aspen HOLDINGS

Interim Results Presentation

For the six months ended 31 December 2016

Performance overview

Performance overview

Group revenue

Revenue by customer geography Entity-wide analysis			
R'million	H1 2017	H1 2016	% change
Commercial - pharmaceutical	15 069	12 622	19%
International	7 052	5 784	22%
Asia Pacific	4 568	3 101	47%
Sub-Saharan Africa	3 449	3 737	-8%
Commercial - nutritionals	1 632	1 785	-9%
Manufacturing	3 121	3 105	1%
Total	19 822	17 512	13%

- Commercial pharmaceuticals +19%
  - Driven by AZ anaesthesia acquisition
- Commercial nutritionals impacted by Chinese regulations and currency
- Manufacturing revenue flat
  - Reduced supply to GSK, mainly thrombosis brands in China
    - ZAR 160 million revenue impact

International - Pharmaceutical

Revenue by customer geography			
R'million	H1 2017	H1 2016	% change
Europe CIS	4 484	4 114	9%
- Base business	3 699	4 114	-10%
- Anaesthetics	785	-	-
Latin America	1 238	983	26%
- Base business	1 023	983	4%
- Anaesthetics	215	-	-
MENA	523	413	27%
- Base business	429	413	4%
- Anaesthetics	94	-	-
North America	807	274	195%
- Base business	705	274	157%
- Anaesthetics - Canada	102	-	-
Total	7 052	5 784	22%

International - Pharmaceutical

- Excluding anaesthetics, base business grew 1%
- Europe CIS
  - Primary decline caused by change in distribution model and supply challenges
    - Impacts this period only
  - Exchange rate effect of EUR 4 million
    - Brexit effect over EUR 6 million
    - Some offset from Ruble
  - Pricing pressures on thrombosis
    - Annualised impact of EUR 14 million
    - Synergy offsets
- Latam, MENA and North America
  - Latam and MENA performing in local currency (-14% MXN vs ZAR)
  - Change of HPC distribution in the USA
    - Moved to supply and distribution agreement with major pharma company
    - USD 30 million of HPC sales
    - Further sales in CY 2017 unlikely
  - Canada and MENA driven by anaesthetics

International - Pharmaceutical

- H2 expectations
  - Europe CIS base business above both H2 2016 and H1 2017 in EUR
    - Pricing pressures more than offset by
      - Normalised distribution and supply
      - Synergy realisation
      - Improved thrombosis performance
  - Latam and MENA base growth to further improve on H1 2017 performance
  - One/two ANDA launches in the USA
  - Increased contribution from anaesthetics portfolio
    - Addition of GSK and AZ in for full 6 months

Asia Pacific

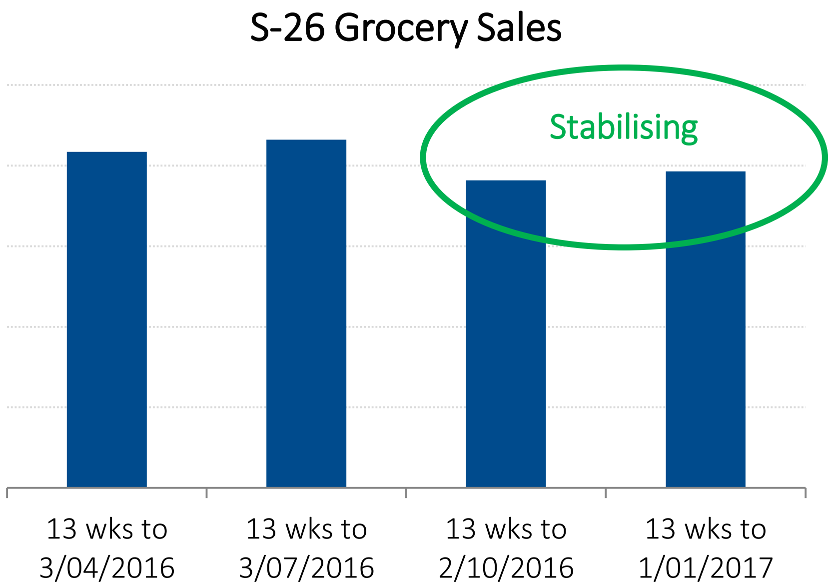
Revenue by customer geography			
Australia & New Zealand			
R'million	H1 2017	H1 2016	% change
Continuing business	**3 045**	**2 774**	**10%**
Base pharmaceutical business	2 294	2 220	3%
Anaesthetics	323	-	-
Nutritionals	428	554	-23%
Divestments & discontinuing operations	120	353	-
Total revenue	**3 165**	**3 127**	**1%**
Asia			
R'million	**H1 2017**	**H1 2016**	**% change**
Base business	854	730	17%
Anaesthetics	1 229	-	-
Total revenue	**2 083**	**730**	**185%**
Total Asia Pacific revenue	5 248	3 857	36%

Asia Pacific

- Region most positively impacted by AZ anaesthesia acquisition
- Asia now 40% of regional sales
  - Anticipated to exceed 50% in short term
- Australian base pharma business performing
  - Challenging regulated market
  - Benefitting from focus
- Decrease in divested and discontinuing operations
  - Prior period divestment
- Nutritionals impacted by change in Chinese regulations
- Asia base revenue sustains double-digit growth
  - Aspen's quality/affordable model - great fit

Asia Pacific - Nutritionals

- Entire local market impacted
  - Loss of informal export sales to China
  - Change in Chinese regulatory environment
- Sales settling at 2014 levels
  - Aspen less affected than most
  - Stronger domestic underpin
  - In-market sales stabilised over last 6 months
- Chinese regulatory challenges
  - Remain opaque
  - Hard to predict
- Aspen strategy to enter China to be accelerated
  - Direct approach favoured
  - NZNM approved for China



Sub-Saharan Africa

Revenue by customer geography			
R'million	H1 2017	H1 2016	% change
Pharma revenue	3 449	3 737	-8%
South Africa	3 022	3 275	-8%
Other SSA	427	462	-8%
Nutritional revenue	490	448	9%
South Africa	447	417	7%
Other SSA	43	31	38%
Total commercial revenue	**3 939**	**4 185**	**-6%**
Manufacturing - API and FDF	706	528	34%
Total	4 645	4 713	-1%

- South African and Sub-Saharan Africa regions have been consolidated
  - GSK termination – other SSA no longer material enough for stand alone

Sub-Saharan Africa - South Africa

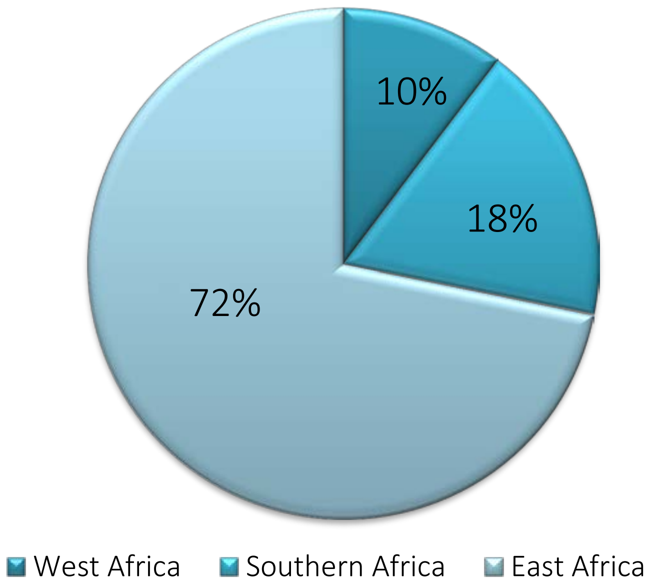
Revenue by customer geography			
R'million	**H1 2017**	**H1 2016**	**% change**
Pharma revenue	3 022	3 274	-8%
Private sector	2 330	2 514	-7%
Public sector	692	761	-9%
ARV tender	383	465	-18%
Other tenders	309	296	4%
Nutritional revenue	447	417	7%
Total commercial revenue	**3 469**	**3 692**	-6%
Manufacturing - API and FDF	706	528	34%
Total	**4 175**	**4 220**	**-1%**

- In H2 2016 we said
  - Supply chain prioritisation mismanaged
  - Open ended tender commitment
  - Impact to continue into H1 2017
  - ⬆ H2 2017 tender volumes defined and supply stabilised
- This is still our commitment in spite of strike in H1

- Demonstrated in year to date performance
  - H1 2017 commercial sales ⬇ 6% vs prior year
  - YTD February 2017 sales ⬆ 7% vs prior year

Sub-Saharan Africa – Other SSA

Other SSA regional contribution (ex-GSK)
Sales: ZAR 424 million



Revenue by customer geography			
R'million	H1 2017	H1 2016	% change
Collaboration net revenue*	46	99	-53%
Retained pharma	424	394	7%
Total	470	493	-5%

*H1 2017 gross revenue of ZAR 1.4 billion (H1 2016 : ZAR 1.6 billion)

Therapeutic overview

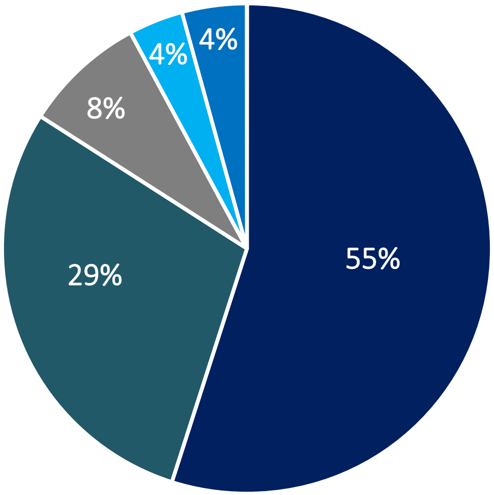
Nutritionals

- Challenging half
  - Australia – impacted by China
  - Latam
    - Venezuela implosion impacted production
    - Mexican currency devaluation
  - SA – performance sustained
  - USA
    - Legislation introduced
    - Need for clinical trials
- Expectations for H2
  - Latam to turn around
    - Stocks normalised
    - Infacare tender uptake in Mexico
  - Asia Pacific
    - January/February starting to stabilise vs prior year
    - Chinese entry under consideration

Anaesthetics portfolio

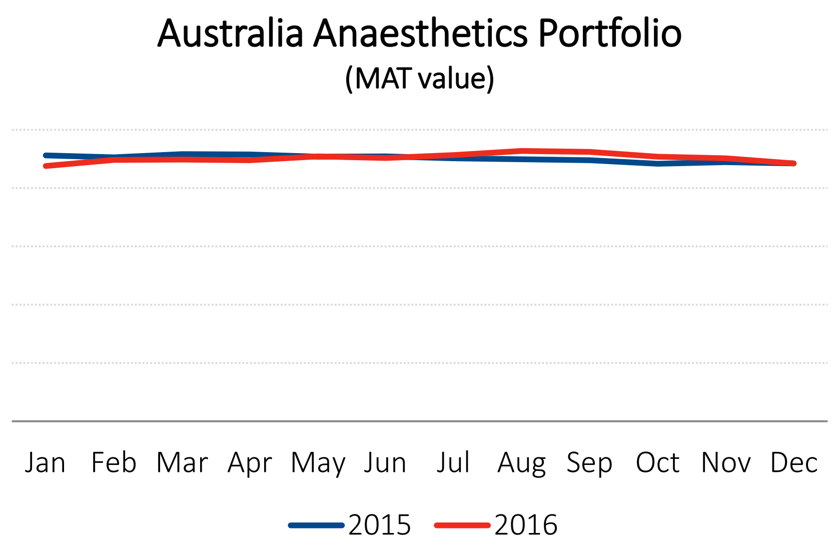
- Aspen will be the largest global player in anaesthesia ex-USA
- AZ brands included from 1st September 2016
- GSK brands included from 1st March 2017
- Good fit - high percentage of sales in emerging markets
  - Performance in Asia Pacific central to success
- Markets being transitioned from AZ to Aspen
  - Pharmaceutical responsibility, representation and distribution/invoicing moved
- Markets that have been transitioned include
  - Australia, France, Brazil, Russia and Germany
  - 90% of the markets (by value) to be transferred by February 2018
- Sales of AZ brands for 4 months
  - Broadly in line with prior year
  - Limited time period; assessing performance
  - Aspen to add strategic impetus and focus

Anaesthesia sales split by region
ZAR 2.8 billion



*ROW – refers to MENA and SSA

Anaesthetics portfolio - Australia

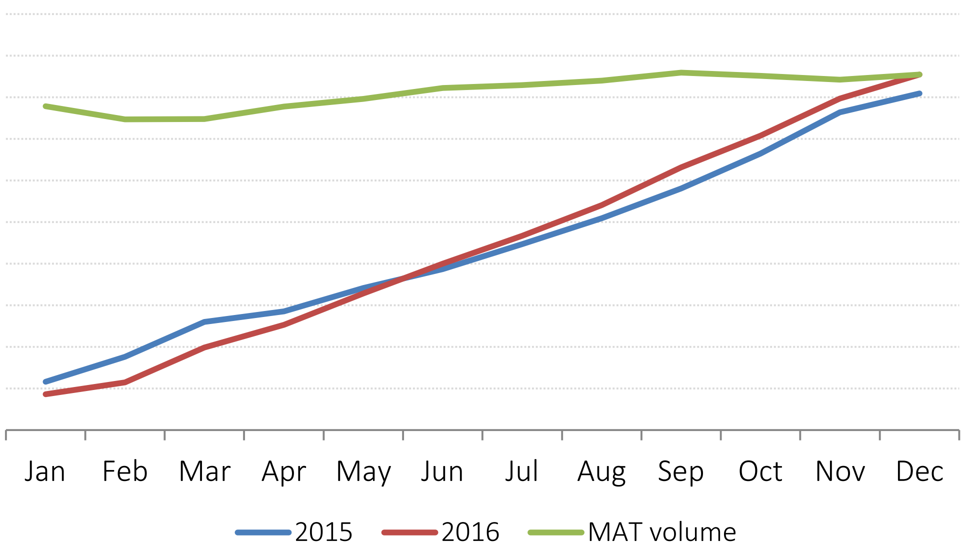


- Products unpromoted – sales stable
- Aspen has a presence in this sector
  - Recruited additional specialist heads
  - Historically, promotionally sensitive
  - Focus on unique product offering

Anaesthetics portfolio - China

- Aspen team go live on 1 April 2017
- Fully functional back office
  - Shanghai, Beijing and Guangzhou
- Almost all employees transferring
  - Confidence in Aspen focus
  - Human capital loss mitigated
- China is a promotionally sensitive market
  - AZ sales in 2015 had declined by 16%
  - Returned to growth in 2016
  - Momentum has turned
  - Chinese team motivated

China Anaesthetics Portfolio



Anaesthetics portfolio

- This is a difficult therapeutic area to enter
  - Complex and varied delivery forms
    - Vials, ampoules, suppositories, prefilled syringes, jellies, creams, ointments, liquids, sprays, patches, towels and more
  - Trusted brands and related devices
- GSK brands complimentary
  - Credibility and critical mass
- Opportunity to acquire global brands in related areas
  - Global pain product under discussion
- Current performance positive
  - Cautiously optimistic on China
  - Strategy developed by region and by brand

Thrombosis portfolio

- The Europe CIS market has grown by
  - 0.5% in both volume and value
- Aspen continues to perform broadly in line with the market
- Pricing pressure across Europe of ± EUR 14 million annually
  - Mono-Embolex
    - Impact of ± EUR 8 million annually
    - Appeal to be heard in about a year
  - Arixtra
    - Impact of ± EUR 3 million annually
- Biosimilar Enoxaparin launch
  - Poland first market
  - Volume lost by Lovenox
  - Fraxiparine volumes constant
  - Triggered therapeutic price reduction
    - Impact of ± EUR 3 million annually

Thrombosis portfolio

- Strategically anticipating this event
  - Unsure how more regulated markets will react
  - Effect on market dynamics
    - Will hospital pricing increase?
- There are a few realities
  - Brands are well respected
  - Margins are already low
  - Increasing pressures on heparin supply chain
    - Regulators demanding better control
    - Sourcing and manufacture

Thrombosis portfolio

- Aspen’s thrombosis business to date
  - 90% from Europe CIS
  - Balance of business showing strong growth
    - MENA and Asia
- From 1st January 2017 – acquired GSK's Chinese thrombosis portfolio
  - 300 reps
  - Single largest country for Aspen thrombosis
  - Exciting opportunity for growth and diversification
- Danaparoid is a key differentiator
  - New submissions to include China, Russia and Europe
  - Working for US FDA registration in CY 2018
    - Dependent on extent of stability data required
    - Timing of HIT indication

Thrombosis portfolio

- Anticipate market shake out
  - Hard to predict end result
  - Next few years critical
    - Determine future shape
    - Tough channel for biosimilars
    - High attrition anticipated
  - Aspen is braced for the challenge
    - Influence future market shape
- Aspen still has numerous supply chain synergies to garner
  - Both at a material and conversion level
  - Well positioned for market fluidity to follow

High Potency and Cytotoxic portfolio

- Probably our most important therapeutic area of organic growth
- Through the acquisition of Oss APIs
  - Niche capabilities
  - Niche products
- Anticipate this therapeutic area, in particular, plus Danaparoid
  - Form basis of Aspen’s entry into the USA
    - Entry imminent
  - Key focus on Women's Health
  - Working on brand acquisitions and licensing agreements for H2
  - Differentiated NDAs and 505 b(2) opportunities in pipeline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Prospects

Looking back

- The last few years tough but transformational
  - Focus on operational execution
  - Built a new base
    - Global multinational
- Sustainable/optimised new base
  - Incurred duplicate costs
  - Negative working capital impact
  - Incurred capex and inherited inefficiencies
- Best demonstrated in normalised results
  - Revenue increases > Profit increases
  - Operating profit < Cash flow
- Light at the end of the tunnel – not a train!
  - Cycle is coming to an end as sites are being reshaped for sustainability
  - Synergies are flowing through
    - Sustained improvement in working capital
  - Not only H2 impacted but sustain to 2018

Outlook

- SA forecast to exceed historic profitability levels
  - Performance of last two periods have weighed on results
- Latam IMFs – Venezuelan discontinuation
  - H1 recoveries affected by Venezuela
  - H2 increased throughput plus gains in Mexico
  - Positively impacts both sales and mostly profitability
- Annualised impact of anaesthetic sales
  - H1 has four months of AZ products and no GSK product sales
  - Increased infrastructure costs for Asian set-up
- Currency is a key consideration
  - ±80% of earnings in foreign currency
    - Strengthening Rand negatively impacts translation
  - Losses on FEC negatively affected H1

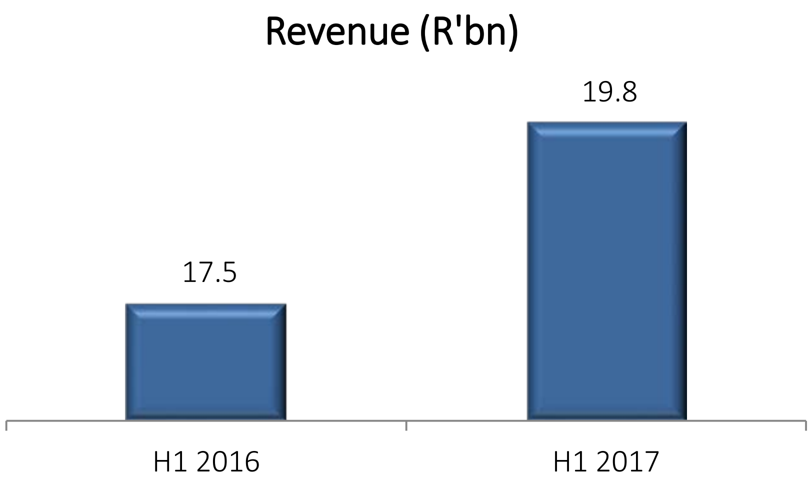
Summary

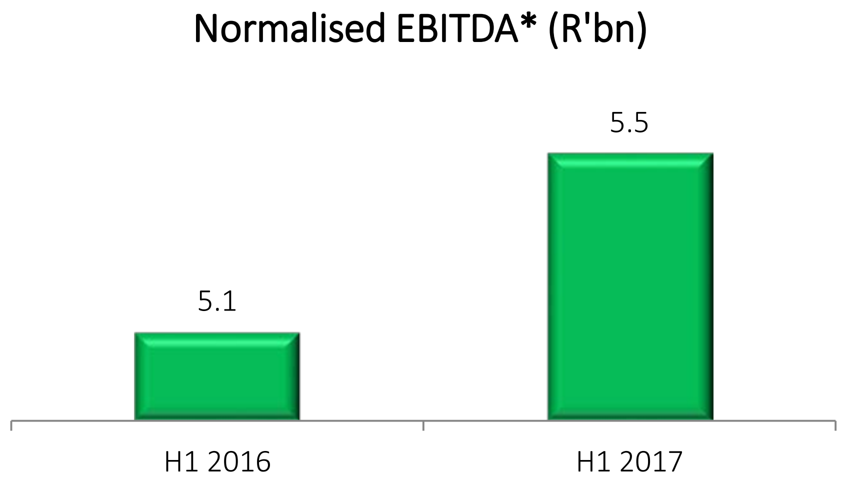
- For H1
  - Revenue ⬆ 13%
  - Gross profit ⬆ 8%
  - Normalised EBITDA ⬆ 7%
  - Anaesthesia largest contributor to gross profit percentage dilution
    - COGS mark up and royalty
  - Working capital and cash flows turning positively
- For H2
  - Revenue growth even higher than H1
  - Gross profit percentage impacted by increased anaesthesia
  - NHEPS growth more in line with revenue
    - Driven by organic growth, realisation of synergies and anaesthetics
  - Sustained improvements in working capital and operating cash flows
- Targeting H2 to be period that delivers on the hard work done over the last two years

TO REST IS TO RUST

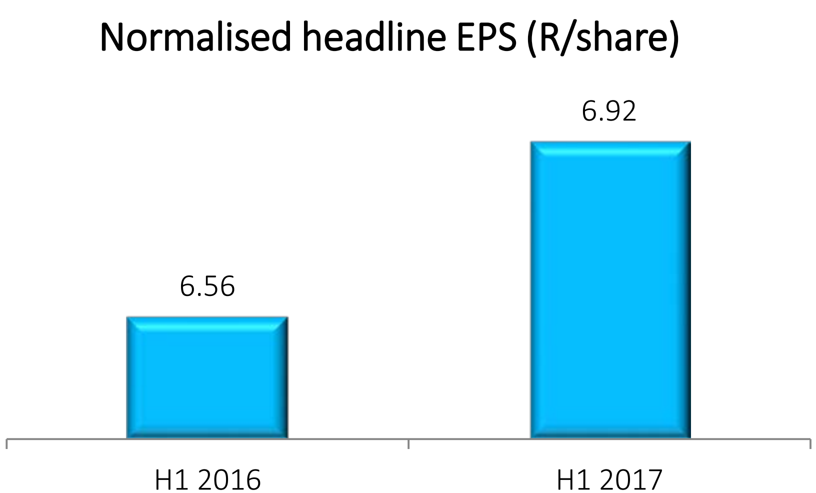
Financial review

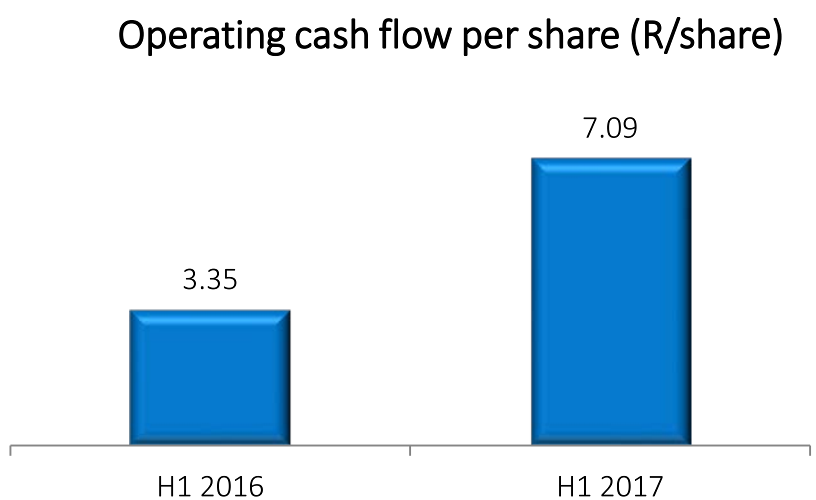
Highlights





*operating profit before depreciation and amortisation, adjusted for specific non-trade items





Abridged statement of normalised comprehensive income

R'million	H1 2017	H1 2016	% change
Net revenue	19 822	17 512	13%
Cost of sales	(9 994)	(8 437)	18%
Gross profit	9 828	9 075	8%
Other operating income	184	40	
Net operating expenses	(4 514)	(3 980)	13%
EBITDA	5 499	5 135	7%
Depreciation	(345)	(317)	9%
Amortisation	(288)	(284)	1%
Operating profit	4 866	4 534	7%
Net funding costs	(1 079)	(710)	52%
Share of after-tax net profits of joint venture	11	9	19%
Profit before tax	3 798	3 834	-1%
Tax	(639)	(830)	-23%
Profit after tax	3 159	3 004	5%
Non-controlling interest	(1)	(12)	
Headline earnings	3 158	2 991	6%

*Normalisation adjustments for specific non-trading items have been made where appropriate to the figures disclosed above.

Net funding costs

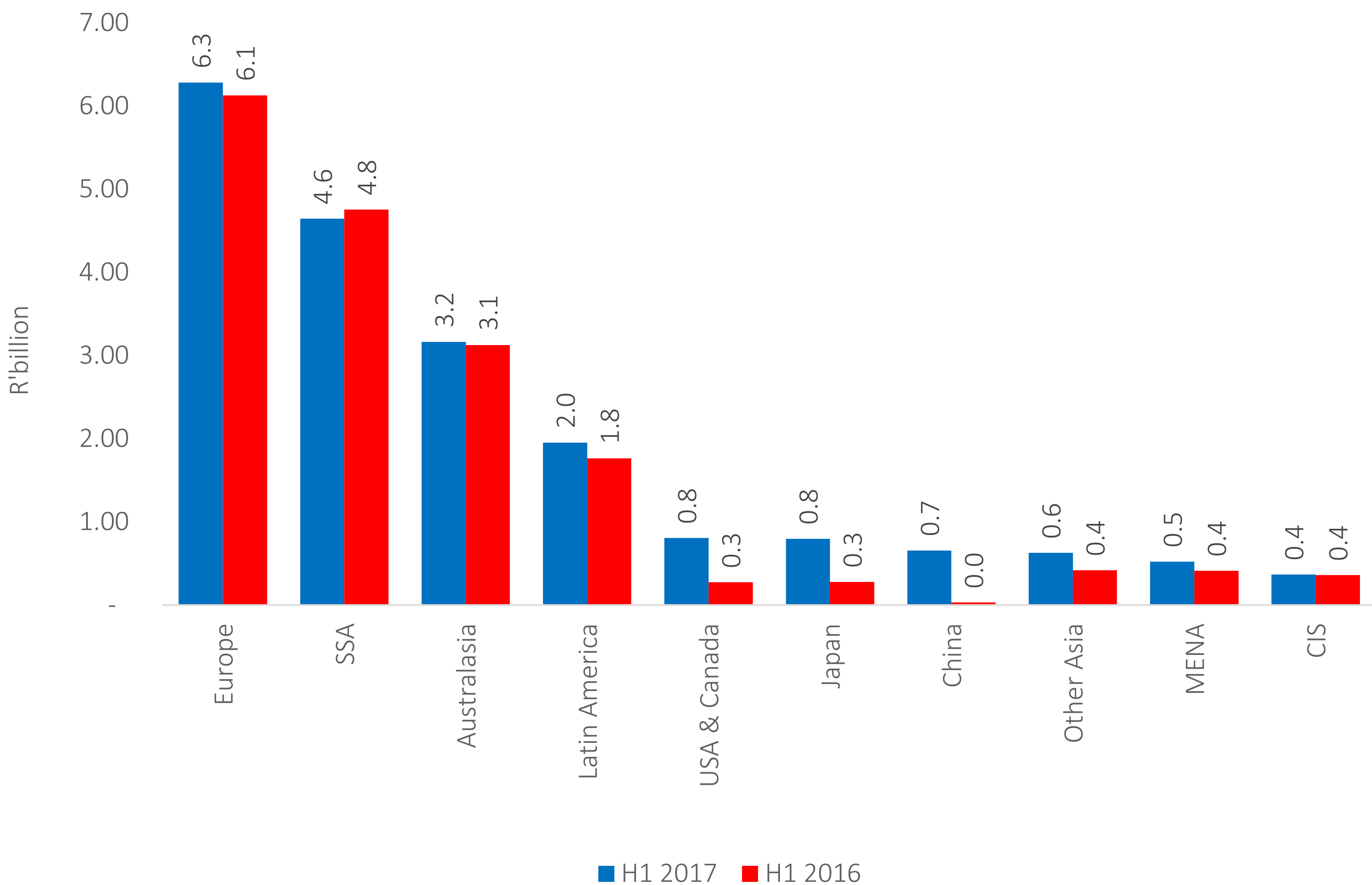
R'million	H1 2017	H1 2016
Net interest paid	(771)	(766)
Debt raising fees on acquisition	(60)	(86)
Net foreign exchange loss	(52)	(14)
Forward exchange contracts (losses)/gains	(101)	167
Notional interest on financial instruments	(155)	(97)
Net hyperinflationary adjustments	-	(849)
Total	**(1 139)**	**(1 645)**

Reconciliation of earnings per share

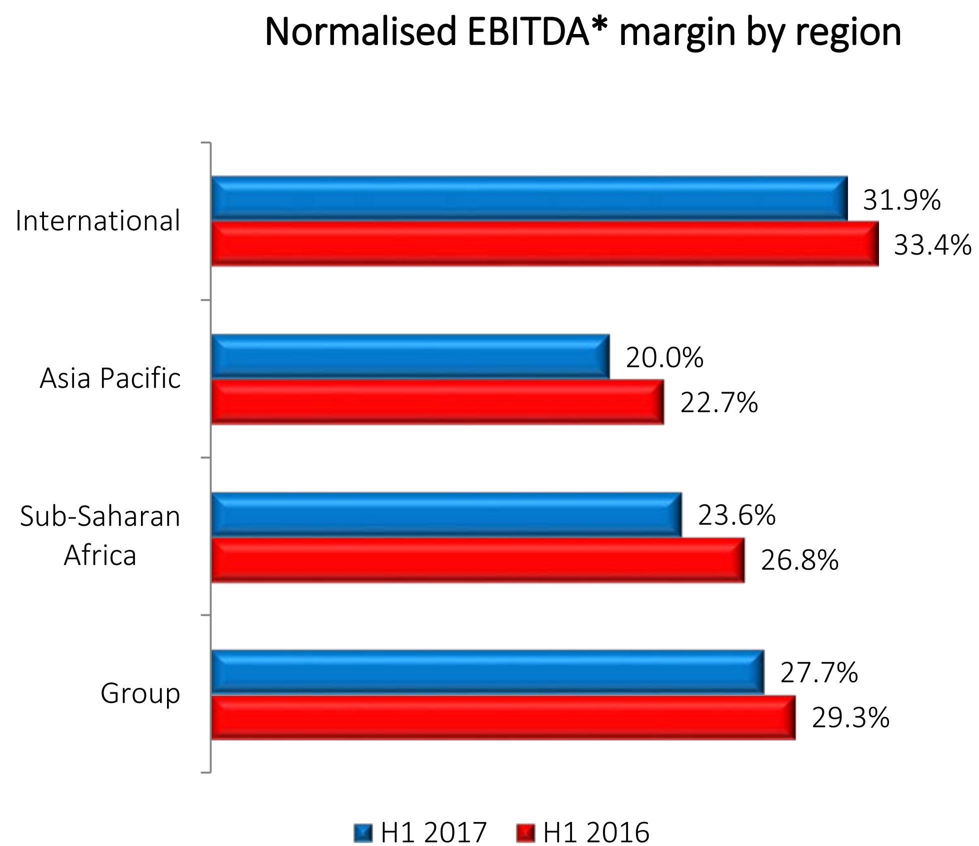
Cents	H1 2017	H1 2016	% change
Basic earnings per share	**618.6**	**727.1**	**-15%**
Profit on sale of property, plant and equipment	0.5	0.2	
Net impairment of property, plant and equipment	0.3	0.7	
Impairment of intangible assets	8.5	-	
Profit on sale of divested products	-	(309.2)	
Loss on sale of intangible assets	13.0	-	
Headline earnings per share	**640.9**	**418.8**	**53%**
Capital raising fees	12.7	17.0	
Restructuring costs	6.5	20.4	
Transactions costs	22.9	13.3	
Product litigation costs	9.0	-	
Net hyperinflationary adjustment (1)	-	186.0	
Normalised headline earnings per share	**692.0**	**655.5**	**6%**

1. Net monetary adjustments and currency devaluations relating to hyperinflationary economies

Group Revenue

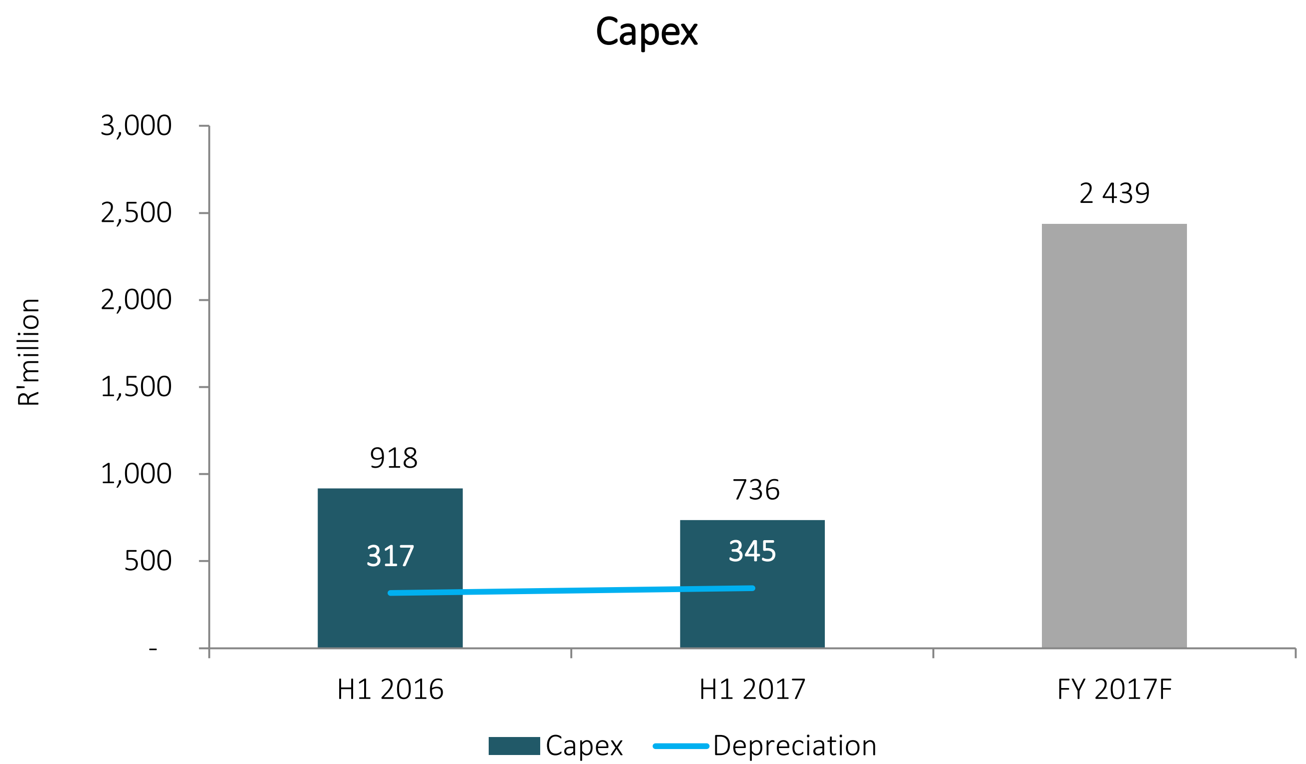


EBITDA margin

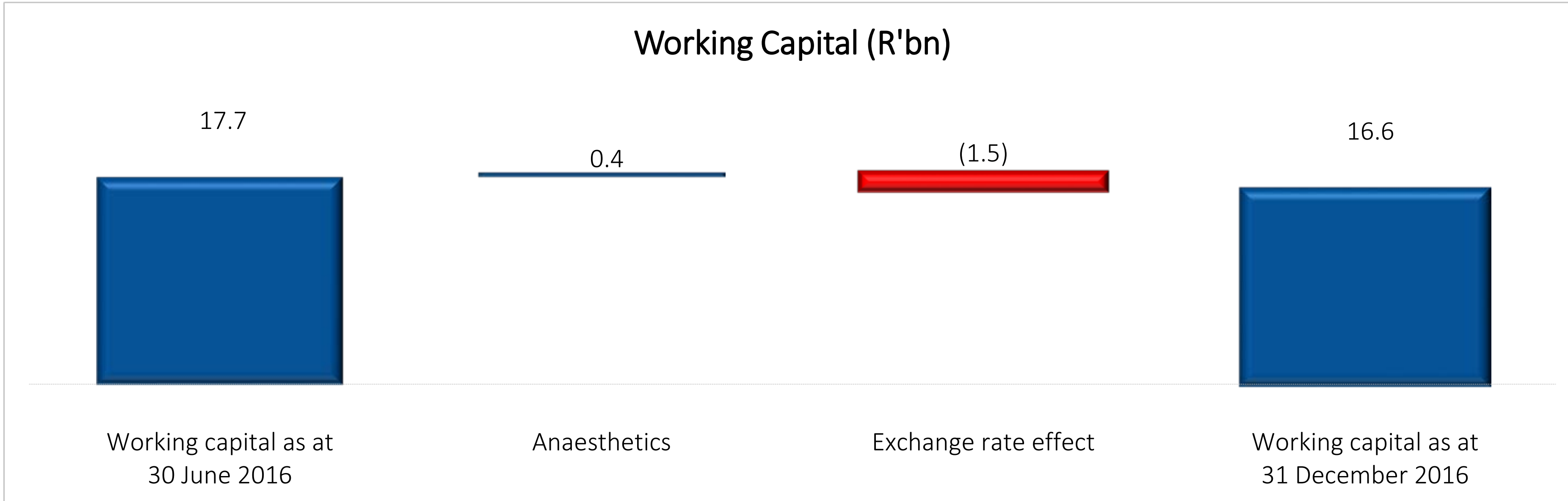


*operating profit before depreciation and amortisation, adjusted for specific non-trade items

PPE Capital expenditure



Working capital



R'million	H1 2017	H1 2016
Net working capital	16 635	17 138
Net working capital - excluding Oss	12 375	13 337
Working capital as % of revenue	42%	49%
Less: Attributable to Oss	-8%	-7%
Working capital excluding Oss as a % of revenue	**34%**	**42%**

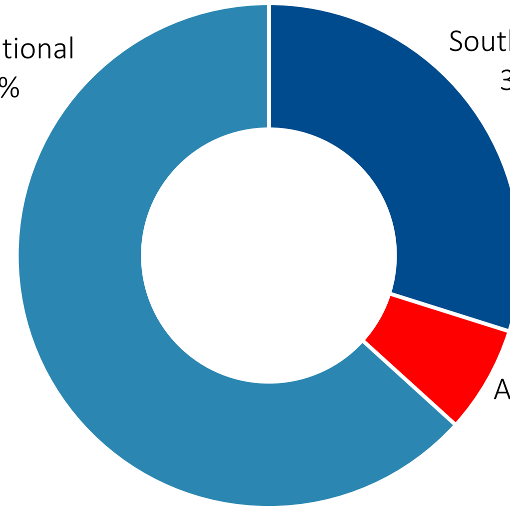
Operating cash flow

R'million	H1 2017	H1 2016	% change
Cash operating profit	5 496	4 997	10%
Changes in working capital	(689)	(1 799)	-62%
Cash generated from operations	**4 807**	**3 198**	**50%**
Net finance costs paid	(915)	(839)	9%
Tax paid	(658)	(830)	-21%
Cash generated from operating activities	**3 234**	**1 529**	**112%**
Operating cash flow per share (cents)	708.7	335.1	111%
Operating profit to cash flow conversion rate	108%	56%	

Borrowings

For six months ended 31 December 2016		
R'million	**H1 2017**	**H1 2016**
Opening balance	32 694	30 048
Cash flow from operating activities	(3 234)	(1 529)
Capital expenditure	736	918
Proceeds from sale of assets	(122)	(4 827)
Acquisitions of businesses/brands	6 430	1 019
Payment of deferred consideration	197	352
Distribution to shareholders	1 132	985
Other	731	140
Exchange rate effect	(2 994)	6 402
Closing balance	**35 571**	**33 508**

Net borrowings of R35.6 billion



Key indicators	H1 2017	H1 2016
Interest cover ratio	6.8x	8.3x
Net borrowings/EBITDA	3.4x	3.0x
Gearing	47%	44%
Net borrowings	R35.6 billion	R33.5 billion

Blended interest rates for borrowings as at 31 December 2016	
Debt denomination	**Weighted average rate p.a**
ZAR	8.9%
AUD	4.1%
EURO	2.1%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Q&A session

Disclaimers

BASIS OF PREPARATION – ROUNDING OF NUMBERS

The financial results in this presentation have been rounded and disclosed in R‘millions whereas the published unaudited interim financial results have been rounded and disclosed in R ’billions. Consequently there may be rounding differences between this presentation and the published unaudited interim financial results. All percentage change variances have been calculated using unrounded numbers to record accurate variance trends.

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This presentation may contain prospects, projections, future plans and expectations, strategy and other forward-looking statements that are not historical in nature. These which include, without limitation, prospects, projections, plans and statements regarding Aspen's future results of operations, financial condition or business prospects are based on the current views, assumptions, expectations, estimates and projections of the directors and management of Aspen about the business, the industry and the markets in which Aspen operates.

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Appendices

Abridged group statement of comprehensive income

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Gross profit	**9 828**	**9 075**	**8%**
Other operating income	(106)	1 594	-107%
Net operating expenses	(4 514)	(3 980)	13%
EBITDA	**5 209**	**6 689**	**-22%**
Depreciation	(345)	(317)	9%
Amortisation	(288)	(284)	1%
Operating profit	**4 576**	**6 088**	**-25%**
Net funding costs	(1 139)	(1 645)	-31%
Share of after-tax net profits of joint venture	11	9	22%
Profit before tax	**3 448**	**4 452**	**-23%**
Tax	(624)	(1 122)	-44%
Profit after tax	**2 824**	**3 330**	**-15%**

Appendix 2

Group statement of financial position

As at 31 December 2016		
R'million	H1 2017	H1 2016
ASSETS		
Non-current assets	**71 814**	**69 498**
Intangible assets	53 610	51 383
Property, plant and equipment	9 654	9 323
Goodwill	5 716	6 207
Deferred tax assets	1 042	1 262
Contingent environmental indemnification assets	723	843
Other non-current assets	1 069	480
Current assets	**36 318**	**35 819**
Inventories	13 244	13 268
Receivables and other current assets	13 548	11 964
Cash and cash equivalents	9 453	10 387
Assets classified as held-for-sale	73	200
Total assets	**108 132**	**105 317**
EQUITY AND LIABILITIES		
Share capital and reserves	**39 590**	**43 199**
Non-current liabilities	**44 003**	**21 937**
Borrowings	35 585	13 689
Other non-current liabilities	3 334	2 445
Unfavourable and onerous contracts	1 772	2 460
Deferred tax liabilities	1 941	1 912
Contingent environmental liabilities	723	843
Retirement and other employee benefits	648	588
Current liabilities	**24 539**	**40 181**
Borrowings	9 437	30 206
Trade and other payables	10 025	7 800
Other current liabilities	4 762	1 808
Unfavourable and onerous contracts	315	367
Total equity and liabilities	**108 132**	**105 317**

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Europe CIS revenue

Revenue by customer geography			
R'million	H1 2017	H1 2016	% change
Pharma - Europe	4 117	3 753	10%
Thrombosis	2 287	2 508	-9%
Anaesthetics	672	-	-
Other brands	1 158	1 245	-7%
CIS (including Russia)	367	361	2%
Total commercial revenue	**4 484**	**4 114**	**9%**
Manufacturing - API and FDF	2 164	2 375	-9%
Total	6 648	6 489	2%

Latin America revenue

Revenue by customer geography			
R'million	H1 2017	H1 2016	% change
Pharma	1,238	983	26%
Other brands	1,023	983	4%
Anaesthetics	215	-	
Nutritionals	714	783	-9%
Total	1 952	1 766	11%

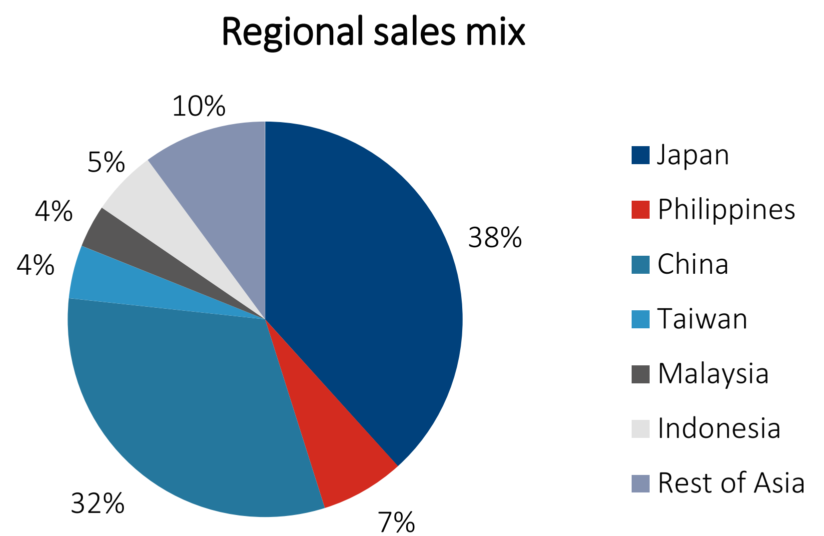
Asia Pacific revenue

Asia Pacific Revenue by customer geography			
R'million	**H1 2017**	**H1 2016**	**% change**
Pharma	4 567	3 102	47%
Australia and New Zealand	2 484	2 372	5%
Pharma	2 041	2 019	1%
Anaesthetics	323	-	-
Divestments & discontinued operations	120	353	-
Asia	2 083	730	185%
Pharma	854	730	17%
Anaesthetics	1 229	-	
Nutritionals	428	554	-23%
Total commercial revenue	**4 995**	**3 655**	**37%**
Manufacturing - FDF	253	202	25%
Total	**5 248**	**3 857**	**36%**

Appendix 6

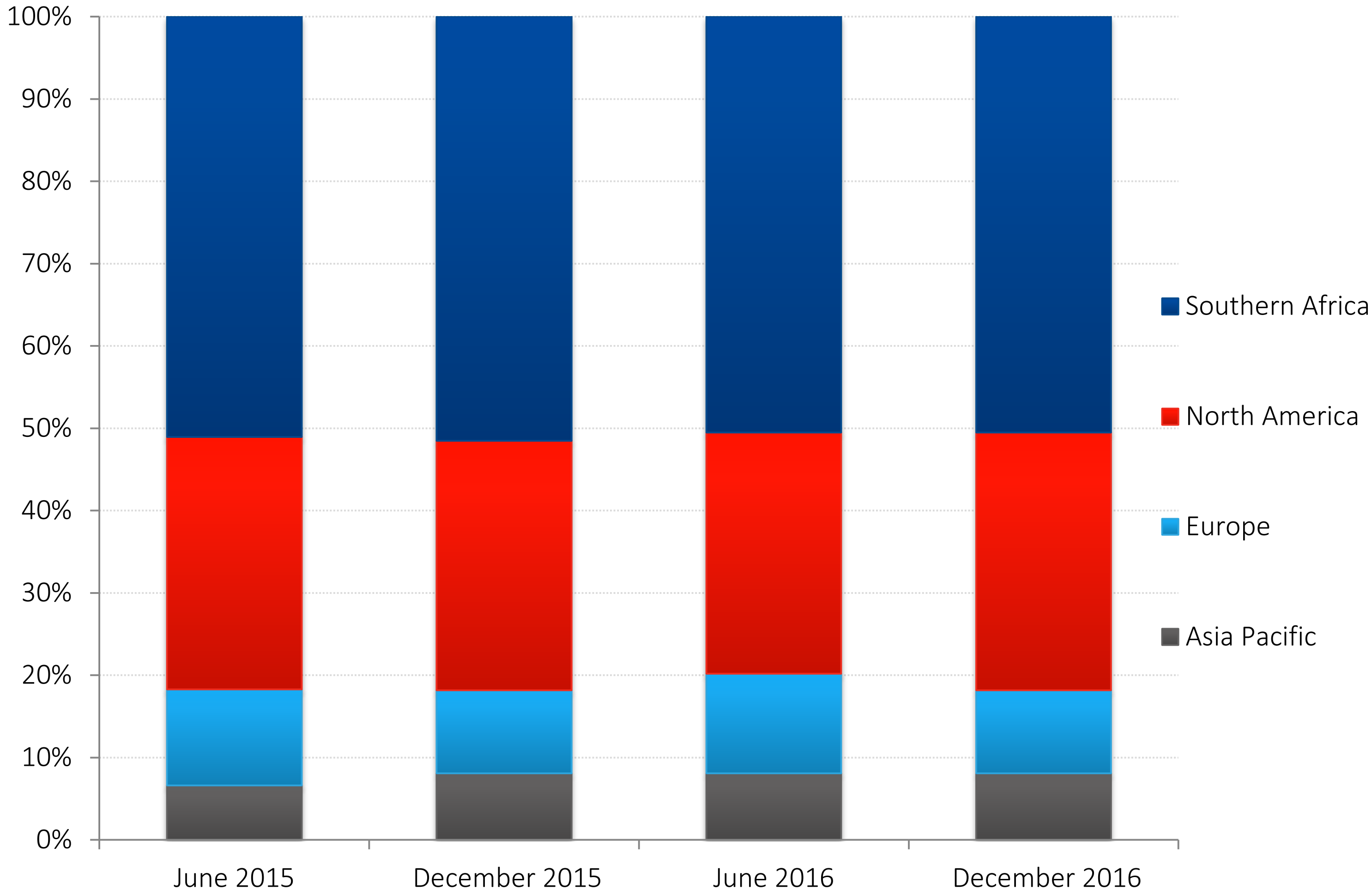
Asia revenue

R'million	H1 2017	H1 2016	% change
Japan	797	280	184%
Philippines	142	117	21%
China	658	31	2044%
Taiwan	91	63	44%
Malaysia	73	51	43%
Indonesia	112	56	100%
Rest of Asia	210	132	59%
Total	**2 083**	**730**	**185%**



Appendix 7

Institutional investors



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