aspen
HOLDINGS

2019 Interim Results

For the six months ended 31st December 2018

Financial Review

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 NOTES

- Results separately disclose discontinued operations arising from the pending and completed disposals of the Nutritionals business and a non-core pharmaceutical products portfolio in the Asia Pacific region
- Adoption of new IFRS 9 (Financial instruments) and 15 (Revenue from contracts with customers)
  - IFRS 9 deals with expected loss provisioning
  - IFRS 15 addresses revenue recognition of customer contracts
    - Requires that revenue and the related costs are only recognised when performance obligation has been satisfied
  - Has resulted in restatement of H1 2018 in accordance with the new standards (see Appendix 4)
- Segmental reporting structure at the overview level refined
  - In line with business strategy and focus
    - Sterile Focus Brands: Anaesthetics and Thrombosis
    - Regional Brands: Now includes High Potency & Cytotoxic Brands which have been de-prioritised for regional focus

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FINANCIAL HIGHLIGHTS

CONTINUING OPERATIONS

		% Change vs PY	
R'million	H1 2019	Reported*	CER**
Net revenue	**19 673**	**1%**	**0%**
Gross profit	**10 236**	**2%**	**2%**
Gross profit margin	*52.0%*	*0.5ppt*	*1.4ppt*
EBITDA	**5 534**	**-3%**	**-1%**
EBITDA margin	*28.1%*	*-1.2ppt*	*-0.3ppt*
Net Financing Costs	902	20%	17%
Tax	631	-8%	-6%
Normalised effective tax rate	*15.7%*	*0.1ppt*	*0.1ppt*
NHEPS (cents)	**743.4**	**-9%**	**-6%**
OCF per share (cents)	**317.4**	**-45%**	

Disclosure notes:
All information presented on a Normalised Basis
**H1 2018 figures restated for IFRS 15*
***CER = Constant exchange rate. H1 2018 results restated at H1 2019 average exchange rates*

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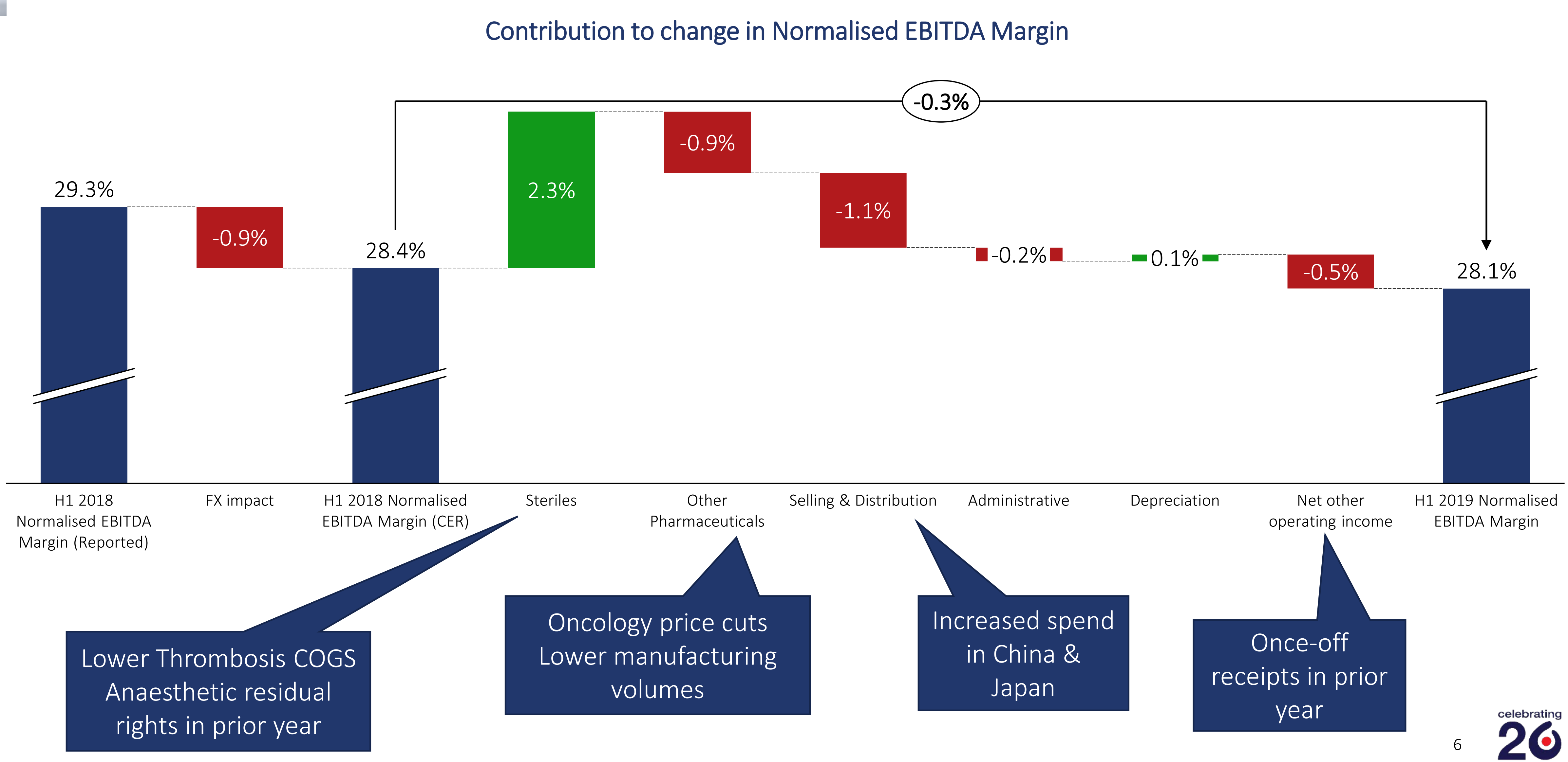
EBITDA MARGIN
CONTINUING OPERATIONS



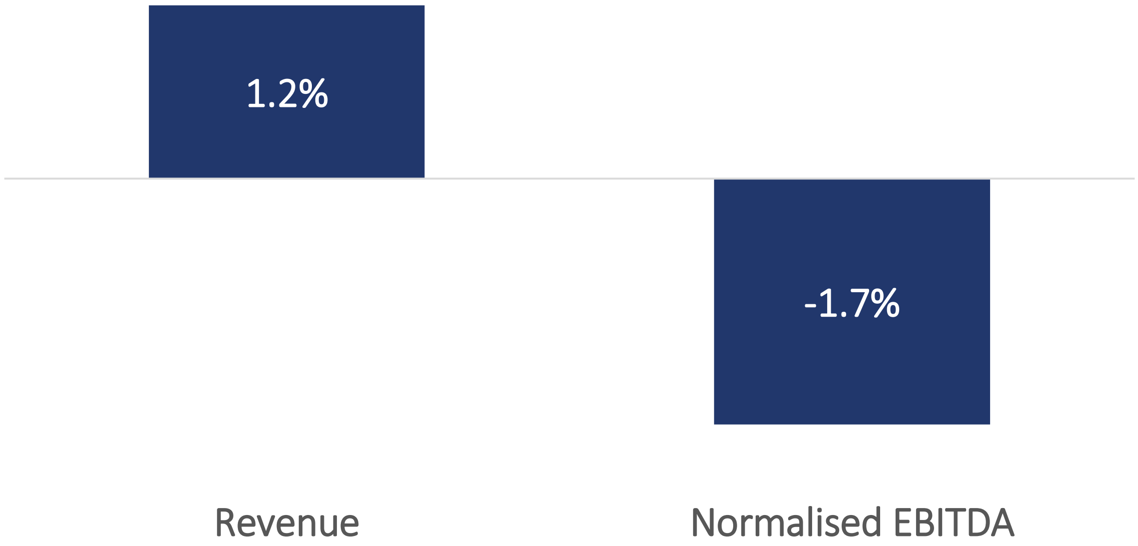
CURRENCY IMPACT

CONTINUING OPERATIONS

Average FX Rates to ZAR	Contribution to revenue	Contribution to Normalised EBITDA	H1 2018	FY 2018	H1 2019
EUR	29%	8%	15.77	15.33	16.34
AUD	11%	19%	10.45	9.96	10.27
CNY	7%	15%	2.02	1.97	2.07
USD	7%	-17%	13.41	12.86	14.19

- ZAR contribution
  - Revenue: 19%
  - Normalised EBITDA: 17%
- Positive translation impact of relative ZAR weakness on revenue
- Stronger USD and EUR impact on COGS

Currency impact in H1 2019

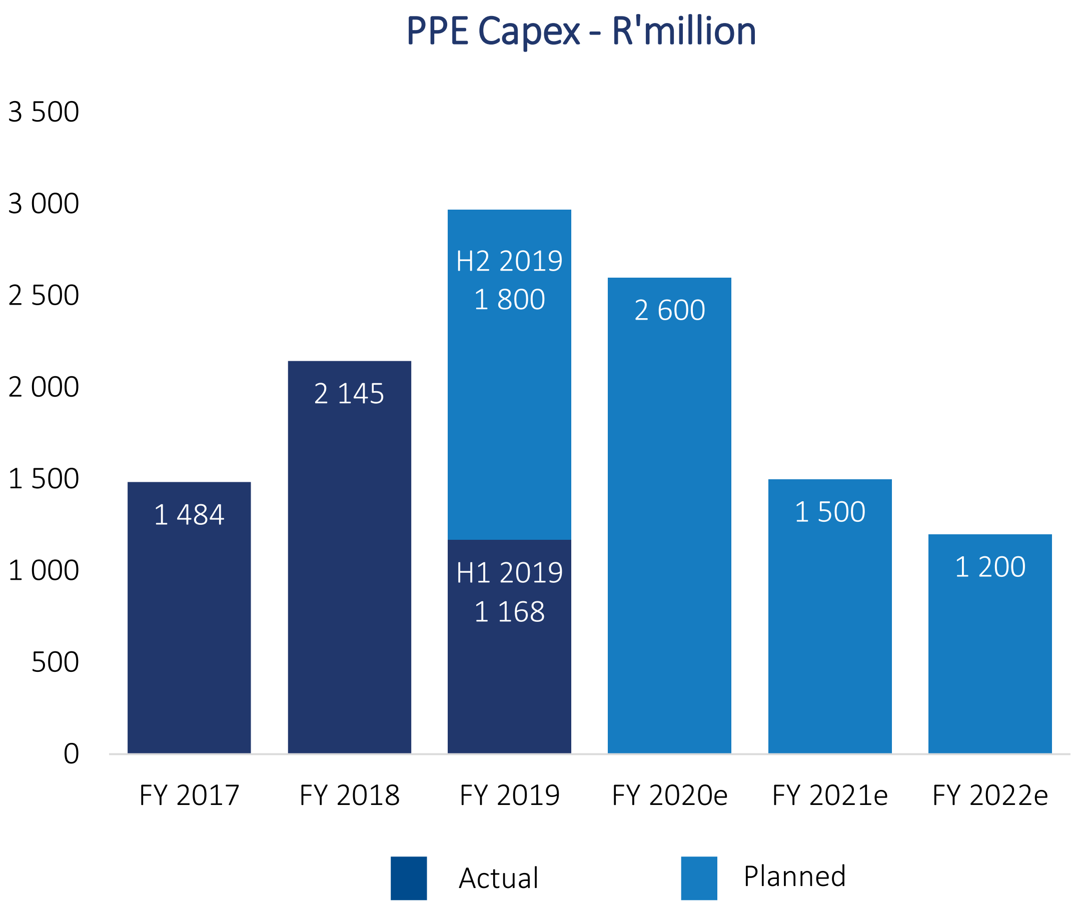


RECONCILIATION OF CER NHEPS

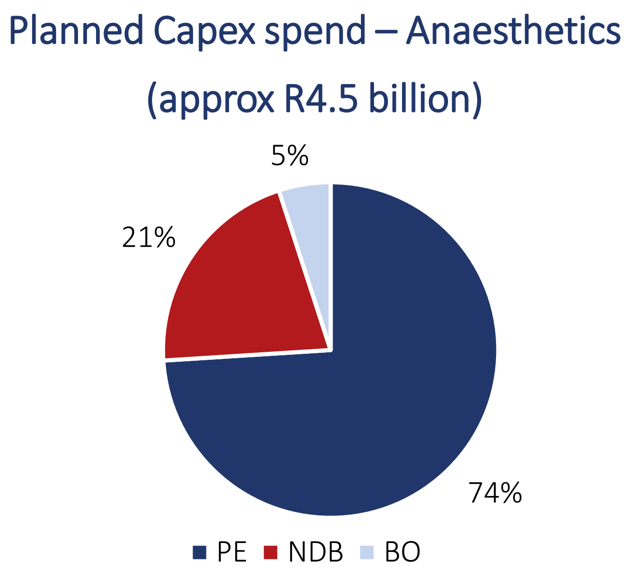
CONTINUING OPERATIONS

Cents	H1 2019	H1 2018	% change
Basic earnings per share (EPS)	**628.9**	**728. 7**	**-14%**
Profit on sale of property, plant and equipment	0.1	0.2	
Impairment of PPE	1.6	2.3	
Impairment of intangible assets	45.9	30.1	
Reversal of impairment of PPE	(0.1)	-	
Loss on sale of intangible assets	0.1	0.6	
Headline earnings per share (HEPS)	**676.5**	**761.9**	**-11%**
Capital raising fees	9.6	13.6	
Restructuring costs	10.3	12.3	
Redundancy costs	1.6	3.8	
Transactions costs	38.3	24.4	
Product litigation costs	7.1	14.8	
Foreign exchange gain relating to acquisition	-	(38.8)	
Normalised HEPS	**743.4**	**792.0**	**-6%**

PPE CAPITAL EXPENDITURE



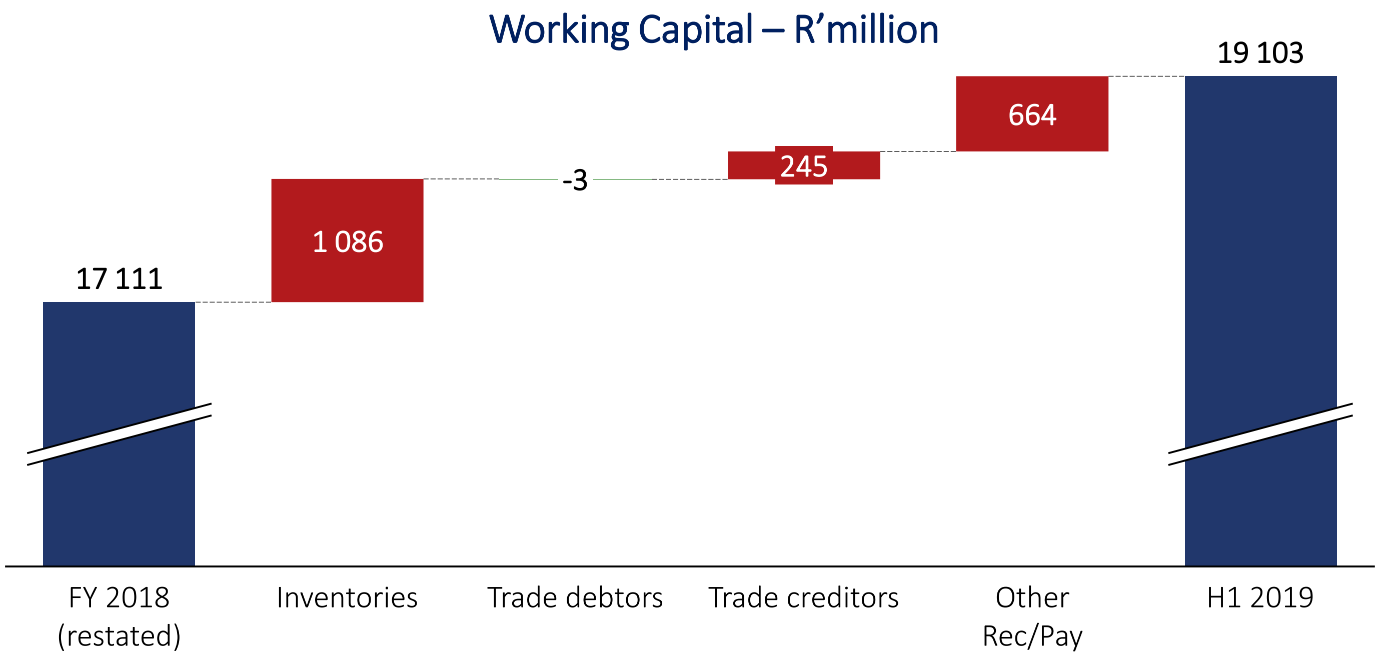
Maintenance capex generally between R400m – R500m p.a



- Construction of buildings nearing completion
- Equipment installation has commenced
- Expected first commercial production:
  - Port Elizabeth FY 2021
  - Bad Oldesloe FY 2021
  - Notre Dame de Bondeville FY 2022
- Full commercial benefits expected in FY 2024

WORKING CAPITAL

CONTINUING OPERATIONS



R'million	H1 2019	FY 2018 (CER)
Net Working capital - comparable base*	19 103	17 111
Net Working capital - excl. Oss	13 870	12 338
Working capital % of revenue	49%	43%
Less: Attributable to Oss	-10%	-8%
Working capital excl. Oss - % of revenue	39%	35%

* Refer to Appendix 10

- Inventory increased by stock builds
  - Transfer of Mono-Embolex API and finished dose manufacture to NDB
  - Heparin safety stock
  - Serialisation
  - Brexit
- Settlement of long-standing accruals for restructuring and litigation
- Increase in VAT receivables tied up by revenue authorities' audits

NUTRITIONALS DIVESTMENT

- Agreement reached with Lactalis in September 2018
- Both parties committed to closure on 31 May 2019
  - Approval for Lactalis investment by New Zealand Overseas Investment Office the only outstanding external condition precedent
  - Remaining conditions precedent within the control of the parties
- Gross consideration = EUR 740 million
- Estimated net proceeds = EUR 635 million
- Proceeds to be utilised to retire debt
  - Immediate and enduring reduction in interest payable

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CASH FLOW

CONTINUING OPERATIONS

- H1 2019 operating cash flows constrained by working capital investment
  - Operating cash flow per share of 317 cents
  - Conversion rate of 47%
- Strong H2 cash flows expected
  - FY 2019 operating cash flow conversion rate between 90% and 100%
  - Net proceeds from Nutritionals disposal estimated at R10.4* billion
- Positive medium term cash flow outlook
  - Bulk of deferred consideration now settled
    - R4 893 million paid in H1 2019
    - ~ R1 000 million payable in H2 2019
    - ~ R500 million payable in FY 2020
  - PPE capex to decline from FY 2020 as anaesthetic capital projects come to completion

*Proceeds of EUR 635 million translated at EUR/ZAR 16.34

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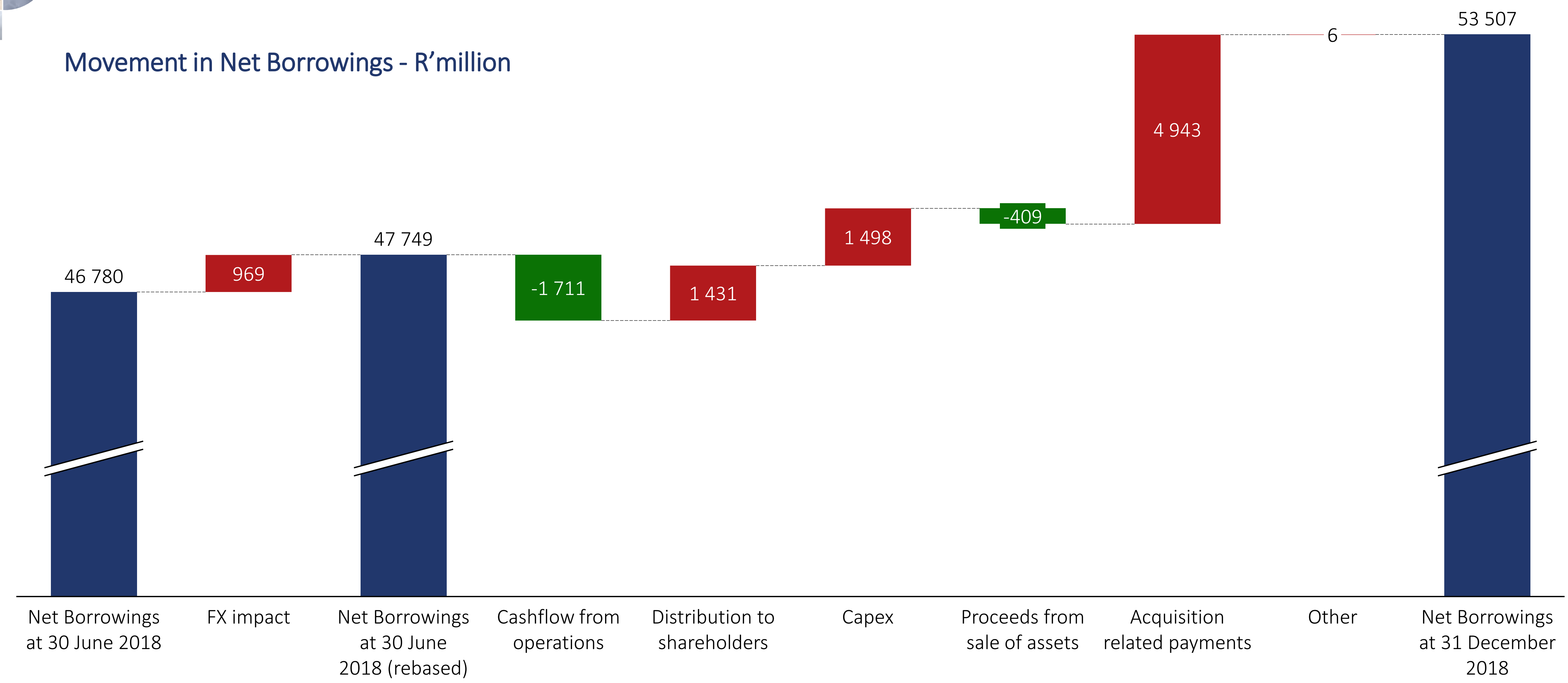
BORROWINGS

Movement in Net Borrowings - R'million



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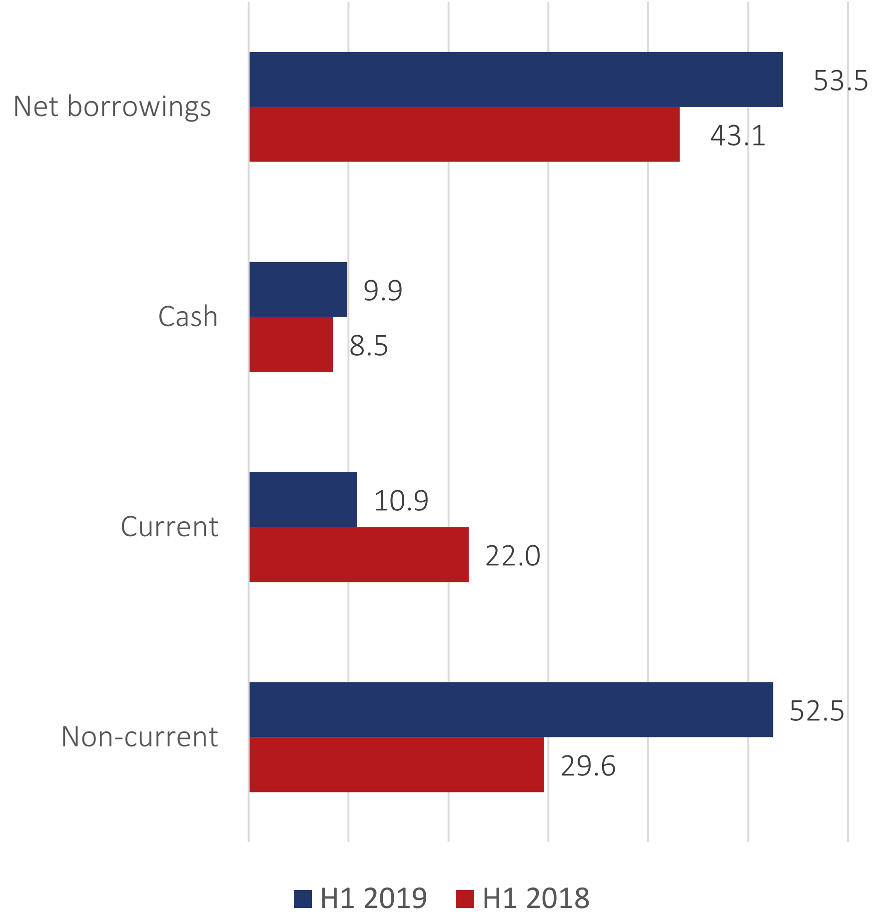
BORROWINGS

Key Indicators	*H1 2019 pro forma*[a]	H1 2019	H1 2018
Net borrowings	*R43.1bn*	R53.5bn	R43.1bn
Normalised net funding costs	*R735m*	R902m	R753m
Gearing	*43%*	51%	50%
Net Debt/EBITDA[d]	*3.7x*[b]	4.4*x*	3.6*x*
Interest cover ratio[d]	*5.6x*[c]	5.4*x*	7.9*x*
Effective interest rate		3.59%	4.03%

- Borrowings have peaked
- Focus on de-gearing
  - Nutritionals disposal proceeds expected end May 2019
  - Strategic transactions
- Medium term net debt/EBITDA[d] target less than 3.0x

Analysis of R53.5 billion net borrowings



a) Assumes proceeds from the sale of the Nutritionals received on 31 Dec 2018, and that the net proceeds are applied to the Net Borrowings in their entirety, all else equal
b) Assumes that only EBITDA and net debt change purely as a result of receipt of proceeds, all else equal
c) Assumes that full 12mth figures for EBITDA related to the IMF disposal are excluded from the covenant calculation as at 31 Dec 2018, all else equal
d) Calculated in terms of Facilities Agreement covenant measure

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Business Overview

CURRENT STATUS & PRIORITIES

- Period since 2014 has transformed Aspen
- Now a global multi-national specialty pharma company
  - Portfolio of niche brands including steriles and biochem
  - 70 established operations in 56 countries
    - Predominantly across Emerging Markets
  - Complex production capabilities at 25 manufacturing facilities on 17 sites
    - Facilitates sustainable COGS reductions and security of supply
- Strategy to transform vindicated by changes in pharma industry, particularly significant pricing pressure in generics
- High awareness of need to continue evolving to remain relevant and successful
  - Have reflected on the strengths and challenges of the transformed Group
  - Assessed capabilities, complexities and distractions

Priorities identified

Increase focus and reduce distractions → Build on our strengths → Drive organic growth → De-lever the balance sheet and create headroom

INCREASE FOCUS

- Nutritionals disposal allows full focus on pharma
  - Aside from New Zealand Overseas Investment Office
    - All external conditions fulfilled, agreed closure on 31 May 2019
  - Material value creation
  - Insufficient critical mass for global penetration
  - Nutritionals ~ 4% of EBIT
- Non-core product disposals
  - Disposals and license terminations in Asia Pacific
- Strategic review of South African Commercial Pharma
  - Divide pharma divisions between detailed/branded portfolio (Aspen) and commercial portfolio (Ethicare)
    - Ethicare revenue ~ R1.5 billion
  - Achieve heightened portfolio and customer focus
- Streamline Commercial Pharma
  - **Regional Brands**
    - > 80% from Emerging Markets and Australia
    - High Potency & Cytotoxics de-prioritised into regions for local focus
  - **Sterile Focus Brands**
    - Comprises Anaesthetics and Thrombosis

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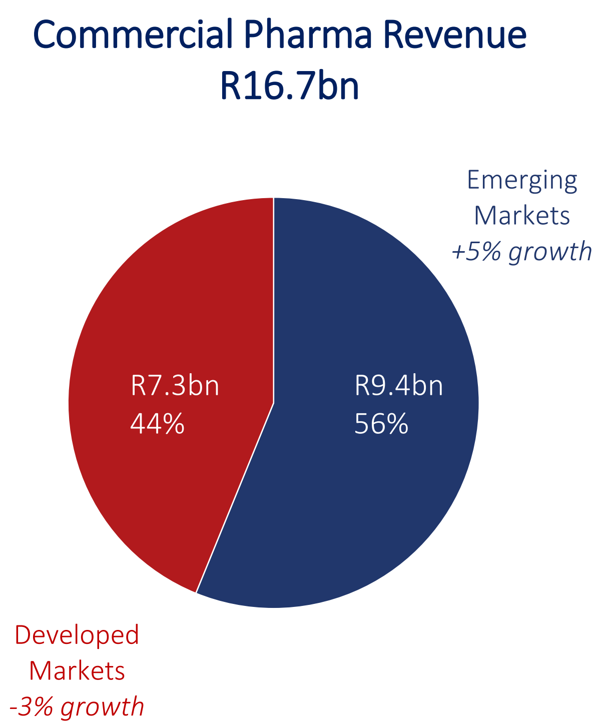
Performance Review

GROUP REVENUE

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018	% change	H1 2018 (CER)*	% change
Commercial Pharma**	**16 687**	**16 323**	**2%**	**16 434**	**2%**
Regional Brands	8 886	8 639	3%	8 610	3%
Sterile Focus Brands	7 801	7 684	2%	7 824	0%
Manufacturing	**2 986**	**3 186**	**-6%**	**3 309**	**-10%**
API	2 292	2 297	0%	2 383	-4%
FDF	694	889	-22%	926	-25%
Total Revenue	**19 673**	**19 509**	**1%**	**19 743**	**0%**



- Commercial Pharma growing at 2%
  - 5% Emerging Markets growth offset by 3% decline in Developed Markets
- Manufacturing decline
  - Heparin sales to third parties suspended
  - Gilead tender loss
- Discontinued operations revenue R1.9 billion ↓ 17%

*CER reflects the underlying operational performance
- H1 2018 restated at H1 2019 average exchange rates

**Refer to Appendix 6 for segmental disclosure as previously reported

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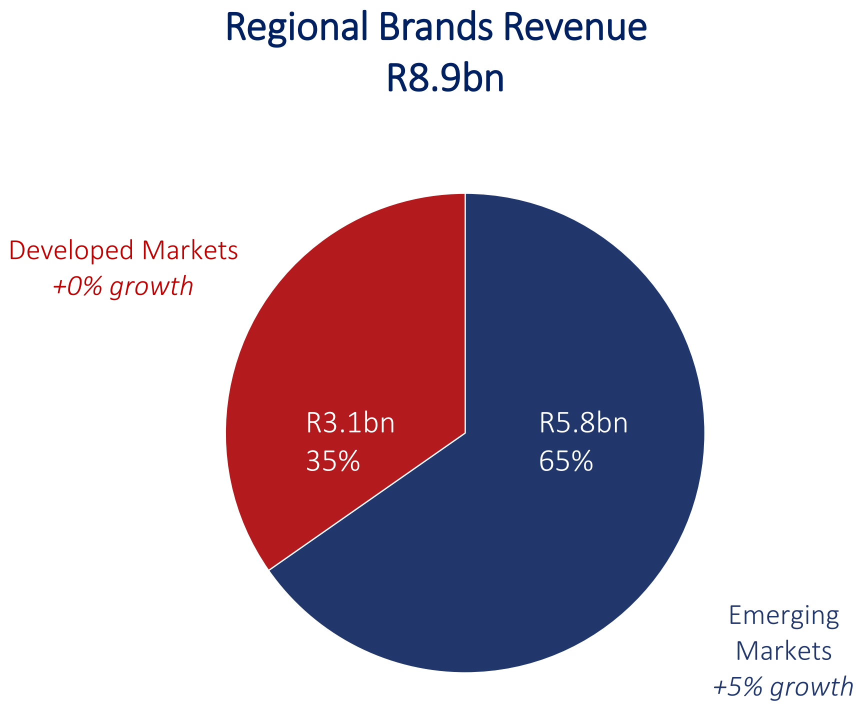
COMMERCIAL PHARMA - REGIONAL BRANDS

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018 (CER)	% change
Middle East Africa	4 308	4 062	6%
Asia Pacific	2 328	2 261	3%
Rest of World	1 200	1 317	-9%
Latin America	1 050	970	8%
Total	**8 886**	**8 610**	**3%**

- Regional Brands dominated by SSA and Australasia
  - SSA and Latam contribute over 85% to Emerging Markets
  - Asia Pacific makes up over 65% of Developed Markets
- Latam strong performance offset by Rest of World
  - Underperformance of oncology portfolio in Europe



Regional Brands Across Emerging Markets and Australia – Driving Organic Growth

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COMMERCIAL PHARMA - REGIONAL BRANDS
MIDDLE EAST AFRICA

- Prescription segment key growth driver
  - OTC sales contribution between 25% – 30%
  - Maintaining growth off high base

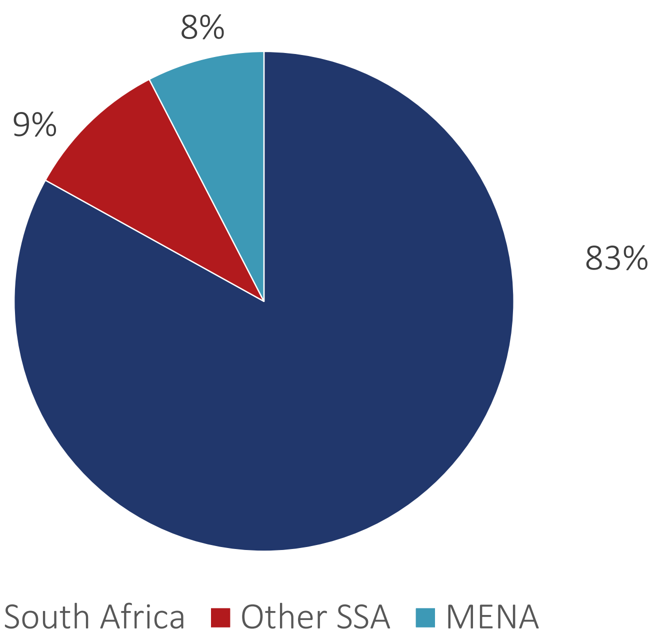
South Africa

- Revenue contribution >80%
  - 5% growth
  - Volume growth only
- SEP
  - 3.78% increase implemented February 2019
  - Needed given local manufacturers' input costs
- ARV tender
  - Awarded 12% share of tender
  - Marginal returns

In 77 therapeutic classes – contributing 80% of total market value – Aspen has a Top 3 position

Source: IQVIA TPM Dec 2018

Regional Brands MEA Revenue
R4.3 billion
+6% growth



Aspen ranked #1 in SA Private Market

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COMMERCIAL PHARMA - REGIONAL BRANDS

ASIA PACIFIC

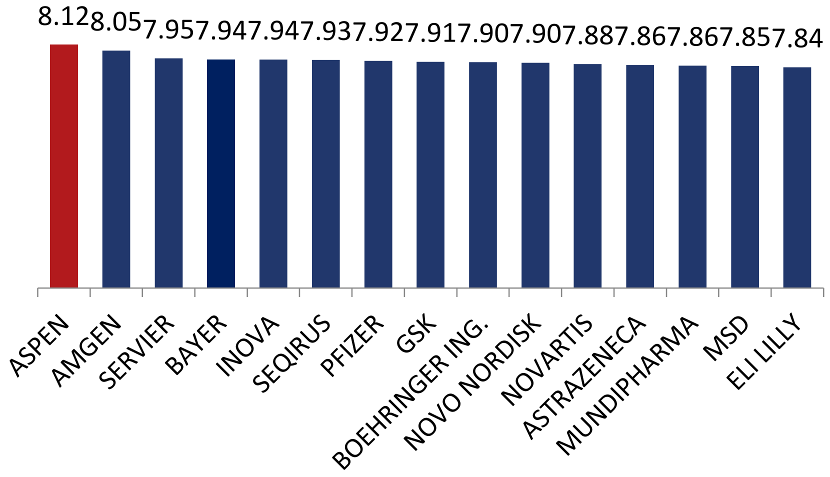
- Australasia and Japan > 85% of sales
  - 1% growth in Japan

Australasia

- Revenue contribution >70%
  - 6% growth
- OTC sales contribution ±25%
  - Driven by double digit growth
- Prescription sales growth ↑ 3%
- Strong team performance
  - Particularly given recent disruptions in the business
  - Reflected in rep performance

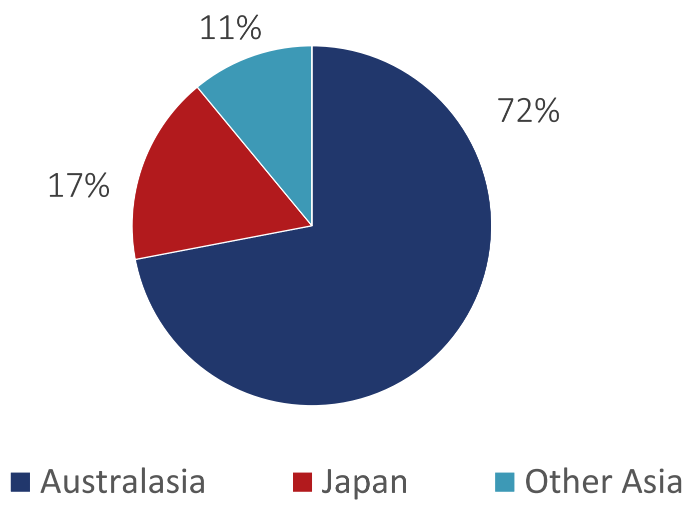
Australia: Overall Rep Performance Rankings

MAT December 2018



Source: IQVIA ChannelDynamics™

Regional Brands Asia Pacific Revenue
R2.3 billion
+3% growth



Rated #1 team in Australia

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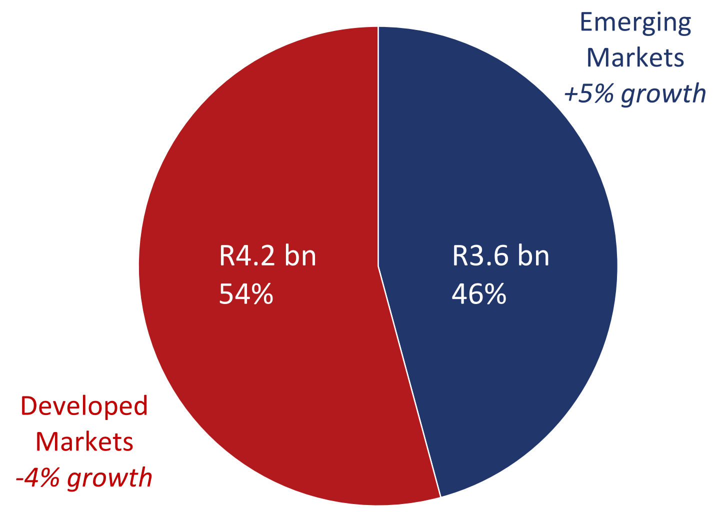
COMMERCIAL PHARMA – STERILE FOCUS BRANDS

R'million	H1 2019	H1 2018 (CER)	% change
Anaesthetics	4 412	4 450	-1%
Thrombosis	3 389	3 374	0%
Total	**7 801**	**7 824**	**0%**

- Sterile pricing resilient
  - In spite of global pharma pricing pressures
- Given use of steriles
  - Highest quality manufacture non-negotiable
    - Significant capex requires volumes
- Strategically, Aspen acquired material global volumes
  - Six different transactions completed
  - ~1 in 8 Injectable Anticoagulants and Anaesthetics sales globally (ex-USA) are Aspen brands
- Aspen has global economies of scale
  - Supports new capex base
  - Quality and supply certainty for sustainability
  - Volumes reduce COGS, drives both growth and margins

Sterile Focus Brands Revenue
R7.8bn



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STERILE FOCUS BRANDS – THROMBOSIS

R'million	H1 2019	H1 2018 (CER)	% change
Europe CIS	2 735	2 853	-4%
Rest of World	654	521	26%
Total	**3 389**	**3 374**	**0%**

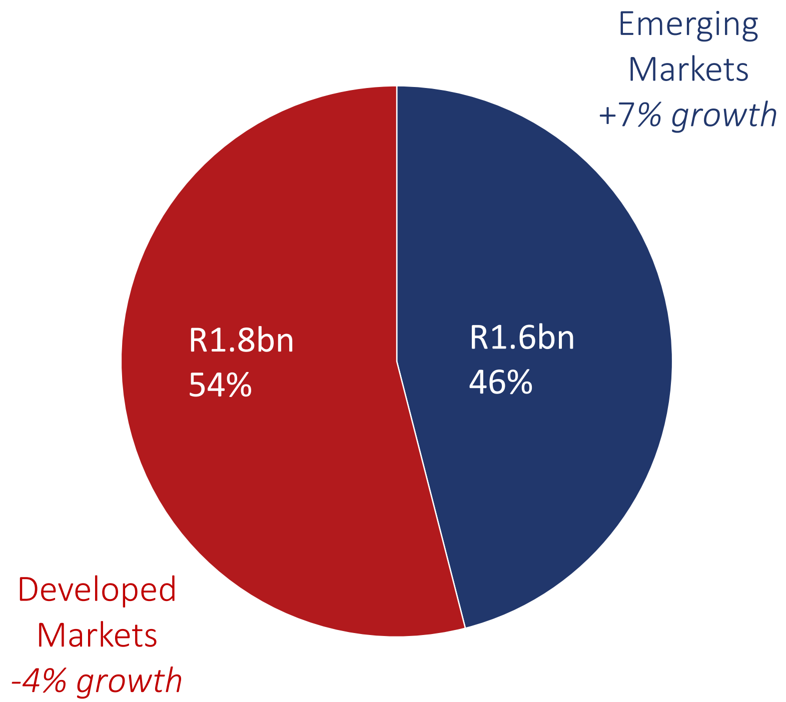
Europe CIS ↓ 4%

- More than 50% of decline attributable to Russia CIS
  - Reduction of Arixtra stock in trade
  - Aspen to take over distribution
- Developed Europe ↓ 4%
- Developing Europe ↑ 3%
  - Positive performance of Fraxiparine continues

Rest of World ↑ 26%

- Strong performance has offset negative in Europe CIS
- Driven by China
  - Dialysis centres

Thrombosis Revenue
R3.4bn



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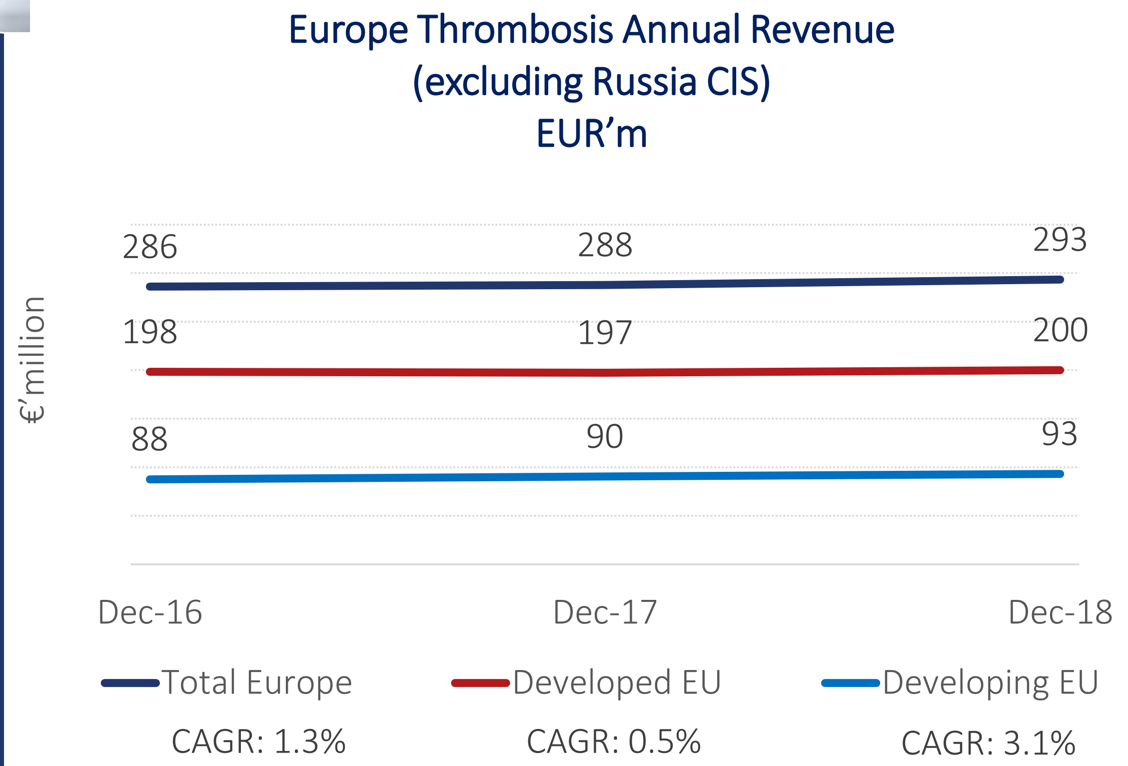
STERILE FOCUS BRANDS – THROMBOSIS



- Aspen data best trend indicator
  - IMS limitations include:
    - Discounts and rebates on hospital sales not reflected
    - Some channels omitted
- Growth in spite of historical price declines
  - Volume increases continue across Eastern Europe
  - Margin expansion > sales growth

EU Thrombosis market

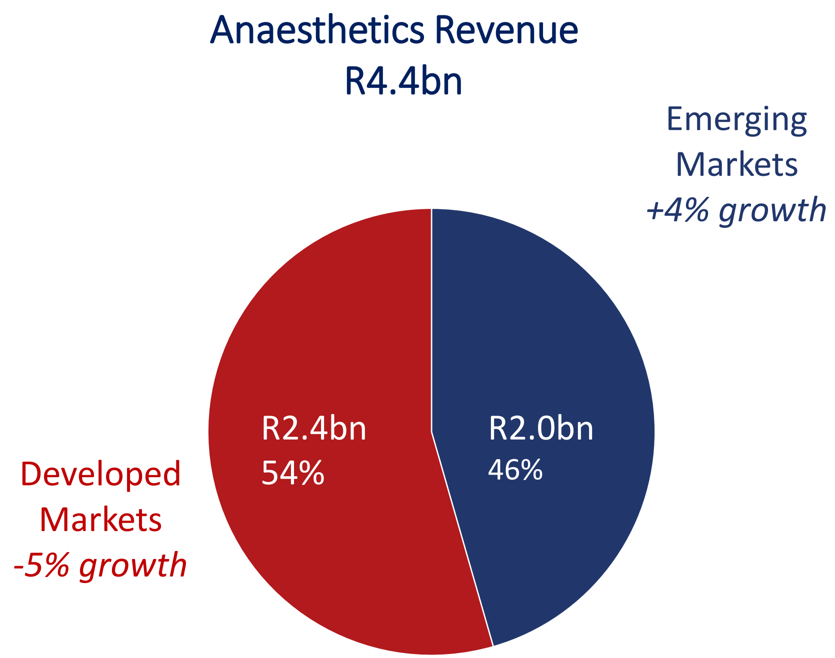
- Biosimilars affecting originator
  - 10% market share of Germany, UK and Italy
- Aspen market share resilient but not making inroads into above market shifts

Opportunities

- Orgaran registration across rest of Europe starting ~July 2019
  - Italy, Norway, Spain
- Mono-Embolex – API spec updated at NDB
  - Broader EU roll out planned

STERILE FOCUS BRANDS – ANAESTHETICS

R'million	H1 2019	H1 2018 (CER)	% change
Asia Pacific	2 318	2 360	-2%
Developed Europe	1 131	1 166	-3%
Rest of World	963	924	4%
Total	**4 412**	**4 450**	**-1%**



- Year-on-year global market growth mid-high single digits
  - ~14% share of global market ex-USA
- Solid performance given supply constraints
  - Impacted all major markets; aside from Japan
- Asia Pacific over 50% of sales
  - 6% growth in China
    - Supply retarded growth by at least 5%
    - Japan ↓ 2% - strong volumes offset price
    - Australia ↓ 11% - all supply related
- Rest Of World – growth driven by Latam and MENA

- Quantifiable revenue lost over the last 18 months estimated at EUR 55 million
  - Orders foregone due to inability to supply
- In addition, numerous tenders foregone
  - Europe most impacted
    - Penalty risk punitive
  - Stock supply improving
    - Stock normalisation by December 2019

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Looking Forward

USA PIPELINE – ASPEN'S HIGHEST PIPELINE POTENTIAL

Women's Health assets

- Aspen has reached a broad promotion/revenue share agreement with a partner
  - Partner has clear commitment to and capability in therapeutic area in the USA
  - Partner targeting peak sales of greater than USD 500 million
    - Once all launched
    - First launch to be conjugated estrogens in 2020

Orgaran

- FDA inspection approved PE facility
- Reactivation approval expected shortly
- HIT indication trials initiated – timeline approximately 1 year
- Partnering discussions in process

HPC

- Approval in the short term

BUILD ON OUR STRENGTHS & DRIVE ORGANIC GROWTH

Superior capabilities in Emerging Markets

- Organic growth driver
- Commercial Pharma Emerging Markets growth of 5% for the period

Optimise our complex manufacturing capabilities

- Continue to work towards completion of major capex projects for Anaesthetic manufacture
- First commercial production FY 2021, full benefits realised FY 2024
- Source third party volumes for surplus capacity being created

Seek collaborations in territories where we lack sufficient critical mass

- Strategic review of Europe
  - Consider partnering opportunities
  - Non-commoditised, niche and synergistic portfolios
  - Objective to achieve scale and enhanced distribution capability
    - Driving volume growth fundamental to Aspen model

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DE-LEVER THE BALANCE SHEET

Create headroom for new opportunities

- Proceeds from Nutritionals disposal
- Proceeds from Asia Pacific portfolio divestment
- Potential inflows from strategic reviews
- Full focus on organic growth drivers
- Medium term target of leverage ratio < 3.0
  - Deleveraging accelerated by divestitures
- Assessing niche specialty pharma opportunities in Emerging Markets

PORTFOLIO MANAGEMENT STRATEGY

Drivers of portfolio strategy

Patients needs

Market Conditions

Group Capability

Return on investment expectations

Build portfolio

Acquire

Proactively seek value enhancement opportunities

Complimentary to existing operations

Develop

Leverage intellectual & manufacturing advantage

Product development lifecycle management

Collaborate

Strategic relationships with MNCs

Maximise portfolio returns

Sales & Marketing | **Manufacturing** | **Supply Chain**

Leverage sales and distribution network

Achieve manufacturing synergies

Optimise supply chain

Integrate acquisitions into existing business

Reshape portfolio

Revitalise

Evaluate opportunity to extract further value e.g. line extensions, new regional launches

Collaborate

Seek partnerships that will unlock further value

Divest

Check alignment to Portfolio Strategy & divest non-core assets

Generate sustainable cash flows

Realisation of proceeds from sale of assets

Available Capital

Aspen Portfolio

Balance between focus & diversification across regions and therapies

Leading Global & Regional Brands

Off patent, niche specialty brands

R47 billion invested since 2013

R22* billion realised from divestments since 2013

Strategic partnerships with leading MNCs

*Includes Nutritionals disposal to Lactalis

SUMMARY

- To transform Aspen from a regional generics business to a global specialty business at this rate/scale
  - Without any equity injection
  - Will come with growing pains
- Created significant value from acquisitions made
- Demonstration of ability to both de-lever and drive organic growth

Australasia Regional Brands & Nutritionals Revenue

before and after divestments and discontinuations

R'billion	H1 2019	H1 2018	Growth
Before	2.4	2.6	-8%
After	1.7	1.6	+6%
Change in Growth Rate			**14%**

- 14% delta in growth rate
- 10% improvement in EBIT Margin
- Positive earnings contribution
  - Interest saved > Earnings lost

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SUMMARY | CONTINUED

- Anaesthetics portfolio was a stretch but strategically critical
  - Finally over material deferred acquisition payments
- Intention is to act as we have historically
  - Repay acquisition debt through portfolio optimisation and organic cash flows
  - Partner/divest where others have more capabilities
  - Drive organic growth trajectories from retained products
  - Facilitates repayment of debt and new opportunities without need for equity
- Aspen has both the right strategy and portfolio
  - We have created value
  - Focus now on tangible demonstration through value realisation

APPENDICES

APPENDIX 1: ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

R'million	H1 2019	H1 2018	% change
Net revenue	**19 673**	**19 509**	**1%**
Cost of sales	(9 437)	(9 460)	
Gross profit	**10 236**	**10 049**	**2%**
Gross profit margin	*52.0%*	*51.5%*	
Operating expenses	(5 083)	(4 801)	
Net other operating expenses	(733)	(547)	
Depreciation	366	345	
Amortisation	240	210	
EBITDA	**5 026**	**5 256**	**-4%**
EBITDA margin	*25.5%*	26.9%	
Depreciation	(366)	(345)	
Amortisation	(240)	(210)	
Operating profit	**4 420**	**4 701**	**-6%**
Net funding costs	(949)	(638)	
Profit before tax	**3 471**	**4 063**	**-15%**
Tax	(600)	(647)	
Profit after tax from continuing operations	**2 871**	**3 416**	**-16%**
Profit from discontinued operations	66	230	
Profit for the period/year	**2 937**	**3 646**	**-19%**
EPS (cents)	**628.9**	**748.2**	**-16%**
HEPS (cents)	**676.5**	**784.7**	**-14%**
NHEPS (cents)	**743.4**	**814.1**	**-9%**

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APPENDIX 2: RECONCILIATION OF REPORTED NHEPS

INCLUDING DISCONTINUED OPERATIONS

Cents	H1 2019	H1 2018	% change
Basic earnings per share (EPS)	**643.4**	**798.6**	**-19%**
Profit on sale of property, plant and equipment	0.1	0.2	
Net impairment of property, plant and equipment	1.6	2.5	
Impairment of intangible assets	45.9	33.1	
Reversal of impairment of PPE	(0.1)	-	
Loss on sale of intangible assets	27.8	0.7	
Headline earnings per share (HEPS)	**718.7**	**835.1**	**-14%**
Capital raising fees	9.6	13.3	
Restructuring costs	10.3	12.0	
Redundancy costs	1.6	3.7	
Transactions costs	38.3	23.8	
Product litigation costs	7.1	14.5	
Foreign exchange gain relating to acquisition	-	(37.9)	
Normalised HEPS	**785.6**	**864.5**	**-9%**

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APPENDIX 3: GROUP STATEMENT OF FINANCIAL POSITION

R'million	H1 2019	H1 2018*
TOTAL ASSETS		
Non-current assets	**89 475**	**86 351**
Intangible assets	70 297	67 326
Property, plant and equipment	11 692	10 105
Goodwill	4 976	6 003
Deferred tax assets	1 029	1 017
Contingent environmental indemnification assets	824	743
Other non-current assets	657	1 157
Current assets	**45 346**	**35 698**
Inventories	15 575	14 021
Receivables and other current assets	13 343	13 055
Cash and cash equivalents	9 868	8 454
Assets classified as held-for-sale	6 560	168
Total assets	**134 821**	**122 049**

R'million	H1 2019	H1 2018*
EQUITY AND LIABILIITIES		
Shareholders equity	**52 290**	**43 934**
Non-current liabilities	**60 370**	**37 813**
Borrowings	52 506	29 579
Other non-current liabilities	2 860	3 067
Unfavourable and onerous contracts	1 252	1 476
Deferred tax liabilities	2 259	2 348
Contingent environmental liabilities	824	743
Retirement and other employee benefits	669	600
Current liabilities	**22 161**	**40 302**
Borrowings	10 869	22 015
Trade and other payables	9 343	9 406
Other current liabilities	1 538	8 557
Unfavourable and onerous contracts	359	324
Liability classified as held-for-sale	52	-
Total equity and liabilities	**134 821**	**122 049**

** H1 2018 figures restated*

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APPENDIX 4: IFRS RESTATEMENTS

Implementation of IFRS 9 Financial Instruments *(Expected loss provisioning)* and IFRS 15 *(Revenue from contracts with customers)* became effective for Aspen in the 2019 financial year. Aspen assessed and applied the new standards and presents the December 2018 interim results in line with the new requirements. The requirements of IFRS 9 have been assessed and an immaterial restatement was considered appropriate.

The requirements of IFRS 15 have been assessed and are considered to have sufficiently material impact for Aspen to adopt a change in the basis of revenue recognition. IFRS 15 is based on the principle that revenue is recognised when control of goods or services transfers to a customer – the notion of control replaces the existing notion of risk and rewards.

The 31 December 2017 and 30 June 2018 comparative periods have been restated in the unaudited results to take consideration of the implementation of IFRS 9 and 15. Aspen has chosen to follow the full retrospective approach in the restatement of the numbers reported.

Following this exercise, the following retrospective adjustments for the implementation of IFRS 9 and 15 have been made to arrive at the restated retrospective position:

Statement of comprehensive income

R'million	H1 2018	FY 2018
Revenue	(109)	(139)
Cost of sales	56	67
Gross profit	(53)	(72)
Tax	19	26
Profit after tax	(34)	(46)
Earnings per share	(7.4)	(10.1)
Headline earnings per share	(7.4)	(10.1)
Normalised headline earnings per share	(7.4)	(10.1)

Statement of financial position

R'million	H1 2018	FY 2018
ASSETS		
Current assets		
Inventories	451	461
Receivables and current assets	(953)	(982)
Total assets	(502)	(521)
SHAREHOLDERS' EQUITY		
Reserves	(483)	(495)
Total shareholders' equity	(483)	(495)
LIABILITIES		
Current liabilities		
Other current liabilities	(19)	(26)
Total liabilities	(19)	(26)

APPENDIX 5: EXTRACT FROM GROUP STATEMENT OF CASH FLOWS

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018	% change
Cash operating profit	5 852	6 092	-4%
Changes in working capital	(2 253)	(1 470)	53%
Cash generated from operations	**3 599**	**4 622**	**-22%**
Net finance costs paid	(765)	(607)	26%
Tax paid	(1 123)	(1 013)	11%
Cash generated from operating activities	**1 711**	**3 002**	**-43%**
Operating cash flow per share (cents)	317.4	577.1	-45%

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APPENDIX 6: ABRIDGED STATEMENT OF NORMALISED COMPREHENSIVE INCOME

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018	% change	H1 2018 (CER)	% change
Net revenue	**19 673**	**19 509**	**1%**	**19 743**	**0%**
Cost of sales	(9 437)	(9 460)	0%	(9 748)	
Gross profit	**10 236**	**10 049**	**2%**	**9 995**	**2%**
Gross profit margin	*52.0%*	*51.5%*		*50.6%*	
Operating expenses	(5 083)	(4 801)	6%	(4 848)	
Net other operating income	15	118	-87%	124	
Depreciation	366	345	6%	345	
EBITDA	**5 534**	**5 711**	**-3%**	**5 616**	**-1%**
EBITDA margin	*28.1%*	*29.3%*		*28.4%*	
Depreciation	(366)	(345)	6%	(345)	
Amortisation	(240)	(210)	14%	(212)	
Operating profit	**4 928**	**5 156**	**-4%**	**5 059**	**-3%**
Net funding costs	(902)	(753)	20%	(775)	
Profit before tax	**4 026**	**4 403**	**-9%**	**4 284**	**-6%**
Tax	(633)	(687)	-8%	(669)	
Profit after tax from continuing operations	**3 393**	**3 716**	**-9%**	**3 615**	**-6%**
NHEPS (cents)	**743.4**	**814.1**	**-9%**	**792.0**	**-6%**
Normalised effective tax rate	*15.7%*	*15.6%*		*15.6%*	

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APPENDIX 7: GROUP REVENUE BY REGION

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018*	% Change	H1 2018 (CER)**	% Change
Developed Europe	6 210	6 347	-2%	6 589	-6%
Sub-Saharan Africa	4 322	4 393	-2%	4 424	-2%
Asia Pacific	5 464	5 167	6%	5 251	4%
Latin America	1 551	1 522	2%	1 387	12%
Developing Europe and CIS	1 333	1 452	-8%	1 450	-8%
MENA	480	356	35%	375	28%
USA & Canada	313	272	15%	267	17%
Total	**19 673**	**19 509**	**1%**	**19 743**	**0%**

** H1 2018 figures restated for IFRS 15*

*** CER = Constant exchange rate. H1 2018 results restated at H1 2019 average exchange rates*

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APPENDIX 8: COMMERCIAL PHARMA REVENUE BY SEGMENT

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018*	% change	H1 2018 (CER)**	% change
Regional Brands	**8 886**	**8 639**	**3%**	**8 610**	**3%**
Regional Brands	6 834	6 469	6%	6 428	6%
High Potency & Cytotoxics	2 052	2 170	-5%	2 182	-6%
Sterile Focus Brands	**7 801**	**7 684**	**2%**	**7 824**	**0%**
Anaesthetics	4 412	4 405	0%	4 450	-1%
Thrombosis	3 389	3 279	3%	3 374	0%
Total Revenue	**16 687**	**16 323**	**2%**	**16 434**	**2%**

** H1 2018 figures restated for IFRS 15*
*** CER = Constant exchange rate. H1 2018 results restated at H1 2019 average exchange rates*

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APPENDIX 9: NET FUNDING COSTS

CONTINUING OPERATIONS

R'million	H1 2019	H1 2018
Net interest paid	(684)	(586)
Foreign exchange (losses)/gains	(41)	50
Notional interest on financial instruments	(177)	(217)
Normalised net funding costs	**(902)**	**(753)**
Debt raising fees on acquisitions	(47)	(63)
Foreign exchange gains on acquisitions	-	178
Reported net financing costs	**(949)**	**(638)**

Higher borrowings

Reduced deferred consideration payable

Once-off benefit

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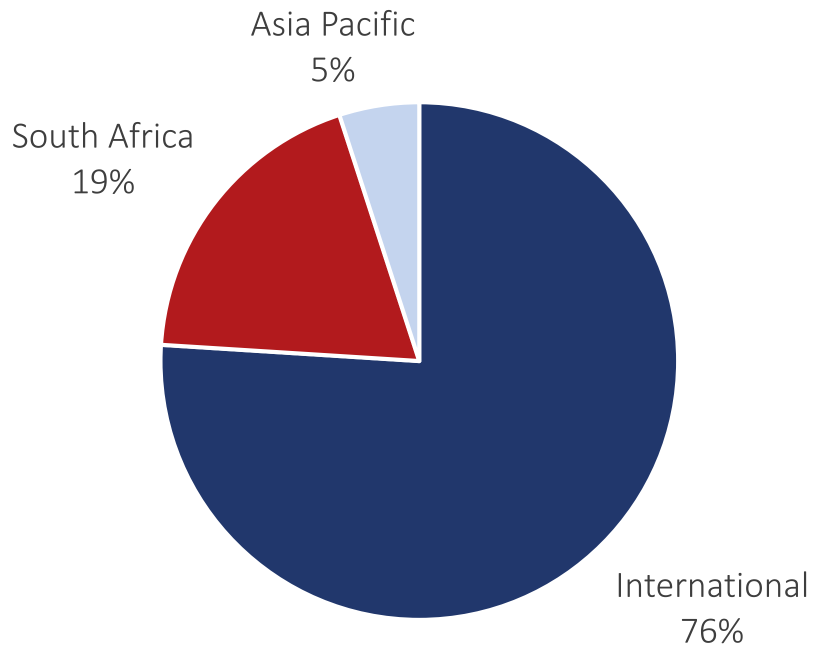
APPENDIX 10: WORKING CAPITAL RECONCILIATION

CONTINUING OPERATIONS

R'million	H1 2019	FY 2018	H1 2018
Net Working capital - Reported	19 103	18 157	17 793
Less IFRS 9 and 15 restatement	-	(521)	(502)
Net working capital - Restated	19 103	17 636	17 291
Nutritionals - held for sale	-	(899)	(699)
FX impact	-	374	1 365
Net Working Capital - comparable base	19 103	17 111	19 957

APPENDIX 11: BORROWINGS

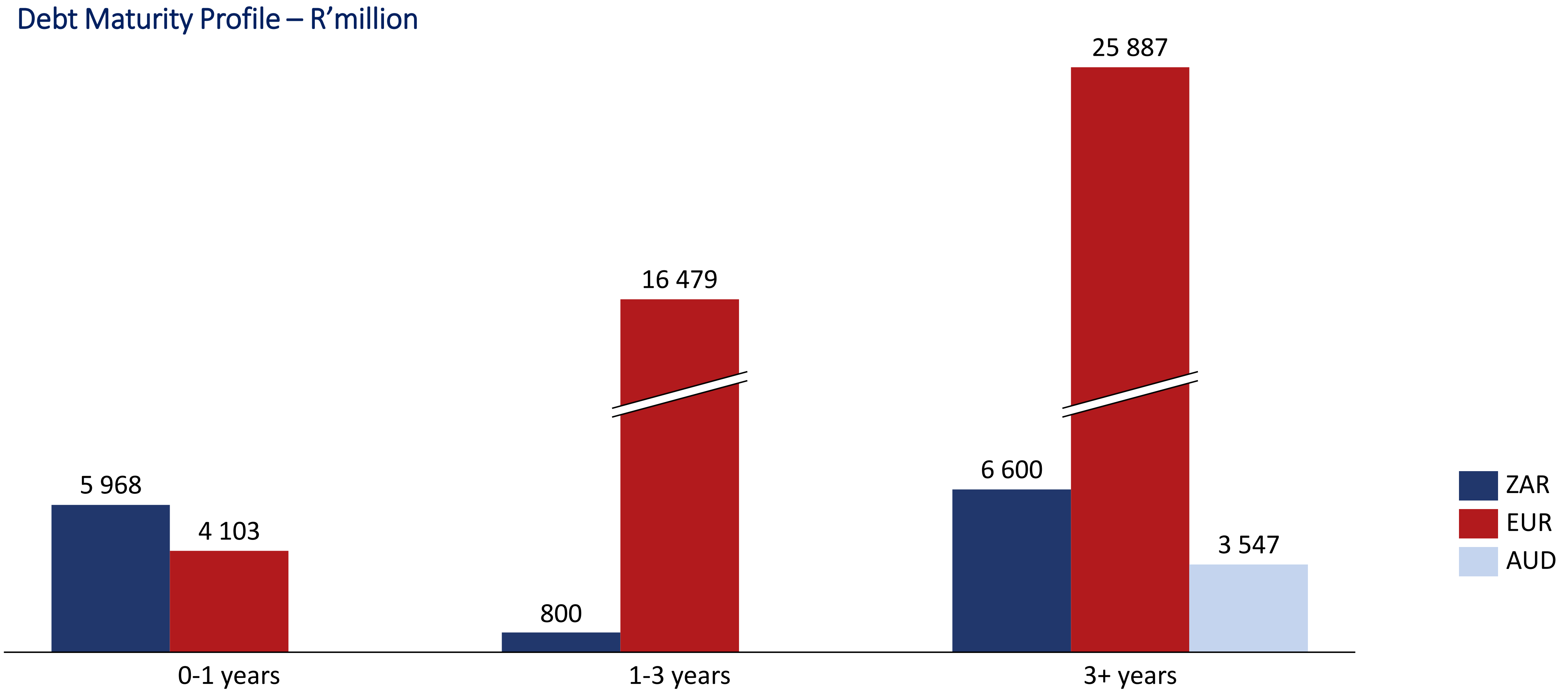
Net Borrowings: R53.5 billion



Blended NACQ interest rates for borrowings as at 31 December 2018

Blended interest rates	
ZAR	8.8%
AUD	4.2%
EUR	2.0%

APPENDIX 12: GROSS DEBT MATURITY PROFILE



The above debt maturity profile does not factor in unamortised capital raising fees (ZAR 151m at 31 December 2018) which are deducted from borrowings for IFRS purposes.

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APPENDIX 13: CAPITAL ALLOCATION MODEL

Cash Flow Generation

- Re-investment into business for sustainable growth
  - Manufacturing capability & capacity
  - Internal development of existing IP
- Strategic M&A
  - Investment in strategically aligned opportunities
    - Emerging Markets
    - Specialty
- Strengthen Balance Sheet
  - Deleverage
- Shareholder returns
  - Maintain payout ratio
  - Focus on improving Free Cash Flow

Value Creation

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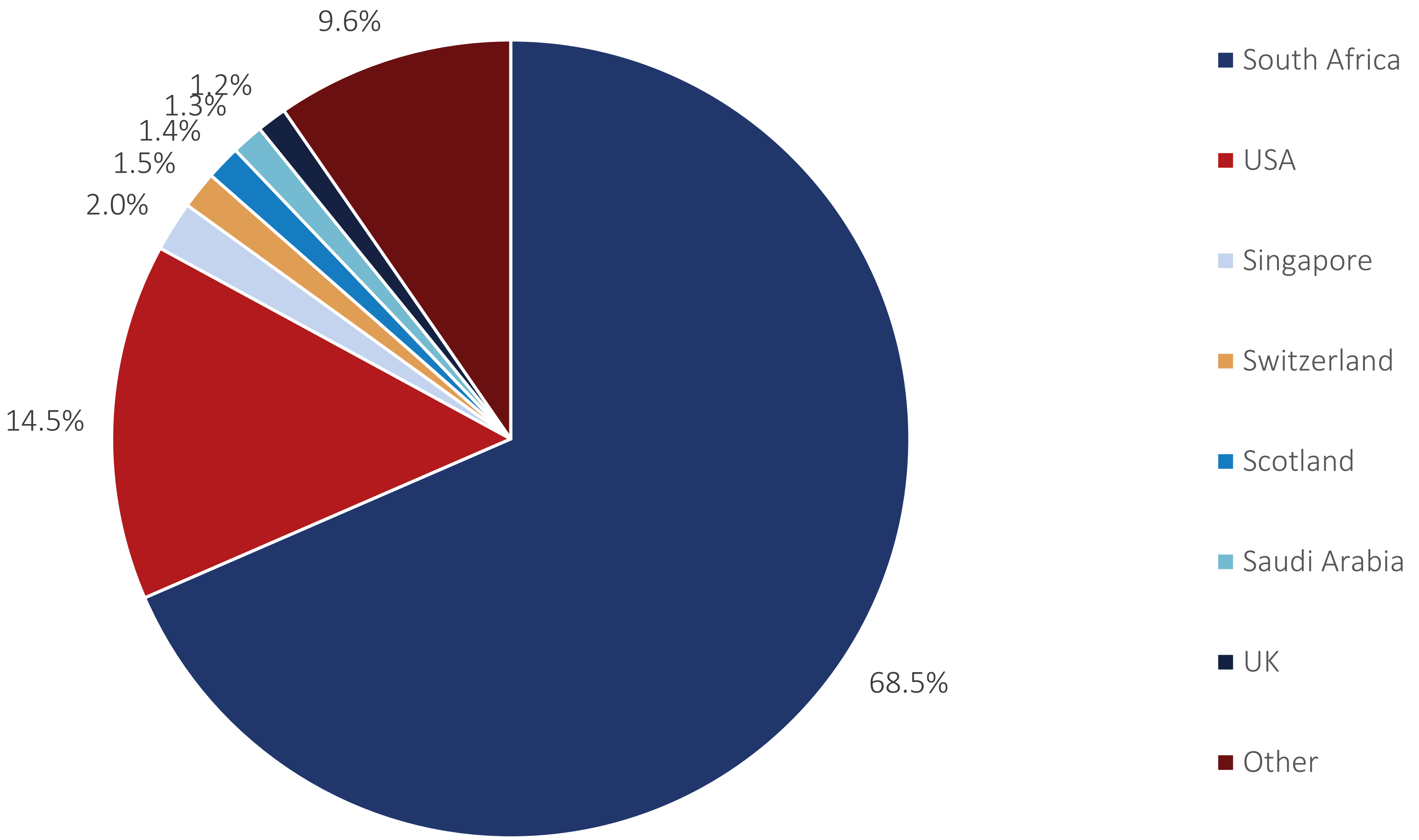
APPENDIX 14: INSTITUTIONAL INVESTORS



As at 31 December 2018