

*Healthcare. We Care.*



# 2020 INTERIM RESULTS PRESENTATION

For the six months ended 31 December 2019

# DISCLAIMER

## CAUTIONARY REGARDING FORWARD-LOOKING STATEMENTS

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “prospects”, “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “indicate”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year’s annual report.

Forward looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any profit forecasts published in this report are unaudited and have not been reviewed or reported on by Aspen's external auditors.

# DISCLOSURE NOTE

- Results separately disclose discontinued operations arising from the completed disposals of the Nutritionals business, Non-core pharmaceutical portfolio in the Asia Pacific region, Japanese business and Public sector ARVs.
- Adoption of new IFRS 16 Leases
  - ❖ Retrospectively applied from 1 July 2019, using a modified retrospective approach
  - ❖ Comparatives are not restated under this approach
- Segmental analysis
  - ❖ Turkey has been moved to MENA from Developed Europe and consequently comparatives have been restated to reflect this segmental change

# FINANCIAL REVIEW



# FINANCIAL SUMMARY

## CONTINUING

R'million	% Change vs PY		
	H1 2020	Reported	CER *
Net revenue	18 417	3%	3%
Gross profit	9 410	-3%	-3%
<i>Gross profit margin</i>	51.1%	54.1%	54.0%
Normalised EBITDA	5 260	0%	0%
<i>Normalised EBITDA margin</i>	28.6%	29.3%	29.3%
Normalised tax	(610)	5%	4%
<i>Normalised effective tax rate</i>	15.9%	15.3%	15.3%
NHEPS (cents)	707	1%	0%
Operating cash flow per share (cents)	556	104%	
Operating cash conversion	87%		
Total debt	37 931	-29%	
Net debt / EBITDA <sup>^</sup>	3.53x		

\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

<sup>^</sup> Calculated in terms of Facilities Agreement covenant measure

# SEGMENTAL (CER)

## CONTINUING

### Regional Brands



- Regional Brands show revenue growth notwithstanding declines in the oncology portfolio and previously reported Zantac recall. Gross profit flat

### Manufacturing



- Revenue upside from recommencement of heparin API sales, gross profit percentage aligned to FY 2019

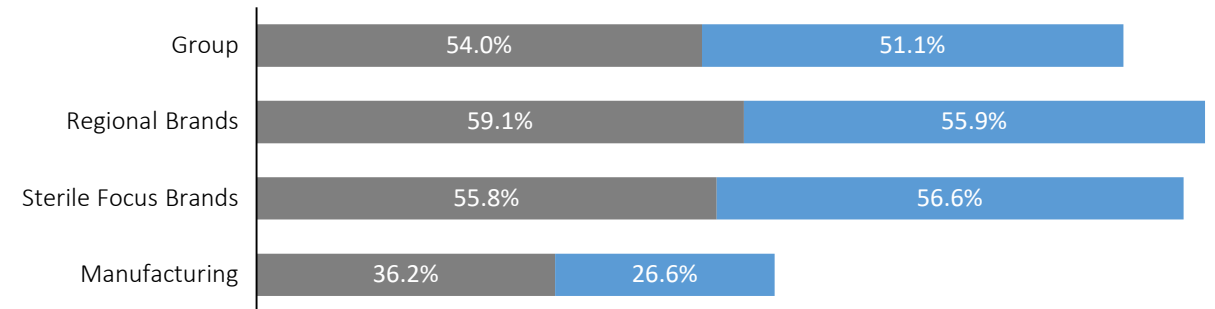
■ Gross profit 
 ■ Revenue 
 ■ H1 2019 (CER) 
 ■ H1 2020

### Sterile Focus Brands



- Improved gross profit percentage from Sterile Focus, despite lower sales. Gross profit percentage is benefiting from a higher relative weighting of Anaesthetics

### Gross profit percentage

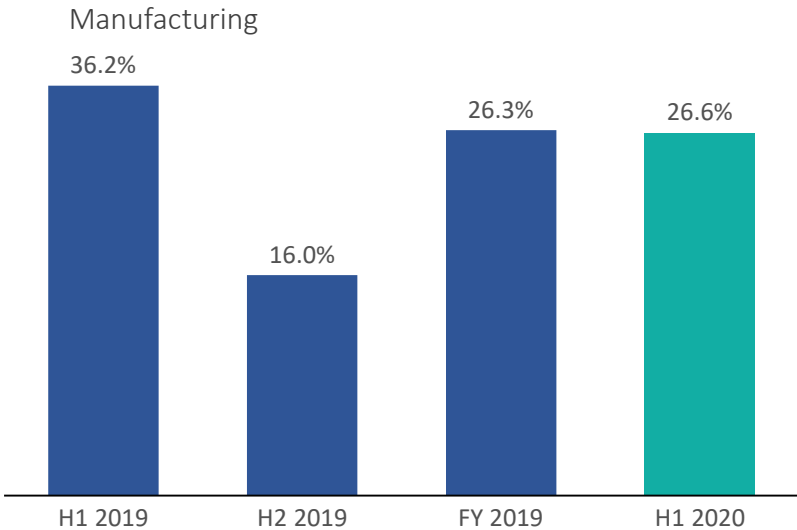
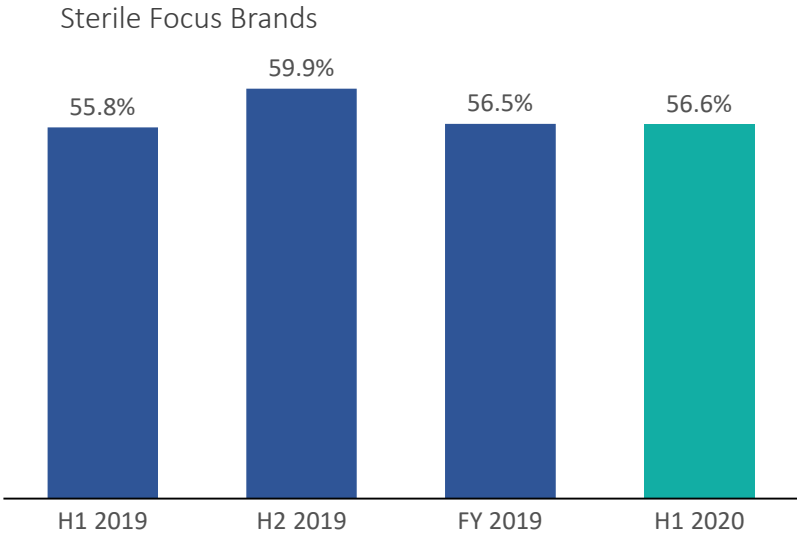
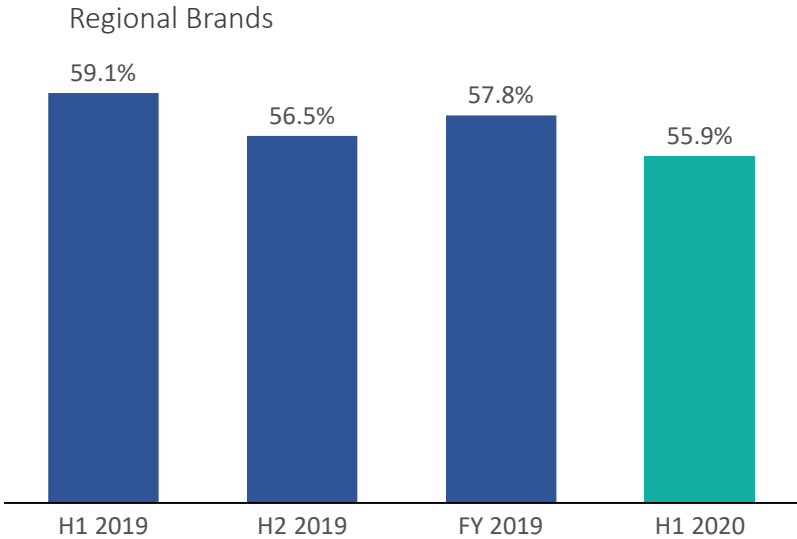
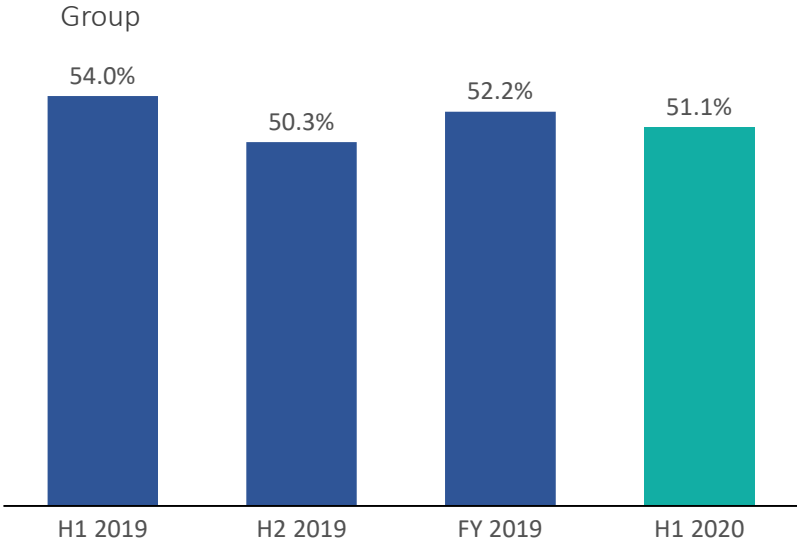


- Gross profit percentage reduced, but ahead of H2 2019

*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates*

# GROSS MARGIN PERCENTAGE (CER)

CONTINUING



CER reflects the underlying operational performance. H1 2019, H2 2019 and FY 2019 restated at H1 2020 average exchange rates

# NORMALISED EBITDA

## CONTINUING

R'million	H1 2020	% of revenue	H1 2019 (CER) *	% of revenue	% change
Gross profit **	9 410	51.1%	9 683	54.0%	-2.8%
Operating expenses	(4 821)	-26.2%	(4 801)	-26.8%	0.4%
Net other operating income	220	1.2%	15	0.1%	>100%
Depreciation	451	2.5%	363	2.0%	24.4%
<b>Normalised EBITDA</b>	<b>5 260</b>	<b>28.6%</b>	<b>5 260</b>	<b>29.3%</b>	<b>-</b>

Decline in gross profit percentage partially offset by well controlled operating expenses & upside in other operating income

\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

\*\* Gross profit is after deduction of depreciation



# CURRENCY IMPACT

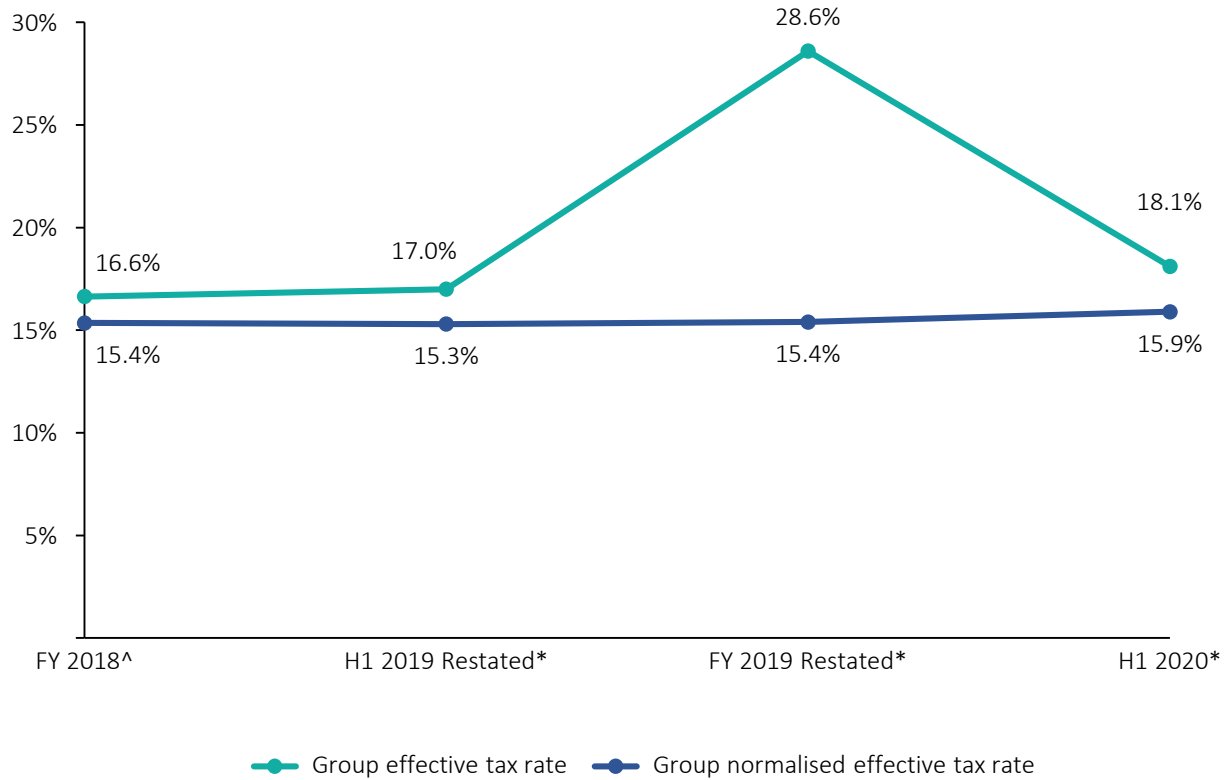
## CONTINUING

Average FX Rates to ZAR	Contribution to revenue	Contribution to Normalised EBITDA	H1 2020	FY 2019	H1 2019
EUR	31%	18%	16.30	16.19	16.34
AUD	11%	20%	10.05	10.15	10.27
CNY	9%	20%	2.09	2.08	2.07
USD	6%	-22%	14.69	14.19	14.19

- Low year on year volatility in currency
- ZAR contribution
  - ❖ Revenue: 18%
  - ❖ Normalised EBITDA: 12 %
- Relative contribution affected by
  - ❖ Mix
  - ❖ Discontinued businesses
  - ❖ Switch in supply currency (EUR to USD)

# EFFECTIVE TAX RATES

## CONTINUING



- The Group's effective tax rate spiked in FY 2019 due to higher impairments in that year
- Normalised effective tax rate eliminates the periodic spikes and other non-trading items
- Normalised effective tax rate in H1 2020 is 0,5% greater than FY 2019
- Increase is slightly lower than anticipated due to
  - ❖ A change in mix of contributions to total operating profit by Group companies
  - ❖ Benefits from the utilization of tax losses
- No material change to the normalised effective tax rate is expected for FY 2020

<sup>^</sup> Includes Japan, SA public sector ARVs and excludes Nutritionals & Asia Pacific non-core pharmaceuticals  
<sup>\*</sup>Excludes Japan, SA public sector ARVs, Nutritionals & Asia Pacific non-core pharmaceuticals

# RECONCILIATION OF CER NHEPS

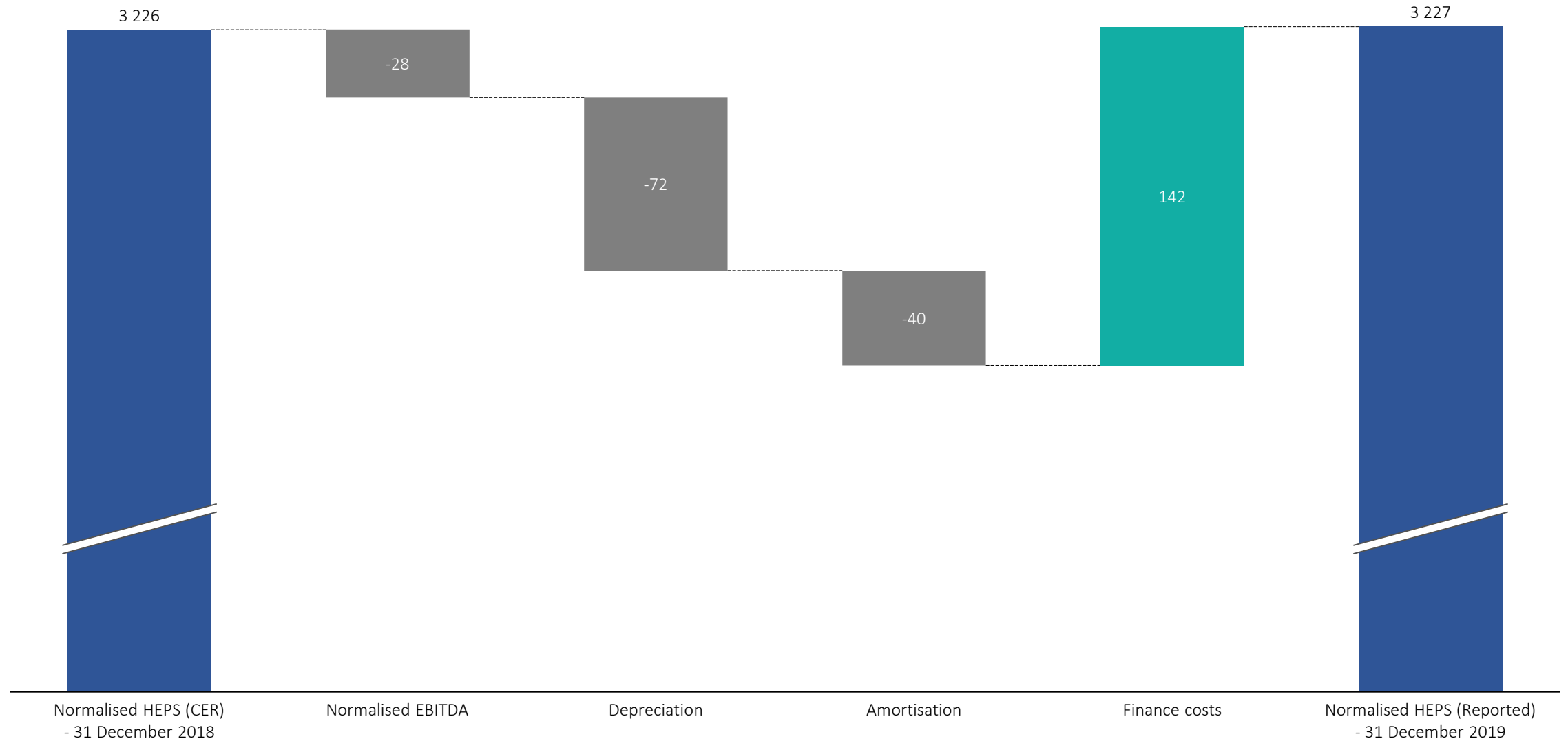
## CONTINUING

Cents	H1 2020	H1 2019 (CER) *	% change
<b>Basic earnings per share (EPS)</b>	<b>533.0</b>	<b>594.2</b>	<b>-10%</b>
Profit on sale of property, plant and equipment	1.1	0.1	>100%
Impairment of property, plant and equipment	1.7	1.5	13%
Impairment of intangible assets	107.1	45.8	>100%
Reversal of impairment of PPE	(0.2)	(0.1)	>100%
Reversal of impairment of intangible assets	(0.4)	-	100%
Impairment of goodwill	-	-	-
Impairment of available for sale financial assets	-	-	-
Profit on sale of assets classified as held-for-sale	(4.3)	-	100%
Loss on sale of intangible assets	-	0.1	>100%
<b>Headline earnings per share (HEPS)</b>	<b>638.0</b>	<b>641.6</b>	<b>-1%</b>
Capital raising fees	4.1	9.6	-57%
Restructuring costs	29.5	12.6	>100%
Transactions costs	33.3	35.9	-7%
Product litigation costs	9.3	7.0	33%
Reversal of deferred consideration no longer payable	-	-	-
Foreign exchange gain relating to acquisition	(7.2)	0.1	>100%
<b>Normalised HEPS</b>	<b>707.0</b>	<b>706.8</b>	<b>-</b>

\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

# NHEPS BRIDGE (CER)

CONTINUING R'MILLION

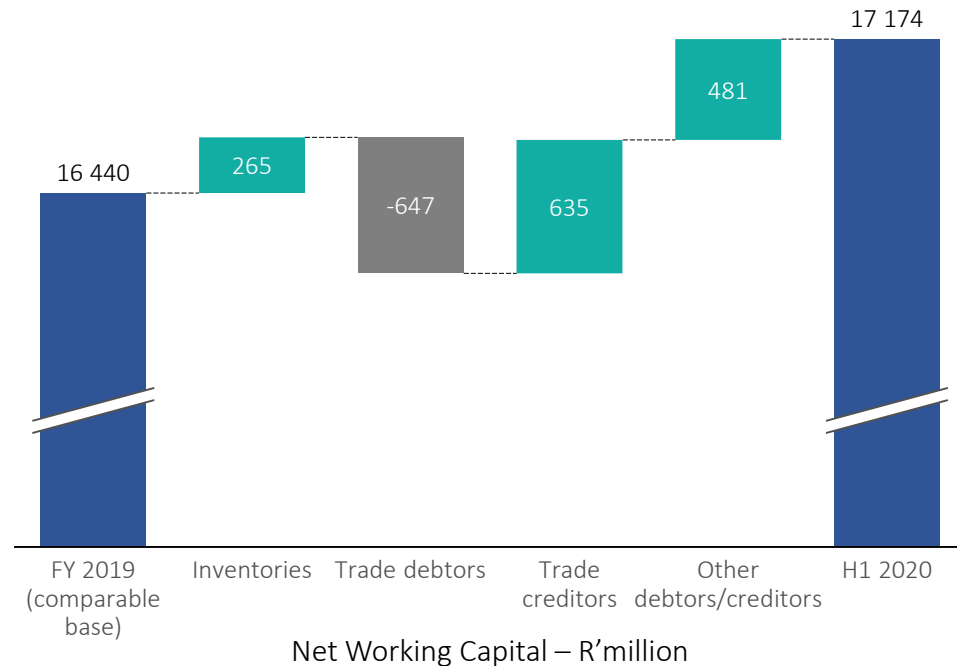


CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates  
Depreciation, amortisation and finance costs shown on an after-tax basis

# WORKING CAPITAL

## CONTINUING

R'million	H1 2020	H1 2019 (CER) *	FY 2019 (CER) *
Net Working capital - comparable base	17 174	18 229	16 440
Net Working capital - excluding Oss	12 255	13 282	11 727
Working capital % of revenue	47%	51%	46%
Less: Attributable to Oss	-9%	-9%	-9%
Working capital excluding Oss - % of revenue	38%	42%	37%

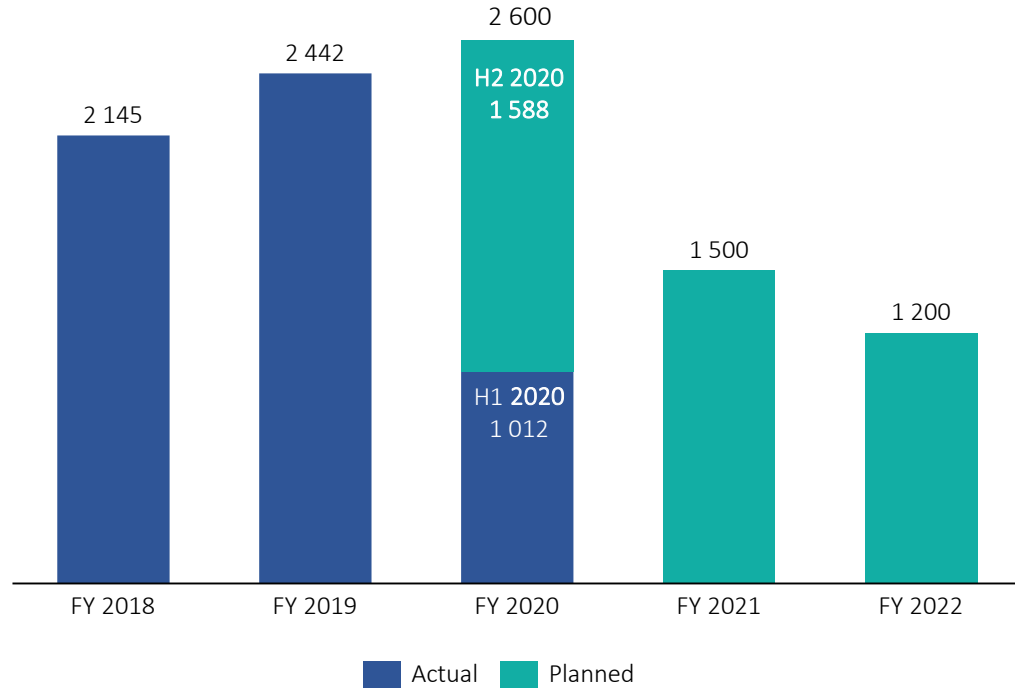


- Working capital as a % of revenue ratio unfavourably impacted by the Japan disposal
- Increased inventory as a result of
  - ❖ Improved Anaesthetics stock levels
  - ❖ Recovery of inventory after strike at SA production sites
- Unwind of residual Nutritionals debtors and creditors
- Settlement of pricing investigation commitments
- Working capital is generally cyclically higher in December as compared to June

\*CER reflects the underlying operational performance. FY 2019 and H1 2019 restated at H1 2020 average exchange rates

# CAPITAL EXPENDITURE

## PPE CAPEX IN R'MILLION



- Planned capex is based on current expectations that no new strategic capex programmes will be undertaken in the next 3 years
- Maintenance capex generally between R400-500 million p.a.

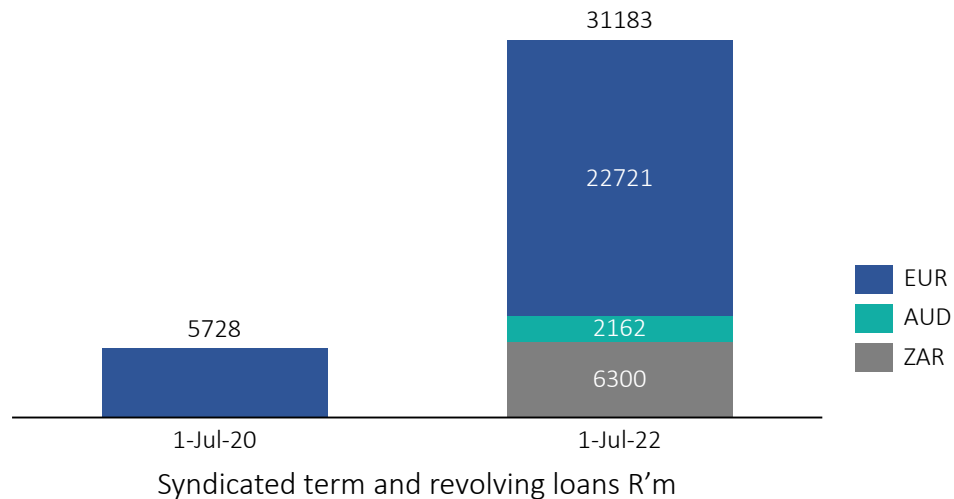


- Expected first commercial production from strategic projects
  - ❖ Port Elizabeth FY 2021
  - ❖ Bad Oldesloe FY 2021
  - ❖ Notre Dame de Bondeville FY 2023
- Substantive commercial benefits expected in FY 2024

# BORROWINGS

## ANALYSIS OF NET BORROWINGS

R'million unless stated otherwise	H1 2020 pro-forma <sup>#</sup>	H1 2020	H1 2019
Net normalised funding costs <sup>^</sup>	( 688)	( 688)	( 853)
Gearing (%)	37%	40%	51%
Net Debt/EBITDA (x) <sup>*</sup>	3,3x	3.5x	4.4x
Interest cover ratio (x) <sup>*</sup>	5.1x	5.3x	5.4x
Effective interest rate for the period (%) <sup>**</sup>	3.70%	3.70%	3.59%
Cash	(5 953)	(5 953)	(9 868)
Non-current borrowings	31 470	31 470	52 506
Current borrowings	7 876	12 414	10 869
Net borrowings	33 393	37 931	53 507



- EUR term debt of EUR 365 million (R5.7 billion) due 1 July 2020
  - ❖ Proceeds from Japan business of EUR 271 million have been applied to balance due
  - ❖ Remaining balance to be settled from operating cash flows
- Net Debt/EBITDA\* covenant is 4.0x for the twelve months ending 31 December 2019 and 3.5x for the twelve months ending 30 June 2020

<sup>^</sup> excluding foreign exchange impact

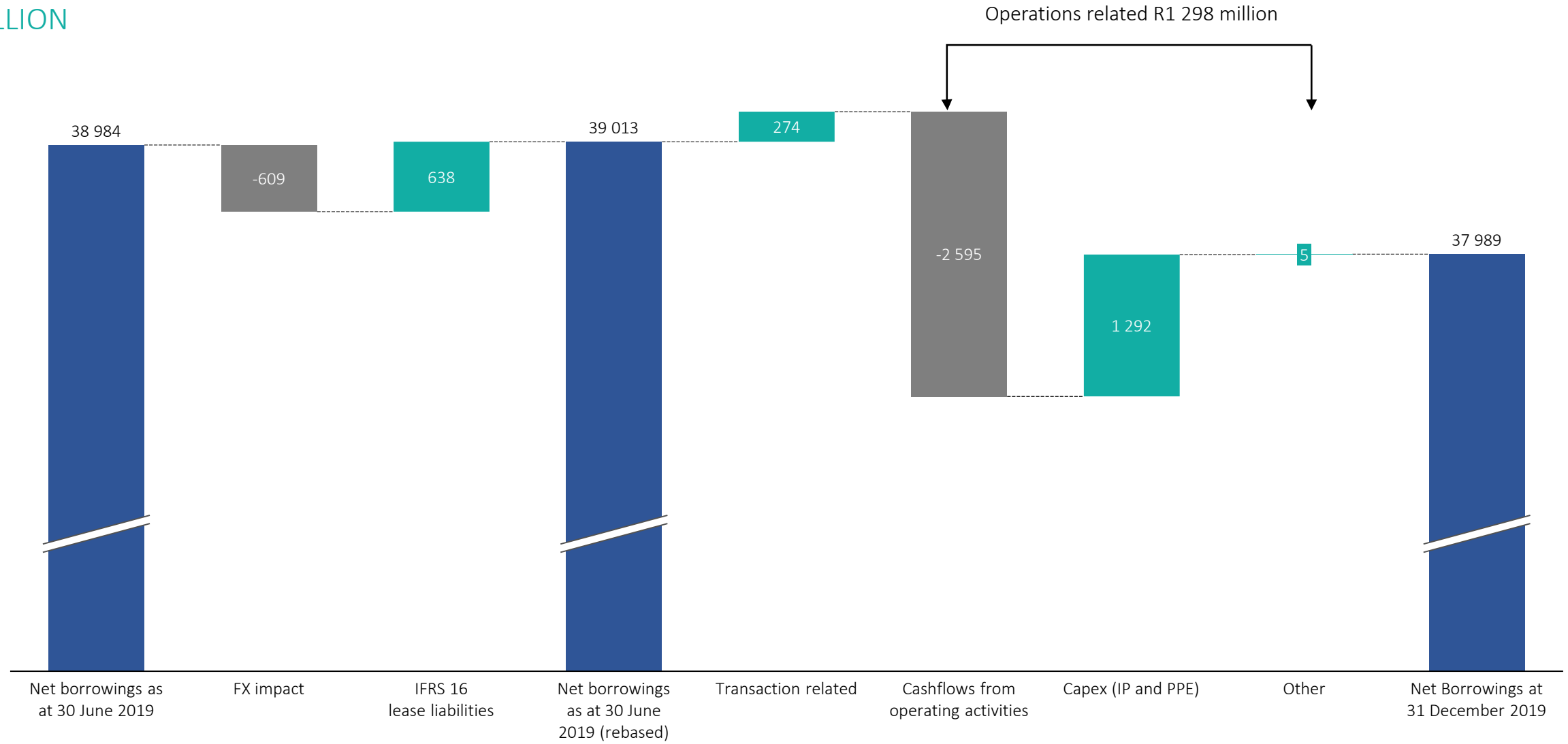
<sup>\*</sup> Calculated in terms of Facilities Agreement covenant measure

<sup>\*\*</sup> Excluding amortisation of capital raising fees, and inclusive of continuing and discontinued operations

<sup>#</sup> Pro-forma net debt assumes the proceeds from the divestment of the Japanese business have been applied to borrowings

# NET BORROWINGS BRIDGE

R'MILLION





# KEY CASH FLOW COMMITMENT TRENDS

R'million	FY 2018	FY 2019	H1 2020	H2 2020	FY 2020	Future trend / Comments
Capital expenditure - PPE	2 145	2 442	1 012	1 588	2 600	Declining sharply after FY 2020 and then stabilising - refer to slide 14
Capital expenditure - Intangible	6 083	1 522	280	541	821	Opportunity dependent
Dividends	1 313	1 437	-	-	-	Dividend assessed annually by Board
Deferred payments	4 599	5 644	272	9	281	Trending lower but dependent on future transactions
Pricing investigations	81	-	228	119	347	Dependent on developments with European Commission
Deferred receipts	-	-	(121)	(5 031)	(5 152)	Proceeds of Japanese disposal and other smaller transactions due in H2 2020
Conditional future payment/receipts <sup>^</sup>	-	-	312	-	312	Net contingent payments of R160 million between FY 2021 and FY 2022
Maturing EUR term debt	-	-	-	-	-	EUR 365 million balance of term loan due 1 July 2020

- All future commitments are indicative and based upon management's current expectations
- Such future commitments are subject to change as circumstances evolve

<sup>^</sup> Relates to transaction-related payments and/or receipts which may arise contingent upon future events

# GROUP STRATEGY AND PERFORMANCE REVIEW



# SIGNIFICANT PROGRESS ON OUR MEDIUM-TERM PRIORITIES

- **Increase focus**
  - ❖ Focus on our pharmaceutical businesses and continuing to build on areas of competitive advantage
  - ❖ Seeking partnering opportunities in markets where we are sub-scale
- **Build on our strengths**
  - ❖ Continue development of our complex manufacturing facilities
  - ❖ Review and refine product portfolio via acquisitions and disposals
- **Organic growth**
  - ❖ Drive Commercial performance and control costs
  - ❖ Commercial intervention in Europe CIS underway
- **Medium-term net debt/EBITDA target less than 3.0x**
  - ❖ Pro-forma\* net debt/EBITDA 3.3x

\*Pro-forma net debt assumes the proceeds of R4.5 billion from the divestment of the Japanese Business has been applied to borrowings

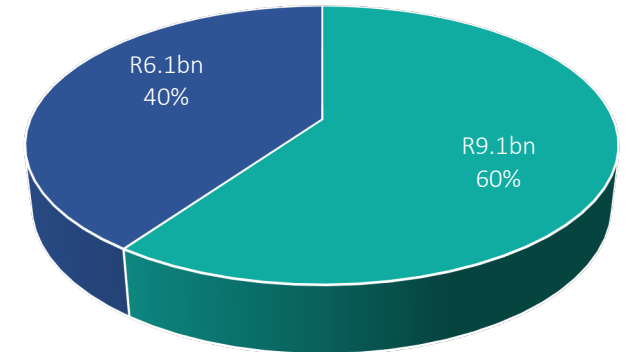
# GROUP REVENUE

## CONTINUING

R'million	H1 2020	H1 2019	% change	H1 2019 (CER) *	% change
<b>Commercial Pharma</b>	<b>15 246</b>	<b>14 892</b>	<b>2%</b>	<b>14 953</b>	<b>2%</b>
Regional Brands	8 284	7 812	6%	7 833	6%
Sterile Focus Brands	6 962	7 080	-2%	7 120	-2%
<b>Manufacturing</b>	<b>3 171</b>	<b>2 986</b>	<b>6%</b>	<b>2 984</b>	<b>6%</b>
API	2 543	2 292	11%	2 290	11%
FDF	628	694	-10%	694	-10%
<b>Group revenue</b>	<b>18 417</b>	<b>17 878</b>	<b>3%</b>	<b>17 937</b>	<b>3%</b>

Developed markets  
-1% CER growth

Emerging markets  
+4% CER growth



Market split Commercial Pharma R15.2bn

- Commercial pharma +2%
  - ❖ Regional Brands +6%, widespread growth across regions
  - ❖ Sterile Focus Brands -2%, Anaesthetics +4%, offset by Thrombosis -8%
  - ❖ Thrombosis performance in Europe CIS, offset by heparin API sales
- Manufacturing +6%, resumption of heparin API sales

All commentary in y/y CER growth, unless stated otherwise  
\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

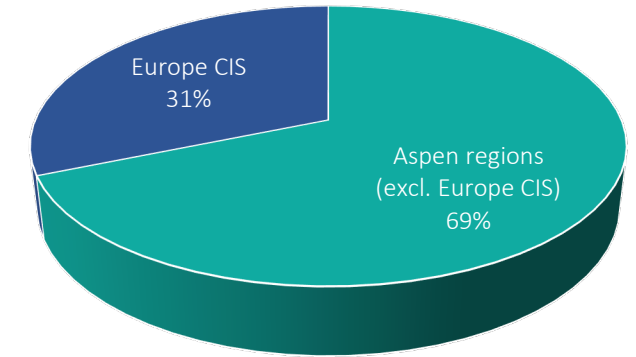
# GROUP REVENUE – BY REGION

CONTINUING – Focused effort in delivering organic growth and controlling costs

R'million	H1 2020	H1 2019 (CER) *	% change
<b>Commercial Pharma</b>	<b>15 246</b>	<b>14 953</b>	<b>2%</b>
Asia Pacific	4 320	4 086	6%
Africa & Middle East †	4 151	3 915	6%
Americas ^	2 009	1 888	6%
Europe CIS **	4 766	5 064	-6%
<b>Manufacturing</b>	<b>3 171</b>	<b>2 986</b>	<b>6%</b>
<b>Total</b>	<b>18 417</b>	<b>17 939</b>	<b>3%</b>

Europe CIS  
-6% CER growth

Aspen regions  
(excluding Europe CIS)  
+6% CER growth



Geographic split Commercial Pharma R15.2bn

- Commercial Pharma +2%
  - ❖ Aspen regions (excluding Europe CIS) +6%
  - ❖ Europe CIS -6%
- Manufacturing +6%
  - ❖ Benefit from heparin sales
  - ❖ Underlying operations in line with expectations

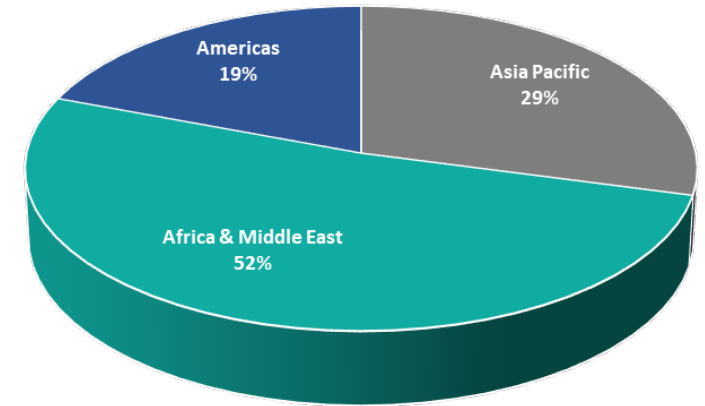
All commentary in y/y CER growth, unless stated otherwise  
 \*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates  
 \*\* Developed Europe and Developing Europe & CIS  
 ^ Latin America, USA and Canada  
 † SSA and MENA

# COMMERCIAL PHARMA – ASPEN REGIONS, EXCLUDING EUROPE CIS

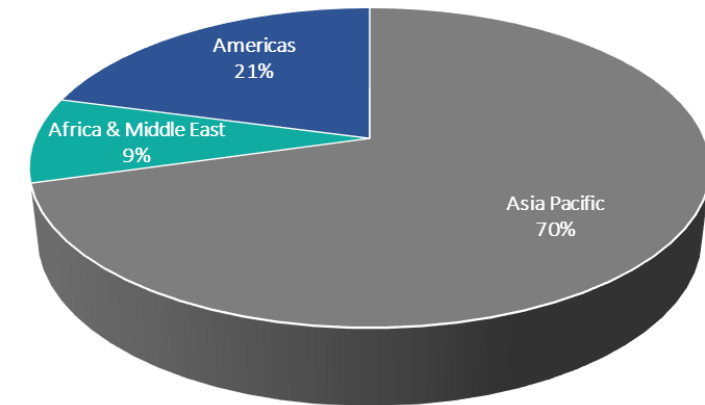
CONTINUING – Improving performance

R'million	H1 2020	H1 2019 (CER)*	% change
<b>Regional Brands</b>	<b>7 186</b>	<b>6 792</b>	<b>6%</b>
Asia Pacific	1 996	1 919	4%
Africa & Middle East †	3 866	3 667	5%
Americas ^	1 324	1 206	10%
<b>Sterile Focus brands</b>	<b>3 294</b>	<b>3 097</b>	<b>6%</b>
Asia Pacific	2 324	2 167	7%
Africa & Middle East †	285	248	15%
Americas ^	685	682	0%
<b>Total</b>	<b>10 480</b>	<b>9 889</b>	<b>6%</b>

- **Regional Brands +6%, approximately 70% of sales**
  - ❖ SSA approximately half of Regional Brands and grew +7%
  - ❖ Australasia +5%
- **Sterile Focus Brands +6%**
  - ❖ 80% Anaesthetics
  - ❖ Asia Pacific +7%, driven by China +12%
- **Momentum to continue in H2**
  - ❖ Africa & Middle East – sustained performance and SEP increase 4.53% in SA
  - ❖ Latin America – double digit growth projected
- **Asia Pacific – negative COVID-19 effect**
  - ❖ Zantac impact



Regional Brands R7.2bn



Sterile Focus Brands R3.3bn

All commentary in y/y CER growth, unless stated otherwise  
 \*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates  
 ^Latin America, USA and Canada  
 †SSA and MENA

# COMMERCIAL PHARMA - EUROPE CIS

CONTINUING – Commercial intervention underway

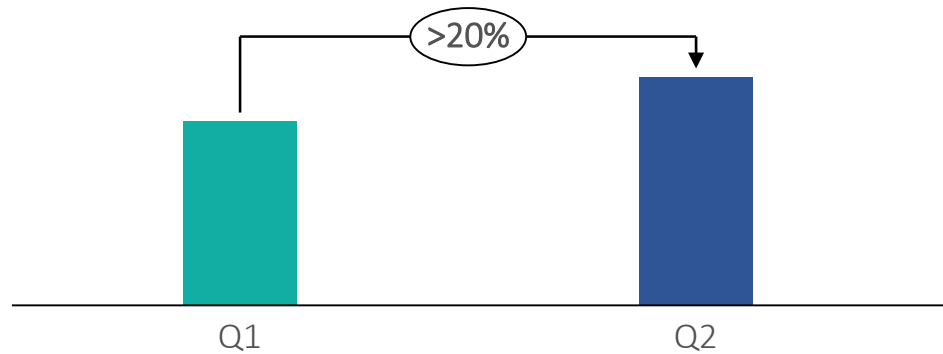
R'million	H1 2020	H1 2019 (CER)*	% change
Regional Brands	1 099	1 041	6%
Sterile Focus Brands	3 668	4 023	-9%
Thrombosis	2 462	2 740	-10%
Anaesthetics	1 206	1 283	-6%
<b>Total</b>	<b>4 767</b>	<b>5 064</b>	<b>-6%</b>

- Sterile Focus Brands impacting Europe CIS performance
  - ❖ Green shoots for H2 2020, supported by Anaesthetics supply and Thrombosis commercial intervention
- Regional Brands +6%
  - ❖ Oncology -10%
  - ❖ Other brands +15%

*All commentary in y/y CER growth, unless stated otherwise  
\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates*

# COMMERCIAL PHARMA – EUROPE CIS – STERILE FOCUS BRANDS

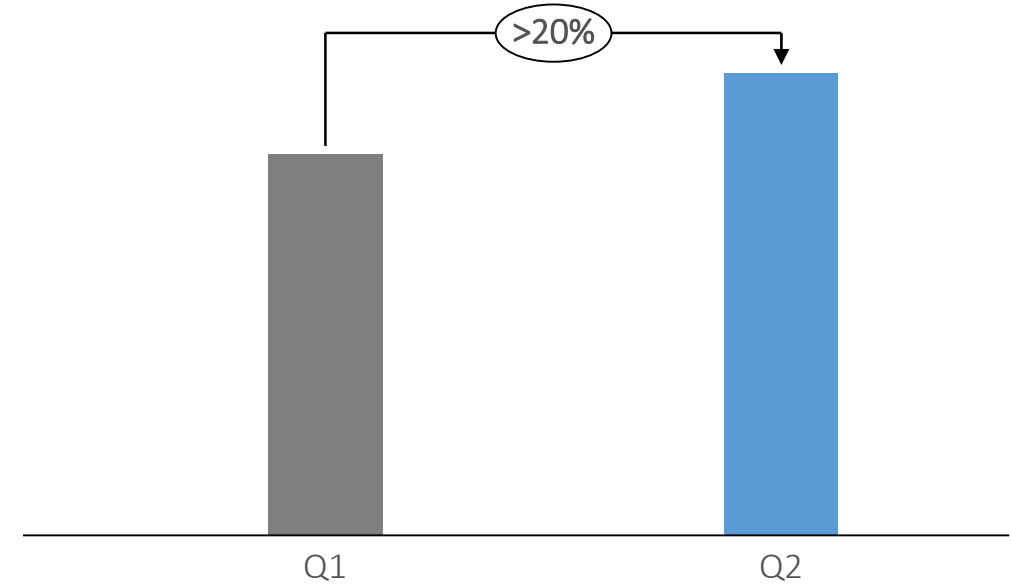
CONTINUING – Commercial intervention and supply impacting positively, sustainable performance required



Anaesthetics Europe CIS quarterly sales for H1 2020 (reported), in EUR'm

- **Anaesthetics -6%**

- ❖ Increased sales support & improving supply
  - Positively impacted Q2
- ❖ Developed Europe is 90% of revenue
  - End of January 2020, flat vs 7 months to January 2019
  - Growth anticipated in H2
- ❖ Supply improvement to continue into H2
- ❖ Better H2 anticipated vs prior year



Thrombosis Europe CIS quarterly sales for H1 2020 (reported), in EUR'm

- **Thrombosis -10%**

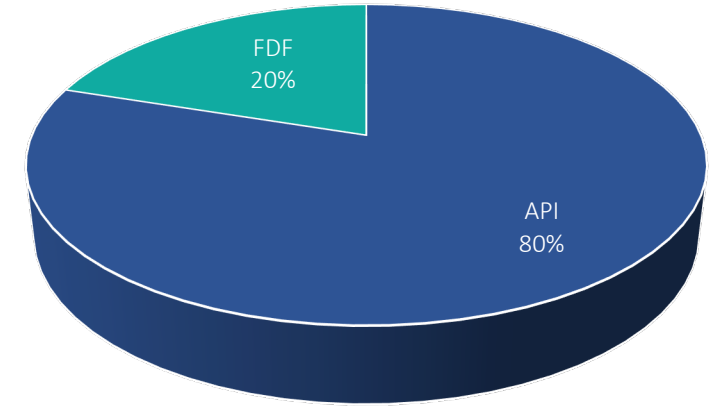
- ❖ Benefits of commercial restructure are now impacting
  - Q2 a better reflection of the level of sales achievable in H2
- ❖ Margin pressure in heparin-based products
  - COGS increase
  - CEE particularly impacted
- ❖ Aspen sales weighted to heparin-based products
  - Higher margin from non heparin-based products
- ❖ H2 to claw back most of H1 underperformance



# MANUFACTURING – API & FDF

CONTINUING – Delivering efficiencies

R'million	H1 2020	H1 2019 (CER) *	% change
API	2 543	2 290	11%
FDF	628	694	-10%
<b>Total</b>	<b>3 171</b>	<b>2 984</b>	<b>6%</b>



Manufacturing R3.2bn

- API +11%
  - ❖ Driven by heparin sales to third parties in H1 2020
    - Benefit of heparin stockpile
  - ❖ License agreement for nadroparin in Italy renegotiated
    - Italfarmaco to sell FDF in Italy
    - Aspen to supply nadroparin API only
    - To be reclassified to Manufacturing at FY 2020
  - ❖ Better H2 performance anticipated vs H1. Further heparin API sales expected. Non-heparin sales also expected to increase
- FDF -11%
  - ❖ Impacted by SAP cutover in Australian facility, no impact to patients
  - ❖ Stronger performance expected in H2
  - ❖ Anticipate positive growth for FY 2020

All commentary in y/y CER growth, unless stated otherwise

\* CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

# OUTCOME FROM THE GROUP STRATEGIC REVIEW

## SA – Aspen and Ethicare

- Heightened focus driving momentum across the two portfolios
  - ❖ Aspen – branded portfolio
  - ❖ Ethicare – commoditised/traded portfolio
- Aspen private sector +11%
- Aspen public sector +2%
- Ethicare private sector -1%
  - ❖ +7% Ethicare private sector (excluding ARVs)
    - Private sector ARVs > 20% decline
- Ethicare public sector +10%
- Public sector SA contributes < 15% of SA revenue

## Partnership across public sector ARVs

- Aspen maintains a social commitment towards our South African patients
- Transaction with Laurus completed (subject to conditions precedent)
  - ❖ Patients gain access to competitively priced, quality products
  - ❖ Aspen will convert and distribute
  - ❖ Derisked from exchange rate risk and working capital investments
  - ❖ Supplementary tender adjudication imminent

*All commentary in y/y CER growth, unless stated otherwise*

# OUTCOME FROM THE GROUP STRATEGIC REVIEW

## Divestment of Japanese Business

- Aspen has performed in this market
  - ❖ Faced unilateral price decreases annually
    - Critical to have a pipeline to offset pricing pressure
    - Aspen's hospital platform - good fit for Sandoz biosimilars
  - ❖ Opportunities for Aspen Japan employees
- R4.5 billion received February 2020
  - ❖ Milestones for licenses, COGS, supply
    - EUR 50 million for 3 years uninterrupted supply

## EU Strategic review

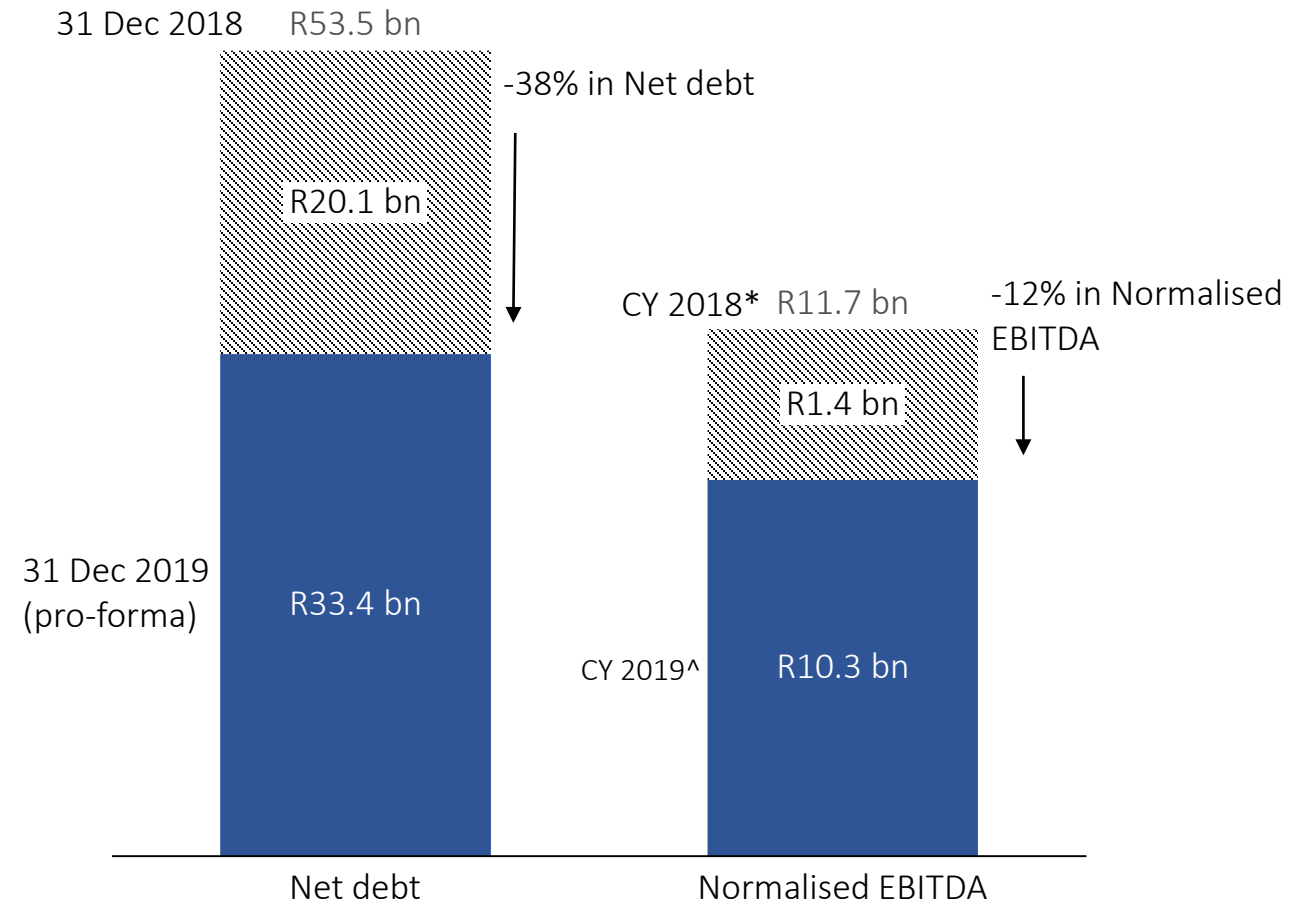
- Restructuring of Europe CIS is progressing
  - ❖ Some benefits already visible in Q2 performance
  - ❖ Initiatives to address Europe CIS performance continues
  - ❖ Aspen needs to sustain revenue at higher level
- Running a structured process to identify potential partners
  - ❖ Optimal partnership:
    - Regional commercial capabilities
    - Has a strategic commitment to the therapeutic area
    - Recognises Aspen's manufacturing competencies
  - ❖ Process is competitive
- The final outcomes of the strategic review, will determine the most appropriate course of action
  - ❖ Expected by September 2020

# OUTLOOK – BASED ON BUSINESS AS USUAL (excluding COVID-19)

Potential for FY 2020 to outperform FY 2019

- **Commercial Pharma revenue H2 > H1**
  - ❖ Growth in Regional and Sterile Brands
  - ❖ Impetus from SA and Latam to be maintained
  - ❖ Europe CIS H2 improvement
  - ❖ COVID-19 effect – unquantifiable
- **Manufacturing revenue H2 > H1**
  - ❖ Improved API and FDF sales
- **Further HPC milestone possible**

Cents	FY 2019 (CER)	FY 2020
H1	706.8	707.0
H2	643.6	Higher vs prior year
FY	1350.4	Higher vs prior year



\*\*CER reflects the underlying operational performance. H1 2019 and FY 2019 restated at H1 2020 average exchange rates

\*Including discontinued operations disposed of Nutritionals, Asia Pacific non-core pharmaceuticals, Japanese business and SA public sector ARVS. ^Excluding all discontinued operations as at 31 December 2019

Pro-forma net debt assumes the proceeds of R4.5 billion from the divestment of the Japanese business have been applied to borrowings

All commentary in y/y CER growth, unless stated otherwise

# APPENDICES



# APPENDIX 1: ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

## CONTINUING AND DISCONTINUED

R'million	H1 2020	H1 2019	% change
<b>Net revenue</b>	<b>19 993</b>	<b>21 597</b>	<b>-7%</b>
Cost of sales	(9 887)	(10 460)	
<b>Gross profit</b>	<b>10 106</b>	<b>11 137</b>	<b>-9%</b>
<i>Gross profit margin</i>	<i>50.5%</i>	<i>51.6%</i>	
Operating expenses	(5 144)	(5 612)	
Net other operating expenses	( 950)	( 891)	
Depreciation	456	489	
Amortisation	299	323	
<b>EBITDA</b>	<b>4 767</b>	<b>5 446</b>	<b>-12%</b>
<i>EBITDA margin</i>	<i>23.8%</i>	<i>25.2%</i>	
Depreciation	(456)	(489)	
Amortisation	(299)	(323)	
<b>Operating profit</b>	<b>4 012</b>	<b>4 634</b>	<b>-13%</b>
Net funding costs	( 731)	(1 016)	
<b>Profit before tax</b>	<b>3 281</b>	<b>3 618</b>	<b>-9%</b>
Tax	( 612)	( 681)	
<b>Profit after tax from continuing operations</b>	<b>2 669</b>	<b>2 937</b>	<b>-9%</b>
Profit from discontinued operations	( 40)	-	
<b>Profit for the year</b>	<b>2 629</b>	<b>2 937</b>	<b>-10%</b>
<b>EPS (cents)</b>	<b>576.0</b>	<b>643.4</b>	<b>-10%</b>
<b>HEPS (cents)</b>	<b>689.7</b>	<b>718.7</b>	<b>-4%</b>
<b>NHEPS (cents)</b>	<b>759.6</b>	<b>785.6</b>	<b>-3%</b>

# APPENDIX 2: ABRIDGED STATEMENT OF NORMALISED COMPREHENSIVE INCOME

## CONTINUING

R'million	H1 2020	H1 2019	% change	H1 2019 (CER)*	% change
<b>Net revenue</b>	<b>18 417</b>	<b>17 878</b>	<b>3%</b>	<b>17 937</b>	<b>3%</b>
Cost of sales	(9 007)	(8 209)	10%	(8 255)	
<b>Gross profit</b>	<b>9 410</b>	<b>9 669</b>	<b>-3%</b>	<b>9 682</b>	<b>-3%</b>
<i>Gross profit margin</i>	<i>51.1%</i>	<i>54.1%</i>		<i>54.0%</i>	
Operating expenses	(4 821)	(4 806)	-	(4 800)	
Net other operating income	220	15	>100%	15	
Depreciation	451	363	24%	363	
<b>EBITDA</b>	<b>5 260</b>	<b>5 241</b>	<b>-</b>	<b>5 260</b>	<b>0%</b>
<i>EBITDA margin</i>	<i>28.6%</i>	<i>29.3%</i>		<i>29.3%</i>	
Depreciation	(451)	(363)	24%	(363)	
Amortisation	(285)	(236)	21%	(235)	
<b>Operating profit</b>	<b>4 524</b>	<b>4 642</b>	<b>-3%</b>	<b>4 662</b>	<b>-3%</b>
Net funding costs	( 687)	( 856)	-20%	( 850)	
<b>Profit before tax</b>	<b>3 837</b>	<b>3 786</b>	<b>1%</b>	<b>3 812</b>	<b>1%</b>
Tax	( 610)	( 580)	5%	( 586)	
<b>Profit after tax from continuing operations</b>	<b>3 227</b>	<b>3 206</b>	<b>1%</b>	<b>3 226</b>	<b>0%</b>
NHEPS (cents)	707.0	702.4	1%	707	0%
<b>Normalised effective tax rate</b>	<b>15.9%</b>	<b>15.3%</b>		<b>15.4%</b>	

\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

# APPENDIX 3: RECONCILIATION OF REPORTED NHEPS

## CONTINUING AND DISCONTINUED

Cents	H1 2020	H1 2019	% change
<b>Basic earnings per share (EPS)</b>	<b>576.0</b>	<b>643.4</b>	<b>-10%</b>
Impairment of property, plant and equipment	1.5	1.5	1%
Impairment of intangible assets	106.6	46.0	>100%
Loss on sale of discontinued operations	8.7	-	>100%
Loss on sale of assets classified as held-for-sale	( 4.3)	-	>100%
Loss on sale of tangible/intangible assets	1.2	27.8	-96%
<b>Headline earnings per share (HEPS)</b>	<b>689.7</b>	<b>718.7</b>	<b>-4%</b>
Restructuring costs	29.4	11.9	>100%
Transactions costs	38.3	47.9	-20%
Product litigation costs	9.4	7.1	32%
Foreign exchange gain relating to acquisition	( 7.2)	-	>100%
<b>Normalised HEPS</b>	<b>759.6</b>	<b>785.6</b>	<b>-3%</b>



# APPENDIX 4: GROUP STATEMENT OF FINANCIAL POSITION

## CONTINUING

R'million	H1 2020	H1 2019	FY 2019	R'million	H1 2020	H1 2019	FY 2019
<b>TOTAL ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>	<b>79 745</b>	<b>89 475</b>	<b>86 164</b>	<b>Shareholders equity</b>	<b>55 962</b>	<b>52 290</b>	<b>54 213</b>
Intangible assets	60 153	70 297	66 468	<b>Non-current liabilities</b>	<b>39 039</b>	<b>60 370</b>	<b>48 064</b>
Property, plant and equipment	12 612	11 692	12 065	Borrowings	31 470	52 506	39 713
Right-of-use assets	539	-	-	Other non-current liabilities	3 762	2 860	3 702
Goodwill	4 562	4 976	4 649	Unfavourable and onerous contracts	874	1 252	1 055
Deferred tax assets	1 161	1 029	1 163	Deferred tax liabilities	1 938	2 259	2 049
Contingent environmental indemnification assets	242	824	801	Contingent environmental liabilities	242	824	801
Other non-current assets	476	657	1 018	Retirement and other employee benefits	753	669	744
<b>Current assets</b>	<b>37 965</b>	<b>45 346</b>	<b>36 152</b>	<b>Current liabilities</b>	<b>22 709</b>	<b>22 161</b>	<b>20 039</b>
Inventories	14 353	15 575	14 648	Borrowings	12 414	10 869	8 248
Receivables and other current assets	11 965	13 343	12 511	Trade and other payables	7 961	9 343	9 555
Cash and cash equivalents	5 953	9 868	8 977	Other current liabilities	1 083	1 538	1 911
Assets classified as held-for-sale	5 694	6 560	16	Unfavourable and onerous contracts	318	359	325
				Liabilities classified as held-for-sale	933	52	-
<b>Total assets</b>	<b>117 710</b>	<b>134 821</b>	<b>122 316</b>	<b>Total equity and liabilities</b>	<b>117 710</b>	<b>134 821</b>	<b>122 316</b>

# APPENDIX 5: EXTRACT FROM GROUP STATEMENT OF CASH FLOWS

## CONTINUING AND DISCONTINUED

R'million	H1 2020	H1 2019	% change
Cash operating profit	5 577	5 852	-5%
Changes in working capital	(1 217)	(2 253)	
Cash generated from operations	4 360	3 599	21%
Net finance costs paid	( 889)	( 765)	
Tax paid	( 876)	(1 123)	
Cash generated from operating activities	2 595	1 711	52%
<b><i>Operating cash flow per share (cents)</i></b>	<b><i>568.5</i></b>	<b><i>374.8</i></b>	<b><i>52%</i></b>
<i>Continuing</i>	<b><i>556.0</i></b>	<b><i>273.2</i></b>	<b><i>104%</i></b>
<i>Discontinued</i>	<b><i>12.5</i></b>	<b><i>101.6</i></b>	

- Operating cash conversion rate (continuing) = operating cash flow per share (continuing) / HEPS (continuing)
- Operating cash conversion rate (continuing) = 556,0 / 638,0 = 87%

# APPENDIX 6: NET FUNDING COSTS

## CONTINUING

R'million	H1 2020	H1 2019
Net interest paid	( 591)	( 639)
Foreign exchange (losses)/gains	( 10)	( 40)
Notional interest on financial instruments	( 86)	( 177)
<b>Normalised net funding costs</b>	<b>( 687)</b>	<b>( 856)</b>
Debt raising fees on acquisitions	( 21)	( 44)
Foreign exchange gains on acquisitions	33	0
<b>Reported net financing costs</b>	<b>( 675)</b>	<b>( 900)</b>

Cumulative change in margin applicable to the Group's syndicated term and revolving loans for changes in leverage ratio:

>4,50x but <4,75x	+0,750%
>4,25x but <4,50x	+0,525%
>4,00x but <4,25x	+0,325%
>3,75x but <4,00x	+0,150%
>3,50x but <3,75x	0
>3,00x but <3,50x	-0,150%
>2,50x but <3,00x	-0,250%
>2,00x but <2,50x	-0,350%
<2,00x	-0,450%

# APPENDIX 7: GROUP REVENUE BY REGION

## CONTINUING

R'million	H1 2020	H1 2019*	% Change	H1 2019 (CER)**	% Change
Developed Europe	6 261	6 210	1%	6 200	1%
Sub-Saharan Africa	3 904	3 635	7%	3 642	7%
Asia Pacific	4 543	4 357	4%	4 353	4%
Latin America	1 694	1 551	9%	1 566	8%
Developing Europe and CIS	1 157	1 283	-10%	1 300	-11%
MENA	543	529	3%	554	-2%
USA & Canada	315	313	1%	322	-2%
<b>Total</b>	<b>18 417</b>	<b>17 878</b>	<b>3%</b>	<b>17 937</b>	<b>3%</b>

\* H1 2019 figures restated for discontinued operations

\*\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

# APPENDIX 8: COMMERCIAL PHARMA REVENUE SEGMENT

CONTINUING – PREVIOUS DISCLOSURE

R'million	H1 2020	H1 2019*	% change	H1 2019 (CER)**	% change
<b>Regional Brands</b>	<b>8 284</b>	<b>7 811</b>	<b>6%</b>	<b>7 834</b>	<b>6%</b>
Regional Brands	6 346	5 955	7%	5 953	7%
High Potency & Cytotoxics	1 938	1 856	4%	1 881	3%
<b>Sterile Focus Brands</b>	<b>6 962</b>	<b>7 081</b>	<b>-2%</b>	<b>7 120</b>	<b>-2%</b>
Anaesthetics	3 860	3 705	4%	3 730	3%
Thrombosis	3 102	3 376	-8%	3 390	-8%
<b>Total Revenue</b>	<b>15 246</b>	<b>14 892</b>	<b>2%</b>	<b>14 954</b>	<b>2%</b>

\* H1 2019 figures restated for discontinued operations

\*\*CER reflects the underlying operational performance. H1 2019 restated at H1 2020 average exchange rates

# APPENDIX 9: IFRS RESTATEMENTS

	IAS 17	IFRS 16
<b>Statement of comprehensive income</b>		
Operating lease expense	86	-
Interest paid-leases	-	16
Depreciation	-	78
<b>Statement of financial position</b>		
<i>Non-current assets</i>		
Right of use assets	-	539
<i>Non-current liabilities</i>		
Non-current borrowings	-	385
<i>Current liabilities</i>		
Current borrowings	-	162
<b>Total borrowings</b>		<b>547</b>

- Adoption of new IFRS 16 Leases
  - ❖ Retrospectively applied from 1 July 2019, using a modified retrospective approach
  - ❖ Comparatives are not restated under this approach

# APPENDIX 10: PORTFOLIO MANAGEMENT MODEL

