

ASPEN PHARMACARE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa) (“Aspen Holdings”)
Registration number: 1985/002935/06
Share code: APN
ISIN: ZAE000066692
LEI: 635400ZYSN1IRD5QWQ94
and its subsidiaries (collectively “Aspen” or “the Group”)

TRADING STATEMENT

This trading statement is provided to Aspen Holdings shareholders as guidance on the key performance metrics relating to the results of the Group for the twelve months ended 30 June 2020, expected to be published on SENS on 9 September 2020, after market close.

The results of the Group for the twelve months ended 30 June 2020 are in line with the updated guidance provided at the H1 2020 interim results presentation. The key performance metrics set out below refer to continuing operations unless stated otherwise:

- Revenue growth as reported, and in constant exchange rates (“CER”), is expected to be within the following range:

Reported revenue growth:	8% to 10%
CER revenue growth:	3% to 5%

The difference between reported and CER revenue growth arises due to the material weakening of the ZAR against the majority of the other currencies in which Aspen trades in the fourth quarter.

- Reported revenue growth from Commercial Pharmaceuticals is expected to be between 5% and 7% and CER growth between 1% and 2%. Positive demand trends for Sterile Focus Brands used in the clinical management of COVID-19, the stockpiling of everyday healthcare products and advanced filling of prescriptions by consumers positively impacted performance during the early and peak periods of COVID-19 infections across several regions. These positive trends were more than offset by a decrease in demand as stock levels normalised, delays in the recovery of elective surgeries in most regions and reduced infection rates in non-COVID communicable diseases due to social distancing. Manufacturing revenue has delivered strong double-digit growth, both reported and CER, favourably impacted by the commercial sales of heparin to third parties. Non-heparin APIs sales have performed particularly well in H2 2020 assisted by Aspen’s ability to ensure consistent supply of product to the market despite the pandemic.
- The Group delivered strong operating cash flows, benefitting from a positive cash inflow from working capital for the twelve months to 30 June 2020.
- The operating cash flow to headline earnings conversion ratio is expected to be reported at more than 130% for the twelve months ended 30 June 2020, up from 107% for the twelve months to 30 June 2019.
- Net borrowings declined to approximately ZAR 35,2 billion at 30 June 2020 from ZAR 37,9 billion at 31 December 2019. The reduction in net borrowings from net cash generated for the period and proceeds from disposals was diluted by unfavourable currency movements arising from the weakening of the ZAR relative to the EUR and the AUD which inflated the ZAR value of Aspen’s debt denominated in those currencies.

- The leverage ratio, for banking covenant measurement purposes, is expected to be between 2.85x and 3.0x against a threshold of 3.5x, as at 30 June 2020. This is a positive outcome which brings the Group within range of its medium-term target of a leverage ratio of less than 3.0x.
- Intangible and tangible asset impairments arising from rigorous and detailed annual impairment tests are expected to be approximately ZAR 1,5 billion in FY 2020 as compared to ZAR 3,8 billion in the prior comparable period.
- The Japanese Business and public sector ARVs were classified to discontinued operations for the period ended 31 December 2019 and are excluded from the continuing operations for the twelve months ended 30 June 2020.

Normalised headline earnings per share (“NHEPS”) comprises headline earnings per share adjusted for specific non-trading items in accordance with Aspen’s accounting policies. NHEPS is the primary measure used by management to assess Aspen’s underlying financial performance. NHEPS for the year ended 30 June 2020 is expected to vary from that reported in the prior year ended 30 June 2019 within the following ranges:

Measure	Range (%)	Range (Cents per share) - 30 June 2020	Cents per share - 30 June 2019
NHEPS – Continuing operations ¹	7% to 11%	1438,9 to 1492,8	1344,8
Total NHEPS	1% to 5%	1481,1 to 1539,7	1466,4

¹NHEPS – Continuing operations has been restated considering the impact of discontinued operations, namely the Nutritionals Business, the Asia Pacific non-core pharmaceutical portfolio, Japanese Business and the South African public sector ARVs. The net impact is a decrease of 69,5 cents to NHEPS - Continuing operations for the twelve months ended 30 June 2019.

Headline earnings per share for the year ended 30 June 2020 is expected to vary from those reported in the prior year ended 30 June 2019 within the following ranges:

Measure	Range (%)	Range (Cents per share) - 30 June 2020	Cents per share - 30 June 2019
Headline earnings per share – Continuing operations ²	7% to 11%	1239,2 to 1285,5	1158,1
Total Headline earnings per share	3% to 7%	1291,6 to 1341,8	1254,0

²Headline earnings per share - Continuing operations has been restated considering the impact of discontinued operations, namely the Nutritionals Business, the Asia Pacific non-core pharmaceutical portfolio, Japanese Business and the South African public sector ARVs. The net impact is a decrease of 69,5 cents to Headline earnings per share – Continuing operations for the twelve months ended 30 June 2019.

The comparison of Earnings per share - Continuing operations for the twelve months ended 30 June 2020 has been positively impacted by reduced impairments. The comparison of Total Earnings per share has been negatively impacted by the gain on the disposal of the Nutritionals Business in the prior year. Earnings per share for the year ended 30 June 2020 is expected to vary from that reported in the prior year ended 30 June 2019 within the following ranges:

Measure	Range (%)	Range (Cents per share) - 30 June 2020	Cents per share - 30 June 2019 Restated
Earnings per share - Continuing operations ³	166% to 181%	978,4 to 1033,5	367,8
Total Earnings per share	-30% to -26%	991,1 to 1047,8	1415,9

³Earnings per share — Continuing operations has been restated considering the impact of discontinued operations, namely the Nutritionals Business, the Asia Pacific non-core pharmaceutical portfolio, Japanese Business and the South African public sector ARVs. The net impact is a decrease of 69,5 cents to Earnings per share – Continuing operations for the twelve months ended 30 June 2019.

The financial results on which this trading statement is based have not been reviewed or reported on by Aspen's external auditors.

Durban
27 August 2020

Sponsor
Investec Bank Limited