

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 the shareholders of Aspen Holdings as guidance on the key performance metrics relating to the results of the Group for the six months ended 31 December 2020, expected to be published on SENS on 11 March 2021, after market close.

The outcome achieved has been delivered despite the ongoing challenges imposed by COVID-19 and is testimony to the resilience and agility of our teams that have ensured Aspen has been able to make a meaningful contribution to the fight against the pandemic.

- Revenue growth from continuing operations as reported, and in constant exchange rates (“CER”), is expected to be within the following ranges:
 - 16% to 18% (5% to 7% CER)

The difference between reported and CER revenue growth is a result of the weakening of the ZAR against the majority of the other currencies in which Aspen trades.

- Reported continuing operations revenue from Commercial Pharmaceuticals is expected to increase by between 11% and 13% (3% and 5% CER), supported by growth in all regions. Manufacturing has delivered impressive double-digit revenue growth, both as reported and in CER. Finished dose form, API-Chemicals and API-Biochem Manufacturing segments all performed strongly.
- Net borrowings have declined to approximately ZAR 28 billion at 31 December 2020 from ZAR 35 billion at 30 June 2020. The reduction in net borrowings was supported by the upfront cash consideration from the completion of the divestment of the European Thrombosis Business and the strengthening of the ZAR relative to the EUR and AUD which deflated the ZAR value of Aspen’s debt denominated in those currencies. The outstanding consideration for the European Thrombosis Business, amounting to ZAR 7.0 billion¹, is receivable before the end of June 2021.
- The leverage ratio², for banking covenant measurement purposes, as at 31 December 2020, is expected to be between 2.80x and 2.85x against a threshold of 3.50x. This is in line with our commitment to maintain a stable balance sheet with a leverage ratio no greater than 3.0x.
- Discontinued operations for the six months ended 31 December 2020 comprises the results of the European Thrombosis Business to date of disposal (being 27 November 2020), the costs relating to its disposal, related Thrombosis product discontinuations and the residual costs related to prior period disposals. Discontinued operations in the prior period includes the results of the operations classified as discontinued in the current period as well as those discontinued in the prior financial year.

¹ EUR 389 million at Aspen’s closing exchange rate of ZAR 17.91 to EUR 1

² Calculated in terms of the Facilities Agreement

Earnings measures

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.

Continuing earnings measures for the six months ended 31 December 2020 are expected to vary from those reported in the prior restated six months ended 31 December 2019 within the ranges set out in the table below. The following influences should be noted:

- Headline earnings per share – Continuing has been diluted by increased restructuring costs in the current period; and
- Earnings per share – Continuing has benefitted from lower impairment charges in the current period.

Continuing operations			
Earnings measures	Range (%)	Range (Cents per share) - 31 December 2020	Cents per share - 31 December 2019 (Restated) *
NHEPS – Continuing	13% to 18%	661.2 to 690.4	585.1 *
Headline earnings per share – Continuing	8% to 13%	557.0 to 582.7	515.7 *
Earnings per share – Continuing	18% to 23%	484.7 to 505.3	410.8 *

* The results for the six months ended 31 December 2019 have been restated to exclude the operations discontinued in the six months ended 31 December 2020. The impact of this restatement has been a decrease of 122 cents across all continuing earnings measures

Total earnings measures for the six months ended 31 December 2020 are expected to vary from those reported in the prior six months ended 31 December 2019 within the ranges set out in the table below. In addition to the factors related to continuing operations covered above, the ranges reported below are influenced by the inclusion of discontinued operations. The material discontinued operations are:

- The Japanese Business and the fludrocortisone product, both of which were disposed in the second half of the prior financial year;
- The European Thrombosis Business and related discontinuations which became effective in November 2020.

Operations, including discontinued operations ³			
Earnings measures	Range (%)	Range (Cents per share) - 31 December 2020	Cents per share - 31 December 2019
Total NHEPS	-11% to -6%	676.0 to 714.0	759.6
Total Headline earnings per share	-21% to -16%	544.9 to 579.3	689.7
Total Earnings per share	-6% to -1%	541.4 to 570.2	576.0

³ Operations include continuing and discontinued operations

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

Durban

23 February 2021

Sponsor

Investec Bank Limited