



**2012 Year End Results Presentation**



# AGENDA

**Vision**  
GUS ATTRIDGE

**Financial results**  
GUS ATTRIDGE

**Aspen's global strategy**  
STEPHEN SAAD

**Business performance**  
STEPHEN SAAD

**Outlook**  
STEPHEN SAAD

*“To deliver value to all our stakeholders as a responsible corporate citizen that provides quality affordable medicines globally.”*

# Delivering value to all our stakeholders

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- ▶ Growth >20% in revenue, profit, HEPS
- ▶ Distribution +50%
- ▶ Rising share price
- ▶ Exponential returns for BEE shareholders
- ▶ Investing in skills of our employees
- ▶ A product pipeline which creates improved access to quality medicines
- ▶ Benefitting suppliers and partners

# Responsible corporate citizens

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- ▶ Investing in the future: products, manufacturing, people
- ▶ Supporting the communities where we operate
- ▶ Delivering on BBBEE: Level 3 value adding entity
- ▶ Leading supplier of ARVs in South Africa
- ▶ Environmentally aware
- ▶ Integrity is a core value

# Providing quality, affordable medicines globally

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- ▶ Supplying medicines to more than 150 countries
- ▶ Expanding territorial coverage
- ▶ Increasing product ranges
- ▶ Leading supplier of medicines in South Africa, Sub Saharan Africa and Australia
- ▶ Raising production standards

# Financial Performance Highlights

## Revenue

*from continuing operations*

+23%

R15.3 billion

## Normalised headline earnings

*from continuing operations*

+22%

R2.9 billion

## Normalised diluted headline earnings per share

*from continuing operations*

+22%

636 cents

## Capital distribution to shareholders

+50%

157 cents

# Abridged Income Statement

## CONTINUING OPERATIONS

	Year ended 30 June 2012 R'million	Year ended 30 June 2011 R'million	% change
<b>Revenue</b>	15 256	12 383	+23%
<b>Gross profit</b>	7 276	5 614	+30%
Net operating expenses	-3 123	-2 321	
<b>EBITA</b>	4 153	3 293	+26%
Amortisation	-212	-144	
<b>Operating profit</b>	3 941	3 149	+25%
Net funding costs	-501	-412	
<b>Profit before tax</b>	3 440	2 737	+26%
Tax	-772	-582	
<b>Profit after tax from continuing operations</b>	2 668	2 155	+24%
<b>Basic Earnings per share (EPS)</b>	609.3 cents	495.2 cents	+23%
<b>Headline earnings per share (HEPS)</b>	649.7 cents	510.9 cents	+27%
<b>Normalised diluted HEPS</b>	636.2 cents	523.3 cents	+22%



# Reconciliation of 2012 Earnings

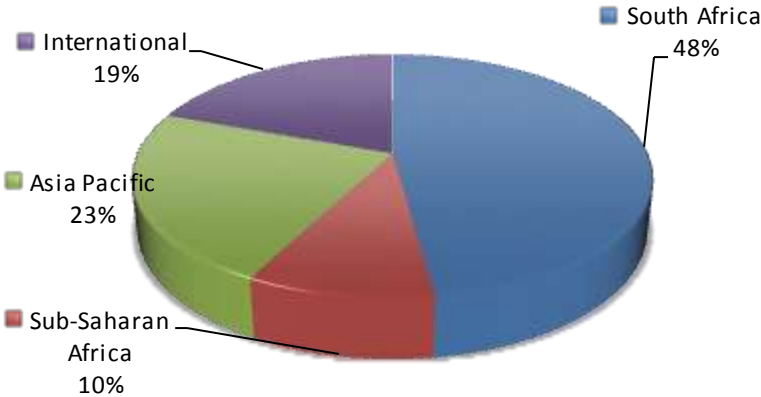
	Earnings R'million	Per share Cents
<b>Earnings attributable to equity holders</b>	2 818	645.8
Discontinued operations	-159	-36.5
<b>Earnings from continuing operations</b>	2 659	609.3
Impairments	176	40.4
<b>Headline earnings</b>	2 835	649.7
Restructuring costs	52	11.9
Transaction costs	25	5.7
Foreign exchange gain on transaction funding	-35	-7.9
<b>Normalised headline earnings</b>	2 877	659.4

# Comparative reconciliation of EPS

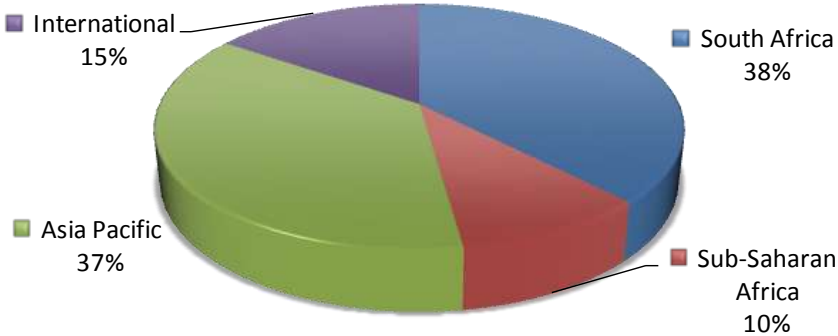
	Year ended 30 June 2012 Cents	Year ended 30 June 2011 Cents	% change
<b>Basic earnings per share (EPS)</b>	645.8	595.5	+8%
Discontinued operations	-36.5	-100.3	
<b>Basic EPS from continuing operations</b>	609.3	495.2	+23%
Impairments	40.4	21.1	
Other	-	-5.4	
<b>Headline EPS from continuing operations</b>	649.7	510.9	+27%
Restructuring costs	11.9	5.3	
Transaction costs	5.7	28.1	
Foreign exchange gain on transaction funding	-7.9	-	
<b>Normalised HEPS from continuing operations</b>	659.4	544.3	+21%
Dilution	-23.2	-21.0	
<b>Normalised diluted HEPS from continuing operations</b>	636.2	523.3	+22%

# Segmental contribution

Gross Revenue 2011



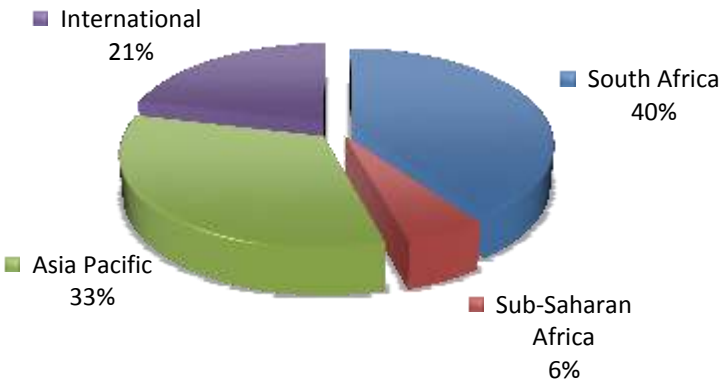
Gross Revenue 2012



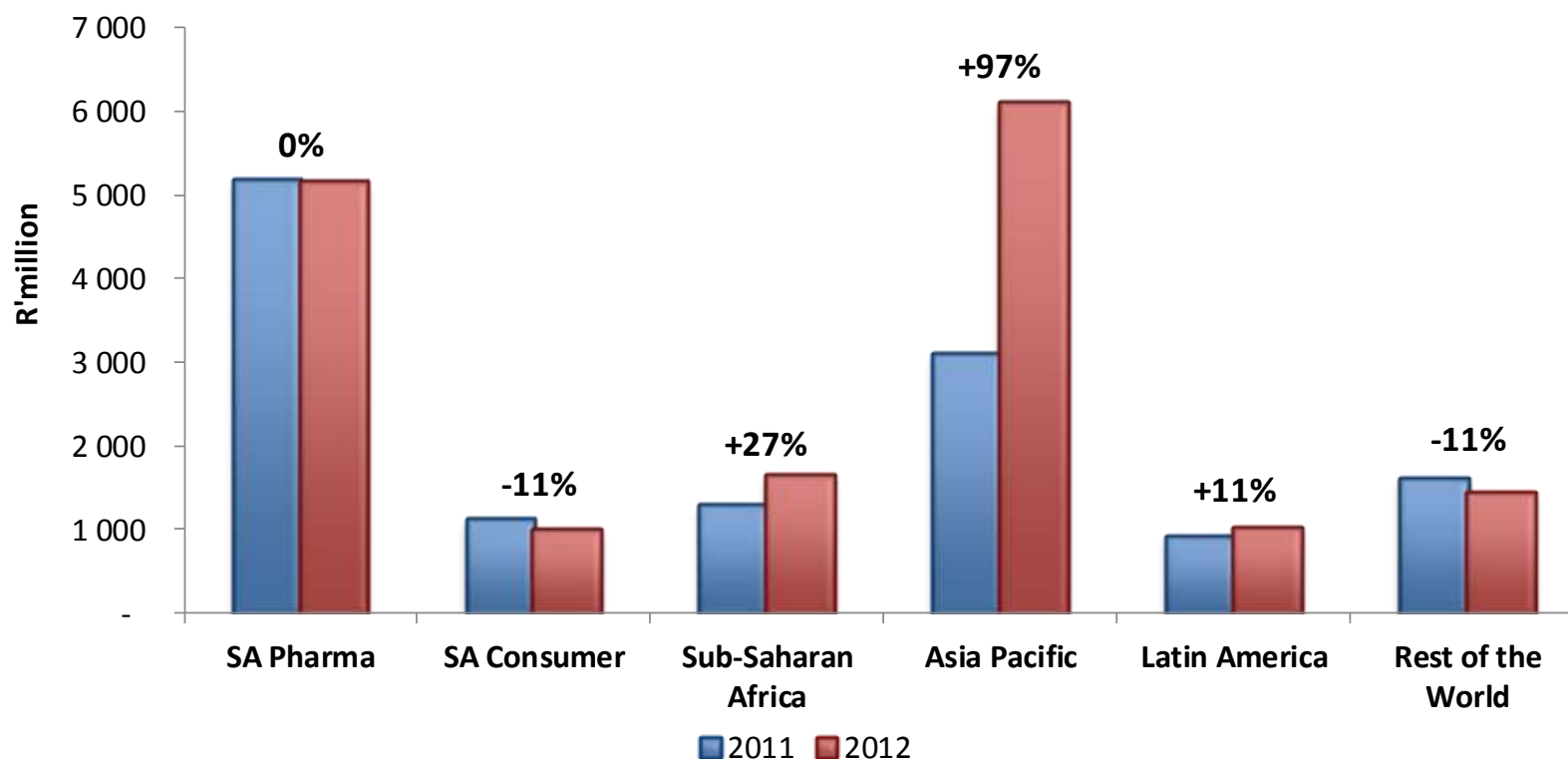
Normalised EBITA 2011



Normalised EBITA 2012

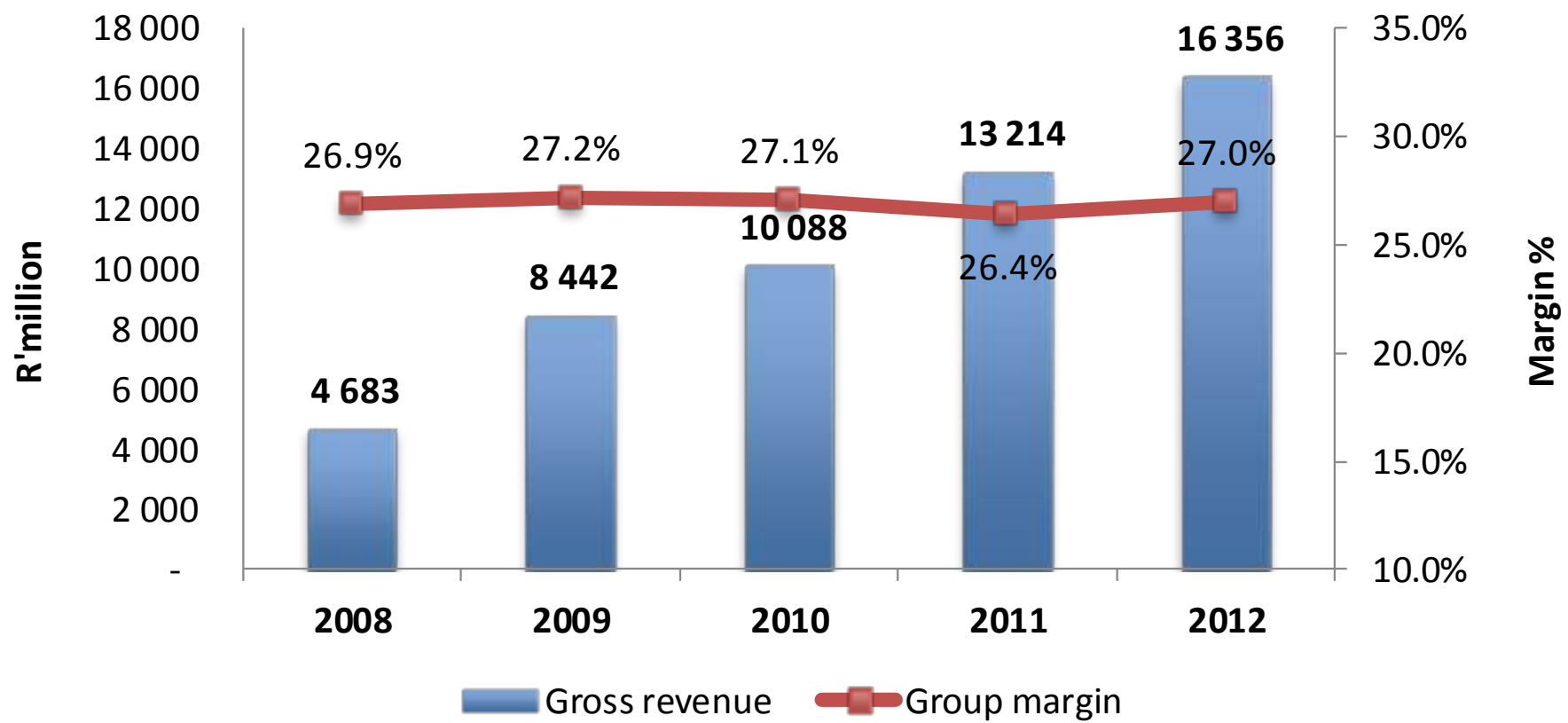


# Gross Revenue from Continuing Operations



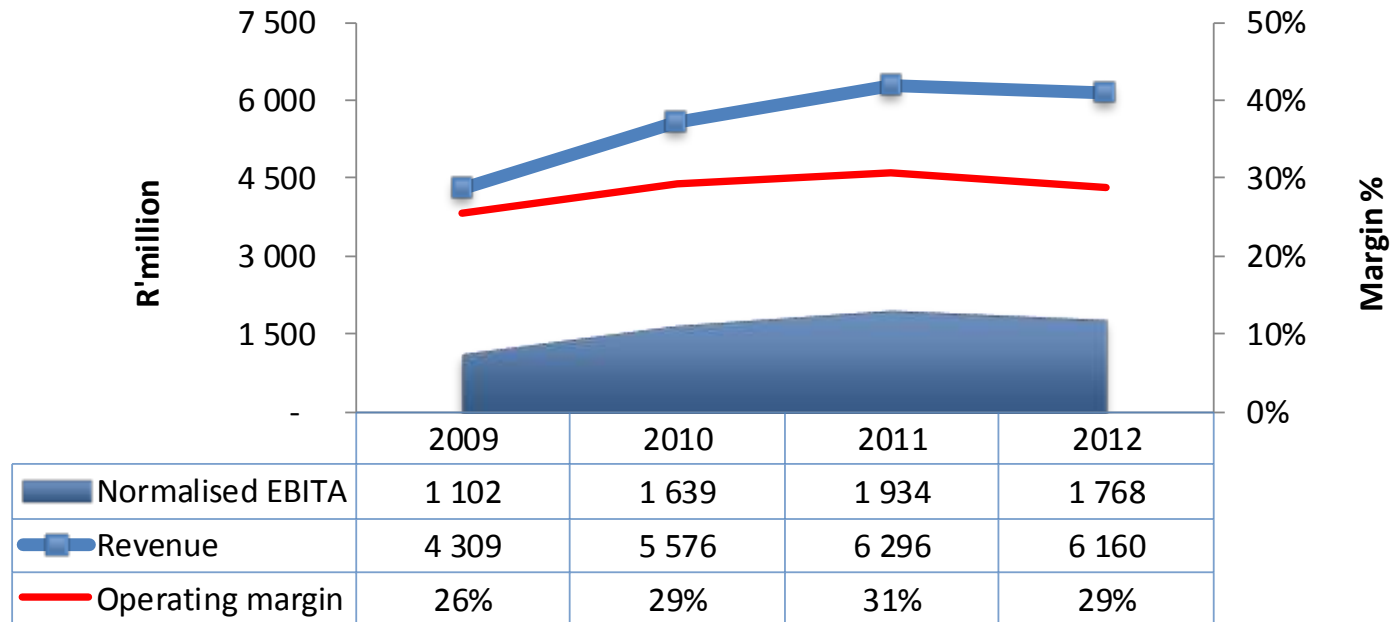
ACCORDING TO CUSTOMER GEOGRAPHY

# Group Operating Margin



Based on Gross revenue and Normalised EBITA

# South African business review



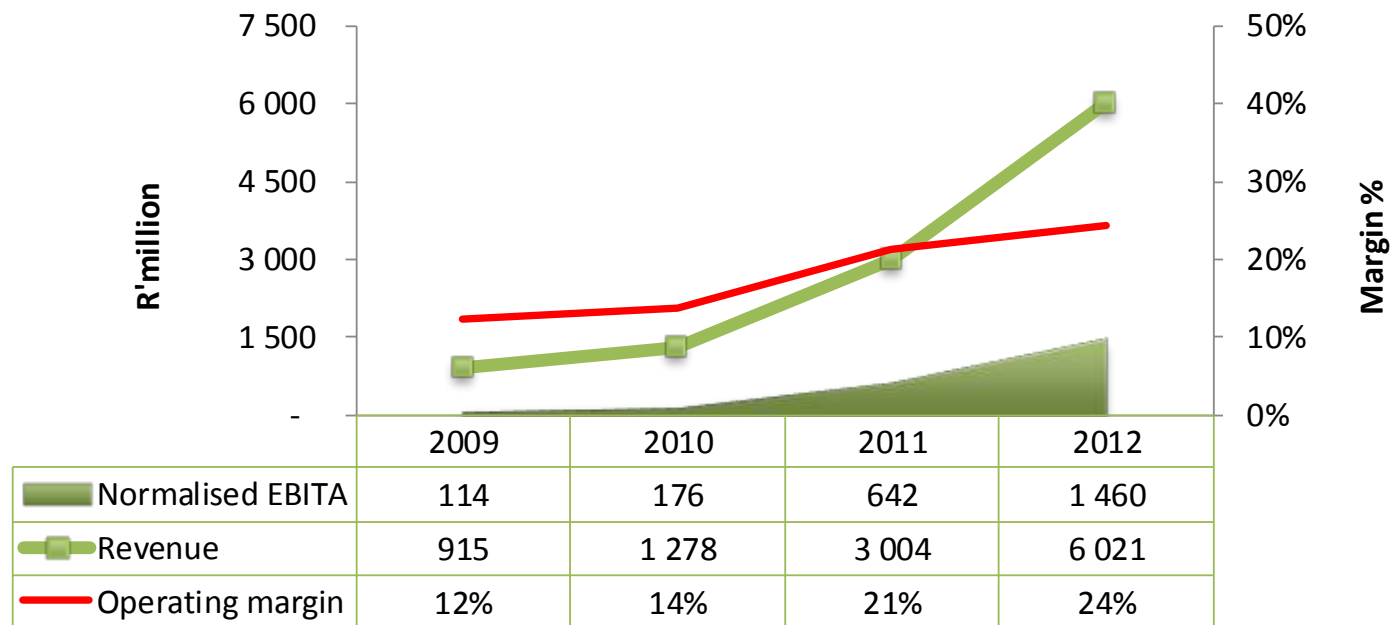
## ► Business performance

- Difficult H1 due to once-off items
- Good performance by pharmaceutical business in H2
- ARV tenders recover in H2
- Consumer division disappointing
- Manufacturing efficiencies help offset inflationary pressures

## ► Outlook

- Return to growth
- Pharma division well set
- Strong product pipeline
- Legislative uncertainty
- Awarded largest portion of oral solid tender
- Nutritionals innovation

# Asia Pacific business review



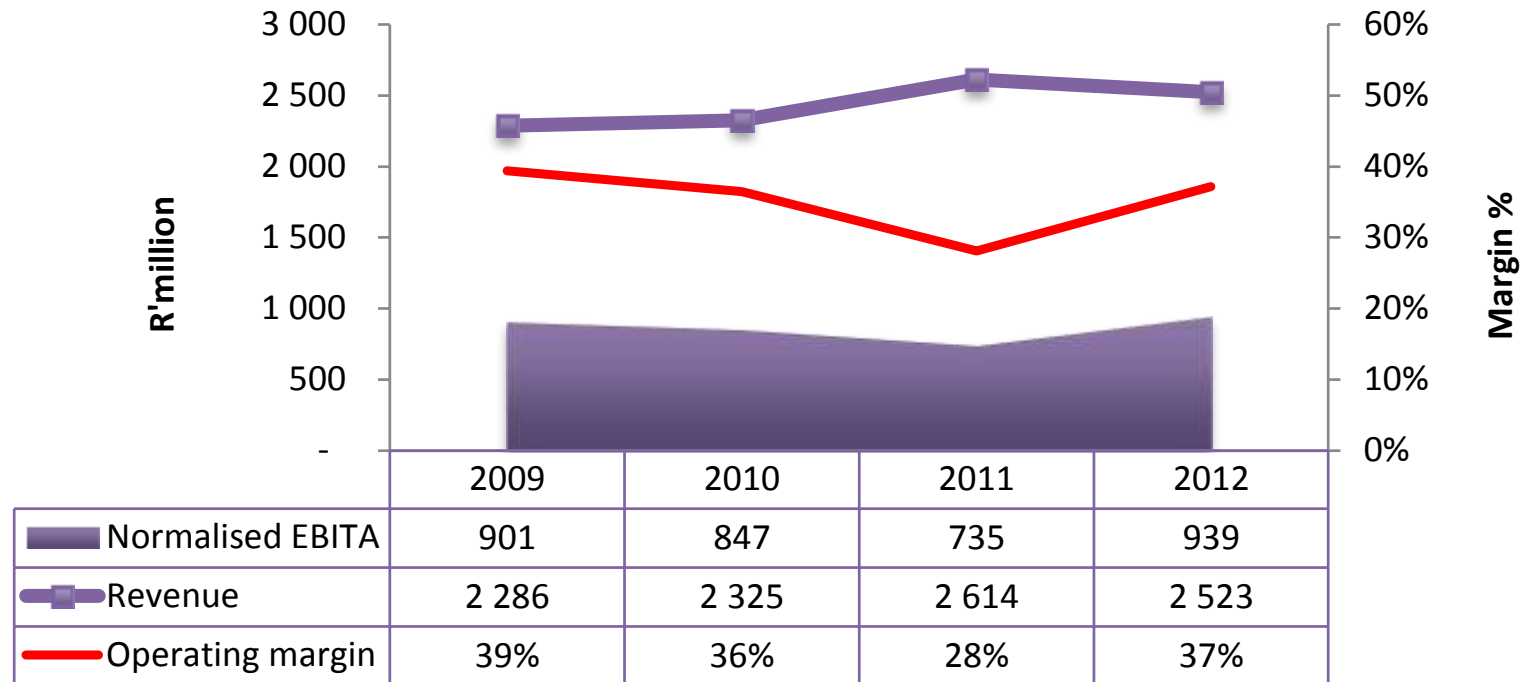
## ► Business performance

- Revenue growth of both original Aspen and former Sigma business
- Synergies from single business platform
- Significant procurement savings and improved margins
- Impact of price disclosure cuts
- Aspen Philippines commenced trade

## ► Outlook

- Set to be the biggest contributor to revenue
- Further price disclosure cuts
- Further gains from procurement network
- Rationalisation of manufacturing facilities progressing
- Opportunities from unique positioning
- South East Asia expansion

# International business review



## ► Business performance

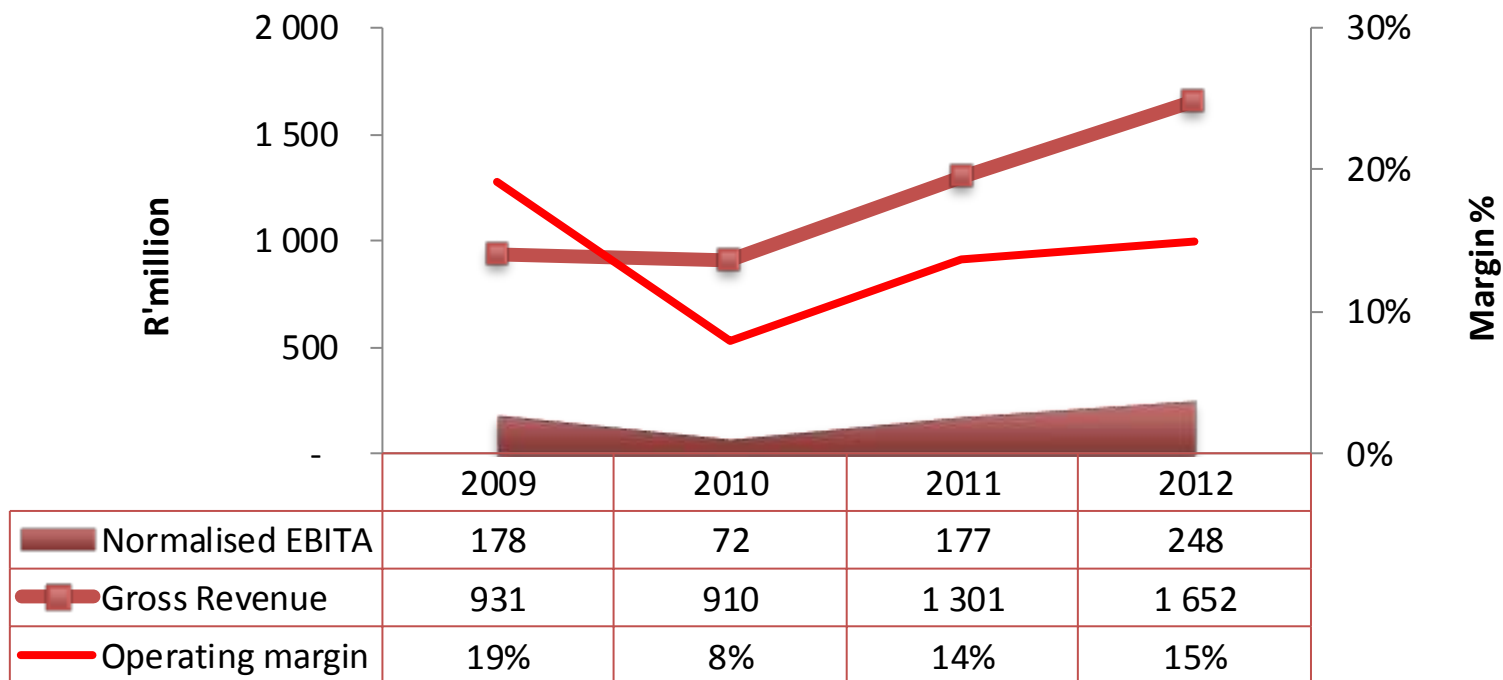
- Continued growth in LATAM
- Elimination of low margin business
- Global brands drive improved margins

## ► Outlook

- Expansion of portfolio
- Expanded territorial presence
- Ongoing COGS reduction projects



# Sub-Saharan Africa business review



## ► Business performance

- Good performance by all underlying business segments
- Growth in GSK Aspen Collaboration
- Improved business efficiency at Shelys

## ► Outlook

- New product launches
- Growth strategies
- Political uncertainty

# Abridged Statement of Financial Position

## ASSETS

Non-current assets

Fixed assets

Intangible assets

Goodwill

Other non-current assets

Current assets

Cash

**Total assets**

## EQUITY AND LIABILITIES

Share capital and reserves

Non-current liabilities

Preference shares liability

Long term interest-bearing liabilities

Other non-current liabilities

Short term interest-bearing liabilities

Other current liabilities

**Total equity and liabilities**

As at  
30 June  
R'million

21 287

3 807

11 870

5 344

266

7 118

3 314

31 719

As at  
30 June  
R'million

17 423

3 652

8 917

4 627

227

6 335

3 039

26 797

17 398

7 000

-

6 254

746

4 127

3 194

31 719

13 287

5 302

381

4 249

672

5 138

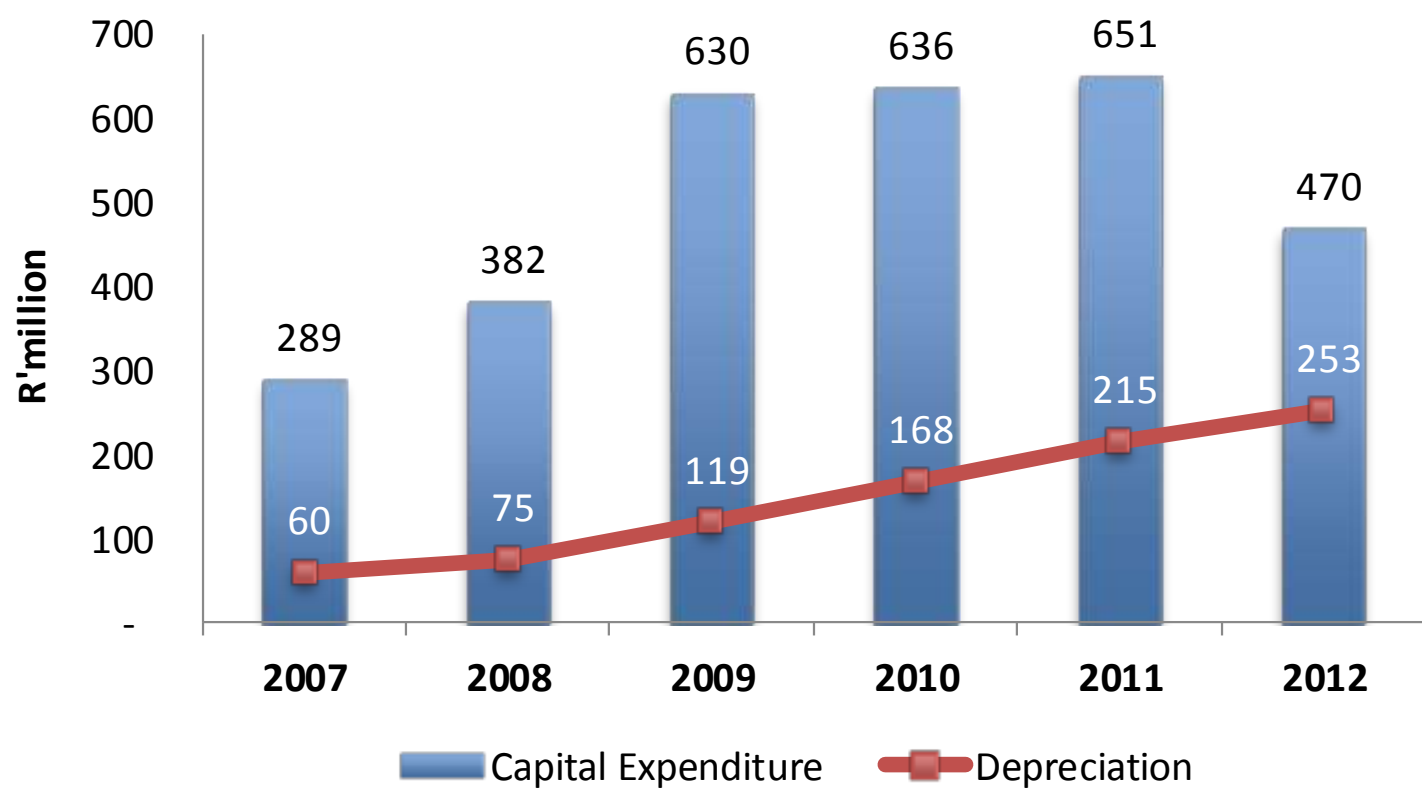
3 070

26 797

# Operating Cash Flows

	Year ended 30 June 2012 R'million	Year ended 30 June 2011 R'million	% change
<b>Cash operating profit</b>	4 746	3 845	+23%
Changes in working capital	-870	-463	
<b>Cash generated from operations</b>	3 876	3 382	+15%
Net finance costs paid	-514	-401	
Tax paid	-454	-535	
<b>Cash generated from operations</b>	2 908	2 446	+19%
Discontinued operations	-2	-44	
Normalisation adjustments	18	113	
<b>Normalised cash generated from continuing operations</b>	2 924	2 515	+16%
<b>Normalised operating cash flow per share from continuing operations</b>	670.2 cents	580.9 cents	+15%
<b>Operating profit to cash flow conversion rate</b>	102%	107%	
<b>Working capital as a % of Revenue</b>	27.2%	22.5%	

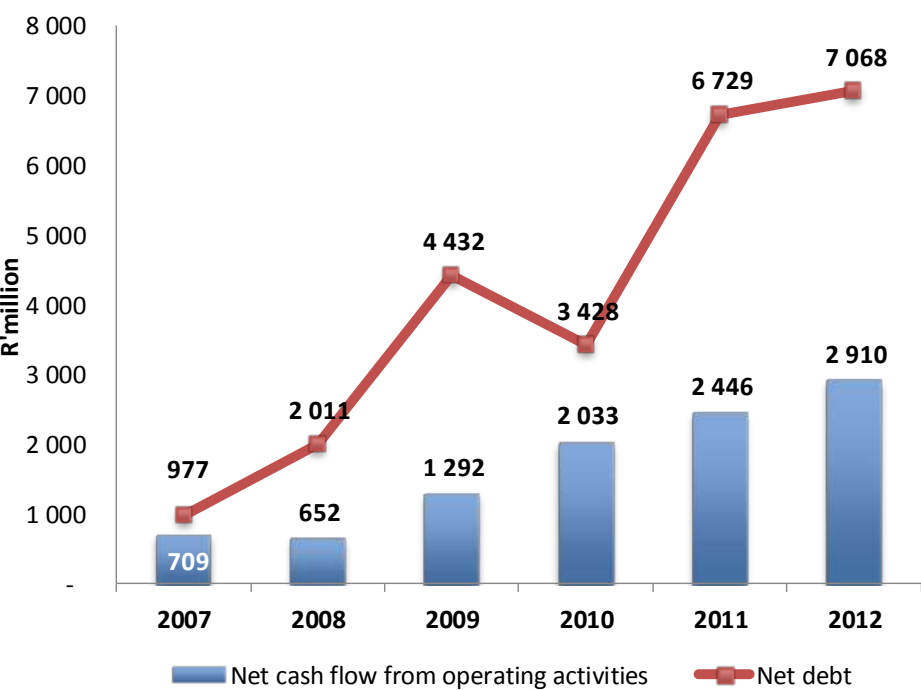
# Investment in Property, Plant & Equipment



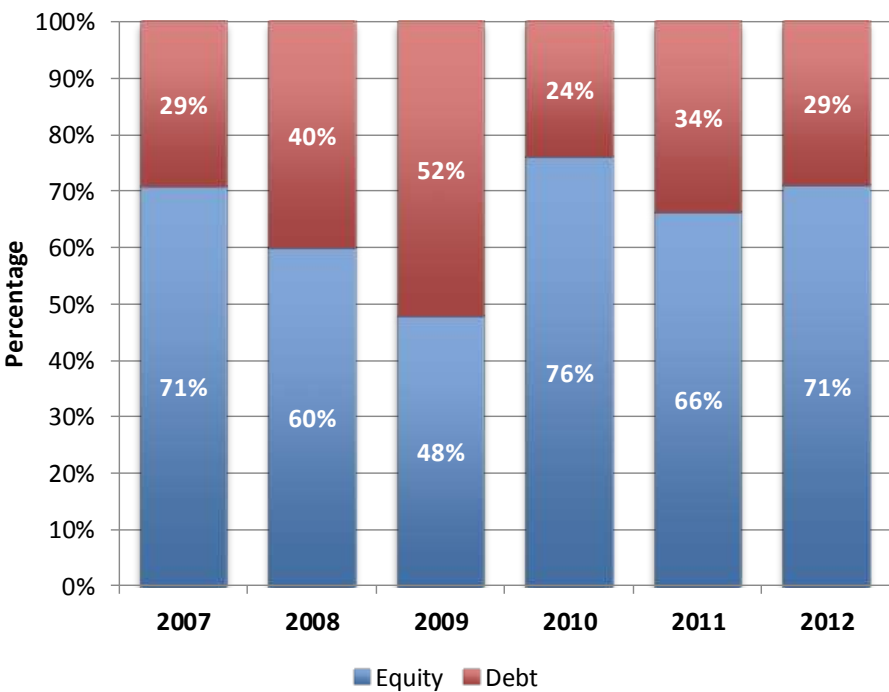
MORE THAN R3 BILLION SPENT ON CAPEX OVER 6 YEARS

# Debt and Liquidity trends

Operating net cash flows vs net debt



Capital composition



## Corporate Activity

### ► GSK OTC Brands

- Purchase consideration of R2.1 billion
- Excellent geographic fit: Asia Pacific, SA/SSA and LATAM
- Household brands e.g. Phillips Milk of Magnesia, Dequadin, Zantac, Borstol
- Revenue of GBP60 million in 2011; high margin percentage
- Aspen to invest in promoting brands
- Effective 1 May 2012 except where competition approval required
- Competition approval since obtained in major territories - Australia and South Africa
- Brand equity, product extensions and sustainable cash flows



# Corporate Activity

## ► GSK Classic Brands

- Purchase consideration of R2.2 billion
- For distribution in Australia
- Strong brand equity e.g. Augmentin, Amoxil, Valtrex, Zofran
- Revenue in six months to June 2012 of AUD47 million
- Declining revenue trend: Valtrex patent expiry; pricing disclosure
- Market positioning, value proposition
- Aspen's proven ability to re-invigorate older brands
- Competitive decision pending: expected last quarter 2012



## Corporate Activity

### ► Enablex and Tofranil

- Acquired from Novartis
- Purchase consideration of R442 million
- Enablex: For treating overactive bladder – patent protected until +/- 2016
- Tofranil: Anti-depressant – long since patent expired
- Combined revenue of USD15 million; high margin percentage
- Selected territories
- Building critical mass through global brands
- Effective 1 August 2012





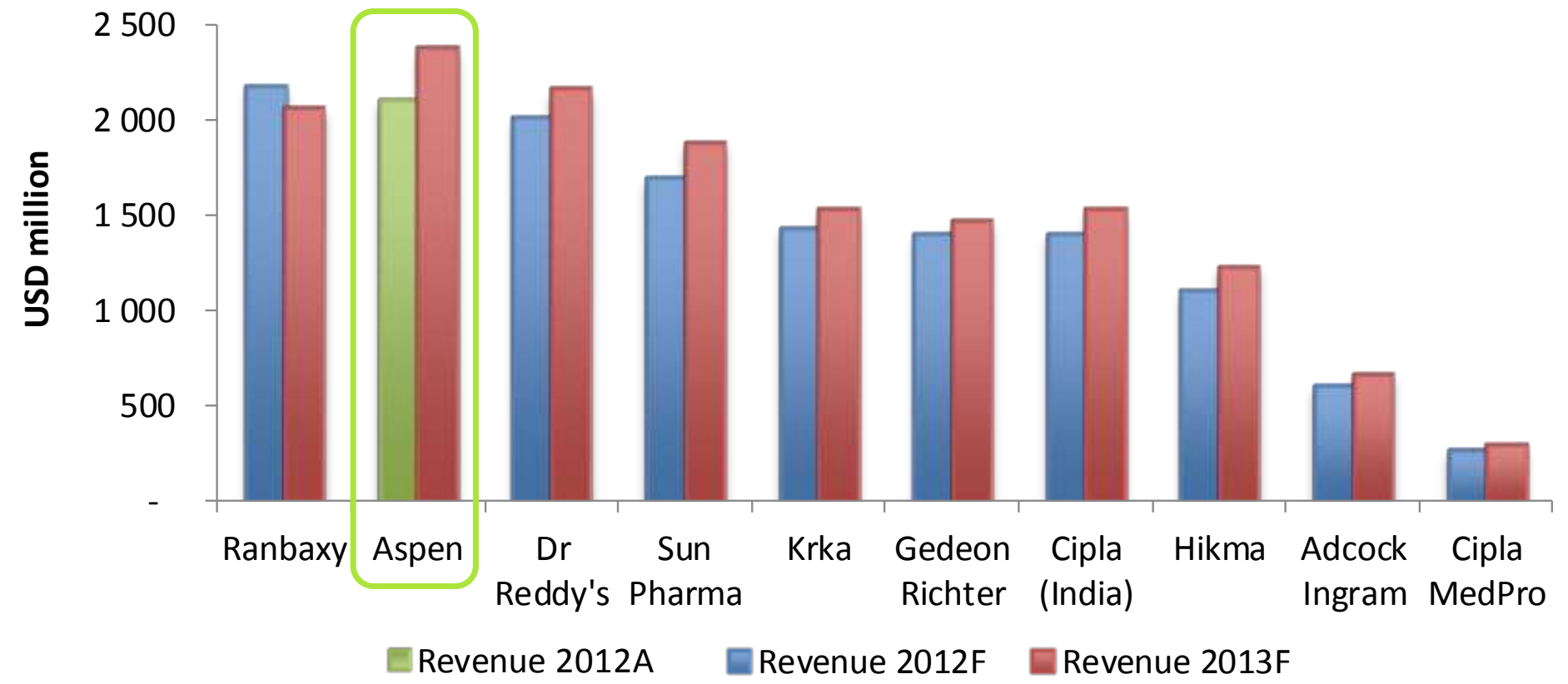
# Corporate Activity

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## ► Disposals

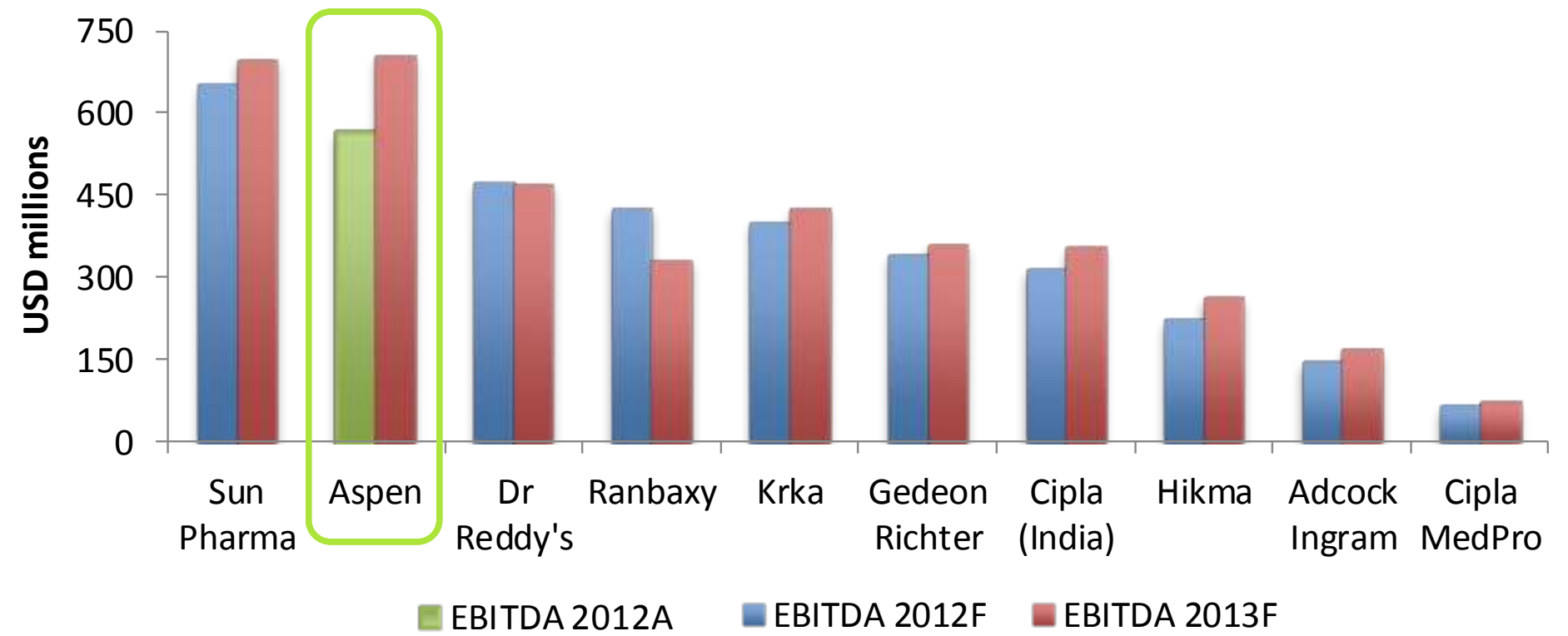
- Campos facility and related hospital products in Brazil
  - Disposal completed 1 July 2011
  - Profit after tax on disposal of R122 million
- Personal care products
  - Toothpaste brands in South Africa sold in September 2011
  - Profit after tax on disposal of R36 million

# Revenue consensus forecasts



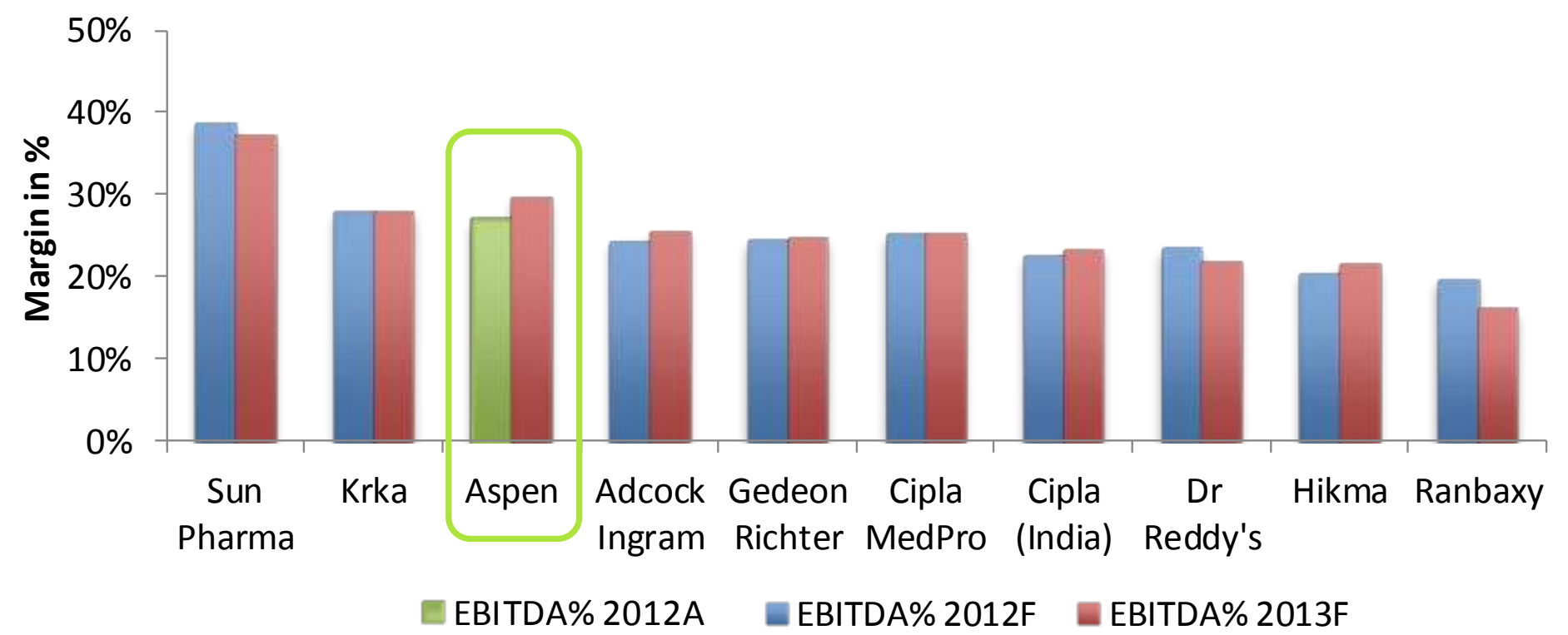
Source: Bloomberg sourced by JP Morgan (3 July 2012)  
Based on Bloomberg annualised consensus estimates for 2012 and 2013. Aspen's actual results for 2012 have been used, all other information is as per consensus estimates.

# EBITDA consensus forecasts



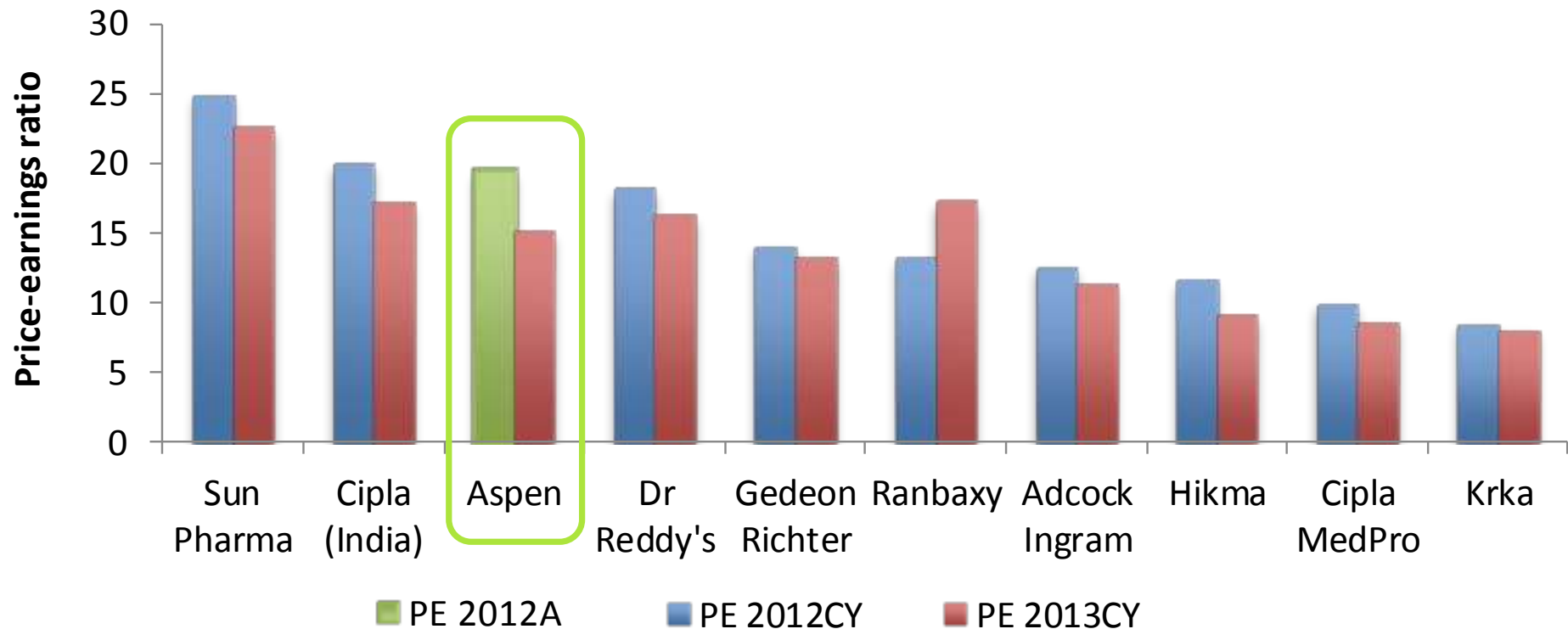
Source: Bloomberg sourced by JP Morgan (3 July 2012)  
Based on Bloomberg annualised consensus estimates for 2012 and 2013. Aspen's actual results for 2012 have been used, all other information is as per consensus estimates.

# EBITDA % consensus forecasts



Source: Bloomberg sourced by JP Morgan (3 July 2012)  
Based on Bloomberg annualised consensus estimates for 2012 and 2013. Aspen's actual results for 2012 have been used, all other information is as per consensus estimates.

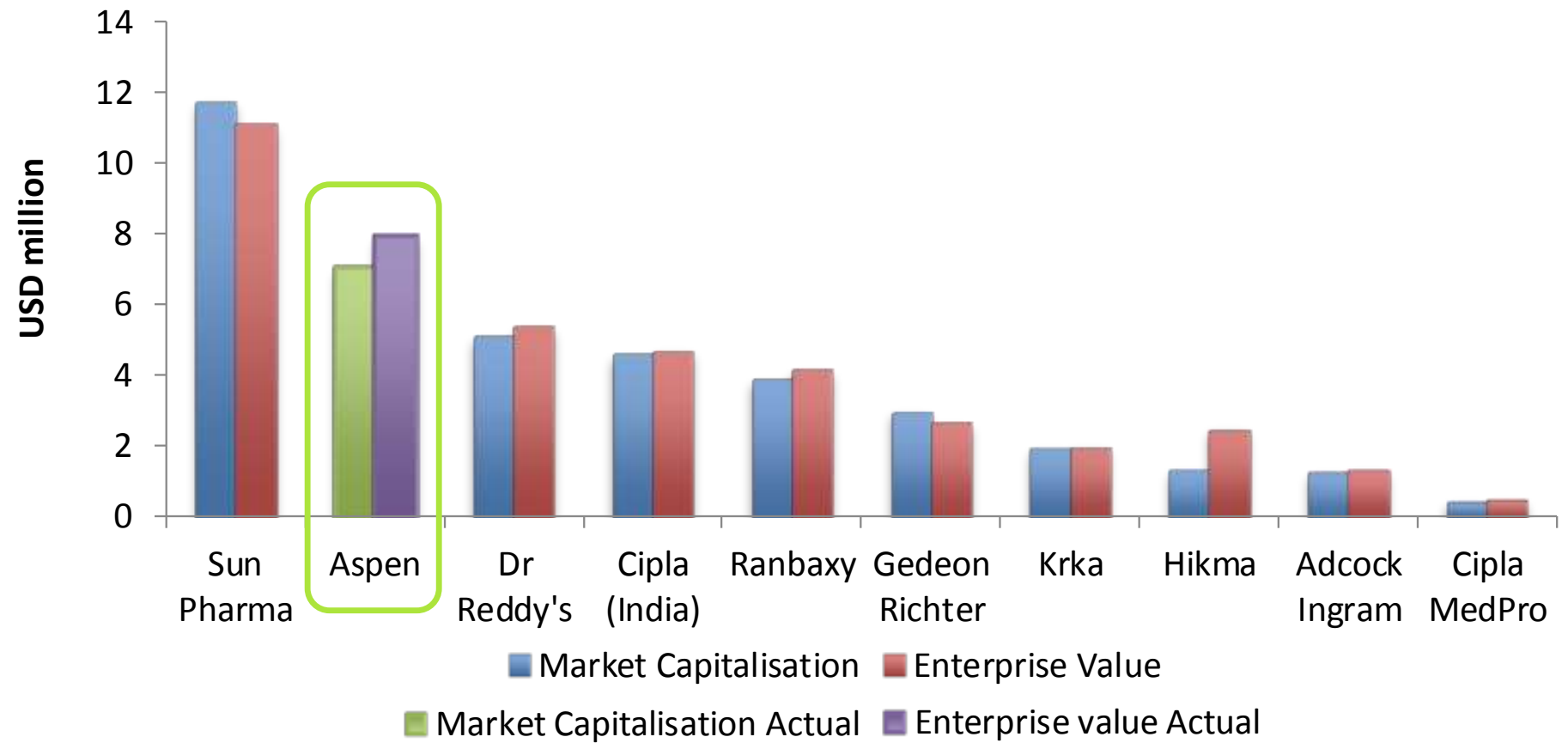
# PE consensus forecasts



Source: Bloomberg sourced by JP Morgan (3 July 2012)

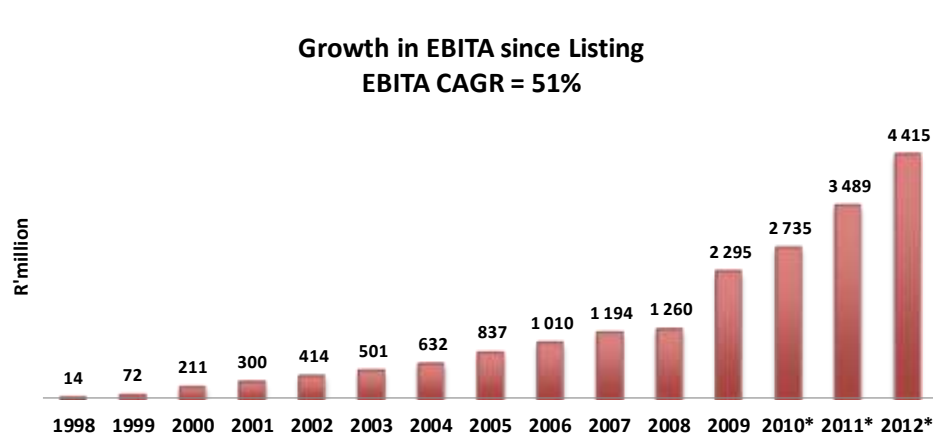
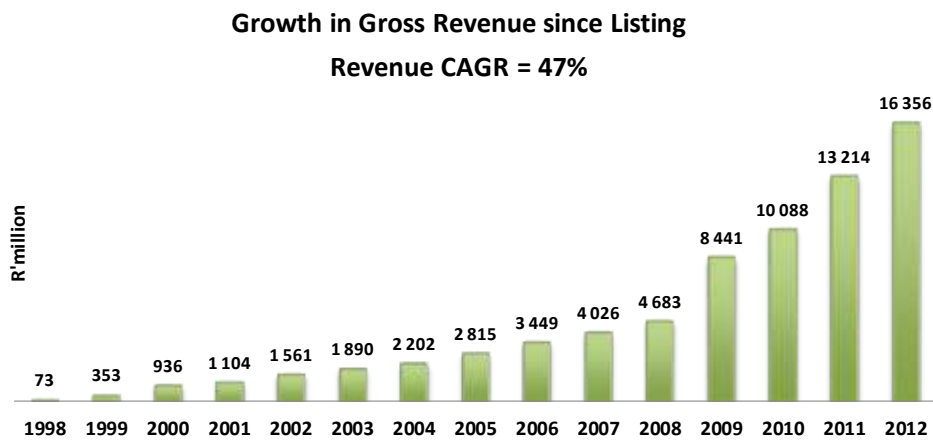
Based on Bloomberg annualised consensus estimates for 2012 and 2013. Aspen's actual results for 2012 have been used, all other information is as per consensus estimates.

# Market capitalisation and Enterprise Values

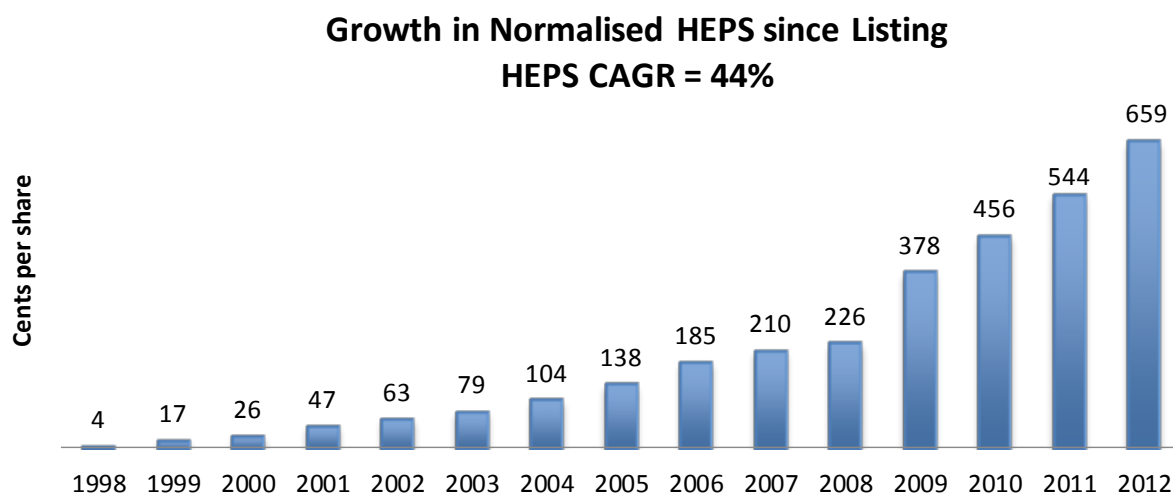


Source: Bloomberg sourced by JP Morgan (3 July 2012)  
Based on Bloomberg information as at 30 June 2012. Aspen's actual results for 2012 have been used to calculate its market value and enterprise value, all other information is as per Bloomberg.

# Growth record since listing

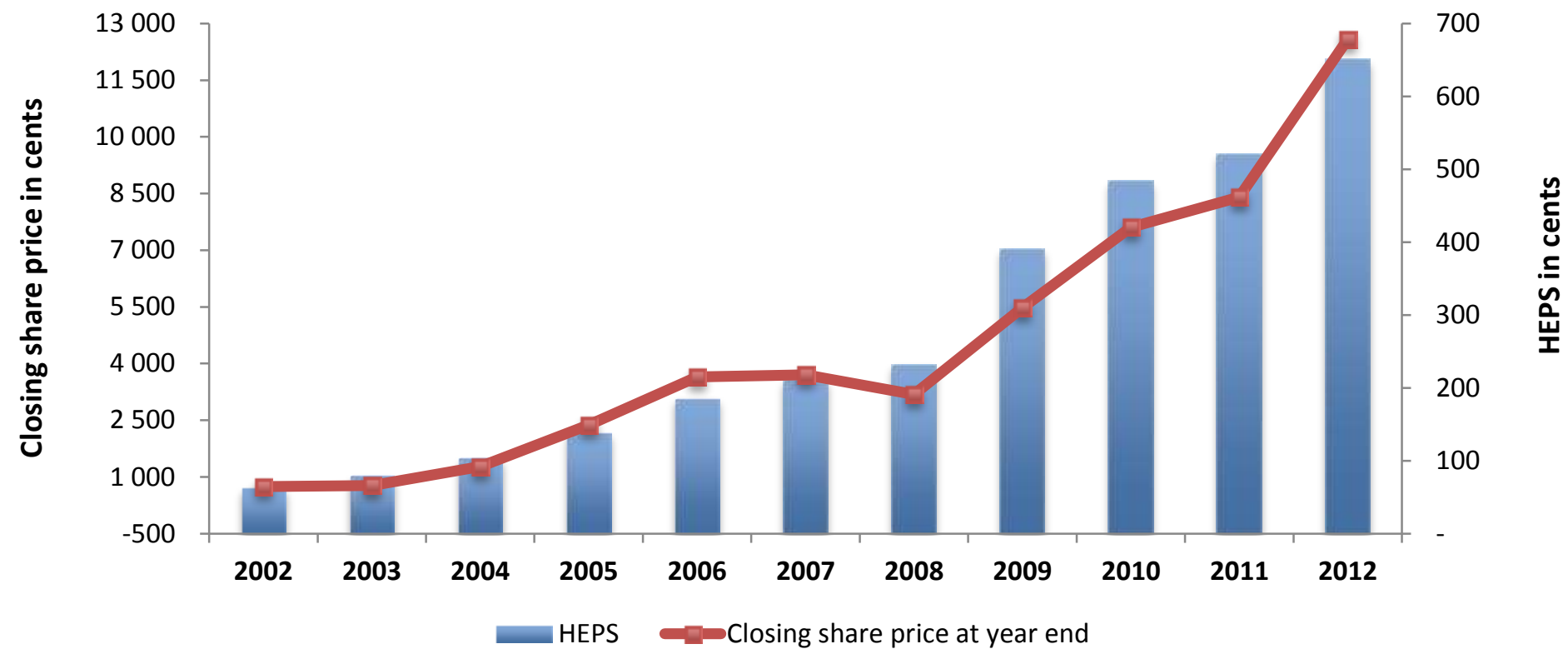


*\* 2012, 2011 and 2010 EBITA are normalised EBITA*



*Normalised HEPS from continuing operations*

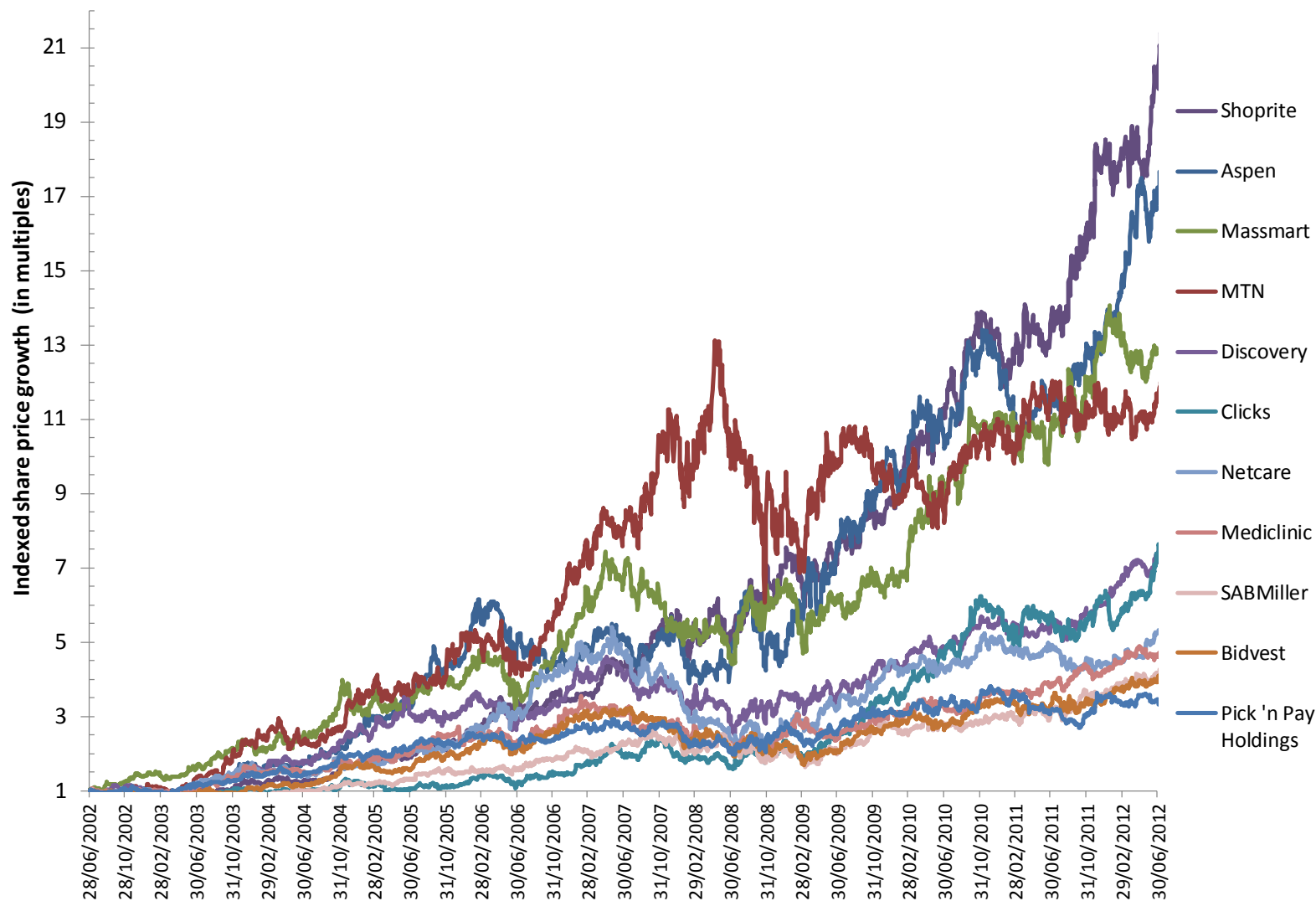
# 10 year earnings vs share price growth



*HEPS – total headline earnings per share for the year*



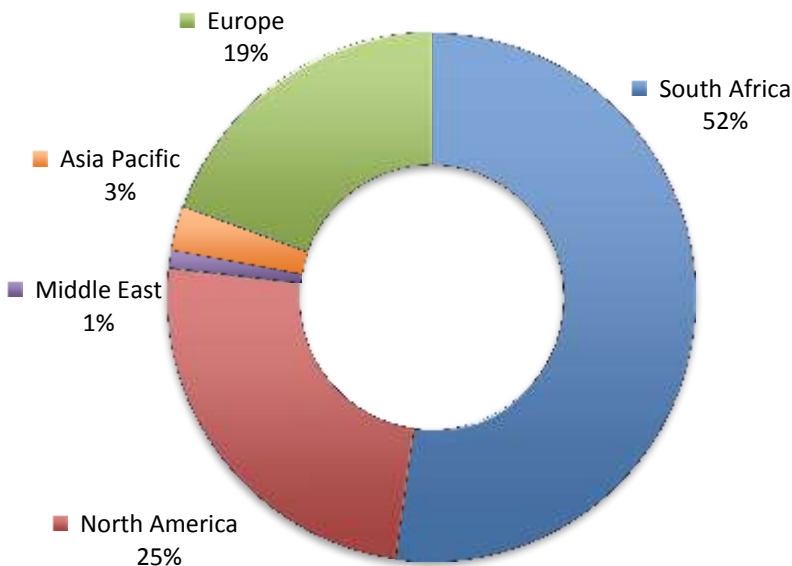
# Share performance



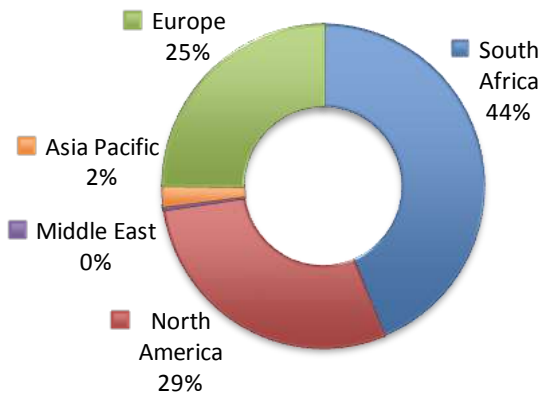
17 x SHARE PRICE GROWTH IN 10 YEARS  
31 x SHARE PRICE GROWTH SINCE LISTING

# Distribution of Fund Managers

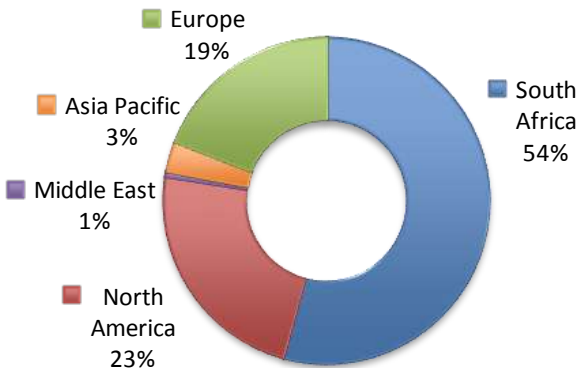
As at June 2012



As at June 2010



As at June 2011



# Aspen's position today

- ▶ Large mature businesses in South Africa and Australia
  - Strong market position
  - Generate cash
  
- ▶ Growing businesses across other regions
  - Foundations in place
  - Need further scale to contribute more meaningfully
  - Footholds that can now be expanded
    - Have potential to exceed contributions of South Africa/Australia
  - Distributors in too many markets
    - Influence limited

**ROLL OUT ASPEN PRESENCE ACROSS MORE GEOGRAPHIES  
SUPPORTED BY A RELEVANT PIPELINE**

## What we do well

- ▶ Integrate operations and commercial business
  - Operations, part of success, not bureaucratic obstacle
- ▶ Execute well – culture of delivering to both ourselves and our partners
- ▶ Develop and commercialise a relevant/organic pipeline
- ▶ Synergies ex acquired products
  - With focus we sell more
  - Manufacture/procure cost effectively
    - Significant synergy
    - Drives profit and can influence volumes
- ▶ We understand fluid emerging markets
- ▶ People empowered to make their own calls
  - Positive, decisive culture

**ROLL OUT ASPEN PRESENCE ACROSS MORE GEOGRAPHIES  
SUPPORTED BY A RELEVANT PIPELINE**

# What we focus on

## Inorganically

- ▶ Acquire more product
  - Have more critical mass in existing and new territories
  - Establish more LOCs versus distributors
  - Employ more Aspen reps
    - Focus on Aspen products only
    - More credibility, substance for partners/multinationals
- ▶ Acquire local platform companies
  - Facilitate more efficient market entry
  - Quicker uptake of Aspen organic pipeline

## Organically

- ▶ Establish an organic pipeline
  - Differentiated and relevant to chosen market
  - Strong market positions needed
    - Basket of generics

**ROLL OUT ASPEN PRESENCE ACROSS MORE GEOGRAPHIES  
SUPPORTED BY A RELEVANT PIPELINE**

# Performance Objectives

- ▶ Sustained over performance is critical to our future success
  - Meaningful market shares
    - Deliver better returns
    - Partners want to share in your success
    - Increasing the breadth/depth of the offering
  
- ▶ Attracts capable people
  - *Can Do* and now *Have Done* mind set
  - Reality of Emerging Market Pharma success in particular
    - More dependent on people and commercial strategy than products

ROLL OUT ASPEN PRESENCE ACROSS MORE GEOGRAPHIES  
SUPPORTED BY A RELEVANT PIPELINE

# Headlines

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## Pharma

- ▶ H2 – highest half revenue in history
  - Surpassed H1 2011
    - Included Seretide and Truvada pre-patent
    - Higher public ARV sales
  - 12% > H1: 2012
  - Driven margins in growth
  
- ▶ Excluding private ARV's
  - Underlying private pharma growth – double digits
  
- ▶ Returned Leadership position
  - No. 1 pharmaceutical company in private market
  - No. 1 generic company in private market
  - No. 1 in South African public sector

# Headlines

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## Consumer

- ▶ Disappointed
  - Underperformance of H1 being arrested
    - H2 > H1 and nearly in line with prior year
    - Pfizer was in Q3 last year
  - IMF growing share
  - OTC brands acquired from GSK
    - Add impetus

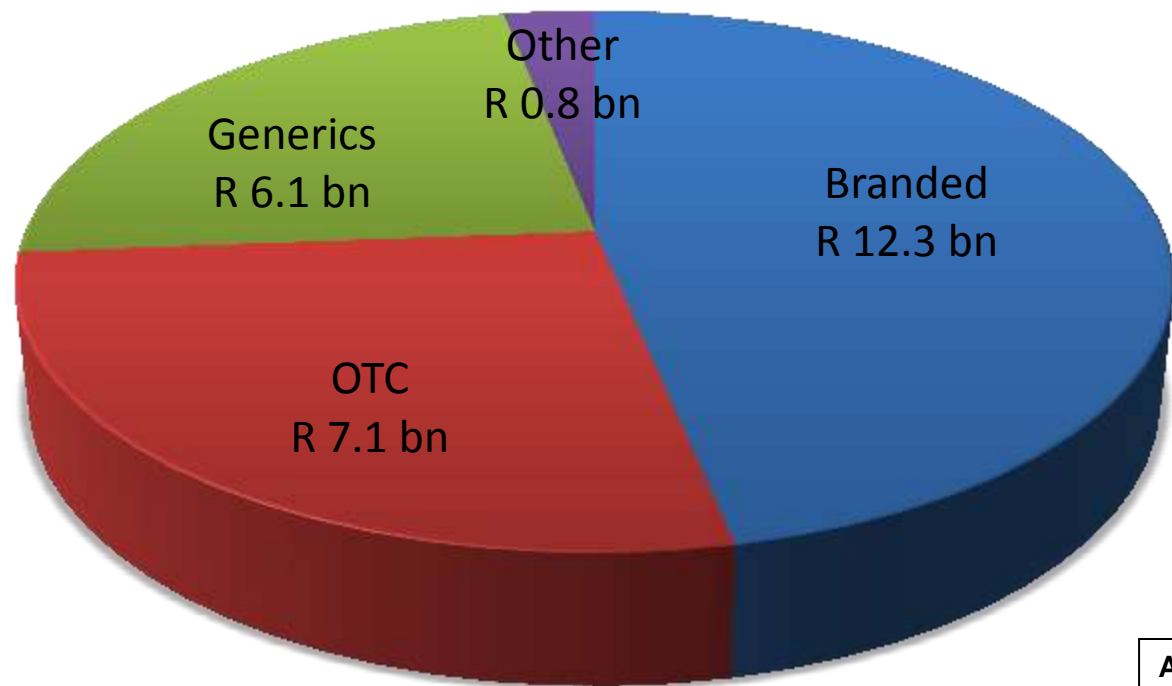
## South African Sales

- ▶ Exceptional performance achieved
  - Challenges managed
  - Strong underlying organic base growth and pipeline
  - Costs contained by facilities
  - ARV volumes recovered
    - Public and private
  - Adversity tests mettle



# Private Sector Pharmaceuticals

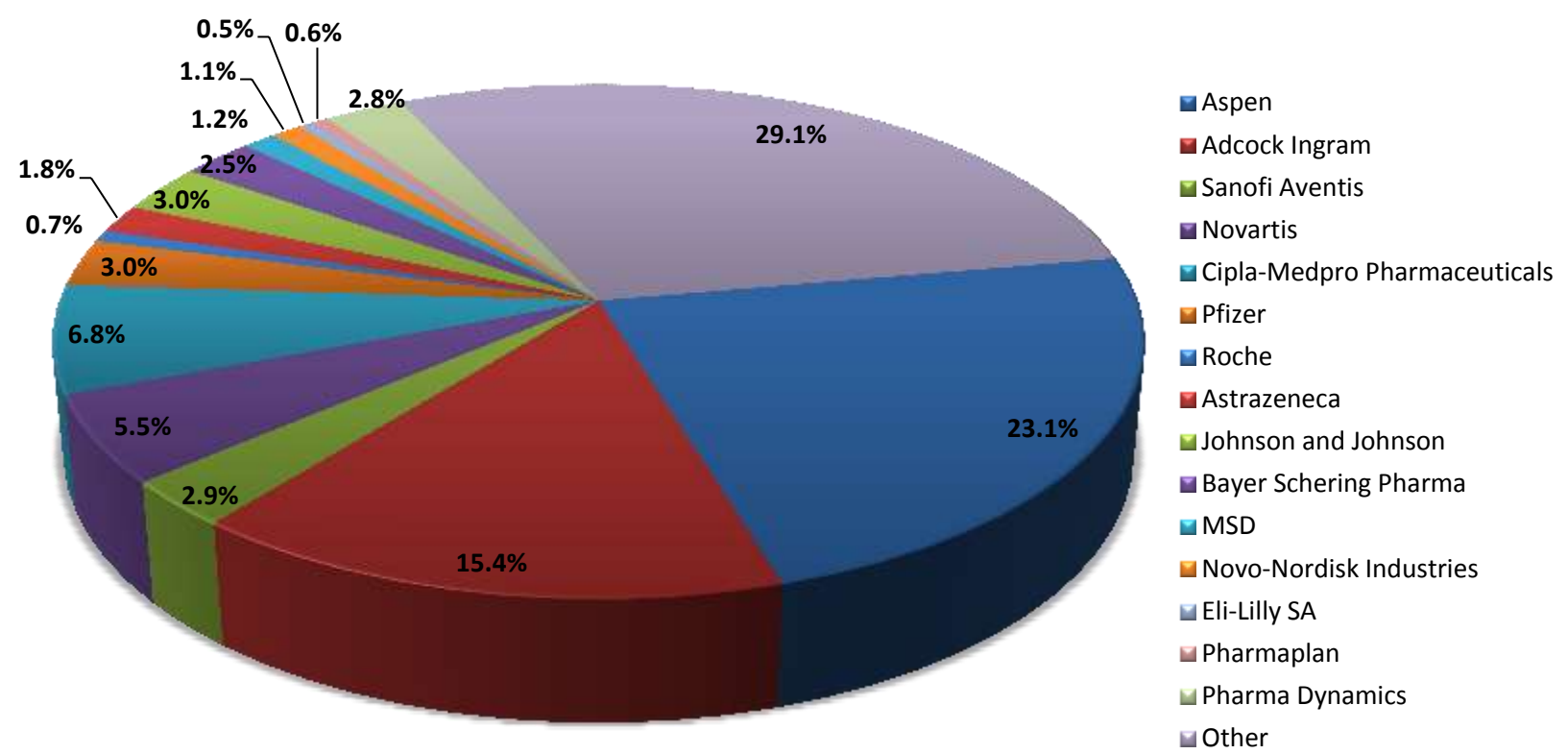
**Total Private Market as at JUNE 2012 – R26.3 billion**  
**(R24.9bn at June 2011)**



Aspen Branded **-10,9%\***  
Aspen Generic 13,0%  
\*Seretide/Truvada effect

**Market Growth 9,6%**  
**Aspen Growth 3,0%**

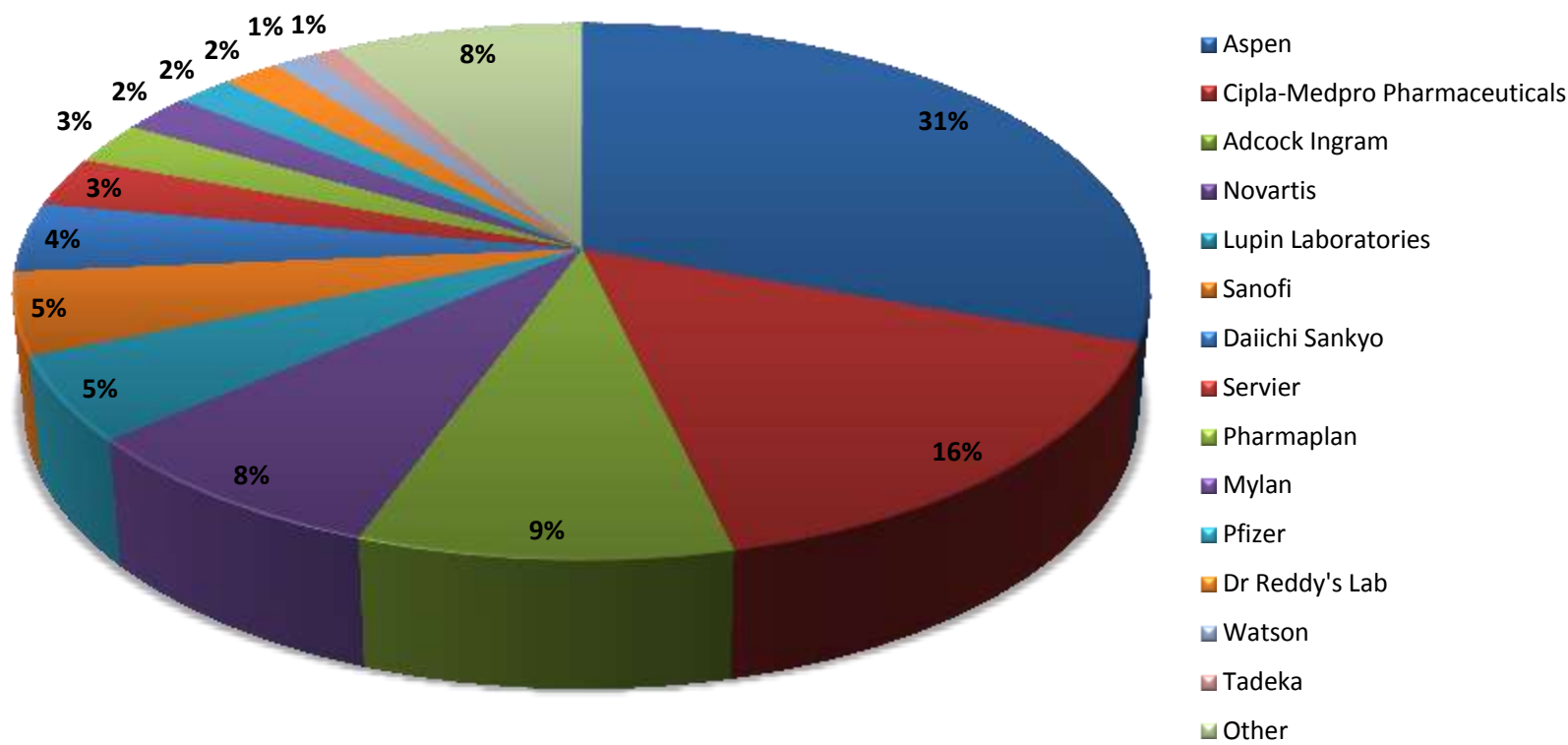
# Manufacturer's Market Share of Scripts Dispensed – June 2012



NEARLY 1 IN 4 SCRIPTS DISPENSED IS FOR AN ASPEN PRODUCT

# Generics – MAT Value Share

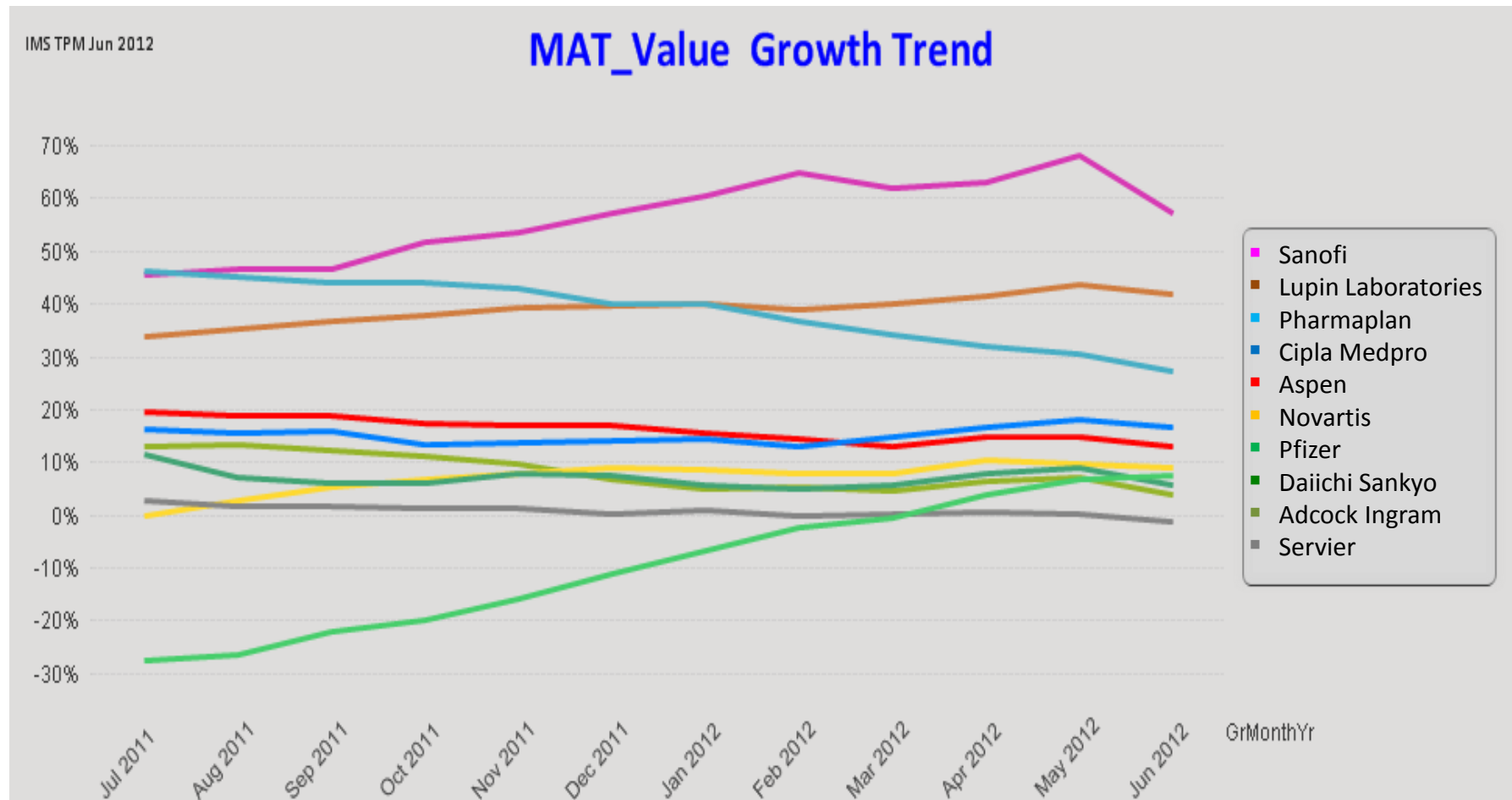
June 2012 MAT Value Share of the Generics Market R6.1 bn (R5.3 bn 2011)



GENERIC MARKET GROWTH 16%  
ASPEN SHARE HOLDING

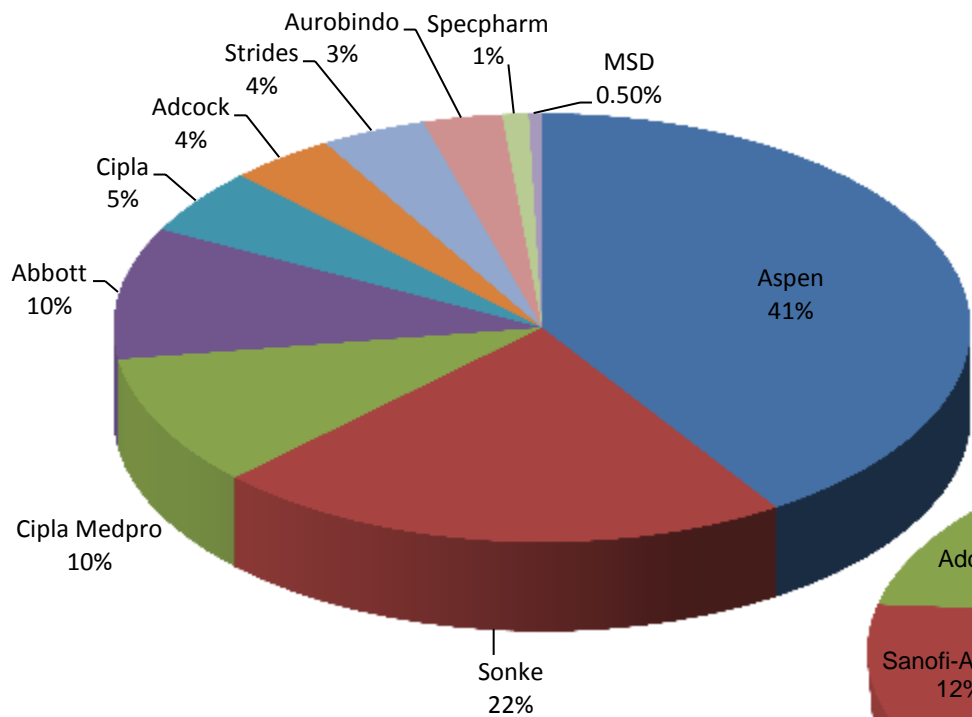
South African Private Sector Pharmaceuticals

# MAT Value Growth (Generic)

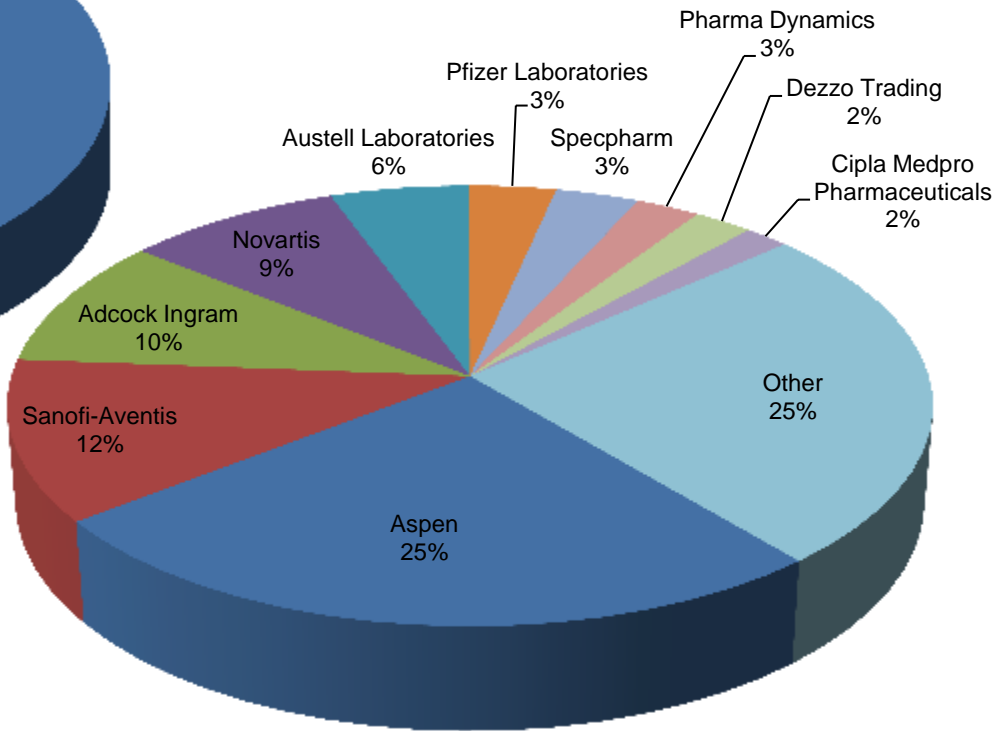


# Aspen performance in recent tenders

2010 ARV Tender



2012 OSD Tender



A DECADE OF PUBLIC SECTOR SERVICE LEADERSHIP

# The Five Key Challenges

- ▶ Managing Legislation
- ▶ Patent expiry – Seretide
  - 2012 sales R32m (> R150m)
- ▶ Patent expiry – Truvada
  - 2012 sales R41m (> R150m)
- ▶ ARV public sector
  - Lower share with lower margins
  - Utilisation of donor stock
- ▶ Loss of Pfizer IMF license
  - Sales R250m
  - Profit R50m



## Challenge 1 – Managing Legislation

### Single Exit Price (SEP) Increase (SEPI)

- ▶ March 2012 - 2.14%
  - Margin contraction in SA business
    - Weak ZAR
    - Rapidly rising energy and labour costs
  
- ▶ Regulator looking to:
  - Introduce regularity and consistency in SEPI timing
  - Provide certainty to SEP Adjustment (SEPA) formula
  - **SEPA = 70% CPI + 30% Exchange Rate**
  - Based on formula, 2013 increase should exceed 7%
    - Government Gazette says no more than 6%
  - Future will be SEPA rather than SEPI
    - Price can now move up or down

## Challenge 1 – Managing Legislation

### International Benchmarking Practice (IBP)

- ▶ Regulator confirmed IBP intention is to increase access
  - Not blunt instrument to cut prices
  
- ▶ Industry Task Group presently in negotiation with Government
  - Likely to reach a negotiated settlement with modified IBP formula on originator products only
  
- ▶ Not significant for Aspen
  - No Seretide and Truvada
  - GSK share downside





## Challenge 1 – Managing Legislation

### Logistics Fee (LF) Capping

- ▶ Intention is to reduce inflated LF's which are deemed perverse
  - Introduction of a maximum fee CAP
- ▶ Regulator has withdrawn previous proposed LF CAP
  - Significant wholesaler push back
- ▶ Timing of new gazette uncertain
- ▶ Premature to comment
  - Potentially disruptive to supply chain



## Challenge 1 – Managing Legislation

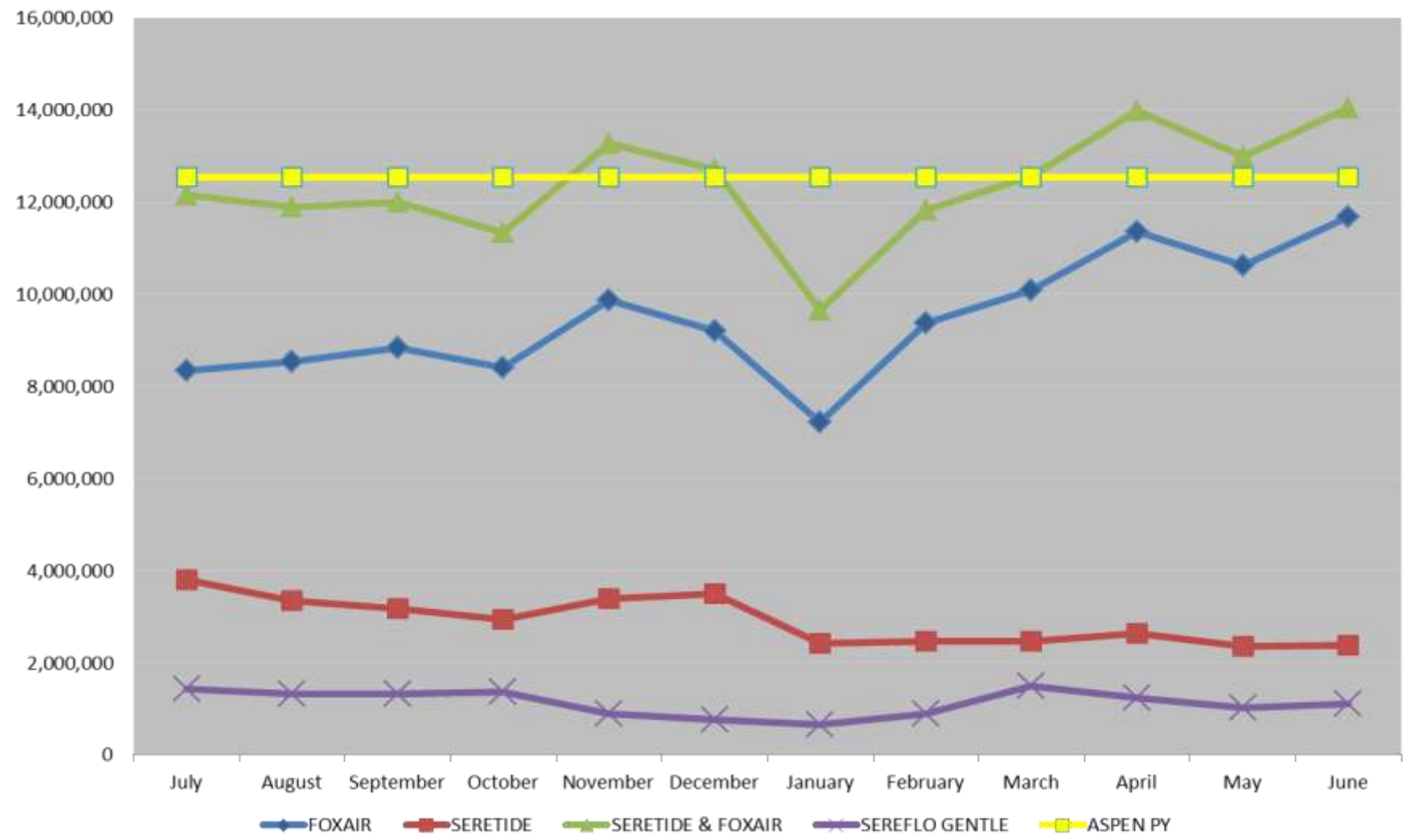
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### **Local Preference - Pharmaceutical Sector Designation**

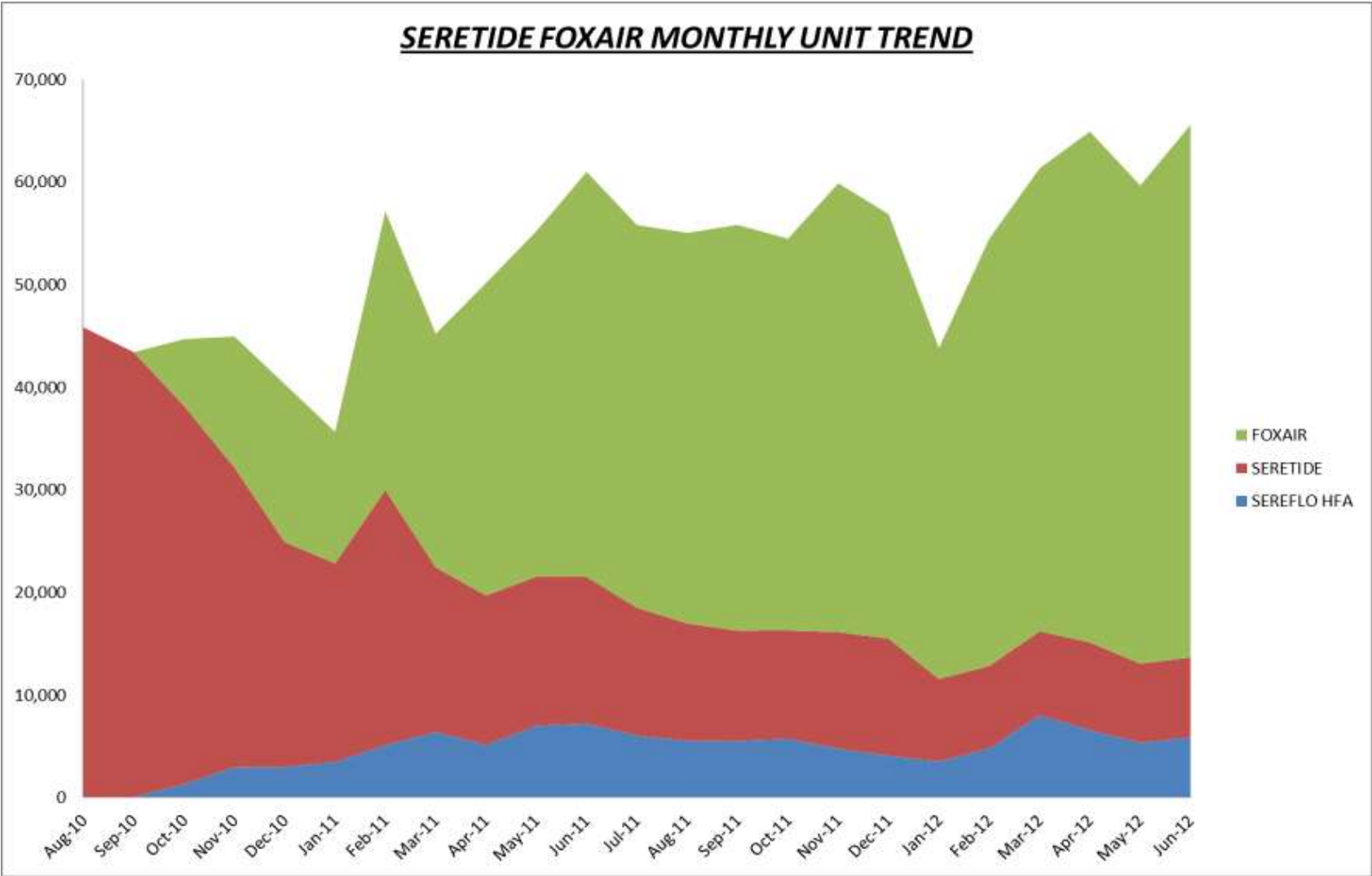
- ▶ Government has formally designated Pharmaceuticals
  - Tender by tender basis
  - One of 6 priority sectors for industrial support
  
- ▶ Government underwrite minimum 70% volume award to a local producer
  - Local producer within 10% - 15% of importer's price
  
- ▶ Provides greater certainty to local manufacturers without burdening the fiscus

# Challenge 2 – Seretide patent expiry

SERETIDE & FOXAIR VALUE PERFORMANCE



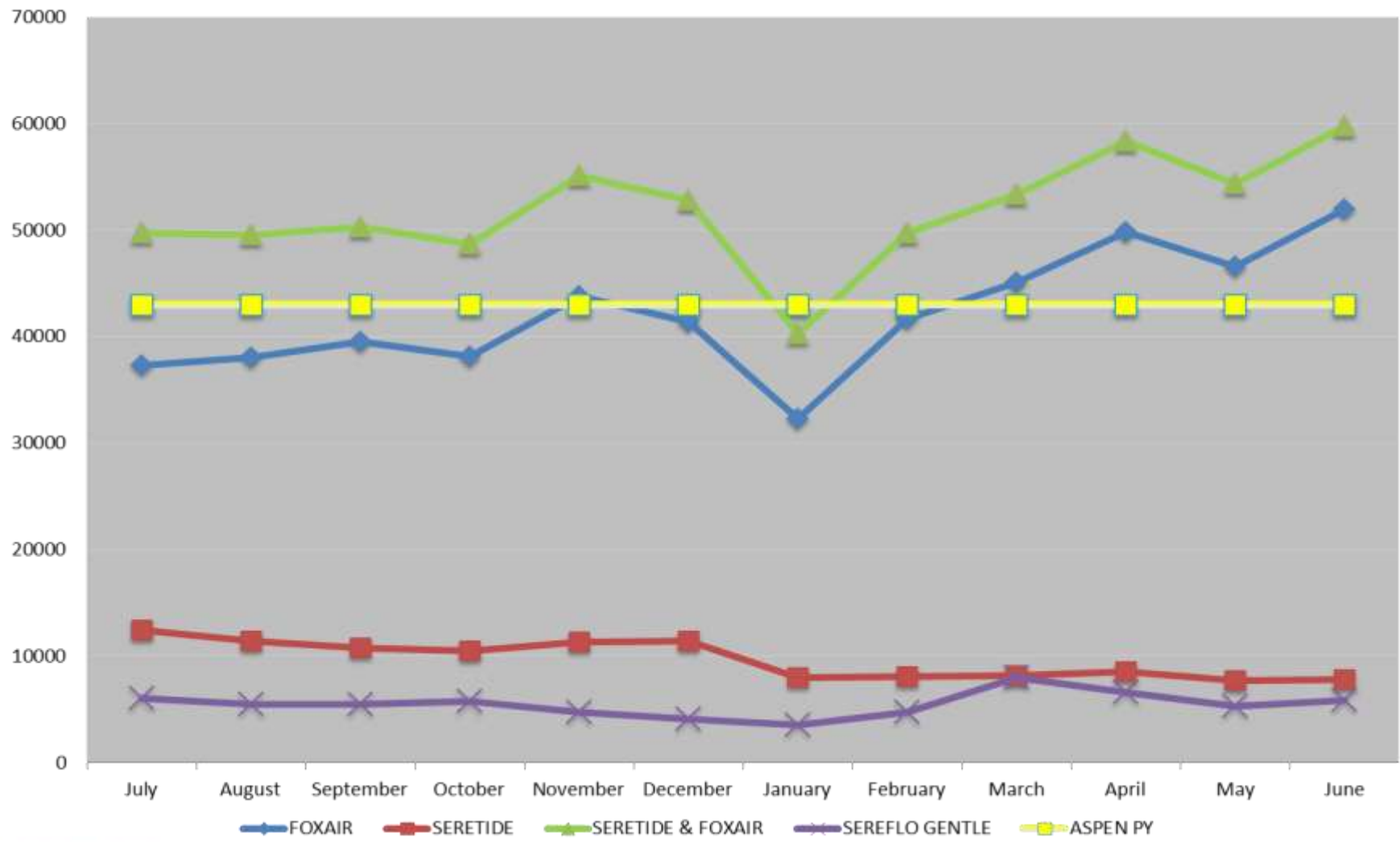
# Challenge 2 – Seretide patent expiry



NEARLY 50% VOLUME INCREASE IN THE MOLECULE  
DEMONSTRATION OF HOW GENERIC PRICING CREATES ACCESS

# Challenge 2 – Seretide patent expiry

SERETIDE & FOXAIR UNIT PERFORMANCE



FOXAIR ALONE DOING MORE UNITS THAN SERETIDE PRE-PATENT

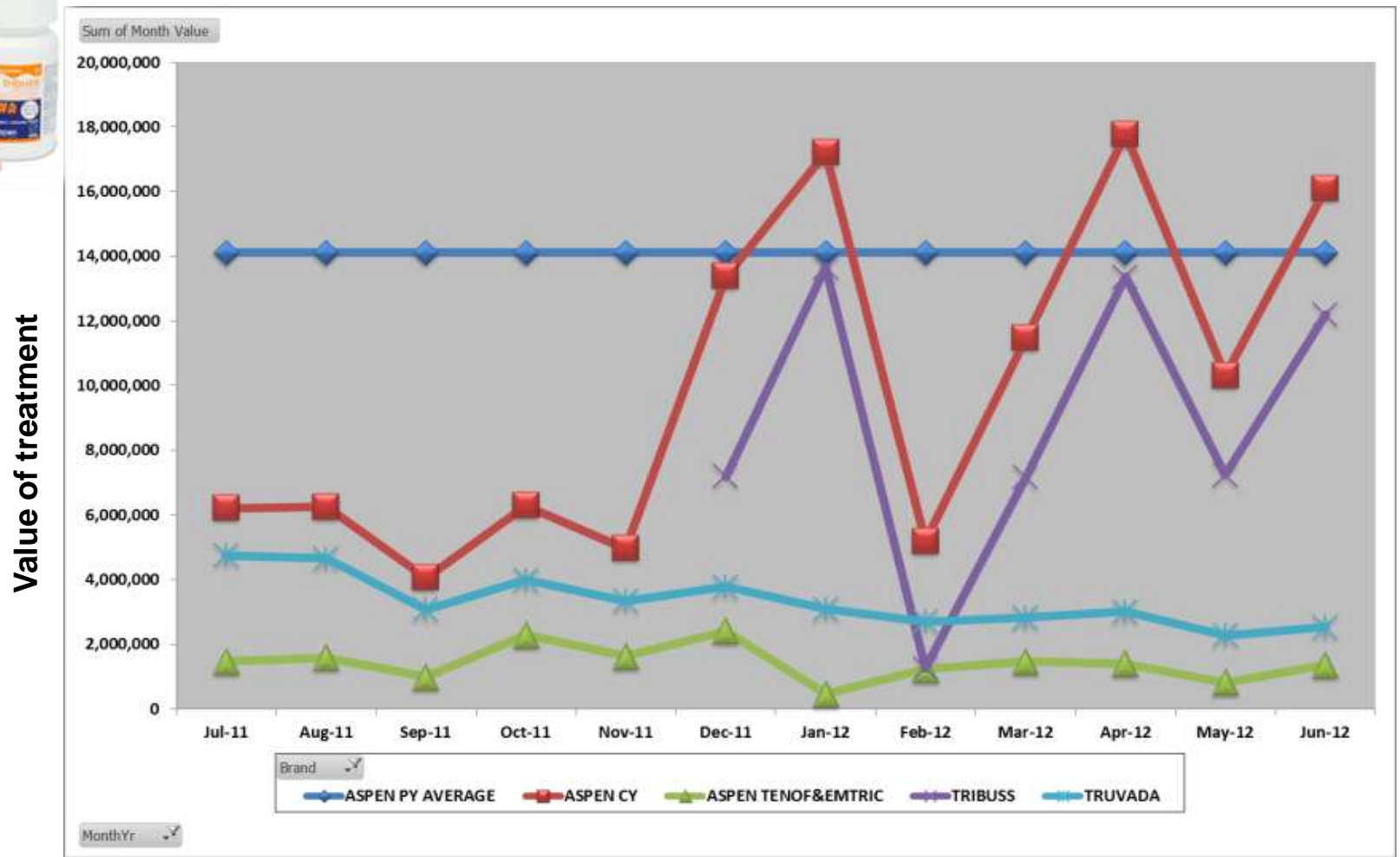
# Challenge 2 – Seretide patent expiry

## Foxair # 1 Generic Brand in SA

- ▶ Largest generic brand in South African private market
- ▶ MAT June 2012: R114m
- ▶ Largest brand in Respiratory Therapeutic Class
- ▶ Launched 21 months ago: October 2010
  - 707,523 units sold since launch
  - 505,800 (71% of total) sold in the last 12 months (IMS)
- ▶ 17<sup>th</sup> largest in the SA private market



# Challenge 3 – Truvada patent expiry

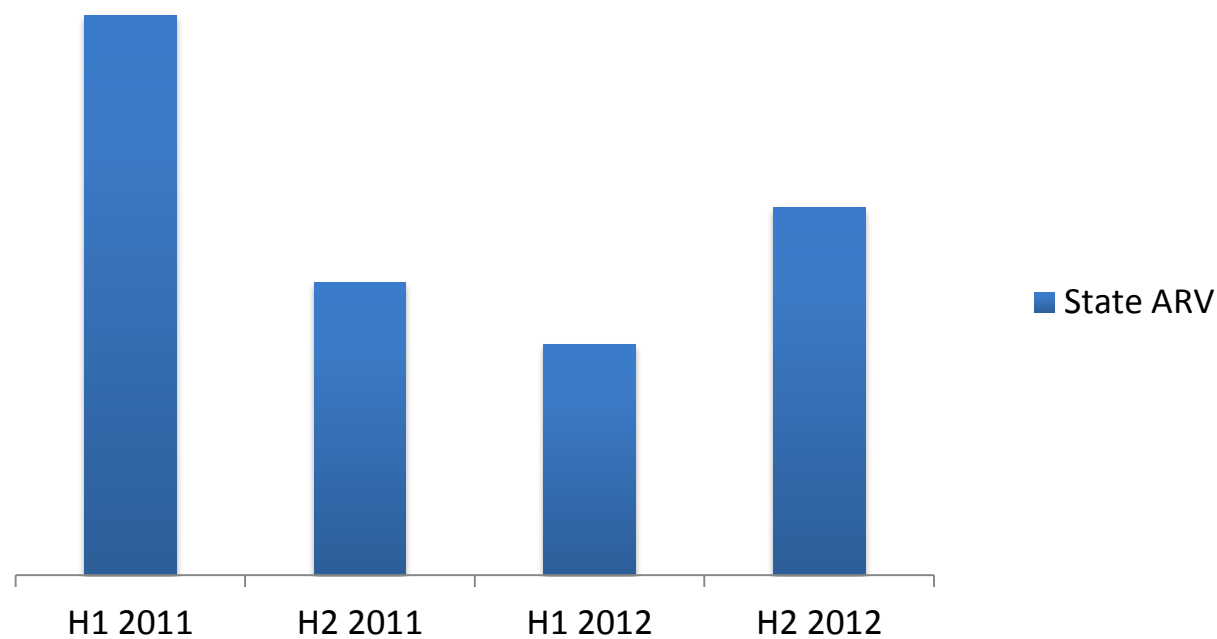


SALES VALUE RECOVERED  
TRIBUSS – SOUTH AFRICA’S FIRST GENERIC 3 IN 1/ONCE A DAY ARV



## Challenge 4 - State ARV tender offtake

### ARV Tender Revenue



**H2 2012 > H2 2011**

► **Donor stock depleted**

- 5 tenders transferred to Aspen
- Ramped up to over a million packs for Tenofovir offtake

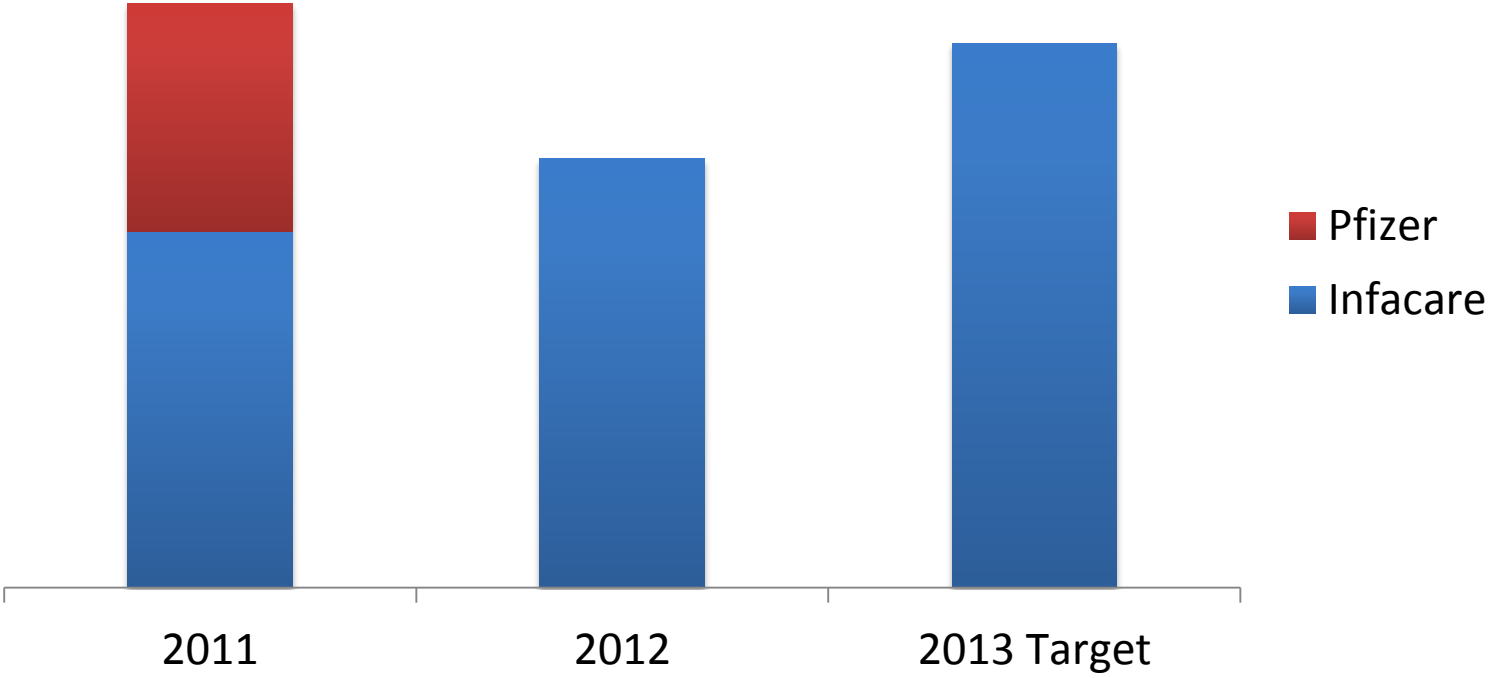
► **MoH complimented Aspen on reliability of performance**

- Positive supply record, important consideration for next tender
- Tender out later this year



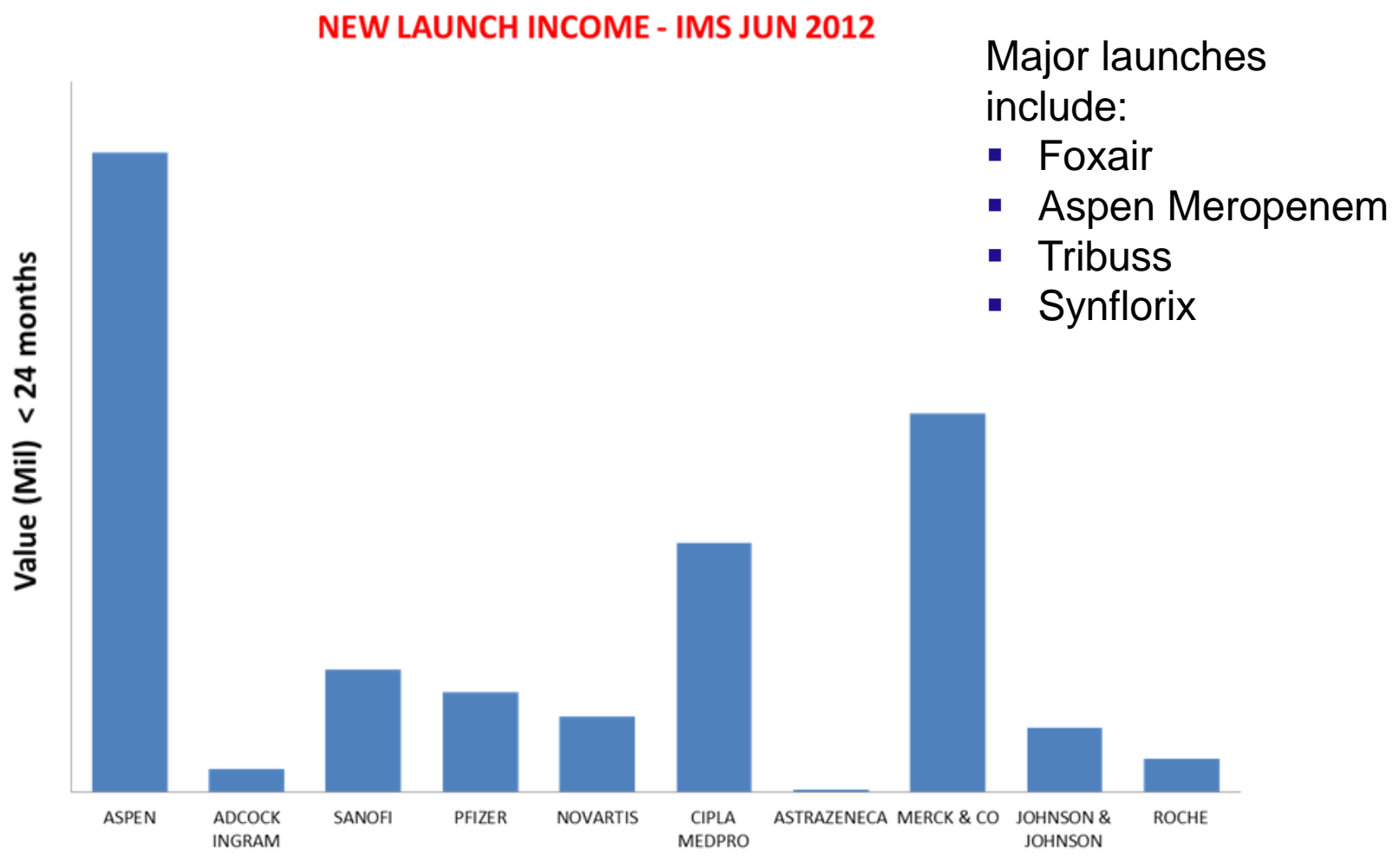
# Challenge 5 - Infant Milk Formula recovery

Revenue 2011 - 2013



VALUES IMPROVING  
FOCUS ON MARGIN AND INNOVATION

# The Leading Pipeline



## Return to Growth

- ▶ One off 2012 events flushed out system
- ▶ SEP – formula yields 7% - 8%
  - Likely to be 6%
- ▶ Organic volume growth from base business
  - Annualisation of current pipeline
  - Strong pipeline momentum to continue
    - Anticipate further high value launches
- ▶ ARV tender to be awarded
  - Reliable
  - Commitments not met – Aspen has stepped in
- ▶ Underlying growth rate in double digits
  - Challenge to retain this trend



Great People. Great Business. Great Pipeline.  
Has the momentum.

Making worthwhile and meaningful contribution to  
ALL South African's Pharma Needs

## 2012 Review

- ▶ Has provided sustainable advantages to the Group
  - Built to the highest quality standards
  - Significant volume throughput
  - Capacities available
  - Space for expansion
  
- ▶ Local inflationary pressures offset
  - Volume increase
  - Depreciating Rand (exports)
  - Productivity improvements
    - Solid manufacture @ 12.8% - 13.9%
    - Solid packing @ 11.4%
    - Driving global competitiveness

MULTINATIONAL QUALITY OFF COST BASE THAT  
COMPLETES WITH ASIA

## Accreditations and other Projects

- ▶ SVPs inspected by FDA – no major issues raised
- ▶ Hormonals – accredited by MCC
- ▶ High volume liquids – built and being re-aligned to East London
- ▶ Unit 1 solid production
  - Increased capacity by 3.5 billion tablets
  - Significant capacity enhancement (+/- 70%)
  - Incremental cost 10%

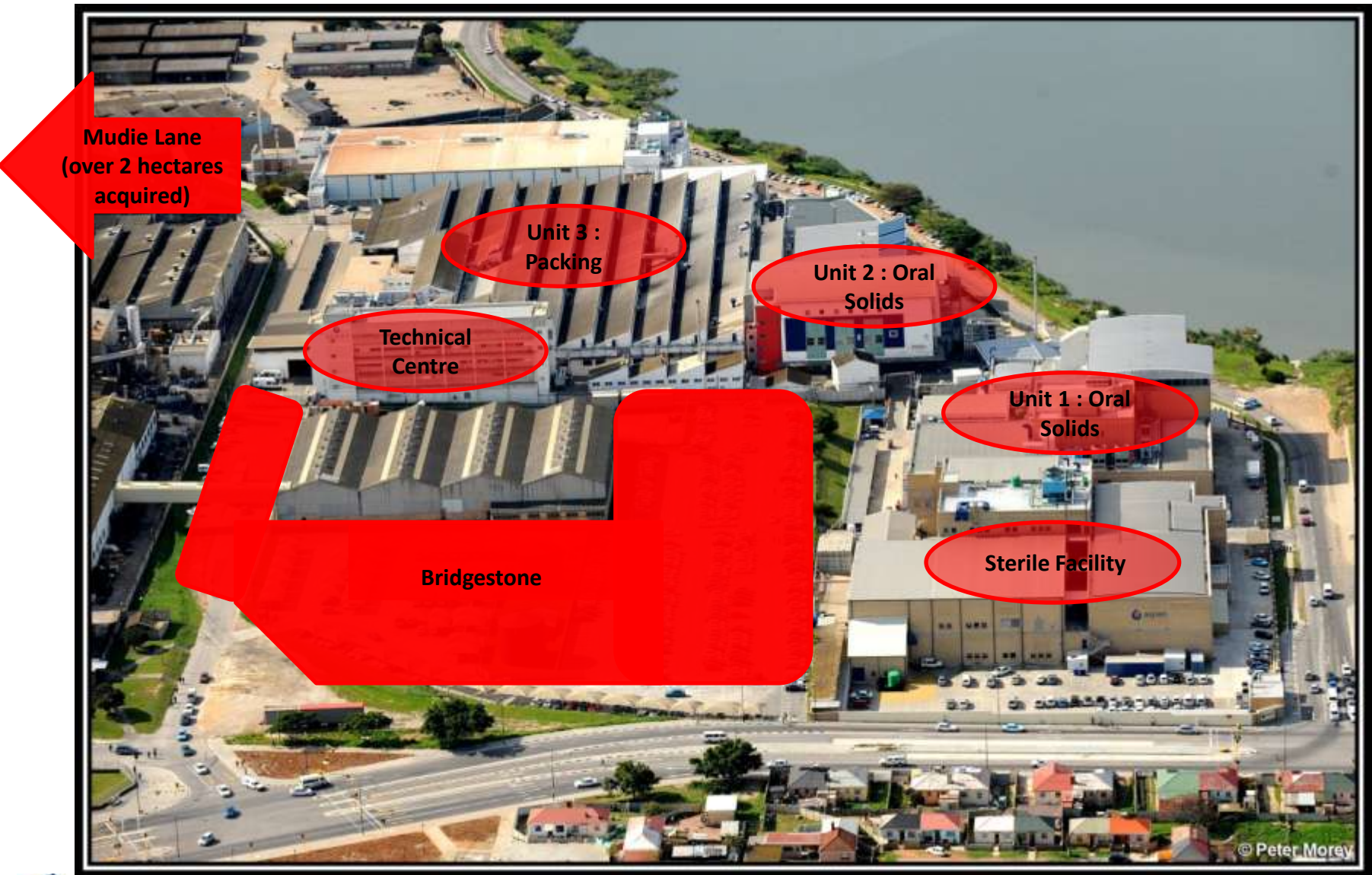
A LEADING WORLD MANUFACTURING SITE OF  
QUALITY, AFFORDABLE PRODUCTS

## Accreditations and other Projects

- ▶ Brands transferred
  - Zyloric (Global Brand) – Europe complete
    - ROW in progress
  - Australia – first brands approved and moved
    - Further product approvals imminent
  
- ▶ Global product – savings realised
  - Over \$11m in 2012 (\$10m in 2011)
  - Contributed to increased margin expansion
  
- ▶ Acquisition of Bridgestone land and Mudie Lane
  - Opportunity to build High Potency and extend steriles
    - Niche and have strategic benefits
  - Piggy back off already fully absorbed manufacturing costs

A LEADING WORLD MANUFACTURING SITE OF  
QUALITY, AFFORDABLE PRODUCTS

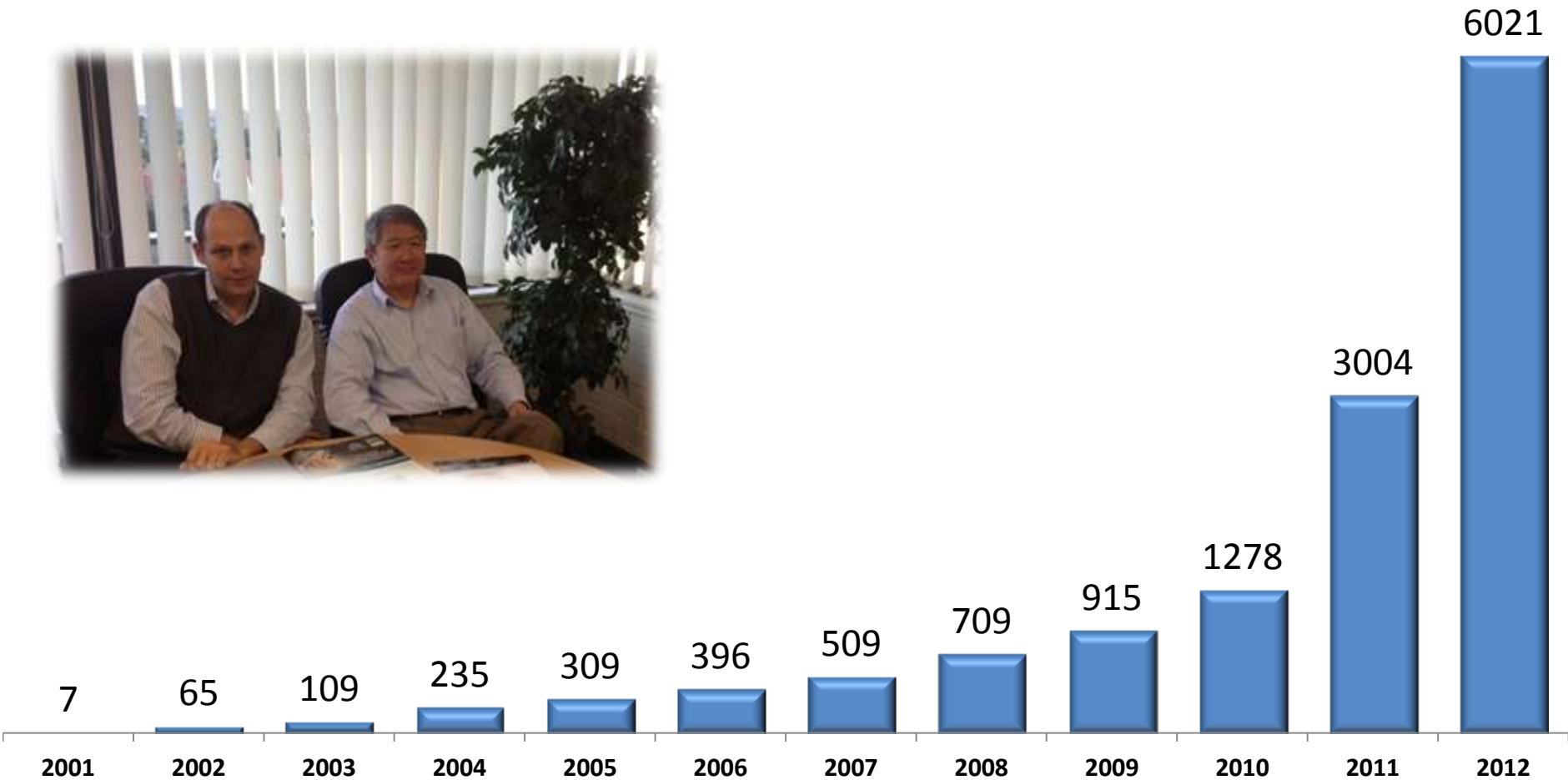
# Manufacturing Strategy





# Exponential Revenue Growth

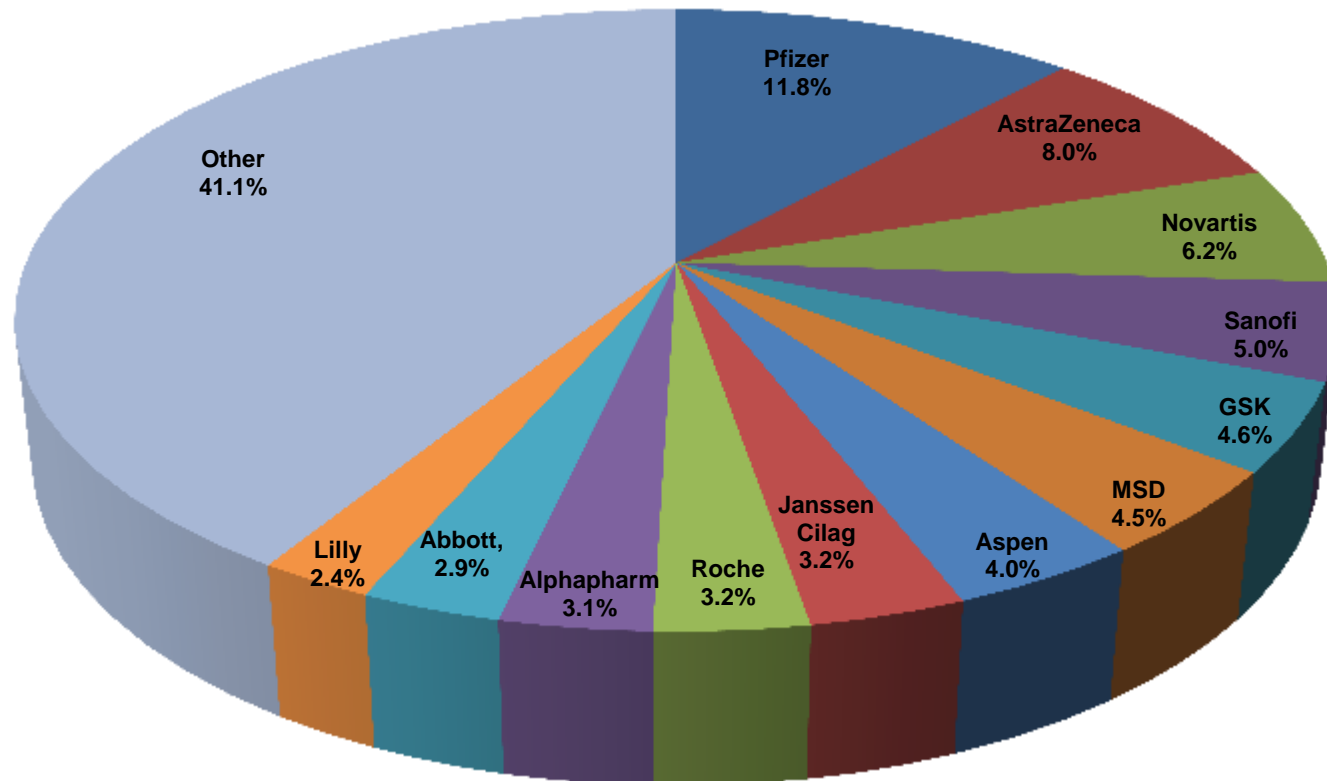
Rands Millions





# Market Shares

**Market A\$14.2 Billion Growth at +4.8%**



Source: MAT, IMS July 2012

**INCLUSIVE OF ACQUIRED CLASSIC BRANDS  
ASPEN SHARE WILL BE 4.8%**

# Headlines

---

- ▶ Sales nearly in line with South Africa
  - Base business up by 22% excluding Zyprexa (46% including Zyprexa)
  - Sigma up 171%
  - H2 Sigma up 39%
    - 5 months like for like up 19%
  
- ▶ PBS reforms resulted in biggest historic price cut
  - Aspen products negatively affected by A\$10m - A\$15m
  - Anticipate worst is over
    - First cut, the deepest
    - Savings are meeting Government objective

# Headlines

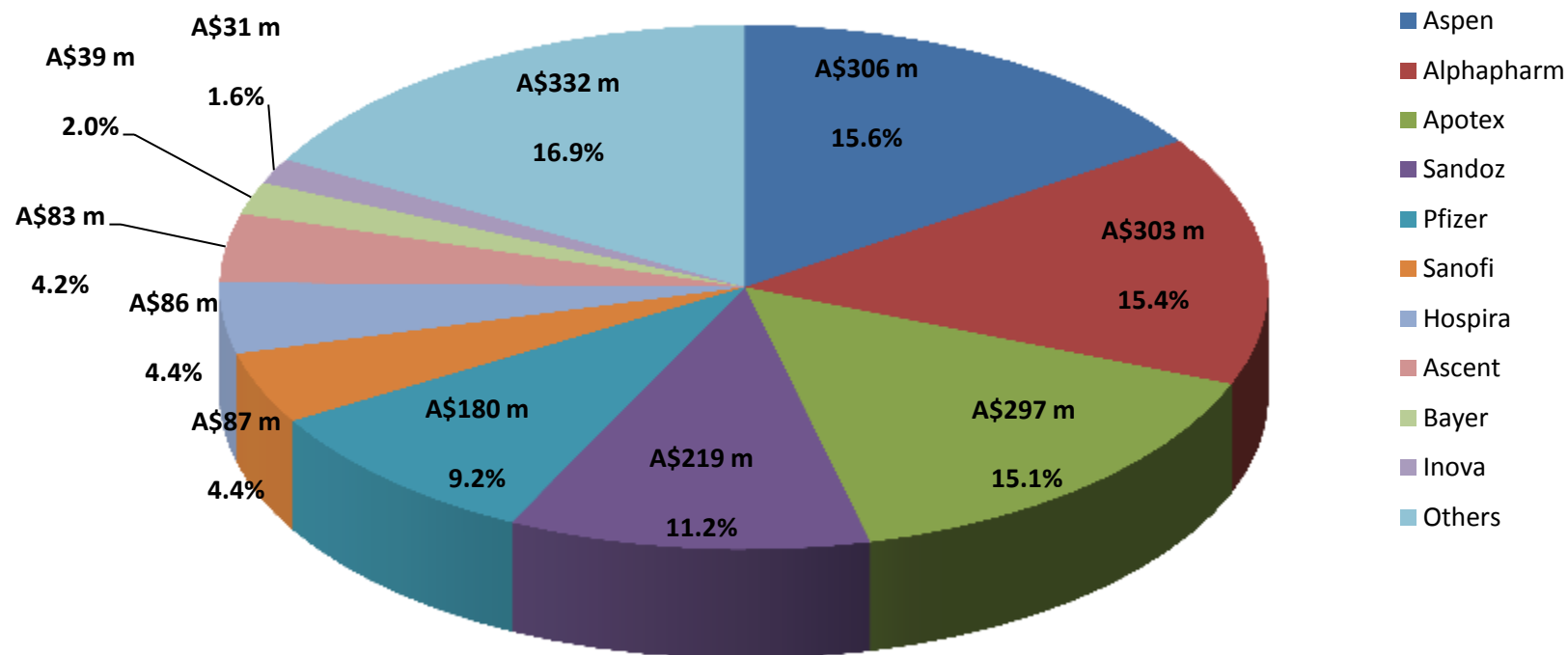
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- ▶ Synergies driving margin growth
- ▶ Australia's number one generic player
- ▶ Generate more scripts than any other pharma company
- ▶ Organic base growth
  - Double digit
  - Cost savings to drive margin and volume
- ▶ Great team effort
  - Tough market
  - Highly regulated
  - Performing brilliantly

ACQUIRED SIGMA  
DOUBLING EBITDA WILL BE ACHIEVED

# Generic value leader - 16% market share

**Australia total generic market = A\$1.97bn\***

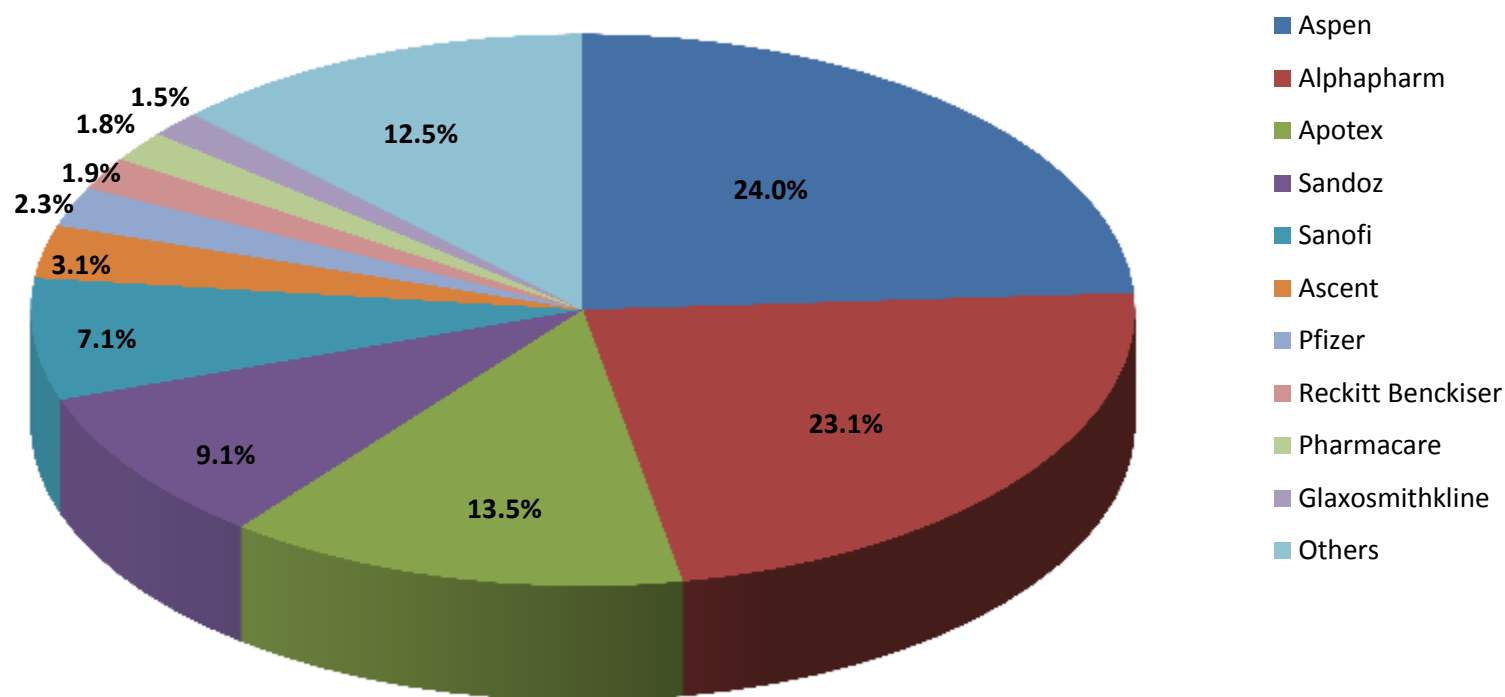


*\*This is a gross number per IMS. IMS inflated as discounts average about 60%.*

## Generic volume leader – 24% market share

**Australia total generic market = 6.8bn SU\***

**Australia: Top Generic Players (millions SU)**



*\*One SU usually equals one tablet, one capsule, one suppository or pessary, one pre-filled syringe/cartridges, pen, vial or ampoule, one dose of an inhaled medicine or 5ml of a oral syrup or suspension. SUs of topical treatments, granules, powders, pellets, eye and ear preparations vary but can be based on millilitres or grams.*

# Cost Synergies – Driving Market Growth

- ▶ Synergies from
  - Consolidation of
    - Sales teams
    - Manufacture and distribution
    - Quality assurance
    - Closure of head office
  - Integration processes
    - Reduction of operational cost
  - Reductions in cost of goods
    - procurement and manufacturing savings in excess of A\$30m
  - More than offset legislated price reductions
  - Further synergies budgeted for 2013
    - 2012 savings annualised

# Growing the Business

- ▶ Position ourselves as one stop shop
  - Branded/Generic and OTC
  - A to Z, look to us first, then the others
  
- ▶ Quality products/Affordable
  - More volumes % than value %
  - Comfort around sustainability
  
- ▶ Drive organic pipeline
  - Aspen has numerous products in registration
  - Partner of choice for licensed products



# Growing the Business

- ▶ Drive inorganic/partnership model
  - Important multinational distribution partners
    - Merck
    - Novartis
    - Eli Lilly
    - Sanofi
  
- ▶ Performance and positioning driving future opportunities with multinationals
  - Acquisition of brands
  - Distribution agreements
  - Licensing arrangements
  - Post patent authorised generic options
  
- ▶ Acquisition of GSK brands



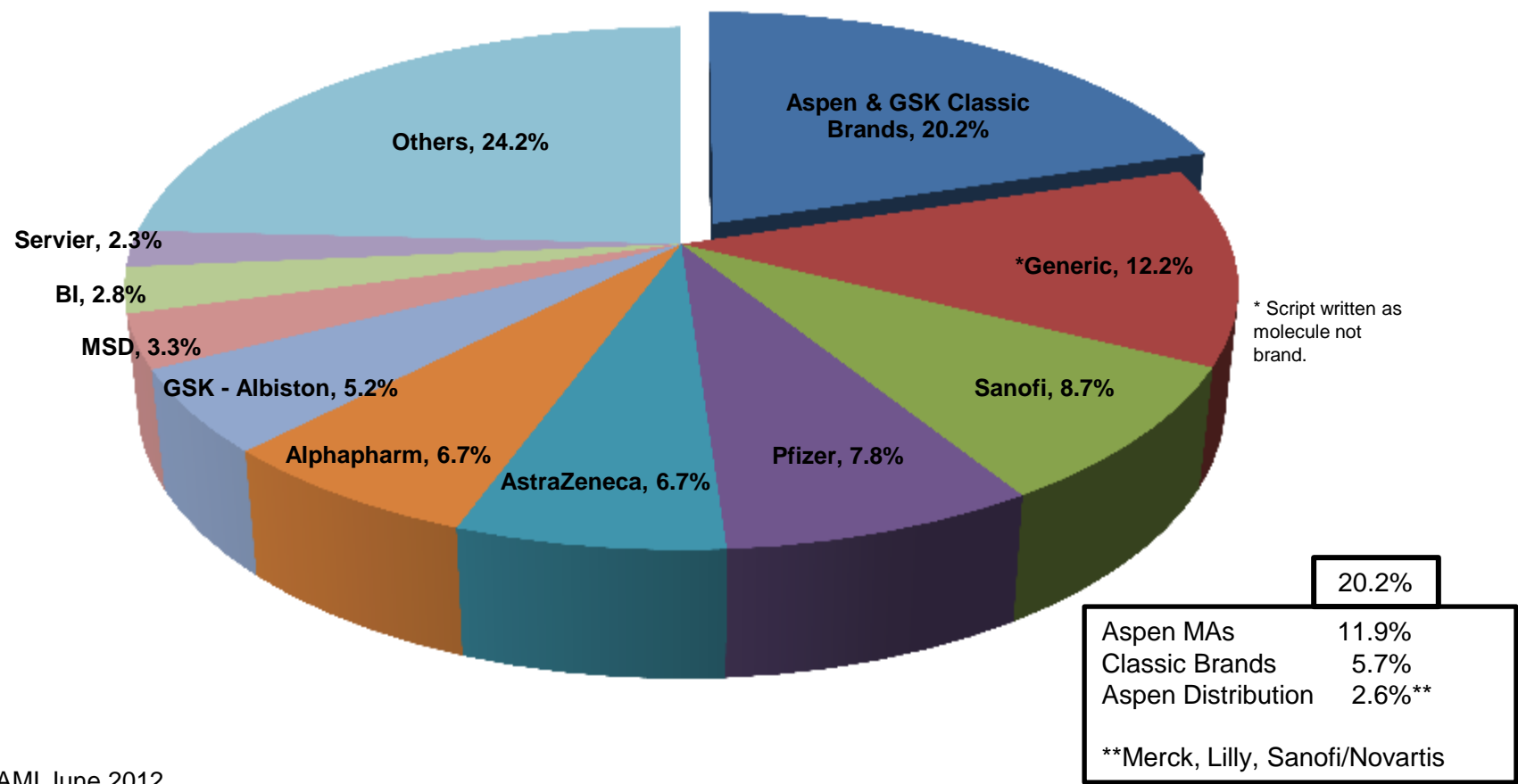
# Acquisition of GSK Classic Brands

- ▶ Aspen has a strong understanding of these brands
  - Market them in South Africa
- ▶ Post patent - focus on
  - Commercial levers
    - Pricing and positioning
  - Line extensions to existing brands
  - Drive down cost of goods
    - Sustainability competitive
- ▶ Acquisitions have strengthened our market position
- ▶ Drives our one stop strategy
  - Aspen now very relevant in Australia



Relevance – 1 in 5 scripts will be for an Aspen owned or distributed product

Share of Scripts generated



IMS AMI June 2012

MORE THAN TWICE THE NEAREST COMPETITOR

# Prospects 2013

- ▶ Drivers in place to grow top line
- ▶ Operating income growth
  - Higher sales
  - Further synergies
  - Annualised synergy from 2012
    - After price cuts
- ▶ Further growth
  - Organic pipeline
  - Acquisitions



# Prospects 2013

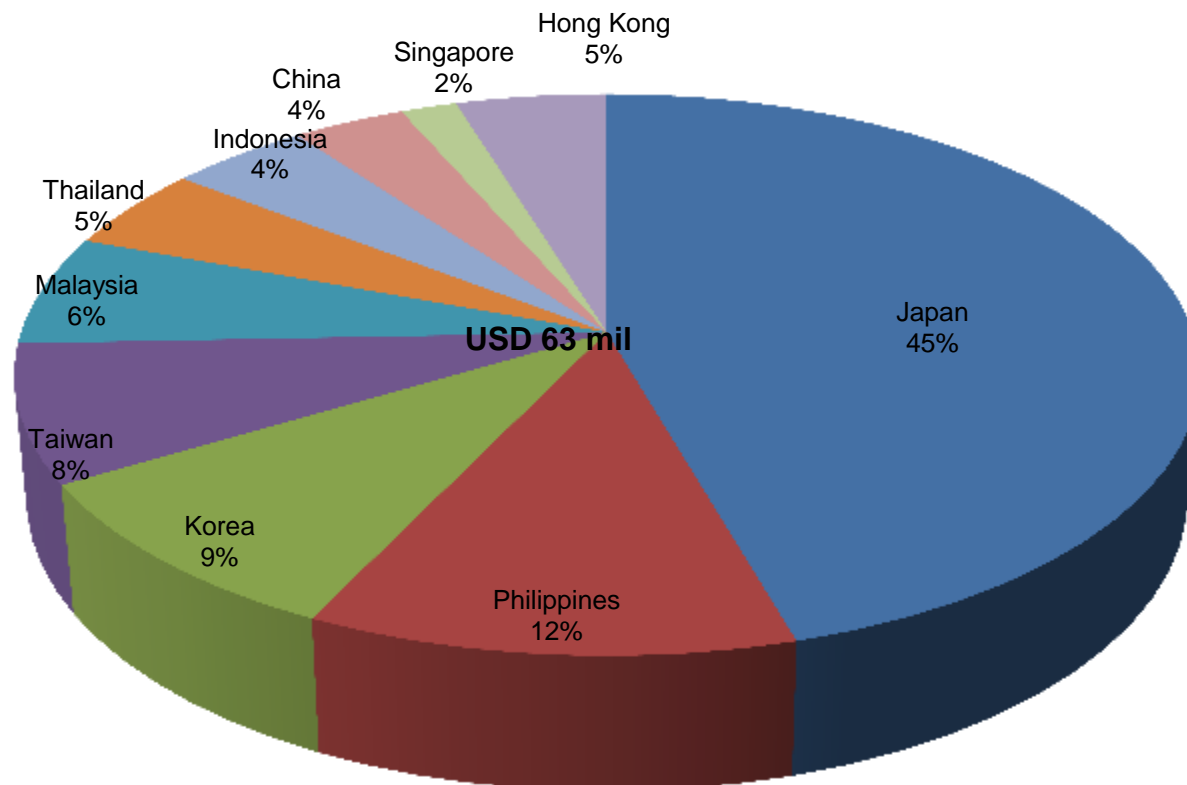
- ▶ Although 20% of scripts written
  - 16% of scripts dispensed
  - Manage substitution
    - Well placed with our commercial teams to achieve this
    - Aspen strength
    - Dispensed > written
- ▶ Challenging market
  - Weathered price cuts
  - Competitors under pressure
  - Aspen team is Australia's best
    - Logical partner



**SIGMA BEDDED DOWN  
WELL DONE TEAM AUSTRALIA**

## A Key Focus Area

### In-market Aspen sales in Asia



**MONITOR THIS REGION**

# Key focus area for Aspen's Global Strategy

---

- ▶ Regional Challenge
  - Asia's contribution needs in time to surpass Australia's
    - Aspen Australia sales > \$700m
    - Aspen Asia sales < \$70m
  
- ▶ To achieve this objective
  - Setting up country operations
    - Capitalise on growth opportunities
  - Exploring country specific and pan-Asian acquisitions
  - In-licensing opportunities with multinationals
  - New launch of Aspen pipeline products
    - Both Australian and South African dossiers

## Aspen is setting up country operations to capitalize growth opportunities in Asia

### Aspen Philippines

- ▶ Oct 2011 – Incorporated
- ▶ Dec 2011 - Acquired 2 pharmaceutical brands
- ▶ Mar 2012 - Officially launched
- ▶ Apr 2012 – 100 reps in the field
- ▶ Sales forecast to double in 2013



**OWN SALES TEAM MEANS FOCUS, TOP LINE GROWTH AND MORE SUBSTANTIVE BASIS FOR DISCUSSIONS WITH PROSPECTIVE PARTNERS**

## Aspen setting up country operations to capitalize on growth opportunities in Asia

### Aspen Malaysia

- ▶ Jun 2012 – Incorporated
  - Sales forecast to double in 2013

### Aspen Taiwan

- ▶ Incorporation in progress
  - Sales forecast to increase 60% in 2013

### Countries under evaluation

#### Phase 1

- ▶ Thailand, Japan, Indonesia

#### Phase 2

- ▶ China, Vietnam & Korea



**OWN SALES TEAM MEANS FOCUS, TOP LINE GROWTH AND MORE SUBSTANTIVE BASIS  
FOR DISCUSSIONS WITH PROSPECTIVE PARTNERS**



# Market Segmentation

- ▶ Focused approach to LATAM
- ▶ Divided into 6 focus areas
  - **Aspen Brazil**
  - **Aspen Mexico**
  - **Aspen Venezuela**
  - **Aspen Andean**
    - Columbia
    - Ecuador
    - Peru
    - Bolivia
  - **Aspen Argentina**
    - Argentina
    - Chile
    - Paraguay
    - Uruguay
  - **Aspen Caricom**
    - Central America; plus
    - The Caribbean



# A Strategic Focus

- ▶ Sales now exceed R1bn

	Rm		%
	2012	2011	
<b>Brazil</b>	576	503	15%
<b>Spanish LATAM</b>	448	422	6%
	1 024	925	11%

- ▶ Numbers sanitised use this annual base to assess future performance
  - H1/H2 sales cut off effected by global brand transfers
  - Spanish LATAM annual effect of transition
- ▶ Private/retail markets have shown stronger growths
  - More brand loyalty/higher margin

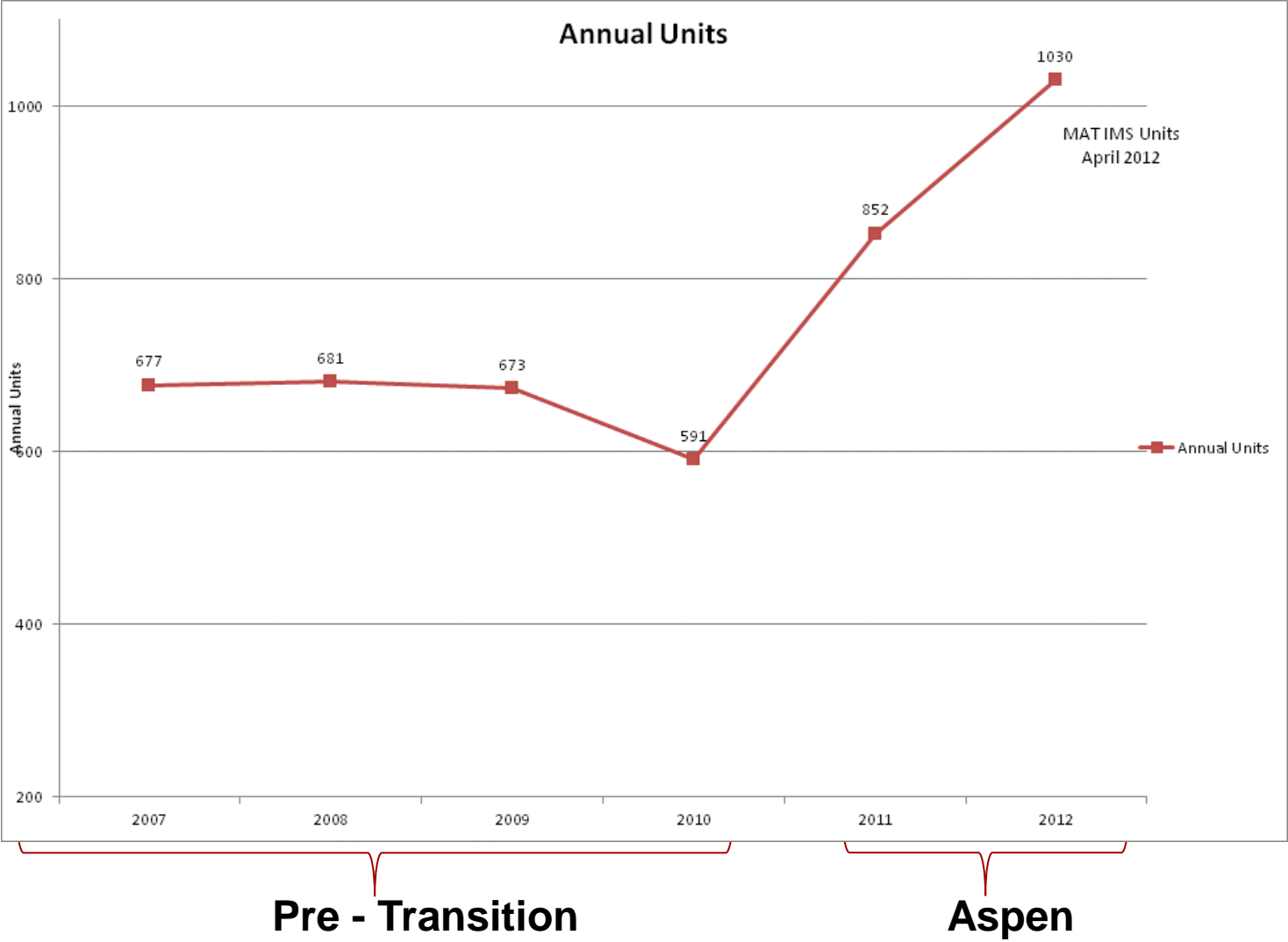
# A Strategic Focus

- ▶ Exited tender/commodity markets
  - Negative sales effect
  - Positive profit effect
  
- ▶ Strong retail/private market growths in Brazil/Venezuela
  - Supported by strong organic pipeline
  - Start of roll out of pipeline introduced 2 years ago
  - Growth in global brands

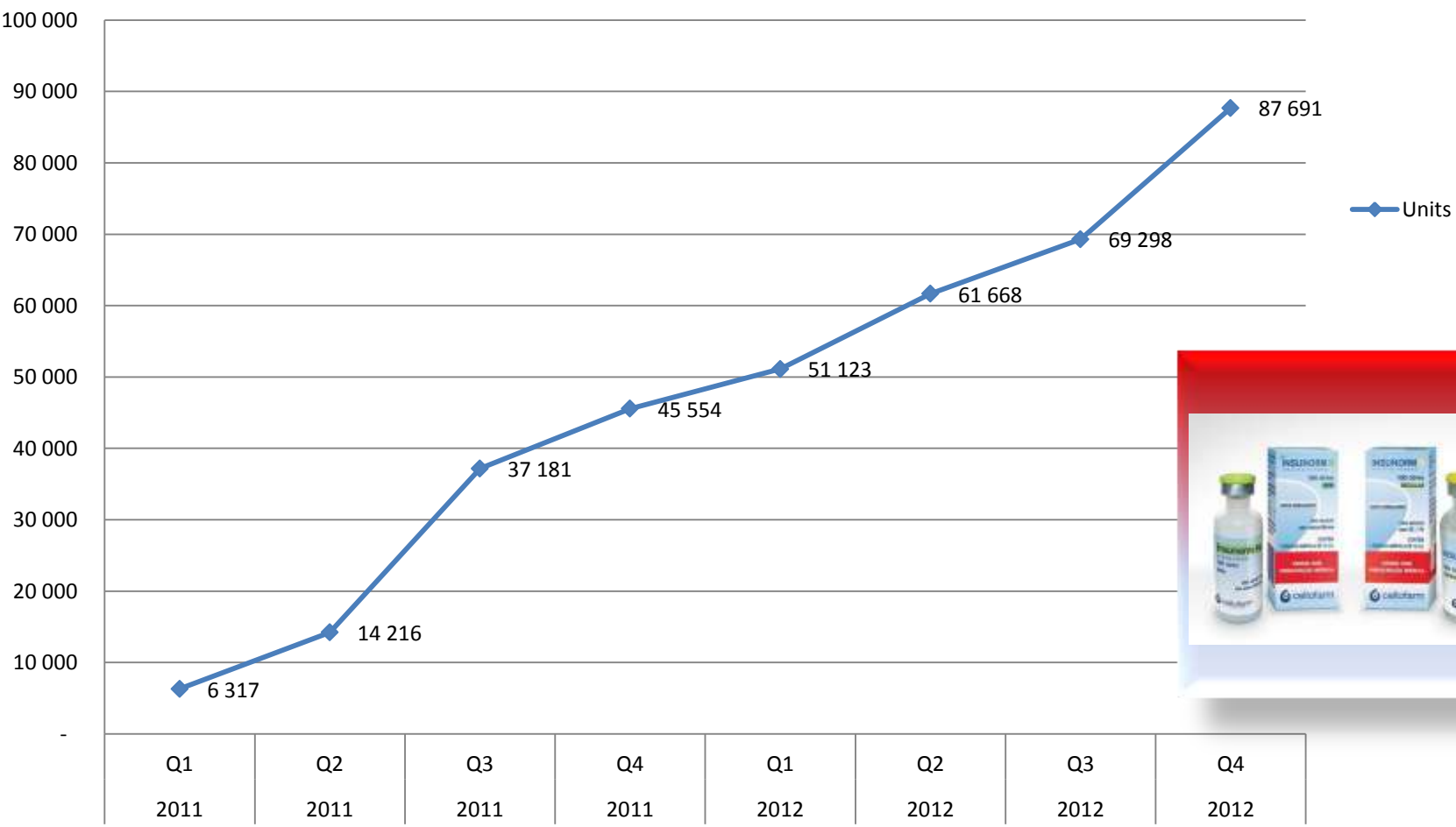


CONFIDENCE IN REGIONAL CAPABILITY. CAN BUILD OFF  
THESE FOUNDATIONS

# Global Brand - Zyloric



Insunorm Quarterly Unit Sales



**CREDIBILITY AND CAPABILITY – NEW LAUNCH INTO  
CONTESTED/LOYAL SEGMENTS**

# Prospects

---

- ▶ Clear plan for all 6 regional heads
- ▶ Growth strategy not always the same
  - e.g. Caricam
    - Small fragmented markets
    - Individually small, collectively meaningful
  - Brazil, Mexico, Venezuela
    - Large markets, individually meaningful
- ▶ Caricam
  - Ideally looking for a platform company to partner/acquire
    - Focus on and manage regional complexities
    - Introduce Aspen pipeline through existing distribution platform

# Prospects

- ▶ Mexico, Brazil, Venezuela
  - Organic base business growth
  - Focus on retail private market performance
  - Product acquisitions/licensing
  - Roll out of organic pipeline
    - Harvesting the earlier efforts
- ▶ Steeper regional growth trajectory forecast for 2012



LIKE ASIA, NOW HAVE A CLEAR PATH AND FORECAST TO BECOME A  
MORE MEANINGFUL CONTRIBUTOR TO THE ASPEN GROUP

# New Product Pipeline Brazil

## Launches Financial Year 2013

Generic Molecule	IMS Value 000's
Citalopram	116 706
Rosuvastatin	56 442
Valsartan	56 101
Valsartan+HCTZ	55 284
Escitalopram ( <b>Launched</b> )	45 076
Memantine	24 423
Topiramate	19 331
Gabapentin	15 409
Metformin	13 500
Pioglitazone	3 865
Olanzapine	1 303
Total IMS Value	407 440



**CHEGOU O ESCITALOPRAM**  
aspen

**SEDOPAN**  
oxalato de escitalopram

**Indicações:**<sup>(1)</sup>

- Depressão;
- Pânico (com ou sem agorafobia);
- Transtorno de ansiedade generalizada;
- Transtorno obsessivo compulsivo;
- Transtorno de ansiedade social.

**Apresentações:**<sup>(1)</sup>

Cartucho com 10 ou 30 comprimidos revestidos.

**Posologia:**<sup>(1)</sup>

10 a 20mg/dia.

**ASPEN TO LAUNCH 11 GENERIC MOLECULES AGAINST  
\$407M OF BRANDED SALES**



# 2013 New Product Pipeline Venezuela

Generic Molecule	IMS Value 000's
Clopidogrel Bisulphate <b>(Launched)</b>	93 760
Pantoprazole <b>(Launched)</b>	49 329
Valsartan+HCTZ	31 289
Metformin+Glibenclamide	30 167
Carvedilol	25 906
Tamsulosin	22 548
Glimepiride	20 352
Rosuvastatin <b>(Launched)</b>	14 610
Diclofenac Potassium <b>(Launched)</b>	13 782
Itraconazole	10 721
Lamotrigine <b>(Launched)</b>	9 133
Topiramate	8 535
Risperidone <b>(Launched)</b>	7 045
Olanzapine	5 900
Amlodipine Besilate	5 440
Pioglitazone	4 997
Venlafaxine HCl	4 963
Mirtazapine	4 408
Escitalopram	3 723
Donepezil HCl	2 046
Grand Total	368 652



**ROSUCREST®**  
ROSUVASTATINA

**¿RIESGO VASCULAR?**

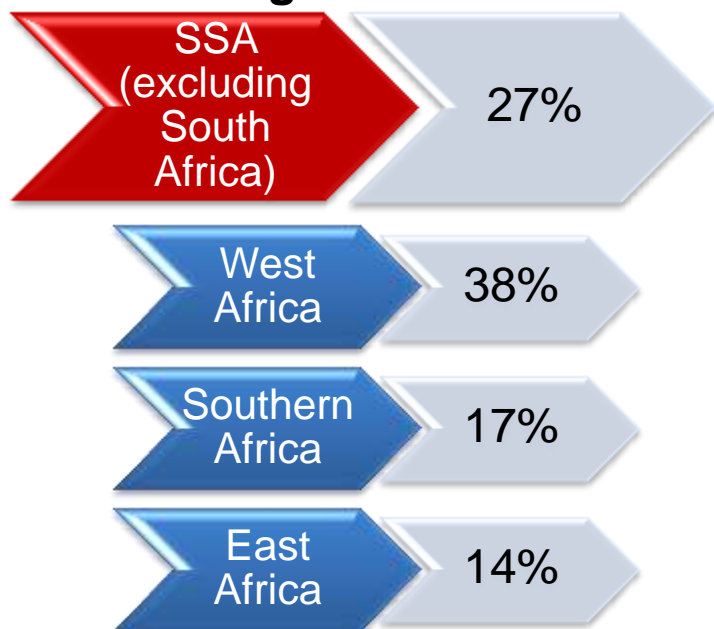
LA EFICIENCIA Y EFICACIA SE MIDEN POR LOS RESULTADOS

**aspen**  
VENEZUELA C.A.

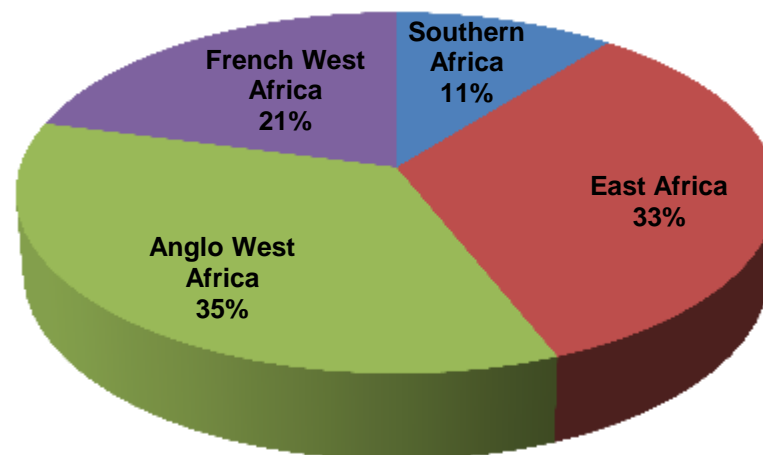
**ASPEN TO LAUNCH 20 GENERIC MOLECULES AGAINST \$369M  
OF BRANDED SALES**

# Performance Review

## Relative Regional Growth Rates



## Sales R1 652m



- ▶ Significant early entry rewards
  - Margins increasing with greater critical mass
  - Over 600 dedicated reps
  - In-house capability to manage individual regulators
  - Barriers to entry high
    - Model not easily replicated

# Performance Review

- ▶ Strong regional performance
- ▶ West Africa has been exceptional
  - FWA – Political instability last year
  - Nigeria – additional representation
    - Sales team in excess of 150
- ▶ Southern Africa
  - Effective sales and marketing
- ▶ East Africa
  - Good growth despite tough economic conditions



OF ALL OUR REGIONS – SSA HAD THE STRONGEST  
ORGANIC GROWTH DRIVERS

## Performance Review

- ▶ Shelys
  - Acquisition of remaining 40% from the minority shareholder
  - Reaping benefits of private market growth strategy and clear direction
  
- ▶ Political unrest
  - Factor across many markets
  
- ▶ Pipeline
  - Strong organic pipeline
  - 9 brands launched in SSA Collaboration
  - Steady stream of product launches now anticipated



OF ALL OUR REGIONS – SSA HAD THE STRONGEST  
ORGANIC GROWTH DRIVERS

# Summary and Prospects

---

- ▶ Aspen enjoyed another strong year
  - Stronger momentum in H2
  - All financial indicators positive
    - Increased dividend
    - Increased cash flows

## South Africa

- ▶ Expect H2 momentum to continue
- ▶ Underlying double digit growth in sales
  - Volume growth in base
  - Pipeline – South Africa's best
  - SEP increase
- ▶ Margin improvement in H2 in spite of Rand decrease
  - Growing volume
  - Productivity improvements

# Summary and Prospects

---

## Australia

- ▶ Sigma bedded down
- ▶ Generic leader in Australia
- ▶ 1 in 6 scripts dispensed for an Aspen distributed product
- ▶ Strong sales growth to continue
  - Base growth
  - GSK classic brands
  - Further opportunities and pipeline

## LATAM/Sub Saharan Africa/Asia

- ▶ Growing footprint
- ▶ Increasing confidence in ability to manage regions
- ▶ Anticipate further strong growth across regions
- ▶ Realisation of organic pipeline

# Summary and Prospects

---

## Rolling out the Global Strategy

- ▶ More products and more Aspen presence across the globe
- ▶ Increased Presence
  - Increased representation across LATAM/Asia/Sub Saharan Africa
  - Further representation considered across other geographies
  - Acquisition of local platform companies in selected markets
    - Quicker access for roll out of pipeline
- ▶ Increased Products
  - Breadth of current portfolio and licences
    - Basis for organic pipeline in new geographies
    - Significant inorganic opportunities
- ▶ Going for a 15<sup>th</sup> year of sustained, unbroken growth

TO REST IS TO RUST