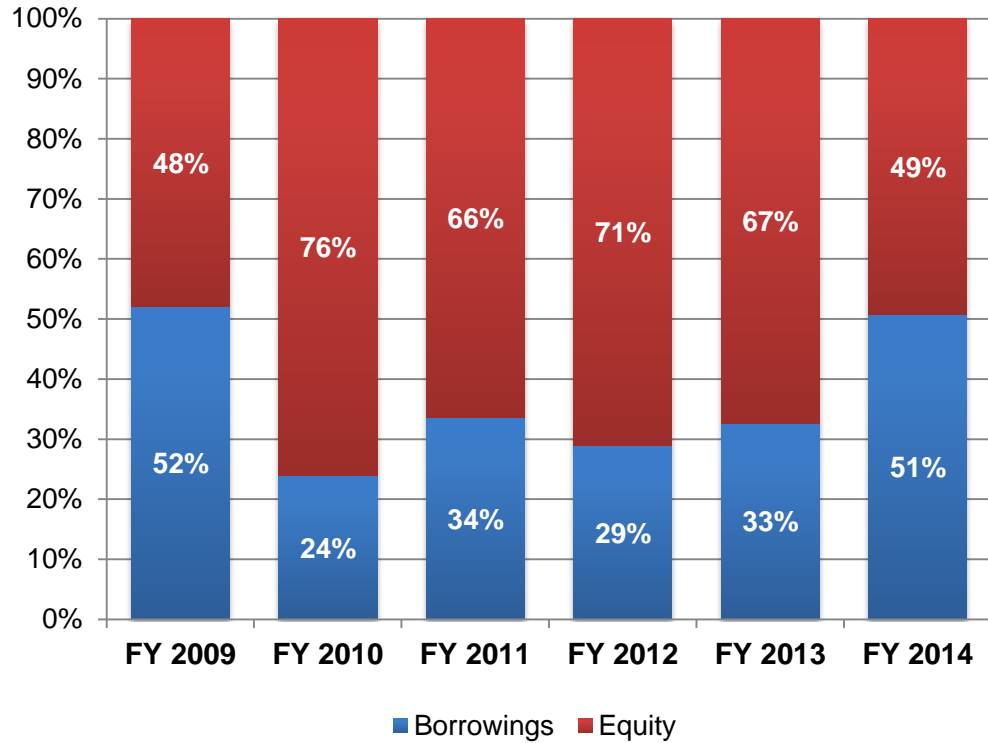
Blended interest rates for net borrowings as at 30 June 2014

Debt denomination	Weighted average rate p.a.
ZAR	7.25%
USD	2.75%
AUD	4.82%

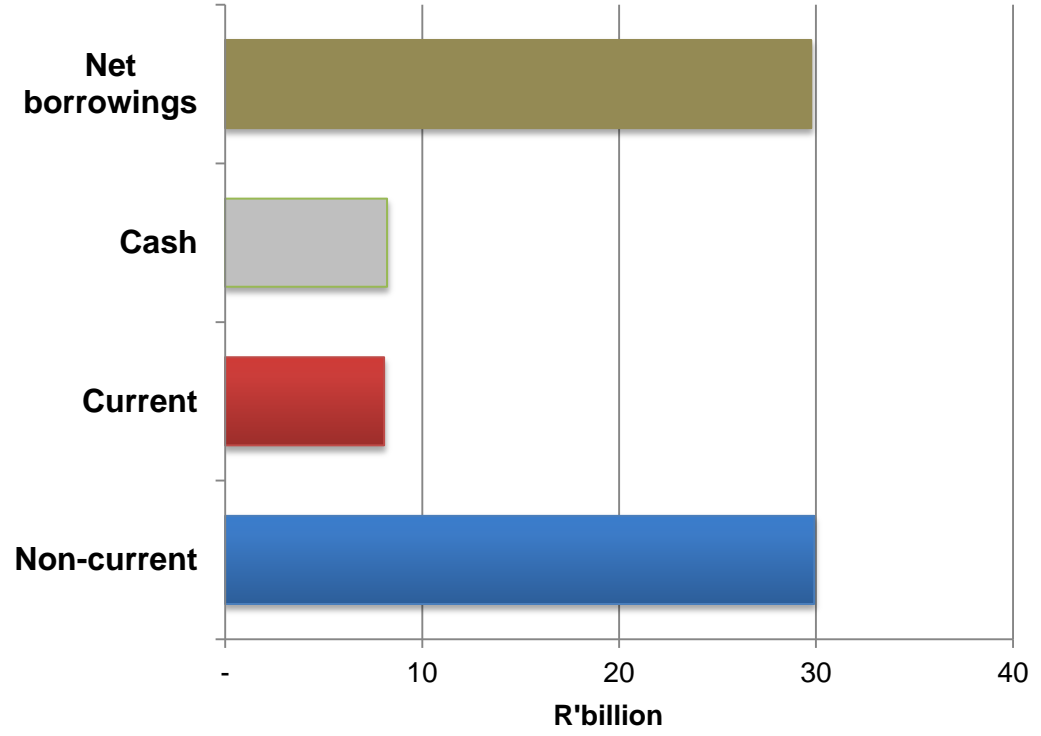
Borrowings



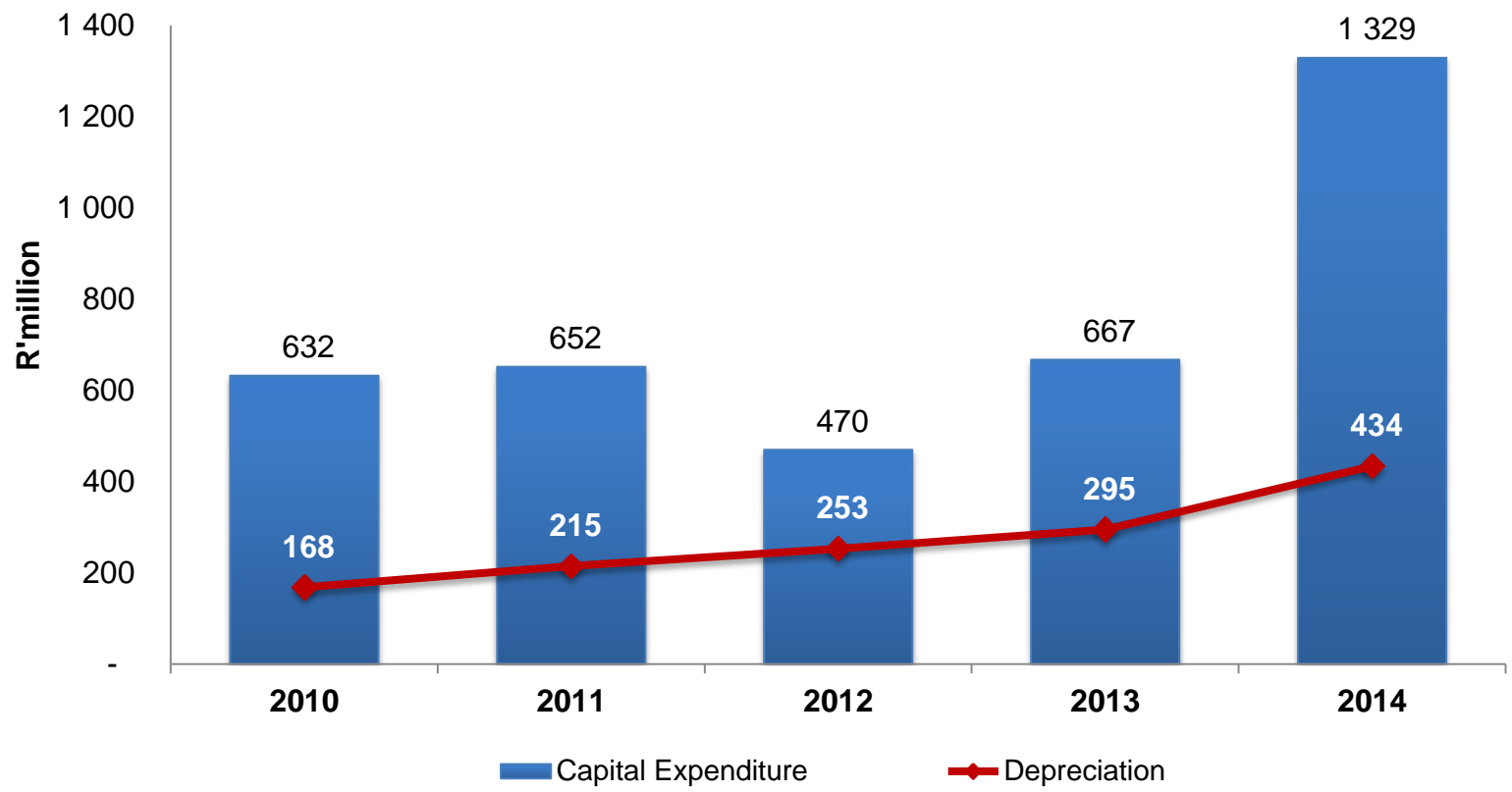
Capital composition



Analysis of R29.8 billion net borrowings



PPE capital expenditure



- R2.2 billion contracted or authorised for 2015

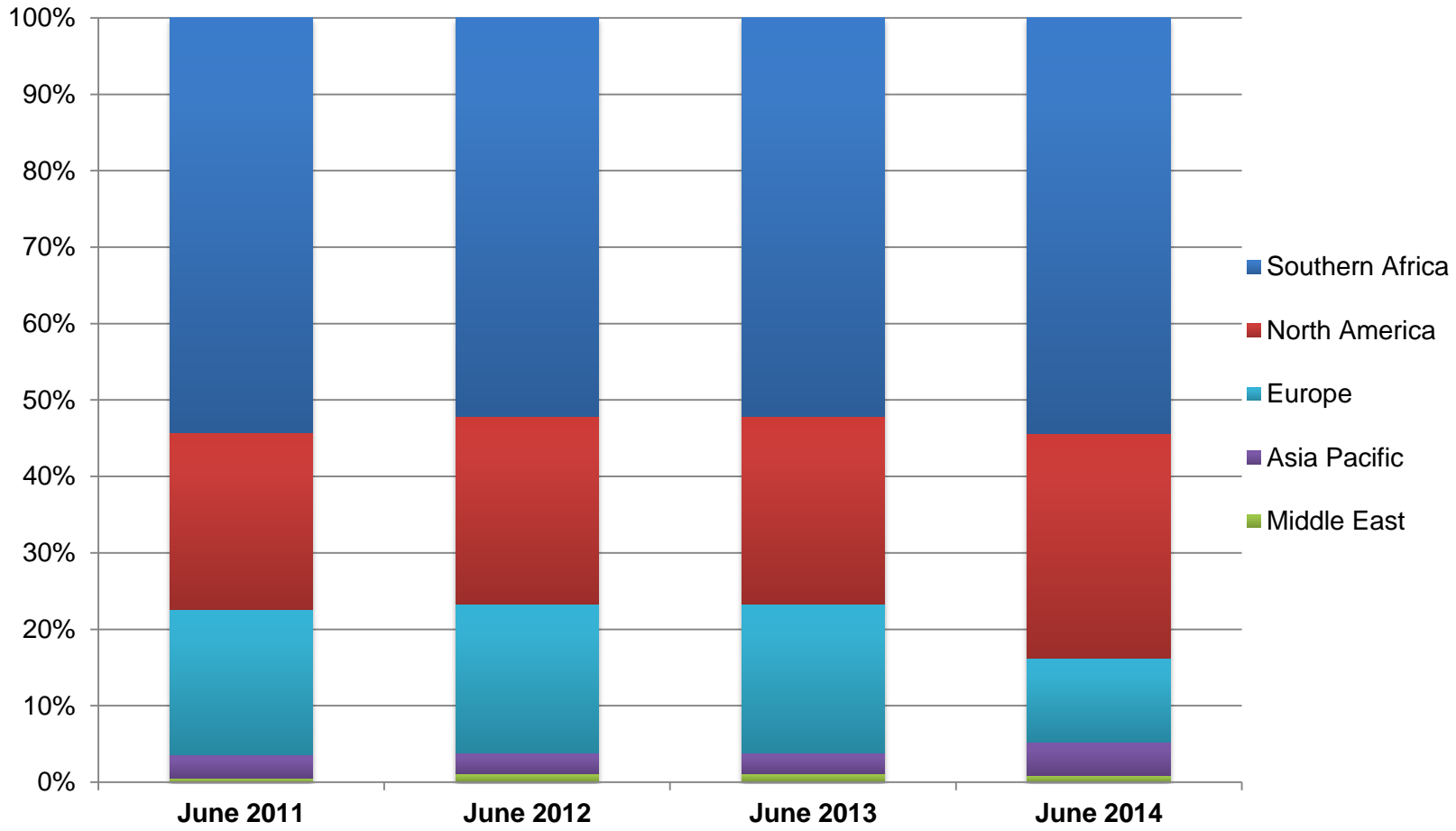
Product disposals



- As at year end
 - Non-core products sold for R1.1 billion of which R0.9 billion was realised in cash

- Subsequent to year end
 - Agreement reached to dispose of Arixtra assets to Mylan for USD300 million
 - Subject to fulfilment of conditions precedent
 - USD225 million on completion
 - USD75 million in escrow
 - Agreement to supply Mylan

Institutional shareholders





Group overview

Revenue by customer geography*

R'million	FY 2014	FY2013	% change
International	12 430	3 577	248%
Asia Pacific	8 799	7 697	14%
South Africa	7 451	7 377	1%
Sub-Saharan Africa	2 753	2 124	30%
Total	31 433	20 775	51%

- Aspen revenue base
 - Has grown across all regions
 - Has geographically transformed
 - International now the largest contributor

* Classification by customer geography is based on the destination of sales made and as a result may differ from revenue reported by business entity.



International revenue analysis

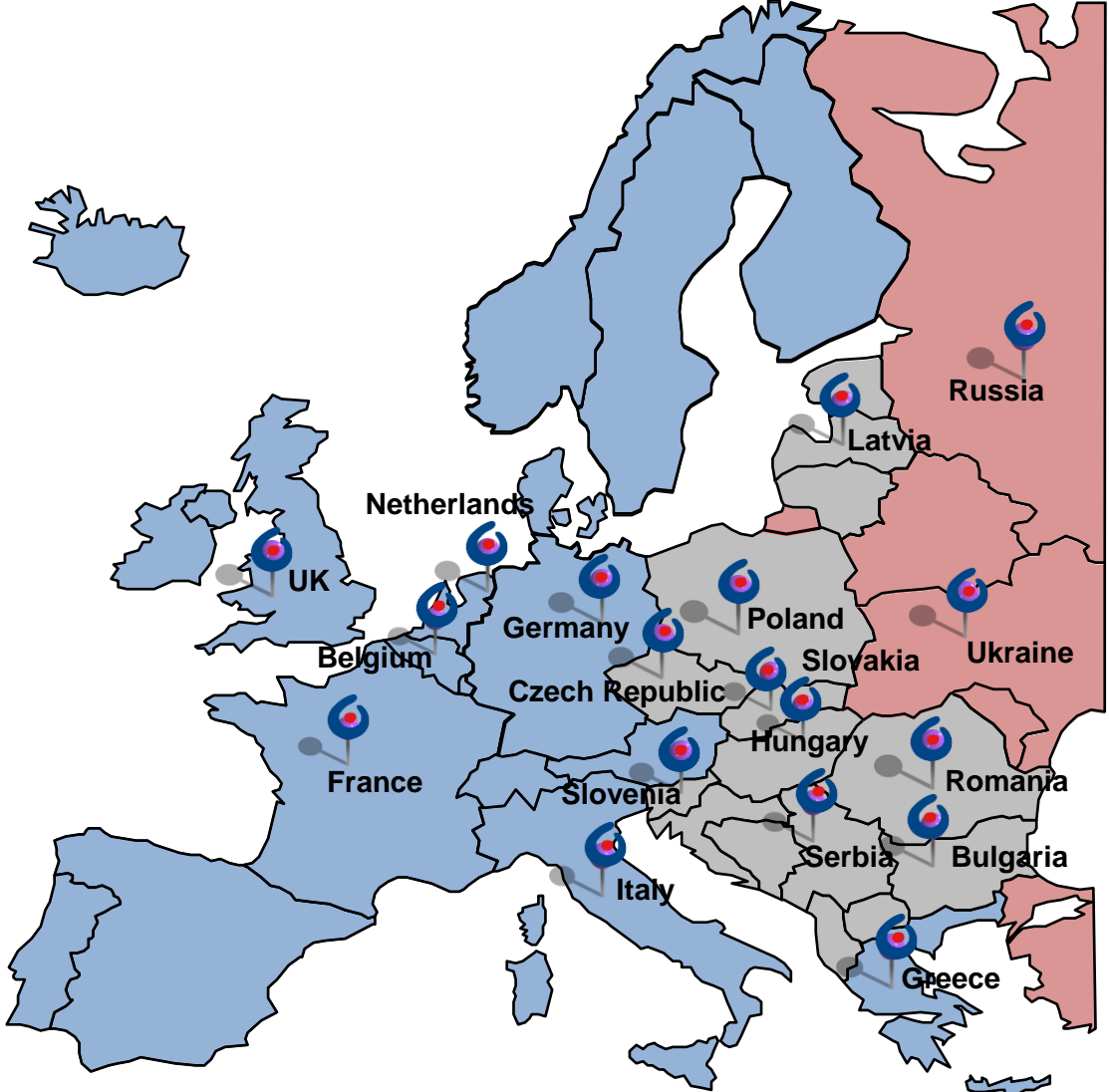
Revenue by customer geography

R'million	FY 2014	FY2013	% change
Europe CIS			
- Commercial	3 958	959	313%
• Western Europe	2 884	884	226%
• Eastern Europe and CIS	1 074	75	1 332%
Latin America	3 485	1 567	122%
Middle East North Africa	664	396	68%
API & FDF manufacture in Europe	3 242	429	656%
Rest of world	1 081	226	378%
• API Inc.	345	-	
• Commercial sales	736	226	226%
Total	12 430	3 577	248%

Europe CIS - 50 markets with 800 million people



- EU mature, Norway & Switzerland**
Highly regulated, low growth but high value
- Europe emerging (CEE markets)**
EU regulated, low value but growth potential
- Russia CIS, Turkey**
Increasingly protected but high growth potential





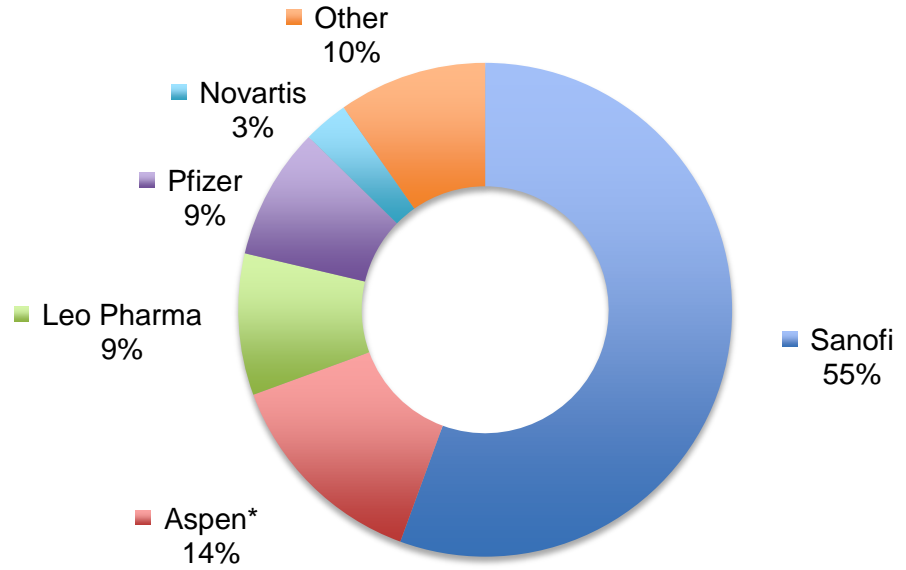
- Teams focussed on hospital particularly anticoagulants
 - Experienced, motivated as bigger fish in smaller pond
- Europe CIS – injectable anticoagulants market value estimated at \$3 billion
- Aspen sales force of approximately 400
- Local presence in 18 countries with dedicated employees doing promotional activities
 - Countries with >40 heads – Russia, Germany, Poland, France and Italy
 - Presence in Russia and Ukraine for CIS region
 - Includes OTC team
 - Headcount supplemented with contracted promotional resources
- Have transitioned/busy transitioning
 - Distribution
 - Marketing authorisations

Very intensive but successful transition



Europe CIS – LWMH value market value by company

Europe/CIS market USD3 billion



Source: IMS Dec 2013

* Includes Seleparina – owned by Aspen licensed to Italfarmaco.

Hospital sales are not accurately captured in these markets by IMS. As a result, the total market value is understated.

- Venous thromboembolism (VTE) most common preventable cause of in-hospital death
 - It includes both deep vein thrombosis (DVT) and pulmonary embolism (PE)
 - PE accounts for 5-10% of deaths in hospitalised patients
 - 750 000 VTE events annually
 - 300 000 of these are fatal
 - Third most common cardiovascular disorder



International

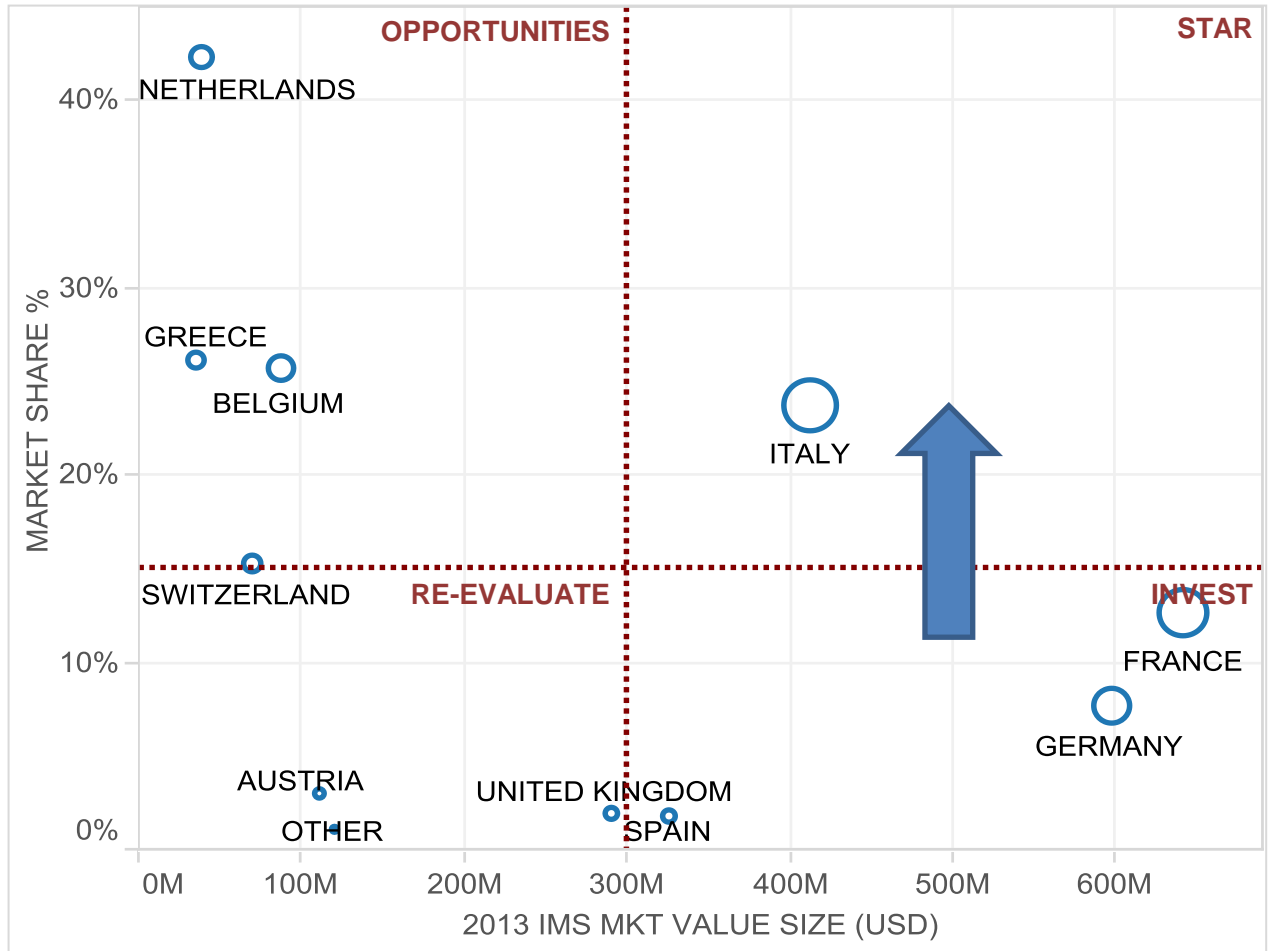
Europe CIS

- Simple strategy
- Large markets
 - Mature
 - Slower growth
 - Aspen market share is small
 - **We need to take share**
- Smaller markets
 - Growing quicker
 - Increasing awareness, utilisation
 - Aspen has large market shares
 - **We need to keep growing above market growth**





Europe CIS – Aspen’s injectable anticoagulants in Western Europe



Aspen market share includes:

- Arixtra
- Fraxiparine
- Orgaran

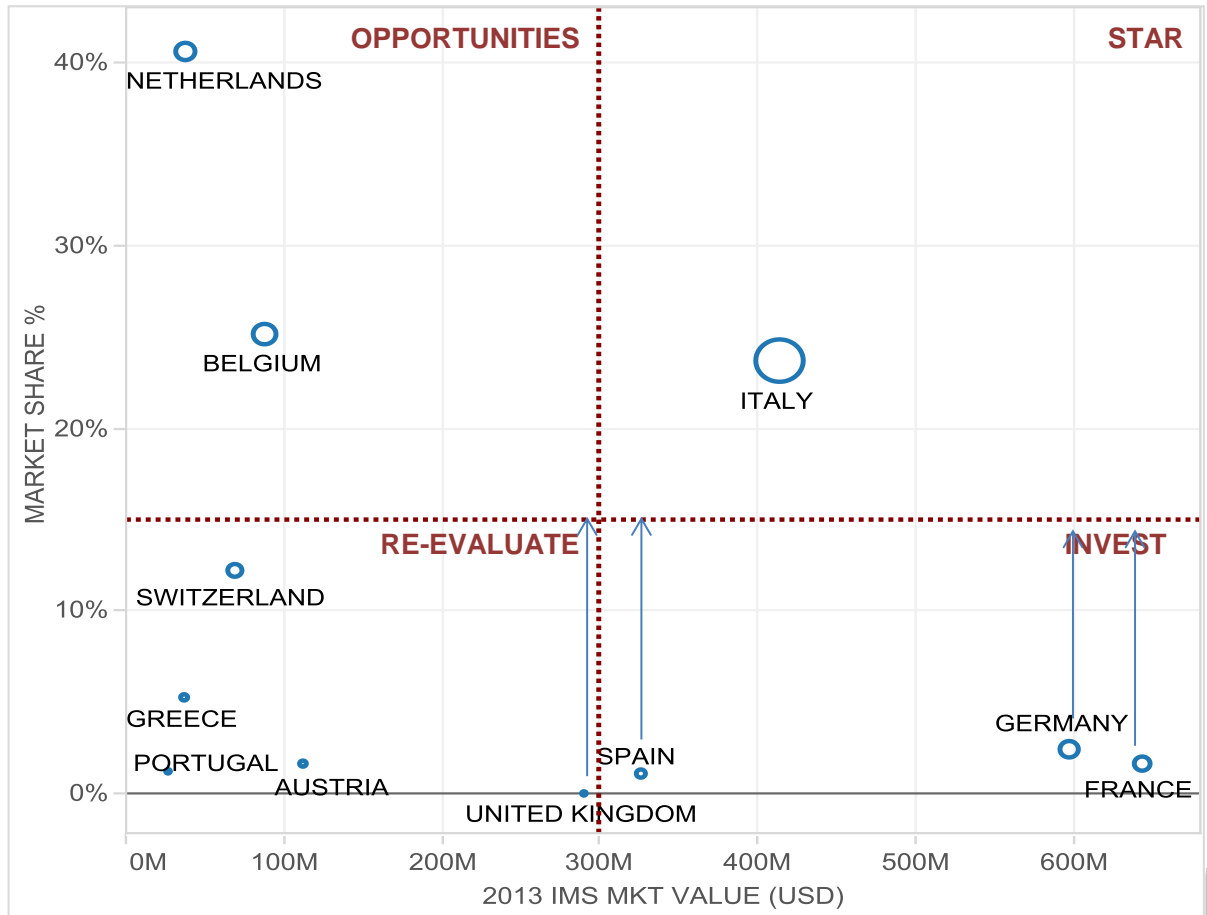
Source: IMS Dec 2013

Other markets include Sweden, Finland, Portugal and Norway.

Note: Size of dots/bubbles represent the internal turnover or importance within Aspen in the anticoagulants portfolio

- Dedicated sales teams to drive market share growth

Europe CIS – Fraxiparine in Western Europe



Source: IMS Dec 2013

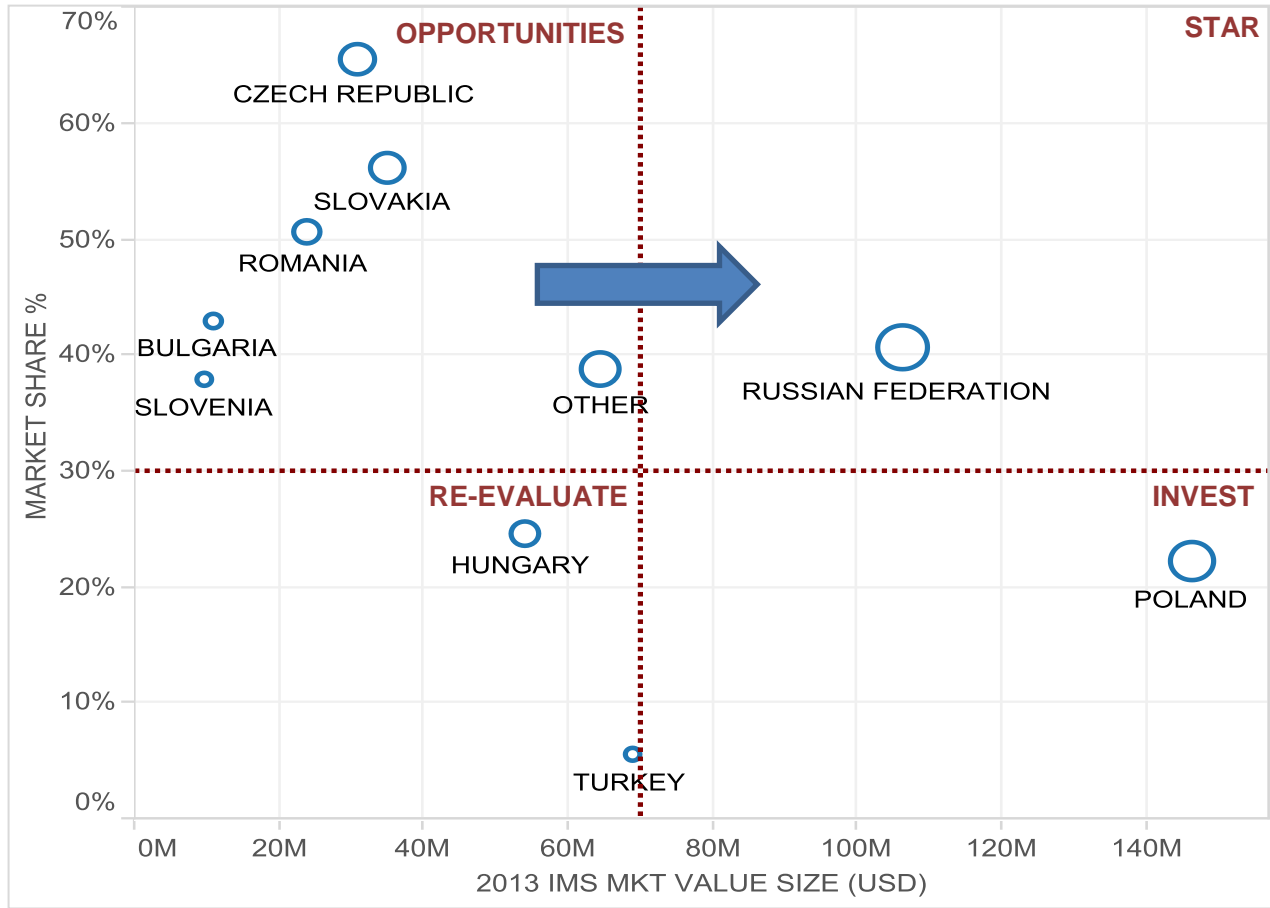
Note:
Size of dots/bubbles represent the internal turnover or importance within Aspen in the anticoagulants portfolio

- Fraxiparine is the major opportunity here
 - No historic focus – small share of large markets
 - Third party distributor in Italy has demonstrated the opportunity

Mature markets
Grow Fraxi share



Europe CIS – Aspen’s injectable anticoagulants in Eastern Europe/CIS



Source: IMS Dec 2013

Other markets include Serbia, Ukraine, Kazakhstan, Belarus, Azerbaijan, Georgia, Uzbekistan, Lithuania, Moldova, Croatia. These markets are not measured by IMS.

Note: Size of dots/bubbles represent the internal turnover or importance within Aspen in the anticoagulants portfolio

- Strong presence in growing market – mainly Fraxiparine
- High headcount dedicated to these regions



Latin America

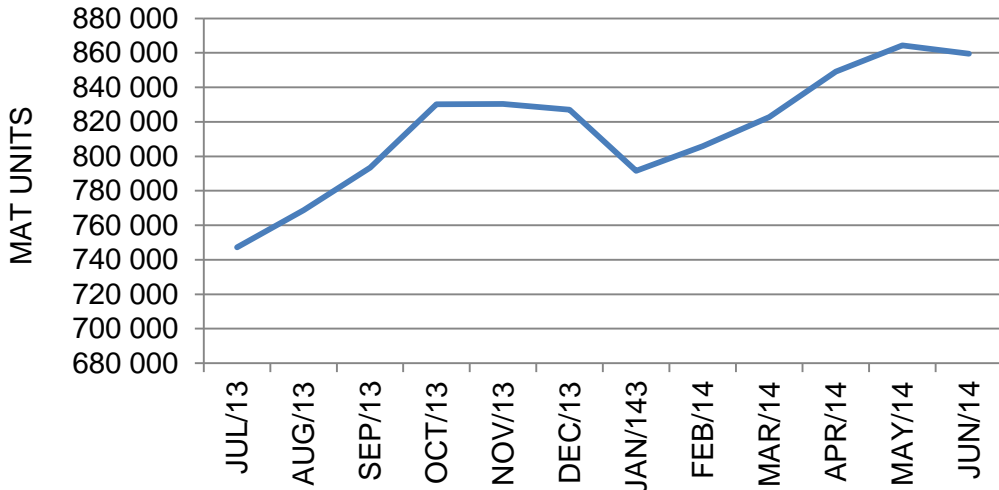
Revenue by customer geography

R'million	FY 2014	FY2013	% change
Brazil	788	817	-4%
Spanish Latin America			
- Infant milk formula	1 518	-	
- Pharmaceutical products	1 179	750	57%
Total	3 485	1 567	122%

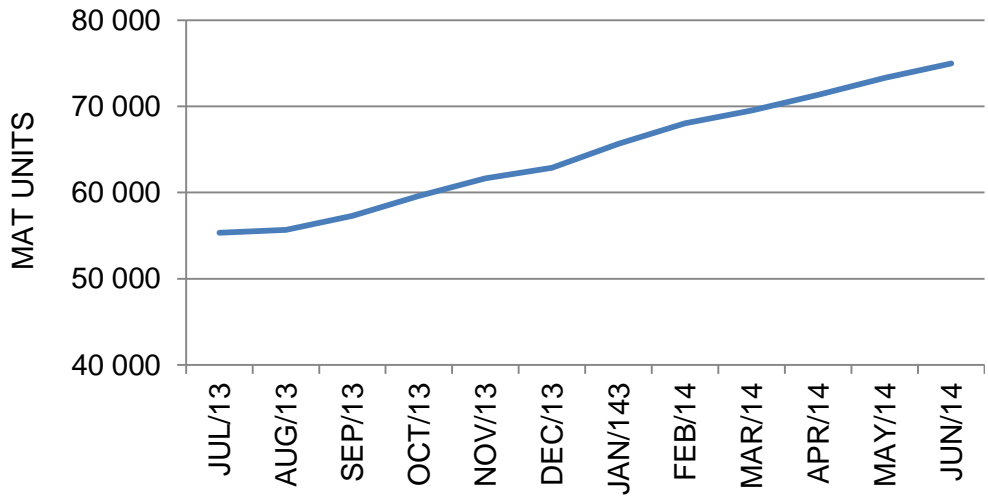
- Material contributor
- Spanish LatAm
 - Organic pharma growth = 18%
 - MSD supply interruption affected sales by ± R120 million
- Brazil
 - Organic pharma growth excluding supply issues below = 11%
 - Zyloric – PE now approved - supply October 2014
 - Clarithromycin injection – PE now approved - supply January 2015
 - Hebron
 - Plan to ANVISA within 30 days
 - If accepted – supply from November 2014



Brazil: Top branded products – Insunorm & Imuran



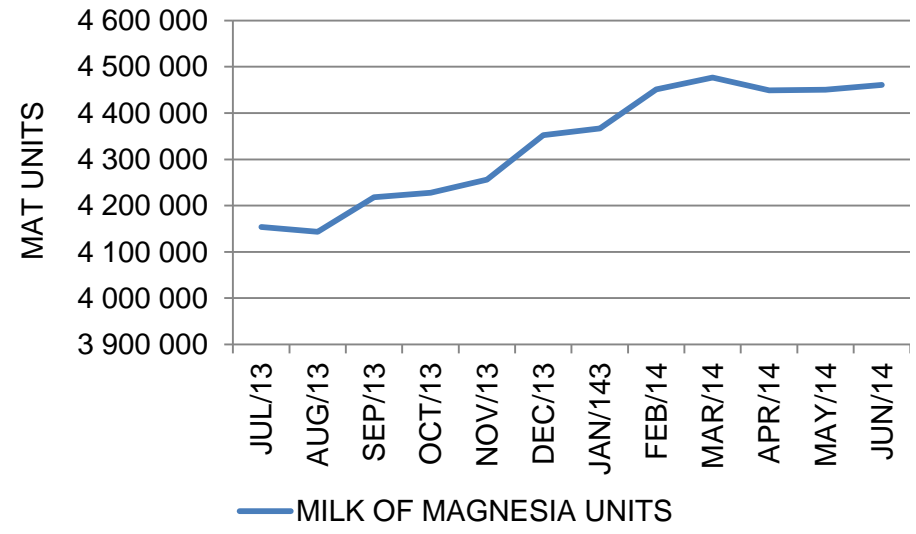
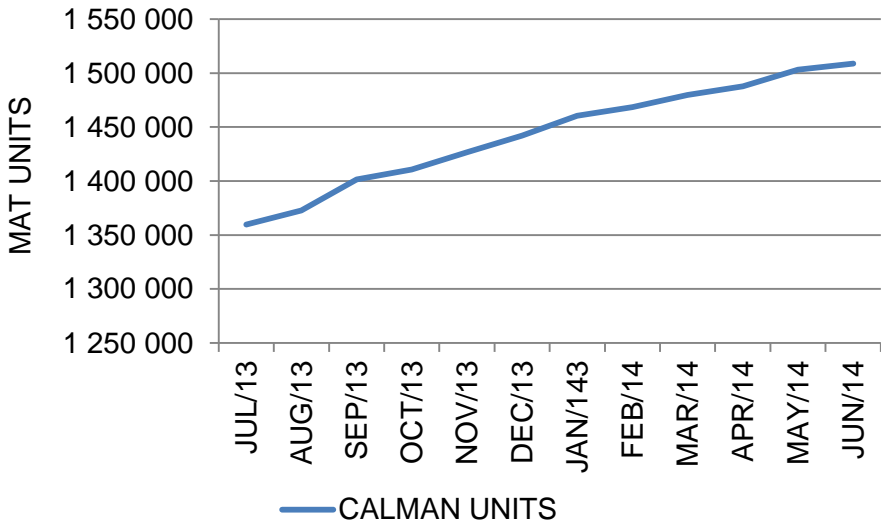
— INSUNORM UNITS



— IMURAN UNITS

Base pharma brands performing

Brazil: Top OTC products – Calman & MOM



- Base OTC brands also performing

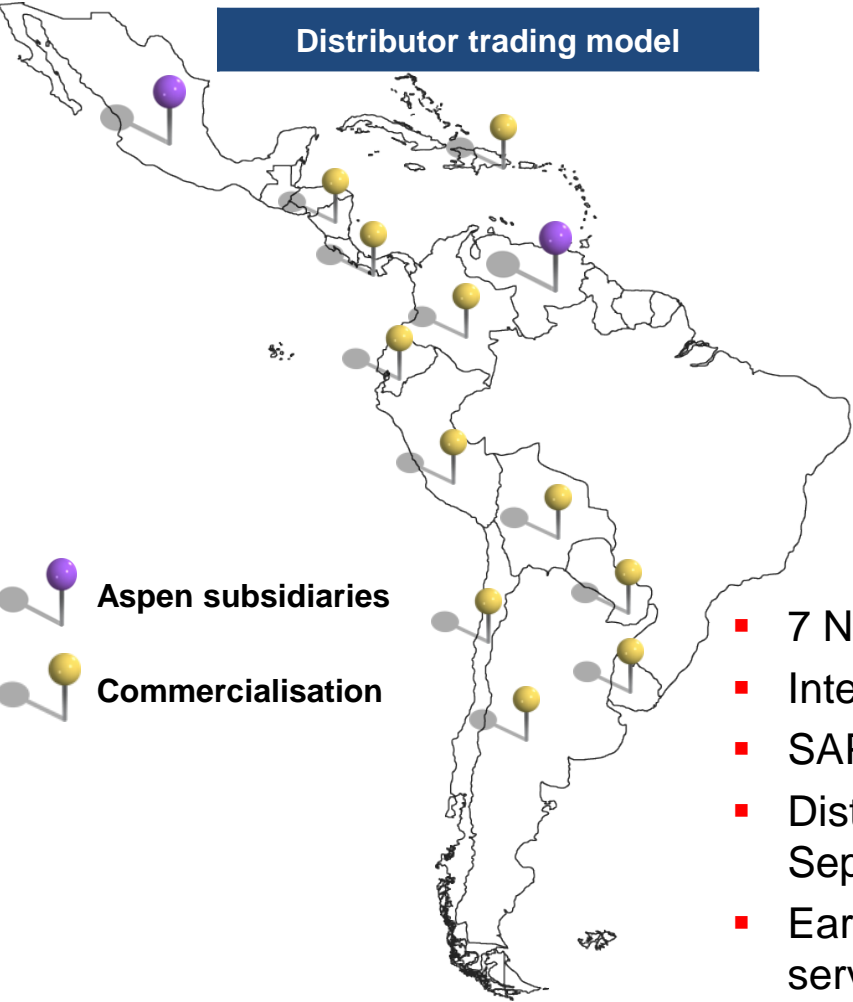
With supply – confident we have a model that will sustain in-market performance





Spanish LatAm – Building identity, taking ownership

2009 – 2013

Distributor trading model



 Aspen subsidiaries
 Commercialisation

2014 onward

Aspen owned entity



- 7 New Aspen affiliate companies
- Integration of 900 new employees
- SAP ERP system Go Live July 2014
- Distributor transfer process starting September 2014
- Early transition from Pfizer/Nestlé services

Aspen own representation to drive growth strategy



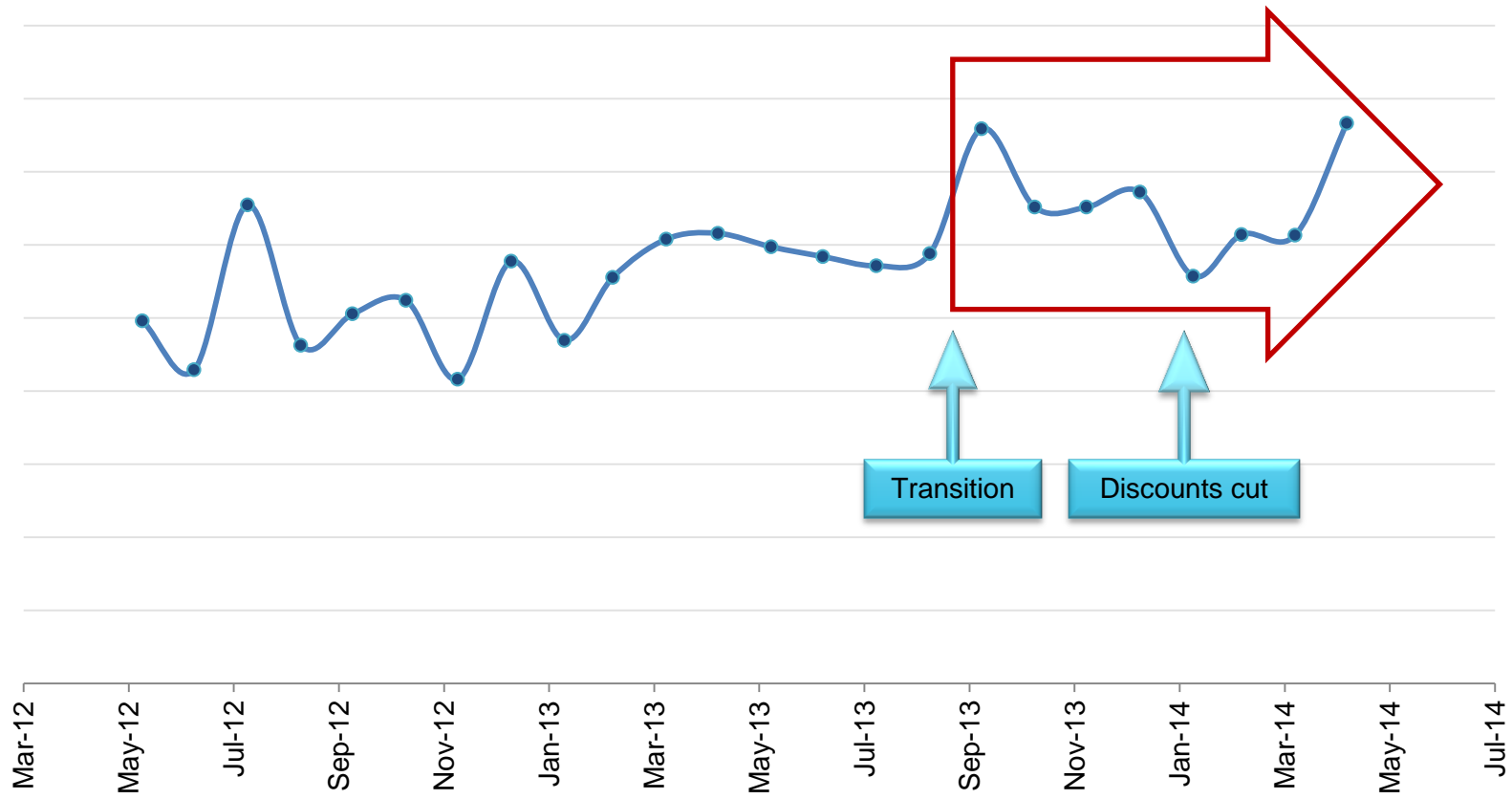
Spanish LatAm – Nutritionals update: Change from retail to detail

- Pfizer strategy
 - Direct to consumer advertising
 - Buying retail space
 - Discounting into retailer
- Aspen changed the strategy (EBITA)
 - Maternity focussed detail force employed
 - 80% coverage of neonatologists and paediatricians
 - 7 000 in Mexico alone
 - Sponsorship for key training/congress events
 - 90% retail coverage
 - Discounts decreased from 17.5% to 4% from January 2014
 - Approximately 200 dedicated representatives employed across the region

Spanish LatAm – Infant milk formula sales impact



Aspen infant milk formulas – LatAm sales in USD'000



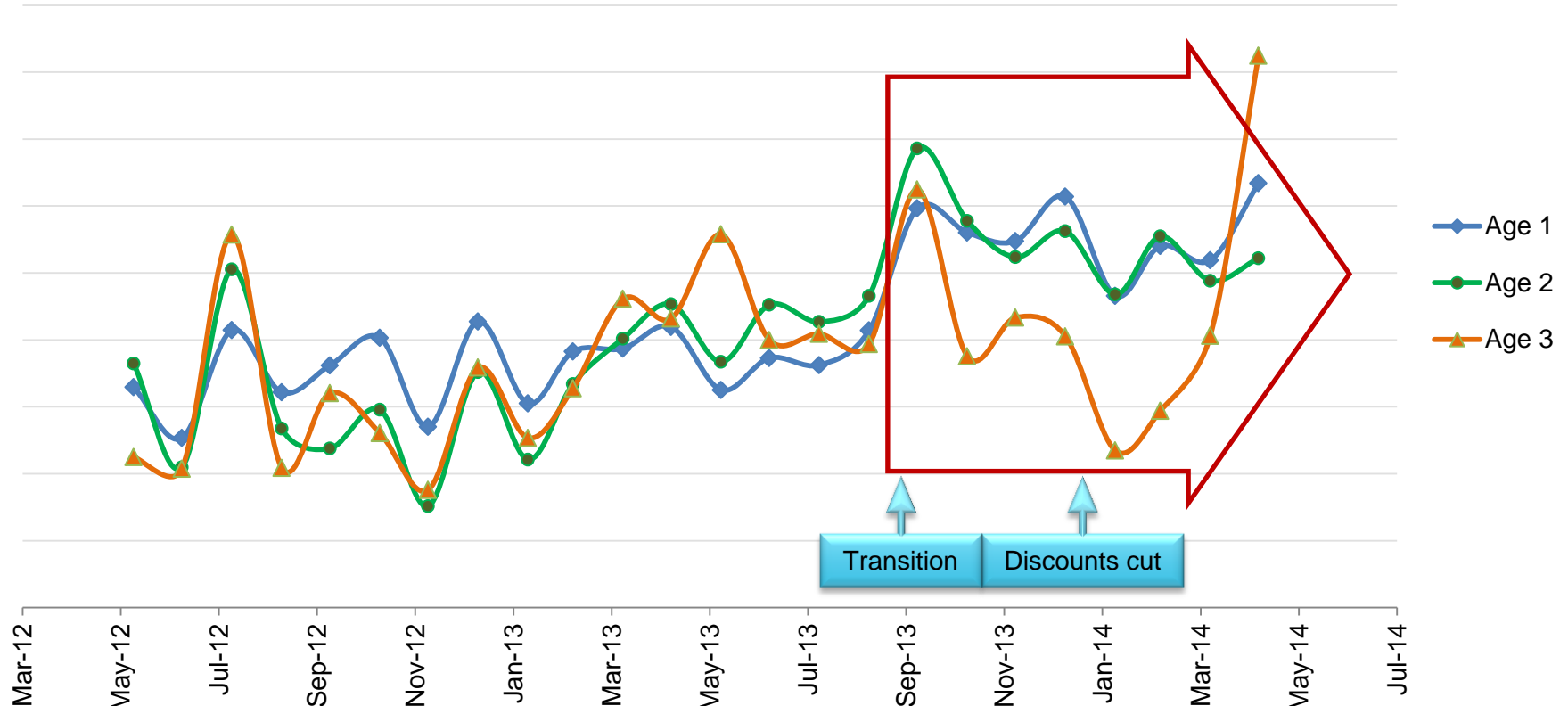
Source: IMS Midas Dashboard Spanish LatAm May 2014

- Positive growth trend with in market sales after transition in November 2013

Spanish LatAm – Infant milk formula sales impact by age



Aspen infant milk formulas – LatAm sales in USD'000



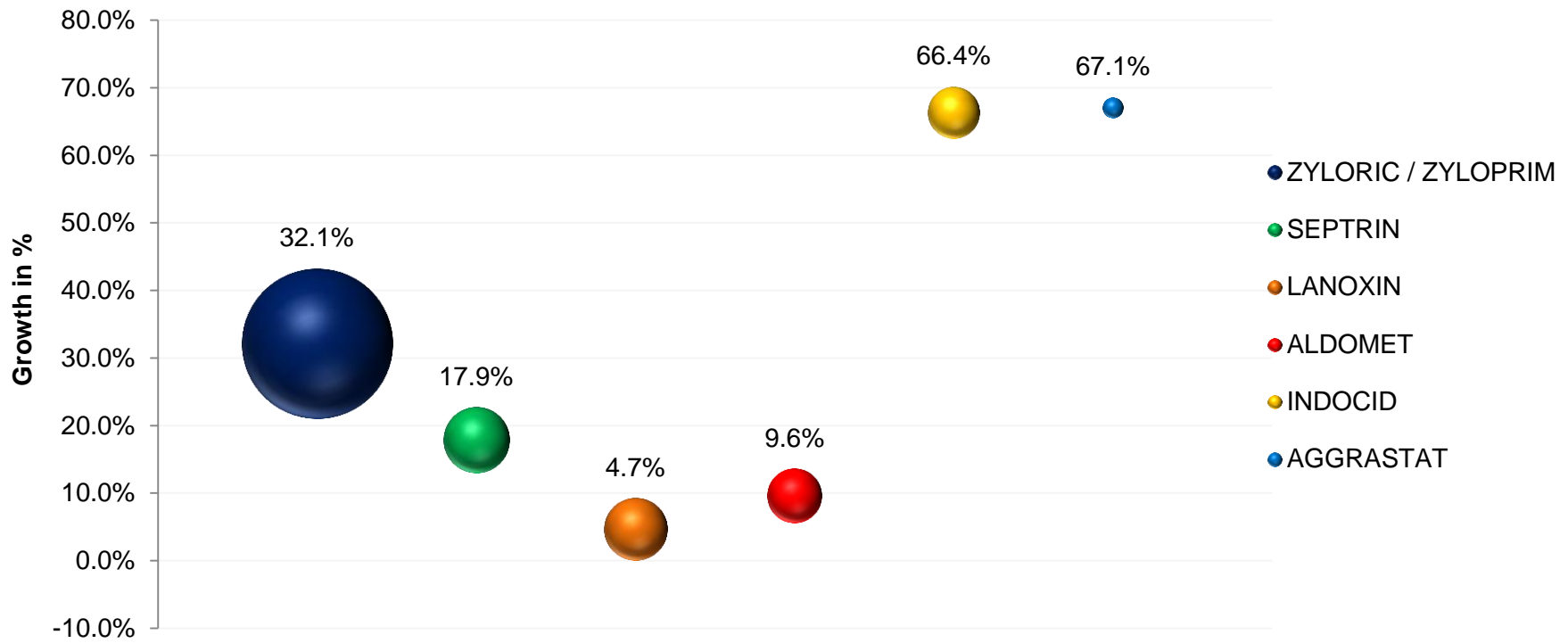
Source: IMS Midas Dashboard Spanish LatAm May 2014

- Age 1 and Age 2 moving in the right direction consistent with the new baby promotion strategy and with reduced discounts



Spanish LatAm – Pharma product foot print

Aspen Spanish LatAm 2014 growth
Bubble size in USD millions



- Driving growth in global brands
- Demonstration of team’s capabilities

In-market footprint – Performing in private market

Spanish LatAm - Vallejo



- Aspen acquired the Vallejo facility
 - Aspen will invest USD8m to increase IMF capacity
 - 16 tons to 25 tons
 - Facilitate transfers from Nestlé facilities
 - Anticipated demand increases
 - Contribute to conversion cost reductions
- In addition there is a GMP compliant pharma facility
 - Contribute to local manufacturing demands
 - Regional hub for pharma manufacture
 - Solids – capsules and tablets
 - Liquids and creams (including hormonal)
 - Useful for flexible manufacture
 - Responsive to regional demands
 - Particularly important for OTCs





International MENA

Revenue by customer geography

R'million	FY 2014	FY2013	% change
MENA	664	396	68%

- Growth of 51% excluding MSD/GSK products
- More than 100 commercial heads across 14 markets
 - Algeria
 - Bahrain
 - Egypt
 - Iraq
 - Jordan
 - Kuwait
 - Lebanon
 - Morocco
 - Oman
 - Qatar
 - KSA
 - Tunisia
 - UAE
 - Yemen
- Building larger local presence in key markets
 - Saudi Arabia, Algeria and Egypt
 - Partner with local companies
- Difficult region to penetrate
 - Local rules/demands
 - Opportunity for Aspen





API and fixed dose form - Europe CIS

Revenue

R'million	FY 2014	FY2013	% change
API sales	2 730	-	
Fixed dosage form sales	512	429	19%
Total	3 242	429	656%

- API sales from acquisition (including API Inc.) are R3.1 billion
- Key objective for API business
 - Sustainable plan than drives supply security
 - Address safety issues at Moleneind
 - Drive cost competitiveness
 - Address capacity constraints
 - Reconfigure site priorities
 - Increase API profitability

Opportunity that dovetails with Aspen's operational and commercial capabilities



API facilities - Europe CIS

- Moleneind site
 - Reduce solvent intensive chemical APIs
 - Increase heparin production – safety risk profile lower
 - Increase danaparoid purification capabilities
- Major chemical process moves to FCC and site built with partner
 - Mainly intermediates
 - Address both safety and cost
 - Significant capacity moves – November 2014 to June 2015
- Increased heparin and danaparoid production prioritised
- Sales growth opportunity
 - Existing APIs
 - Resurrecting valuable IP rendered dormant because of technical complexities
 - Lower costs as a result of intermediate outsourcing

International Prospects



- Europe CIS Commercial
 - Strategy in place
 - Significant opportunity
 - Material contribution to the Group
 - Narrow therapeutic focus will pay dividends
- Latin America
 - Driver of growth
 - Expected to drive further growth and profitability
 - Supply constraints being addressed
 - Core focus area for Aspen
- Rest of the World
 - MENA a new frontier
 - Representation employed in Canada
- API business
 - Key areas being addressed
 - Safety
 - Sustainability
 - Profitability
 - Aligned with Group objective



Sub-Saharan Africa

Revenue by customer geography

R'million	FY 2014	FY2013	% change
South Africa	7 451	7 377	1%
Sub-Saharan Africa	2 753	2 124	30%
Total	10 204	9 501	7%

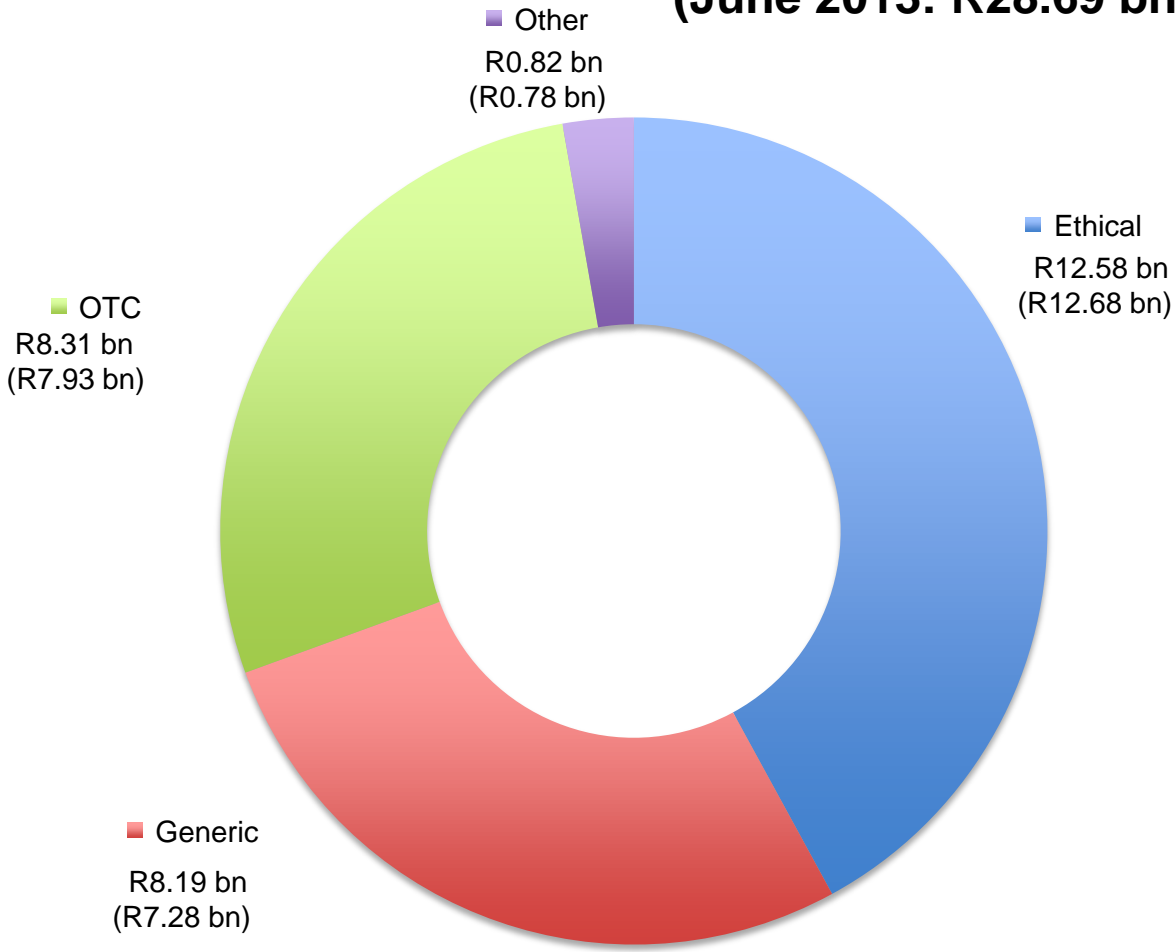
- South Africa
 - Good performance in private sector
 - Offset by public sector underperformance
 - Exchange rate
- Sub-Saharan Africa
 - Strong organic growth fundamentals

SA tough going
SSA – driving growth



South Africa - Private pharmaceutical market

Total Private market value as at June 2014 R29.92 bn*
(June 2013: R28.69 bn)



Market growth rates:

- **Total market** **4.30%**
- **Ethical/Branded** **-0.81%**
- **Generic** **12.48%**
- **OTC** **4.82%**

Source: IMS DATA JUN 2014

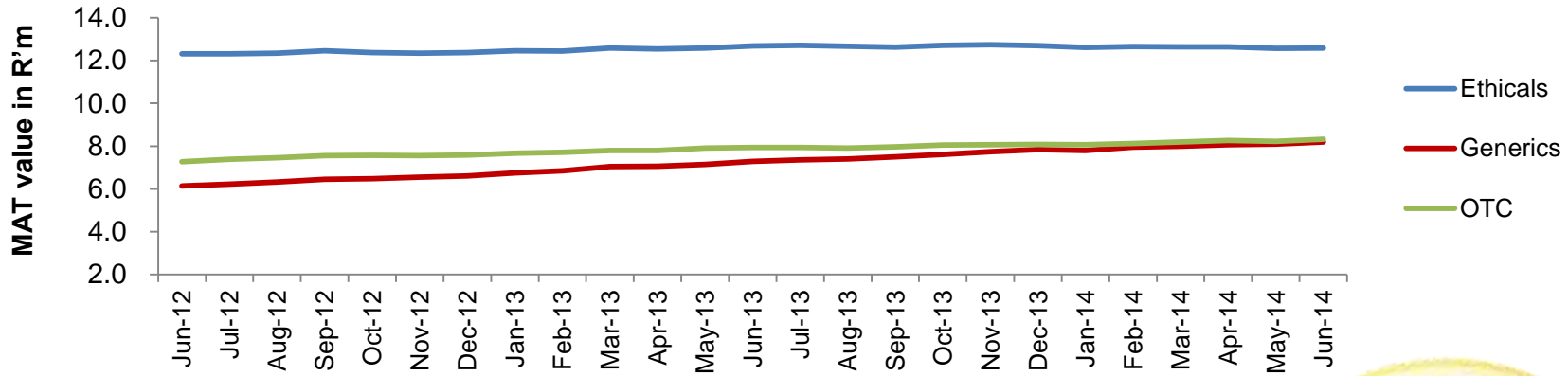
*Accuracy under assessment

Aspen market share 15.80%

IMS correction



Aspen's has largest share of the fast growing generics segment



- In March 2014 IMS corrected data
 - Data affected from Jan 2013
 - Major effect on Aspen ethical business
- Essentially double counted some Aspen sales
 - Aspen to pharmacy/Dischem DC to pharmacy
 - IMS checking which other suppliers affected
- Until resolved limited value in referring to IMS



Historic presentations from Jan 2013 need to be reviewed with caution

Legislative environment



- Private healthcare inquiry
- NHI
- Complimentary and alternative medicine regulations
 - Can't be disregarded - real and regulator determined to implement
- SEP increases
- Data fees Section 18A
- Regulation 9 Applications
 - Extraordinary increase for distressed products



Legislative environment - SEP increases

- Maximum Rand price increase legislated by Government
 - Currency – import component
 - Conversion – CPI component
- Reality – political consequences
 - Capped below CPI
 - Currency depreciation wreaks havoc
 - Lower margin products most affected
 - Exacerbated by Provider demands – increased data fees
- If above sustains – risk of losing medicines from market
 - Distressed products catered for under Reg. 9
- Even more impactful for local manufacturers
 - Regulation ↑ Compliance ↑ Cost of ownership ↑
 - Need ↑ volumes
 - Preferably export volume



Legislative environment - Data fees: Section 18(A)

- Gazette No 37936 to discourage fees paid to providers
 - Problem with laws, industry finds creative solutions
- If implemented
 - Transparent pricing system
 - Much more teeth
 - In theory providers ↓ while manufacturers ↑
 - In theory address manufacturers' concerns
 - Recent listed pharma company results – real issue not smokescreen
- However will not work unless Providers catered for - suggestion:
 - Quantify these data fees
 - Next SEP increase should be reduced to manufacturers
 - Difference offered as an increased dispensing fee etc. for Providers to cover data fee loss
- Unless there is compromise
 - There will be further schemes/challenges
 - Never get the transparency required

Pay the appropriate amounts transparently to each participant
in the value chain



Legislative environment - Regulation 9's

- Regulation meant to apply for distressed products
- Exchange rate has depreciated 70%
 - Expect distress
- Process – not user friendly/bureaucratic
 - DoH promised to address
- Risk if not addressed
 - Companies under pressure
 - Fighting for own survival
 - Importers simply discontinue
 - Medicine choices constrained



Performance

Revenue breakdown

R'million	FY 2014	FY2013	% change
Pharmaceutical			
- Private sector	4 753	4 361	9%
- ARV tender	801	1 165	-31%
- Other tenders	583	676	-14%
Consumer	1 314	1 175	12%
Total	7 451	7 377	1%

- Another strong performance in the private pharma market
 - Driven by the generic division
- Tender ARVs - a lottery
 - Largest driver of operating income underperformance
- Other tenders
 - Inexplicable trend, given growing patient numbers
- Consumer growth momentum continues
 - S26 approved



Private sector performance

- Aspen private sector market growth at 9%
 - Aspen has sustained leadership position
 - Growing at twice the market rate
 - 7 of the top 20 generic brands under Aspen
 - The top 3 are all Aspen brands
 - Pipeline continues to drive growth
 - Aspen has had a few key launches

Brand	Aspen brand	Molecule
Nexium	Trustan	Esomeprazole
Crestor	Zuvamor	Rosuvastatin
Paralgin	Paraspen	Paracetamol IV

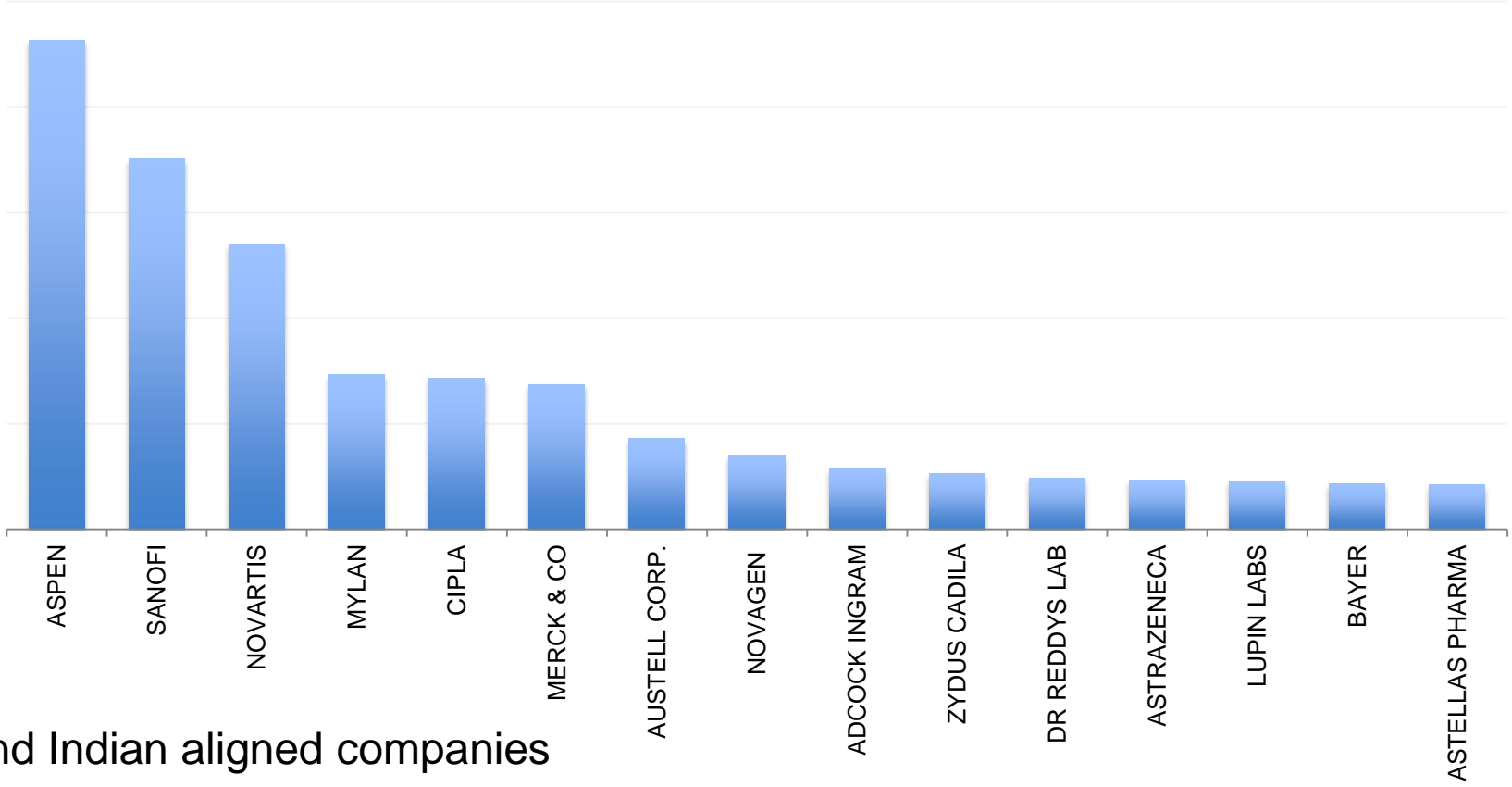
- Positive impact on next year as well
- Aspen enjoys sustained volume growth
 - Generic market is growth driver
- Aspen brand supported and endorsed by all Providers

Fantastic team – Performing in fluid market

Private market performance



New launch income for 24 months ended June 2014



- Indian and Indian aligned companies
 - Nearly half on the above table

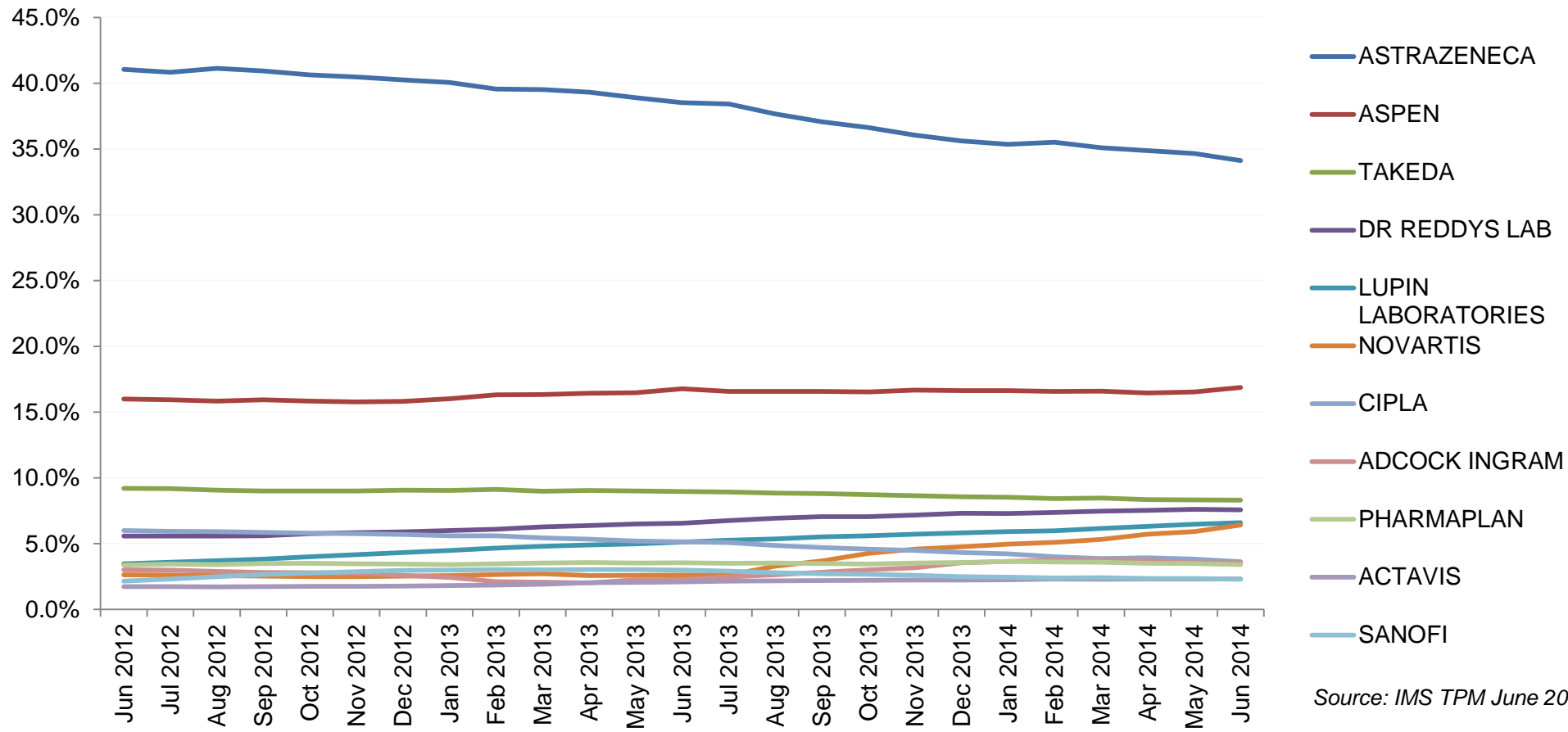
Source: IMS TPM June 2014

To stay #1 – we need to keep performing here

Big market - watch this space



MAT value share trend market - Antiulcerants



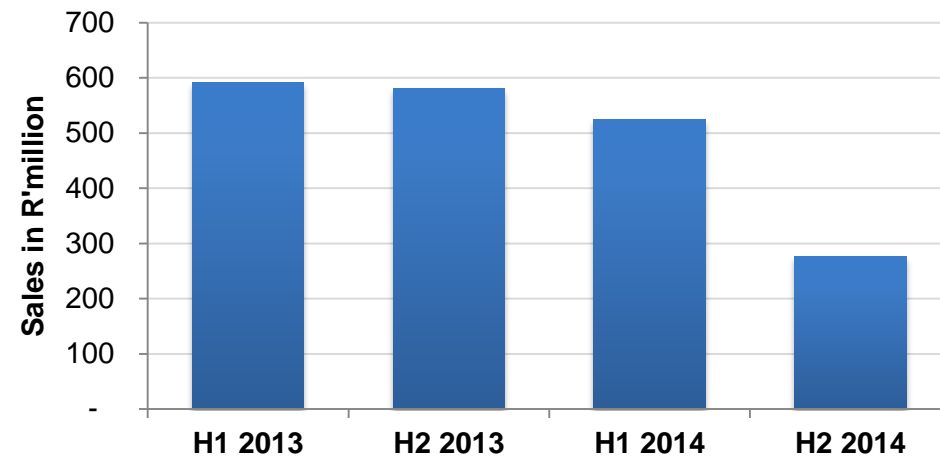
Source: IMS TPM June 2014

■ Nexium - South Africa's largest product - Aspen has launched Truстан



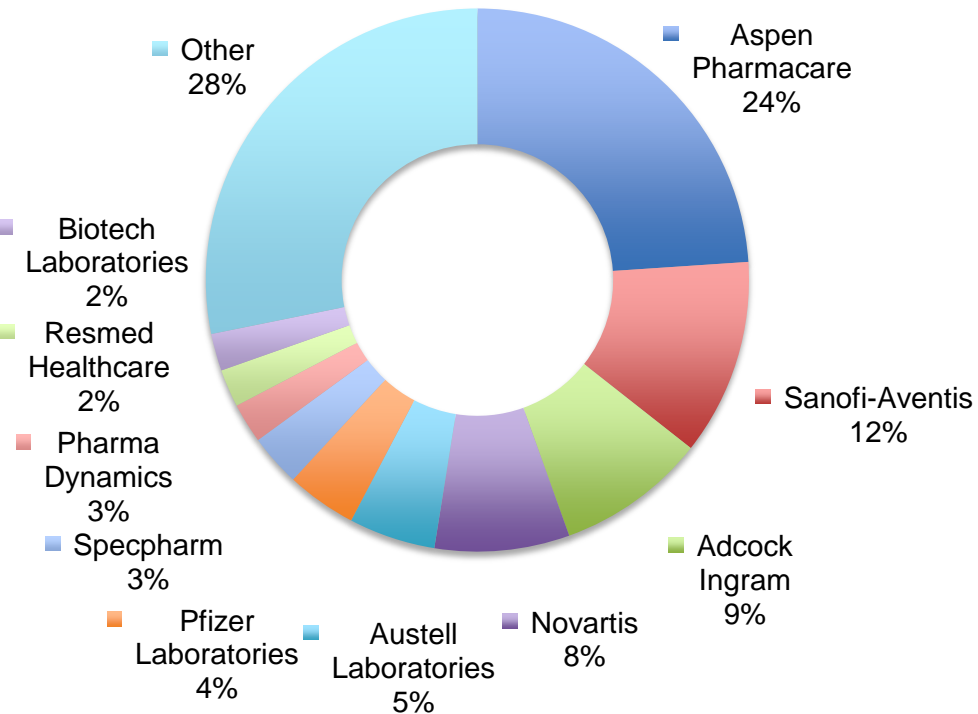
Tender ARVs

- Aspen's tender share increased for H2 2014
 - Volumes lowest!
- Detrimental effect on results
 - API component high
 - Expensive and effected by exchange rate
 - Particularly H2
- Volume throughput
 - Below forecast
 - Reserved capacity/overheads unrecovered
 - High stock on hand
- Single largest contributor to profitability decrease

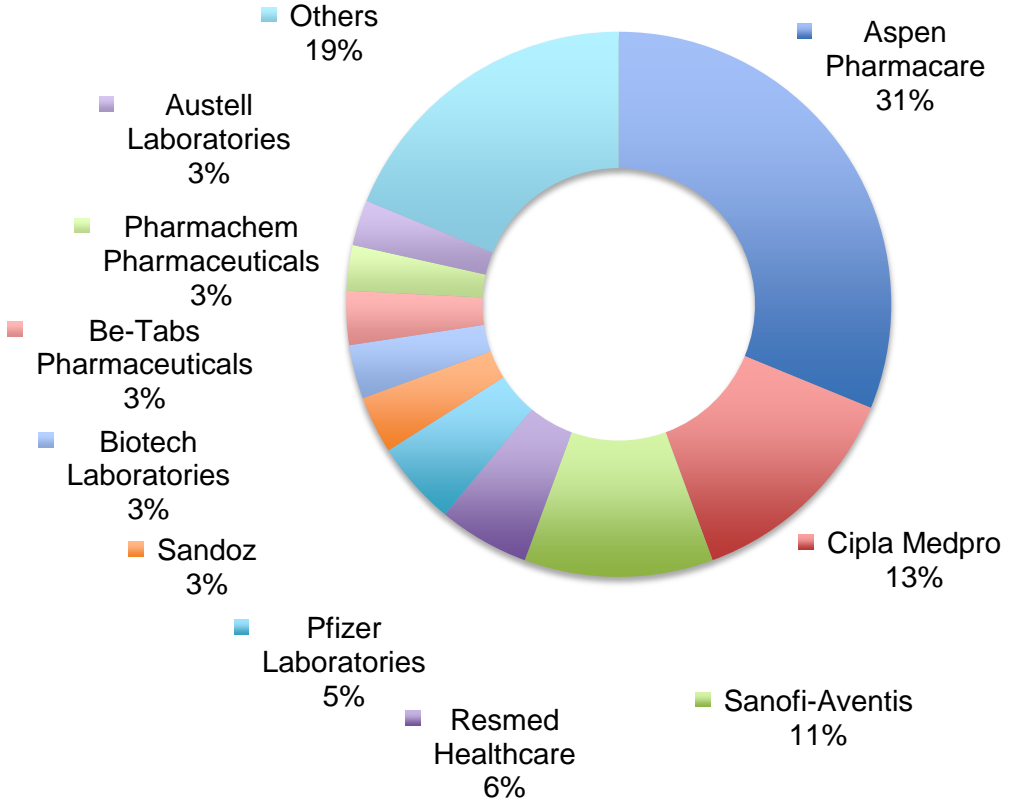




2012 OSD tender award



2014 OSD tender award



Aspen's share of the recently awarded OSD tender has increased
 Together with ARVs 1-in-3 public sector solids are from Aspen

Summary and prospects



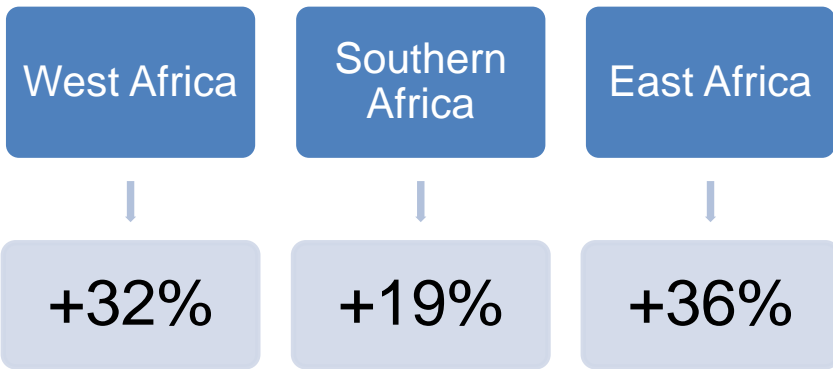
- Aspen continues to perform in challenging market
- Double digit growth budgeted for 2015
 - Weighting towards H2
- Profitability – exchange rate/SEP dependent
- Tender volumes forecast to increase
 - Pricing being addressed/H2 opportunity
- Consumer to be bolstered by S26 acquisition
 - Exciting opportunity
 - Making progress, addressing input costs

Anticipate good organic sales growth
Both sales/profitability weighted to H2

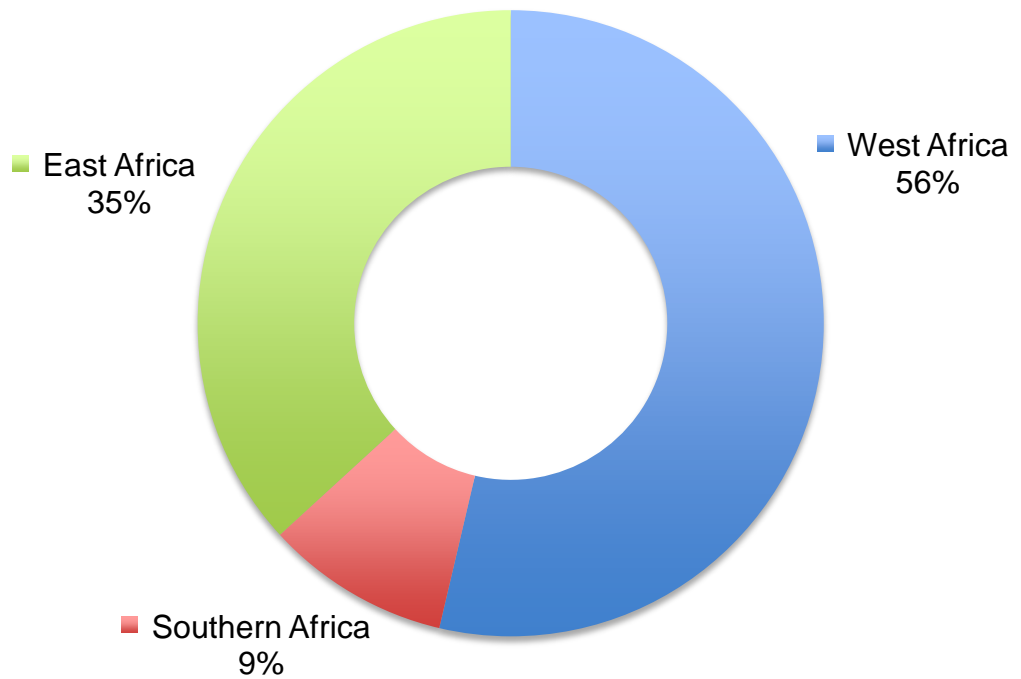


Performance of Sub-Saharan Africa

Regional revenue growth rates



Gross sales R2 753m (2013: R2 124m)



SSA sales growth = +30%



Summary and prospects

- Solid performance across all regions
 - Shelys bolstered East African growth
 - 40 new products launched into Collaboration
 - OTCs and IMFs showing impressive growth
 - Aspen Nigeria performing
- Generally more settled political environment in SSA
 - Nigeria
 - Instability in the North
 - Elections in February 2015
 - Kenya
 - Instability along the coast
- Growing middle class
- Strong organic growth
- Further expansion in distribution infrastructure and increase in sales representation
- Reviewing potential opportunities



Asia Pacific

Revenue by customer geography

R'million	FY 2014	FY2013	% change
Australia & New Zealand	7 876	7 130	11%
Asia	923	567	63%
Total	8 799	7 697	14%

- Strong regional performance
- Asia, a core focus area
 - Both the region and Group
- Australian team successfully navigating a tough market



Australia and New Zealand

Revenue by customer geography

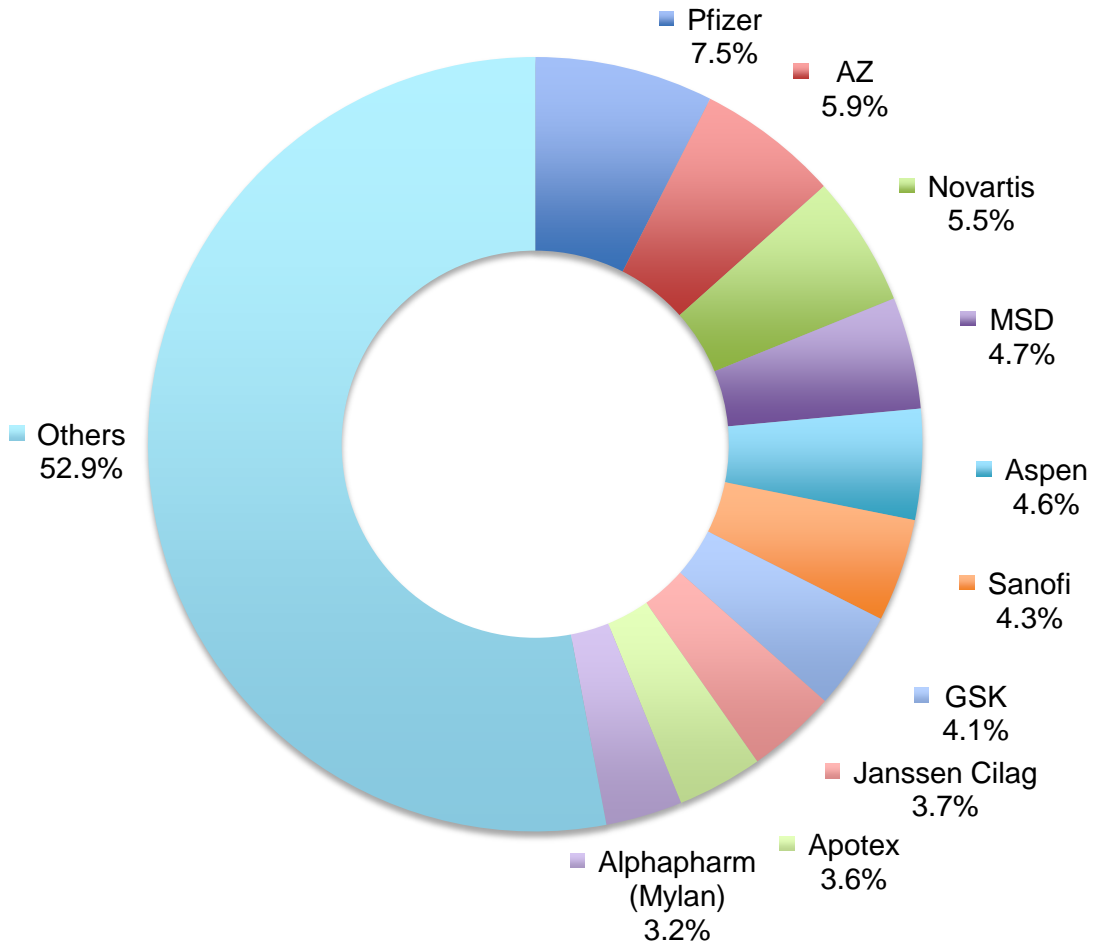
R'million	FY 2014	FY2013	% change
Base	4 092	3 870	6%
Contract manufacturing	633	692	-9%
Licenced products – Lilly	654	907	-28%
Terminated licence agreements	674	727	-7%
Divested/discontinued brands	264	444	-41%
Ex-GSK Classic brands	635	353	80%
Ex-MSD products	20	-	
Nutritionals	904	137	560%
Total	7 876	7 130	11%

- Currency effect 5% (ZAR/AUD)
- Base business performing, difficult environment
- Margin % primarily affected by distribution of Group products
- Increases
 - GSK brands and Nutritionals
- Decreases
 - Divested brands, contract manufacture, licenced products



Australian market - MAT as at June 2014

Market value AUD14.05 billion



Market value growth	+0.3%
Volumes	+1.5%

Source: IMS COMBINED AUDIT, MAT JUNE 2014

Aspen figures do NOT include brands distributed on behalf of other parties

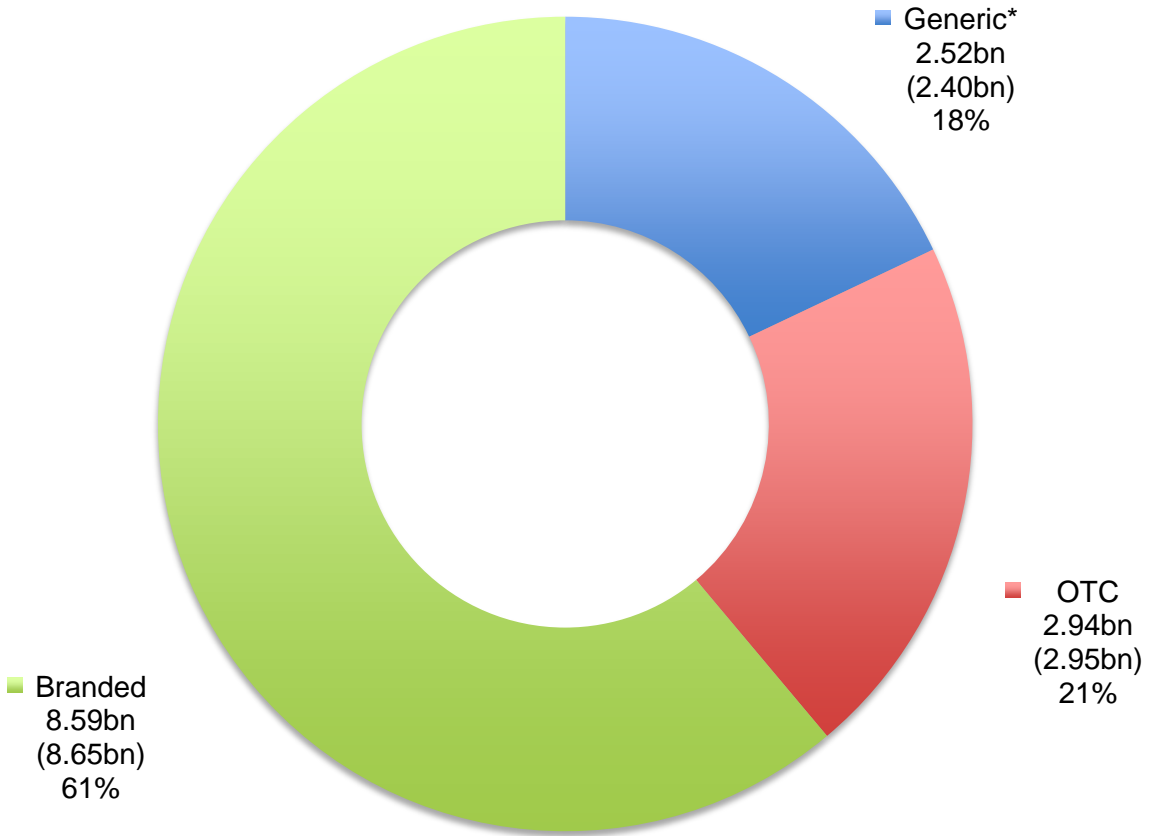
IMS Combined Audit reports retail sales at gross value (before discounts), and hospital sales in net values (after invoiced discounts applied)

Static market – price erosion continues

Australian pharmaceutical market



**Market value as at June 2014 AUD14.05bn
(June 2013: AUD14.01bn)**



Market growth rates:

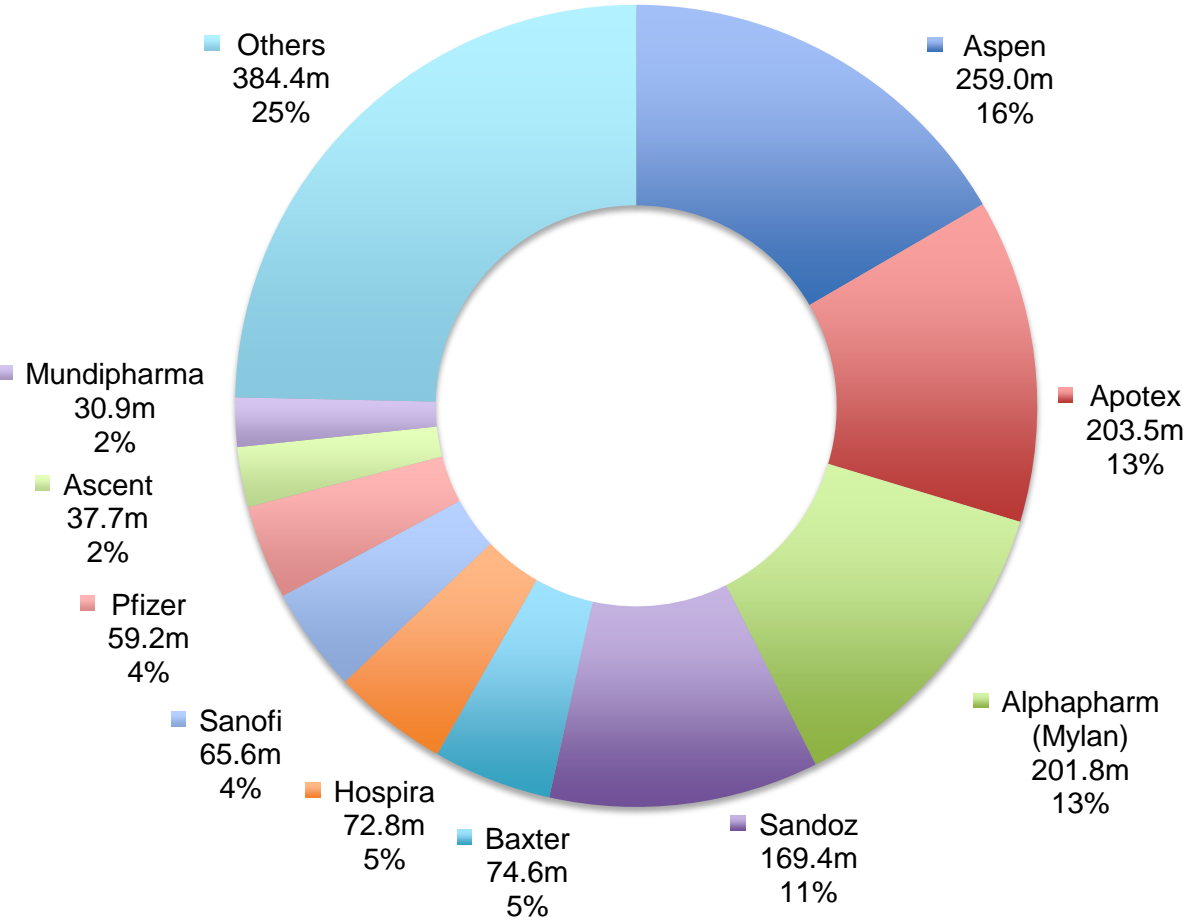
- Total market **+0.3%**
- Ethical/Branded **-0.8%**
- Generic* **+5.0%**
- OTC **-0.8%**

Source: IMS data June 2014
*Gross generic value before discounts

Gross generic value before discounts is only value growth



Australia's largest generic company by net value - 16%



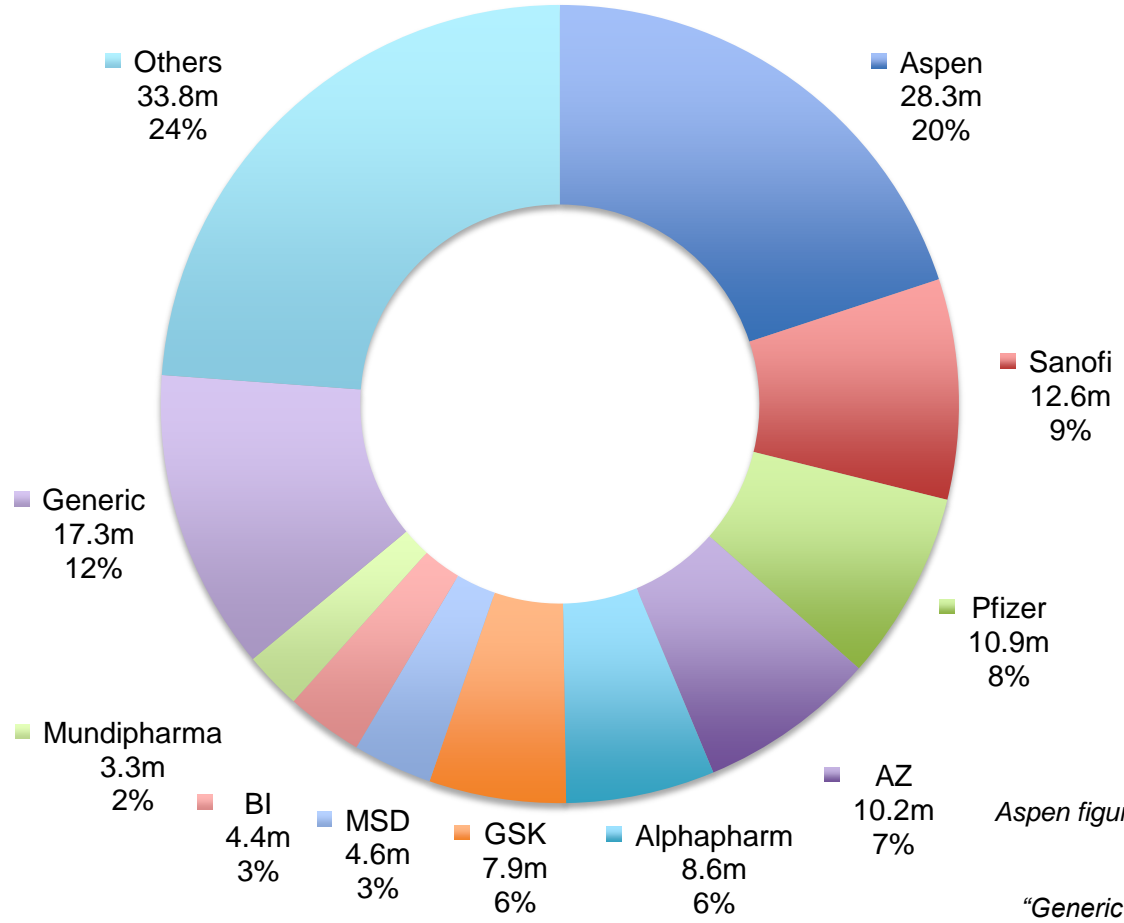
Total net value: AUD1.56bn +4.2%

- Market growth low despite significant patent expiries
 - Excessive discounting (85%-95%) on major molecules
 - PBS cuts
 - Increased pressure from pharmacists/hospitals for discounts

Source: IMS DDD + AHI MAT June 2014
Figures are net sales. Aspen figures include products that are licensed to Aspen for marketing and distribution



Australia - Leading manufacturers for scripts written by GPs



Source: IMS AMI MAT June 2014

Aspen figures include products that are licensed to Aspen for marketing and distribution

"Generic" = script was written by molecule name not brand



1-in-5 scripts generated is for an Aspen distributed product



Australia - Financial impact of price disclosure

- Reimbursed products with generic alternatives now eligible for biannual price cuts
 - Average discount becomes the price cut if discount >10%

Month	Aspen # molecules	Industry # molecules	Aspen average cut (Unweighted)	Industry average cut (Unweighted)
Apr-14	79	121	19.9%	22.8%
Oct-14	61	93	18.9%	20.2%

- Price cuts affect list prices
 - Generate significant savings to Government
- Reduces margins throughout the supply chain
 - Providers have reduced price
 - Wholesalers fee is a fixed 7.52% of list price
 - Chemists' fees proportional to the list price
 - Also suffer reductions in generic discounts
- Manufacturers may respond by:
 - Doing nothing, increasing patient premiums or reducing chemist discounts



Strategic shift in Aspen Australia

- Significant market pressures demand sound commercial plans
- Strategic realignment planned
 - Sigma dust settled
 - New acquisitions – new opportunities
- Key focus areas include:
 - Roll out of robust pipeline
 - Extended relationships with major banner pharmacy groups
 - Utilising muscle of broad range and extensive market coverage
 - 10 year supply deal executed with Pharmacy Alliance with more than 450 pharmacy members
 - Guaranteed off takes
 - Continue to reduce impact of price disclosure
 - Address cost of goods
 - PE has and continues to play a key role here
 - Brand price premium increases
 - Hold net price in store constant
 - Extricate from low margin license deals
 - Focus valuable resource on Aspen owned products



Reducing impact of price disclosure - Roll out of pipeline

- 15 new products introduced in financial year (across all divisions)
- The pipeline now delivering after many years of building
- Tend to quickly gain market share with our first line supporters
 - Importance of banner support
- Product launches needed to offset price disclosure impact

New product launches during 2013/14

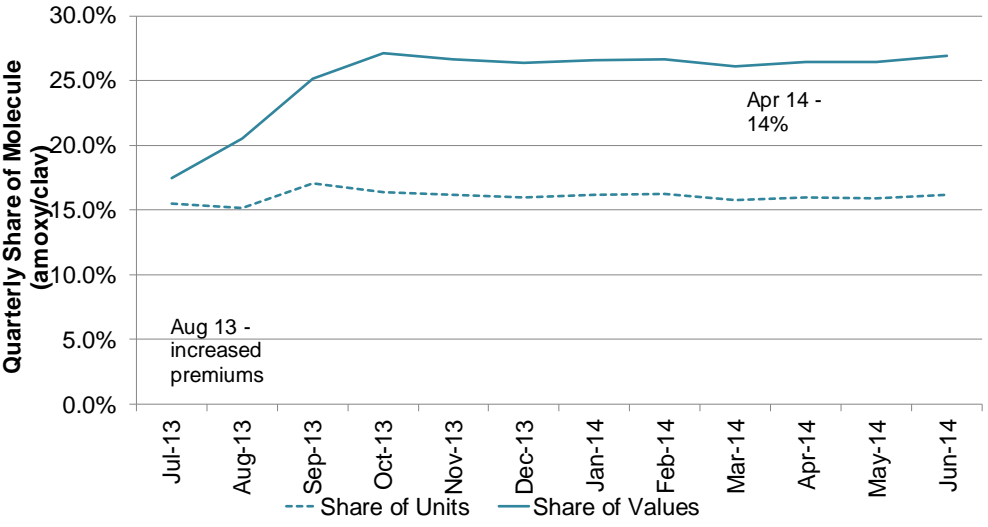
Product name	Active Ingredient
Respikast	Montelukast
Candesartan Aspen	Candesartan
Candesartan Combi Aspen	Candesartan + HCTZ
Zoltrip	Zolmitriptan
Aldiq	Imiquimod
Crosuva	Rosuvastatin
Vasafil	Sildenafil
Dolased forte	Paracetamol + Codeine phosphate + Doxylamine succinate
Samsca	Tolvaptan
Zaldiar	Tramadol hydrochloride + Paracetamol



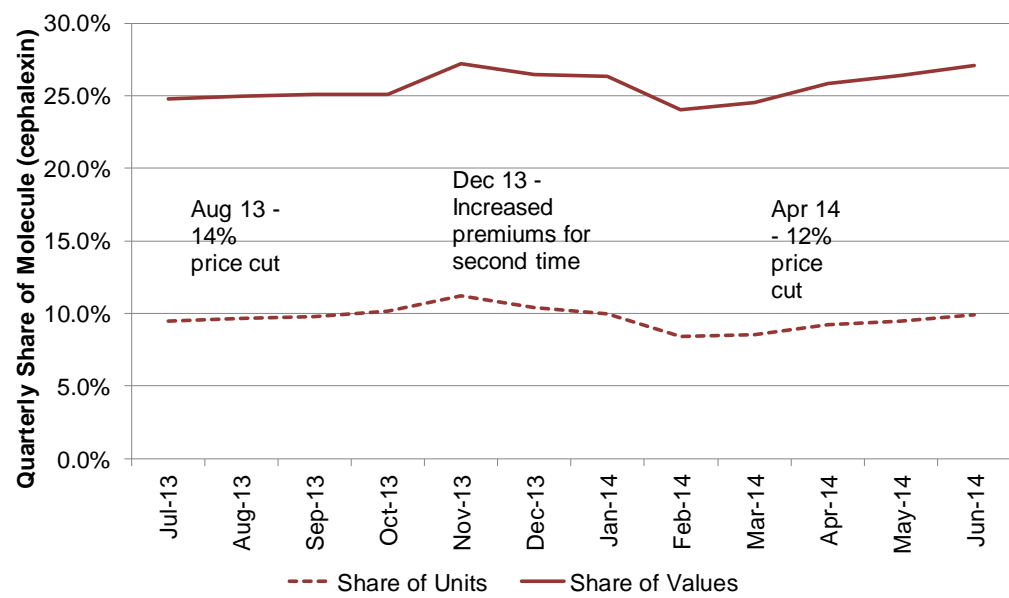
Reducing impact of price disclosure – Brand price premiums

- Many products are falling off price disclosure schedule
 - Discounts < 10%, no more price cuts
 - Aspen marketing efforts focussed here
 - Premiums to patient vary between \$2-\$5 per product
 - Profitable and sustainable space for Aspen – given manufacturing competitiveness

Augmentin - Increasing value from a mature molecule



Keflex - maintaining value from a mature molecule

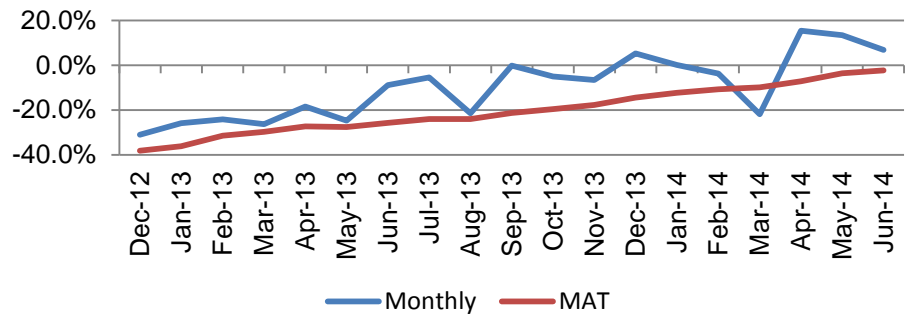




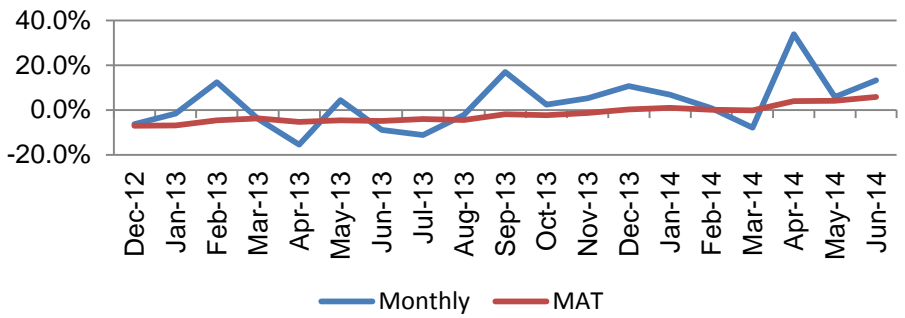
New acquisitions/opportunities: Extricate from low margin licensing deals

- Demonstration of the strength and influence of our sales and marketing teams

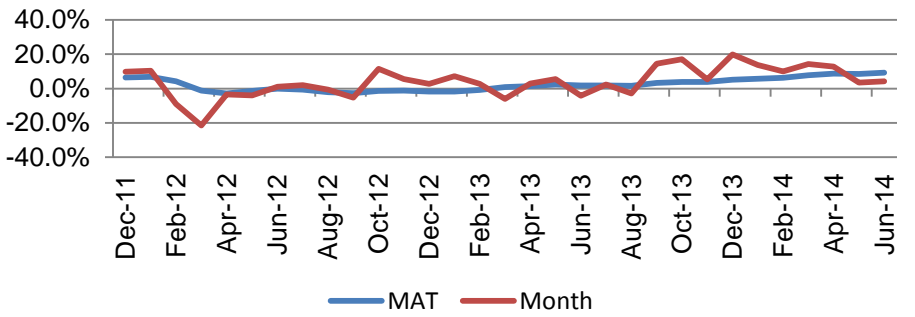
Valtrex Unit Growth



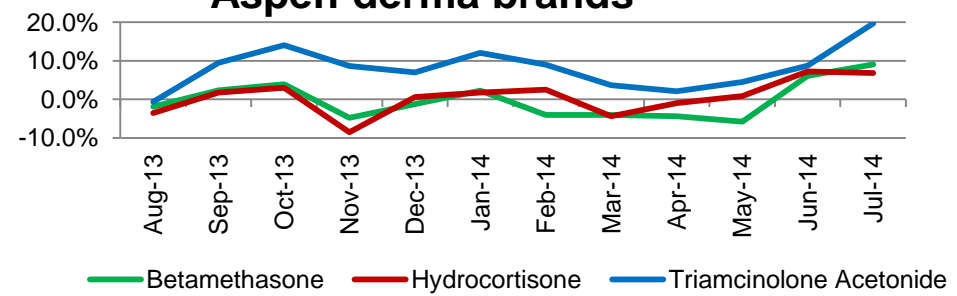
Lamictal Unit Growth



Zyban Unit Growth



Monthly unit growth rates - Aspen derma brands



- Focus on higher margin Aspen owned products vs lower marketing fees from MNCs

More effective use of our market share moving resource base



Australia – Nutritionals performance

- Net sales for FY14 of R904m
- Net sales growth was 10%
- Improved sales performance driven by:
 - New products in Premium Gold segment - Gold Comfort & Gold Junior 4th Age
 - Continued growth in market for 3rd Age Toddler products
 - Incremental promotional activity in key retailers across all channels
- Strong growth in our Pharmacy channel performance
 - Diversifies risk from retail
- Pfizer offices exited and transition services terminated
 - Efficiencies across all controllable expenses
 - Synergies unlocked through relocation
 - Stock transitioned to Aspen supply chain





Australia - Operations and Prospects

- Closure of Noble Park and Baulkham Hills
 - Expect both facilities to be divested within 12 months
- Achieved good efficiency improvements at Dandenong
- Continued focus on COGS reductions
 - OTC products now also being addressed
- Consolidated IMF and OTC structures
 - All under one roof
- Market is flat
 - Aspen has strategies to continue to perform in the market
 - Realign resources and focus
 - Broad presence attractive to banner groups
 - Divestments impact operating income
- IMF growth trajectory targeted to continue

Aspen Australia continues to perform in a tough environment

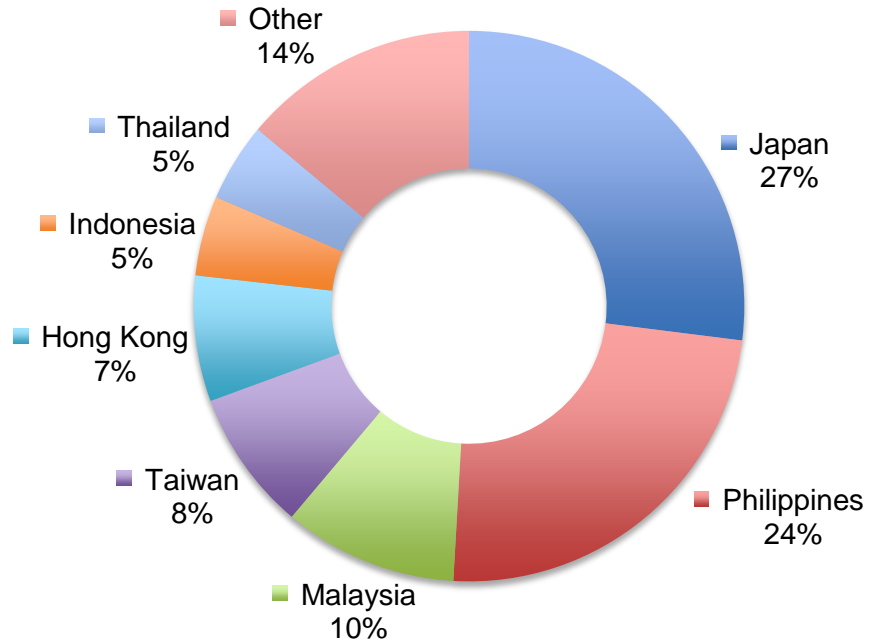
A great team

Asia performance



Revenue by customer geography

R'million	FY 2014	FY2013	% change
Asia	923	567	63%

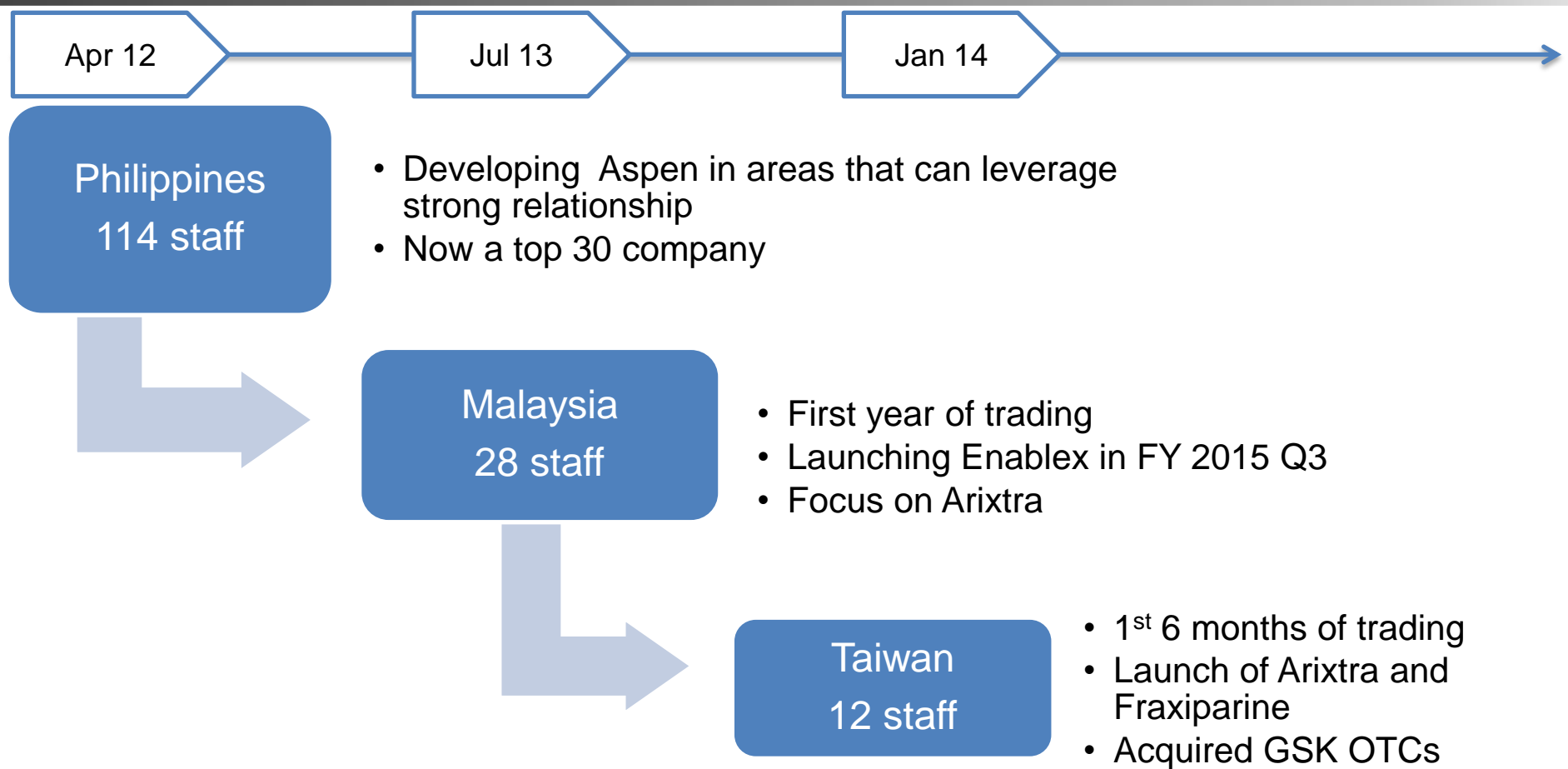


- Over a third of growth is organic

Region that has both significant organic and inorganic drivers



Aspen's presence in Asia



Strong double digit organic growth across all of the above markets

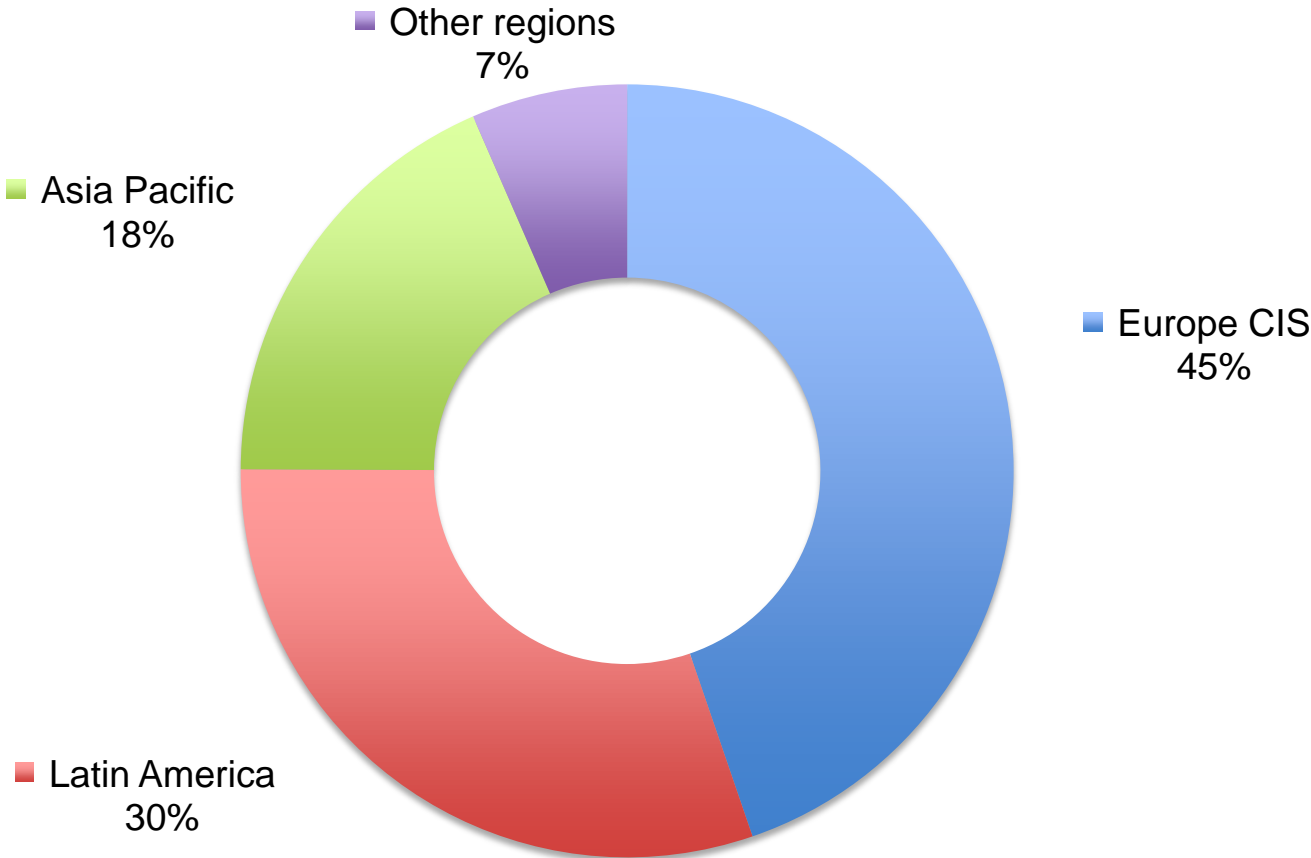


Asia - Summary and prospects

- Aspen continues to sustain the strong organic growth in this region
 - More subsidiaries to be established
 - Existing footprints expanded
- Aspen Japan
 - Key focus area
- IMFs for the region
 - China is the focus
 - Environment shifting
- Hope to announce our plans for both China and Japan
 - Before calendar year end



Revenue per region of acquired MSD products

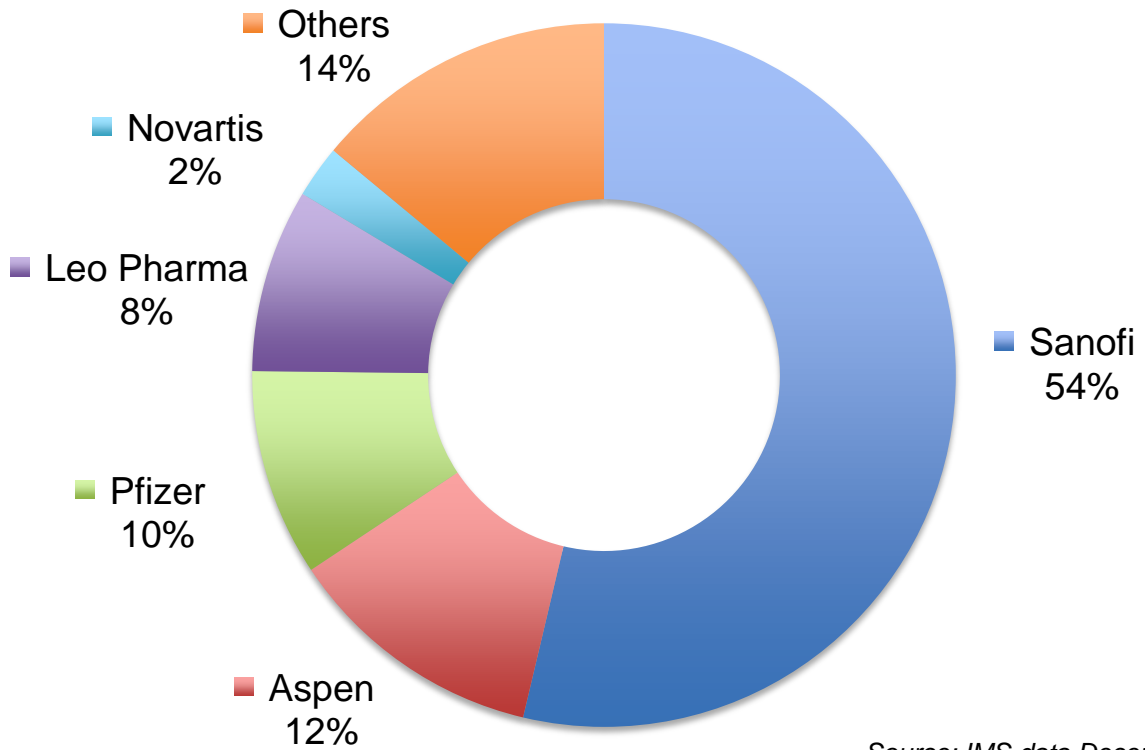


■ Total revenue of R1.1 billion in H2 including Orgaran



Global market ex USA - Value market share by company

Total market value – USD4.1 billion



Source: IMS data December 2013

Excludes USA injectable anticoagulant market valued at USD2 billion

Aspen is globally #2 by both value and volume



Critical success factors for Aspen to achieve global ambitions

- Professional, experienced, competent people
 - Happy to be part of a central focus
- Underdeveloped market share
 - Need to grow emerging markets
 - Small base, ambitious plans
 - Plugged into Aspen teams
 - EU CIS needs to perform
- Sufficient critical mass globally
 - Relevant to future potential partners
- Competitive cost of goods
 - Tender driven hospital business
 - Drives retail choices
 - Historically Fraxiparine's greatest disadvantage
- Broader product offering
 - Orgaran (danaparoid) API resolution
 - Pipeline/acquisitive opportunities
 - Benefit from economies of scale

COMPLETED

**WORK
IN PROGRESS**

COMPLETED

**WORK
IN PROGRESS**

**WORK
IN PROGRESS**



Competitive cost of goods

- Three components
 - Heparin
 - Conversion
 - Other materials e.g. syringes
- Other materials
 - Smallest component
 - Reduced by 15%
- Heparin
 - Integrated supply chain through Oss/Sioux City
 - Reduction in mucosa pricing
 - 20% reduction achieved
 - Significant reductions to follow
 - High level of stock on hand
 - Target to achieve, global cost leadership



Competitive cost of goods – Notre Dame de Bondeville

■ Conversion

- NDB is a highly specialised facility
- Great management team
- Compliant sterile PFS manufacture in short supply
- Current capacity ± 150 million syringes
 - Adding capacity by December 2015 – 300 million syringes
- Overheads to remain constant
- Will halve conversion costs
- Dependent on:
 - Organic growth
 - Acquisitive growth
 - Third party demand





Orgaran (danaparoid) update

- HIT patients
 - >40 ampoules
 - Mucosa from 15 pigs = 1 ampoule
 - >600 pigs!!!
- Resolve supply of Danaparoid API
 - Organon, Schering and MSD tried – process not robust
 - Aspen confident of resolution
 - Expect submission in about a year for existing dossiers
 - 6 months stability for API given changed intermediate process
 - FDA timelines update at next presentation
- Orgaran remains a central focus
 - Leverage off existing competencies
 - Has potential globally, particularly USA
 - Supply chain and process complex
 - Lower volume/higher margin opportunity

Focus/determination rewarded



Established track record

- Aspen has impressive track record of completing highly complex global transactions
 - Complexity of transactions require specialist skill base
 - Transactions are not simply commercial
 - Aspen has a capability that covers all global markets
 - Major differentiator and multinationals draw confidence from this
- Aspen is now partner of choice for product and site divestments
 - Navigate complex regulatory environments, others steer clear of
 - Dedicated and experienced deal integration team
 - Flexibility to adapt processes to new circumstances
 - Find unique solutions to complex problems
- Aspen has diverse skills base in Durban, Ireland, Mauritius, Port Elizabeth and India
 - Cover implementation, product development and analytical support
 - Integration, compliance, supply chain and product optimisation

Aspen operational teams are highly rated and have a proven track record of bedding down large and complex acquisitions

Critical skill in a consolidating pharma sector



Rising to the challenges

- Distribution transfers
 - MSD products and GSK anticoagulants transfers started in January 2014 and May 2014 respectively
 - As at August – 77 completed

- Marketing authorisation (MA) transfers for MSD products and GSK anticoagulants:
 - As at August:
 - 608 submitted
 - 447 approved

- Total number of artwork pieces requiring conversion to Aspen livery = 3 282
 - Total number completed = 609

- Contracts to transfer
 - Over 1 000 contracts transferred or to be transferred

Year	Distribution transfers
2014	138
2015	39
2016	8
Total	185

Year	MA transfers
2014	1 404
2015	403
Total	1 807



Rising to the challenges (continued)

- Site transfers
 - Number of site transfers = 22
 - Number of new sites being added to supplier network = 18
 - First commercial supply from a transfer site – September 2015
 - Projected date of overall project completion – November 2017
 - Total number of line items transferring – 633
- Clinical trials
 - 11 clinical trials inherited from GSK
 - 11 new studies being planned
- In their spare time, team drive critical synergies for products lifecycle enhancement
 - Including - line extensions, procurement savings, new indications, sources and registrations
 - Process improvements e.g. Danaparoid robustness and manufacturing realignments

Great teams are built around a strong engine room
No touch, no pause, just engaged

Summary



- A transformational year for Aspen
 - Aspen now a global multinational
 - Representation across more than 50 countries
 - South Africa's most global company?
 - Diversified product portfolio including
 - Hormones, peptides, steriods and biologicals
 - Expanding IMF portfolio
 - Enhanced manufacturing capability
 - Specialist APIs and biological APIs
 - Pre-filled syringe capabilities
 - Enhanced employee skill base
 - Experienced people transferred
 - In both commercial and manufacture







Summary (continued)

- Growth drivers in place across all regions
 - International momentum to continue
 - Europe CIS – set up and focussed
 - LatAm – sustained sales and profit growth
 - ROW – more material and Aspen expanding representation
 - South Africa resilient
 - Under currency and legislative pressure
 - Anticipate improved growth in South Africa
 - H2 > H1 2015
 - Sub-Saharan Africa
 - Strong organic growth to continue
 - Asia Pacific
 - Australia fronted up
 - Asia on strong growth trajectory
 - More to come



Summary (continued)

- API business
 - Focus on safety
 - Real opportunity to  sales and profit
- Global LWMH opportunity
 - Aspen determined to improve market shares
 - Key constraints re COGS being addressed
 - Teams in place
 - Aspen understands emerging markets
 - Europe CIS – strategy defined
 - Exploring acquisitive and pipeline opportunities
 - Danaparoid progressing
- Another strong financial performance
 - Key financial indicators all positive
 -  Sales 50%  EPS 42%  NHEPS 27%
 - Aspen's 32nd consecutive set of improved results

Incredibly busy but fruitful year
New base established



Prospects

- The pharma industry is extremely fluid
 - Multinationals making major strategic shifts
 - Aspen execution capability – partner of choice
 - There will be more opportunities
 - We busy but available
- Reality of pharma M&A activity
 - Assets are expensive
 - Soon you will run out of cash/issue equity
- Aspen did not issue equity
 - Key success factor is not only identified acquisitions
 - Ability to drive synergies including organic growth
 - Generate cash
- Aspen continues to review our range internally
 - Strategic fit/Aspen competence
 - Divestment realise over R4 billion



Prospects (continued)

- Aspen has a proven track record
 - Seamlessly integrate complex transactions
 - Operational teams, key success factor
 - Contribution from latest transactions, not just one off, future growth potential
- Aspen sales and operating income growth weighted to H2 in 2014
 - Nothing significantly different for 2015
 - H2 2014 rolls into H1 2015
 - Organic growth vs divestments made

R'-billion	H1 2014	H2 2014	% growth
Growth H2 > H1			
Gross revenue	12.9	18.5	43%
Normalised EBITA	3.2	4.5	41%

- Aspen has a new base, new opportunities
 - Particularly well positioned
 - Industry upheavals
 - Clear growth path

Remain excited by the opportunities and challenges ahead
To rest is to rust

Glossary



Acronym	Meaning	Acronym	Meaning
ANVISA	Agência Nacional de Vigilância Sanitária, the Brazilian Health Surveillance Agency, a regulatory body of the Brazilian government responsible for the regulation and approval of pharmaceutical drugs	IP	Intellectual property
API	Active pharmaceutical ingredient	LatAm	Latin America
ARV	Antiretroviral drug	LMWH	Low molecular weight heparin
AUD or AU\$	Australian Dollar	MA	Marketing authorisation
CAGR	Compound annual growth rate	MAT	Moving annual average
CPI	Consumer price index	MENA	Middle East, North Africa
CIS	Commonwealth Independent States, including Russia	M&A	Mergers and acquisitions
COGS	Cost of goods	NDB	Notre Dame de Bondeville
DOH or DoH	Department of Health	NHEPS	Normalised headline earnings per share
EBITA	Earnings before interest, tax and amortisation	Normalised EBITA	Earnings before interest, tax and amortisation adjusted for specific non-trading items
EPS	Earnings per share	OTC	Over-the-counter
FDF	Fixed dosage form	PBS	Australian Government's Price Disclosure Scheme
FCC	Fine Chemicals Corporation	PE	Port Elizabeth
FMCG	Fast moving consumer goods	PFS	Pre-filled syringes
Forex	Foreign exchange	Pharma	Pharmaceutical
GBP or £	British Pound	R/ZAR	South African Rand
GMP	Good manufacturing practice	ROW or RoW	Rest of the world
GSK	GlaxoSmithKline	SA	South Africa
H1	Six month period from 1 July to 31 December	SEP	Single exit price as determined by the Department of Health in South Africa
H2	Six month period from 1 January to 30 June	SSA	Sub-Saharan Africa
HIT	Heparin-induced thrombocytopenia	State	South African Government
IMF	Infant milk formula	USA	United States of America
IMS	IMS Health, an independent provider of healthcare information and other services	USD or US\$ or \$	United States Dollar



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