aspen
HOLDINGS

2019 Integrated Report

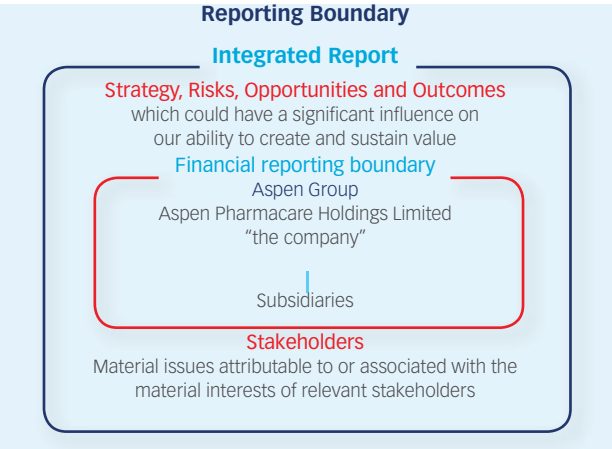
Healthcare. We Care.

Our approach to reporting

The Integrated Report is our primary report to stakeholders. This report reviews Aspen's strategy and business model, risks and opportunities, as well as its operational and governance performance, for the financial year ended 30 June 2019.

Report boundary and scope

This report covers the activities of the Aspen Group and all our operating subsidiaries. Financial and non-financial data from our subsidiaries are fully consolidated. In assessing the issues that materially impact value creation we have looked beyond the financial reporting boundary to provide for the material interests of relevant stakeholders, and to address the significant risks, opportunities and impacts associated with our activities over the short-term (less than 12 months), medium-term (one to three years) and long-term (beyond three years).



Reporting frameworks

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards ("IFRS"), the IIRC's International <IR> Integrated Reporting Framework, the King Code on Corporate Governance 2016* ("King IV™"), the JSE Listing Requirements, the South African Companies Act, No. 71 of 2008, and the Global Reporting Initiatives ("GRI's") Sustainability Reporting Standards. This report includes the Summarised Group Annual Financial Statements and Financial Information.

Supplementary documents

Accompanying this Integrated Report are, among others, the following supplementary documents:

- The Annual Financial Statements, which are the Group's and the company's audited statutory accounts;
- The Unabridged Corporate Governance Report and reports of the Audit & Risk Committee and Social & Ethics Committee; and
- The Sustainability Data Supplement, which provides additional data aligned to sustainability objectives.

The Integrated Report and Supplementary Documents are available online. Please visit our website www.aspenpharma.com under Investor Information.

Materiality

This report provides information on all those matters that we believe could have a significant influence on our ability to create and sustain value over the short, medium and long term. The process of identifying and prioritising the material matters for inclusion in this report involved reviewing: the needs of our stakeholders through constructive engagement with them (pages 16 to 17), our external operating context (page 18), key business risks (page 26), the value exchange and/or opportunity costs of applying our available capitals and responsible management of these (pages 58 to 92); and our responsibility to provide relevant and transparent reporting. The Board has considered and agreed that the Group's strategic objectives and related key performance indicators ("KPIs") constitute our material issues and that these are appropriately aligned with our approach to managing risks. In determining disclosure, we have applied our judgement to ensure that we do not disclose information that could place us at a disadvantage.

Reporting notes

The following aspects are highlighted with regards to financial information included in the Integrated Report:

- The Group has adopted IFRS 15 and IFRS 9 and accordingly, the prior year comparative values have been restated;
- The Group disposed of its Nutritionals business and a portfolio of non-core pharmaceutical products in the Asia Pacific region during the year and accordingly, the financial results (and prior year comparative values) separately disclose discontinued operations. All values relate to continuing operations unless otherwise stated;
- Due to the impact of relative movements in the exchange rate, the Group has adopted reporting at constant exchange rates ("CER"), where appropriate; and
- Subsequent to the publication of our reviewed provisional Group financial results, an impairment of R719 million was raised as a result of the Zantac recall (refer to the directors' report in the Group Annual Financial Statements.

Integrated risk management and combined assurance

We believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout the Group. We consider integrated risk management practices, supplemented by the combined assurance model, to be an optimal approach that facilitates coordinated risk management and governance efforts.

Aspen's six capitals

All organisations depend on various forms of capital for their value creation. In the International <IR> Integrated Reporting Framework, these capitals are defined as intellectual, manufactured, human, social & relationship, natural and financial capital.

The business model on pages 08 and 09 details the integration of our six capitals into the business.
The icons below serve as an identifiable visual reference to these six capitals within this report.

Intellectual | Manufactured | Human | Social & relationship | Natural | Financial

This model provides assurance that there are clearly defined risk ownership responsibilities with functionally independent levels of oversight and independent assurance (refer to page 26). It further provides assurance over the integrity of both internal and external information. The Audit & Risk Committee provides oversight on the combined assurance model and outcome of assurance activities. No significant areas of overlap or assurance gaps have been identified and the levels of assurance were considered to be appropriate.

The following assurance has been provided on disclosures in the Integrated Report and supplementary documents:

Assurance provider	Assurance provided
Pricewaterhouse-Coopers Incorporated ("PwC")	Unmodified opinion on the Group and company Annual Financial Statements (refer to pages 11 to 14 of the Annual Financial Statements) Assurance on the Summarised Group Annual Financial Statements (refer to page 115) Agreed upon procedures on selected financial KPIs as reflected on page 23
Group Internal Audit function ("Internal Audit") assisted by external expert service providers, where appropriate	Assurance provided over: • Risk governance • Ethics governance • IT governance • Material business systems of internal control • Material financial systems of internal control • Selected KPIs as reflected on page 23
Environmental Resources Management (Pty) Ltd ("ERM")	Assurance provided in accordance with AA1000 Assurance Standard (2008) – Type 2 (Moderate level) on whether Aspen adheres, in all material respects, to the three AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness. Selected KPIs as reflected on page 23
Empowerdex	Broad-based Black Economic Empowerment ("BBBEE") scorecard

Forward-looking statements

This report may contain forward-looking statements with respect to our future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.

Feedback and contact

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them. Please use the online contact form or email the Company Secretary at rverster@aspenpharma.com

Contents

About Aspen

We are a global specialty and branded pharmaceutical company, improving the health of patients across the world through our high quality and affordable medicines. Active at every stage of the value chain, we are uniquely diversified by geography, product and manufacturing capability, positioning us well to maximise the value we create for our business and its diverse stakeholders.

Approximately
10 000
employees in 70 businesses across 55 countries

48%
Women

52%
Men

Total revenue
R38,9 billion
continuing operations

Our values

define the foundation on which Aspen has been built. These are the values we share as we work together toward achieving the vision of the Group

Our vision

"To deliver value to all our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines and products globally." This encapsulates the Group's inherent approach of conducting business ethically, with integrity and with a commercial wisdom which strives to enhance the economic and social wellbeing of our patients, consumers, investors, employees, customers and business partners.

Our geographic footprint
Headquartered in South Africa, we have a global commercial presence in both emerging and developed markets.

56%
of Commercial Pharmaceutical revenue from emerging markets

Our manufacturing capabilities
Our manufacturing capabilities span a wide variety of product types including injectables, oral solid dose, liquids, semi-solids, steriles, biologicals and active pharmaceutical ingredients ("APIs"). Our manufacturing sites hold international approvals from some of the most stringent global regulatory agencies.

8
Active pharmaceutical ingredient facilities

15
Finished dose form facilities

Our commitment to sustainability
We are committed to creating value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all.

FTSE/JSE Responsible Investment Index constituent

Strategic objectives

Our strategic objectives provide the foundation for our plan of action to achieve our short, medium and long-term goals. An analysis of these strategic objectives and KPIs is set out on pages 36 to 45 of this Integrated Report.

- To enhance access to high quality, affordable medicines
- To achieve strategic advantage through our integrated supply chain
- To provide a safe, challenging and rewarding environment for our employees
- To practice good corporate citizenship
- To create sustainable economic value for all our stakeholders

Our business segments

We focus on marketing and manufacturing a broad range of post-patent, branded medicines and domestic brands covering both hospital and consumer markets through our key business segments:

Commercial Pharmaceuticals

Contribution to Group revenue

Regional Brands – a widely diverse segment comprising predominantly leading domestic brands in the Sub-Saharan Africa, Australasia and Latin American territories.

46%

Sterile Focus Brands – focused on niche, sterile products comprising our Anaesthetics Brands and Thrombosis Brands.

Anaesthetics – includes a broad range of general anaesthetics, muscle relaxants as well as a number of local anaesthetics including topical agents.

Thrombosis – comprises a broad range of specialist injectable anticoagulants with a focus on low molecular weight heparins, Xa inhibitors and heparin derivatives.

39%

Manufacturing

Contract and supply of chemical and biochemical APIs and finished dose form ("FDF") pharmaceuticals for third parties.

15%

Our history

Foundation Phase 1997 to 2007

- Began trading in 1997
- Listed on the JSE in 1998, acquiring South African Druggists thereafter
- Established a presence in Australia, our first offshore operation
- Launched Africa's first generic anti-retroviral (iARVi)
- Received various international pharmaceutical regulatory accreditations for our Port Elizabeth-based manufacturing site
- Acquired FCC, South Africa's only manufacturer of APIs

Global Expansion Phase 2008 to 2014

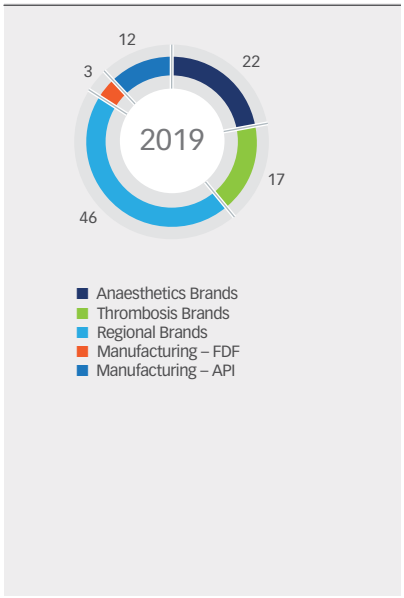
- Established Aspen Global Incorporated as well as commercial and manufacturing operations in a number of new territories, including Europe, Latin America, the Middle East, Sub-Saharan Africa and South East Asia
- Concluded several acquisitions for rights and access to global and specialty brands, injectable anticoagulants, a sterile manufacturing site in France and an API business in the Netherlands

Specialty Focus Phase 2015 to 2019

- A number of strategic acquisitions and disposals were concluded, including the acquisition of commercialisation rights for a broad range of anaesthetics, making Aspen the leading supplier of anaesthetics outside of the USA, and the disposal of the Nutritionals business
- Began producing complex specialty brands
- Further geographic expansion, including the establishment of a presence in China

Performance summary

Group revenue by business segment
(%)



Group revenue by customer geography
(%)

Revenue from continuing operations increased by 1% (-2% CER) to **R38 872 million**

Revenue growth from Commercial Pharmaceuticals in emerging markets was marginally positive while being marginally negative in developed markets resulting in overall CER decline from this segment of 1%. Manufacturing revenue declined 11% (CER) and was the main contributor to the overall negative CER growth of 2%.

Normalised EBITDA from continuing operations decreased by 2% (-4% CER) to **R10 824 million**

Normalised EBITDA from continuing operations, comprising operating profit before depreciation and amortisation adjusted for specific non-trading items was negatively impacted by lower manufacturing revenue and related gross margins.

Normalised headline earnings per share from continuing operations decreased by 7% (-8% CER) to **1 414 cents**

Normalised headline earnings per share ("NHEPS") from continuing operations comprises headline earnings per share from continuing operations adjusted for specific non-trading items and is a measure which provides clear comparability of the financial performance of our ongoing underlying business. The lower normalised EBITDA and increased net financing costs contributed to the decline.

Net borrowings reduced to **R38 984 million** (from R53 507 million at 31 December 2018)

Proceeds from the disposal of the discontinued operations of R12 299 million coupled with strong operating cash flows (cash conversion ratio of 107%) contributed to the reduction in net borrowings.

No dividend has been declared for the year ended 30 June 2019 (2018: 315 cents)

Taking into account our prioritisation of deleveraging the balance sheet, existing debt service commitments during FY2020 and the short-term requirements of the ongoing capital projects, the Board has decided that it would not be prudent to declare a dividend at this time.

Intellectual capital

- **Divested** the Nutritionals business, achieving increased focus in pharmaceutical business
- **Completed** serialisation projects in our manufacturing sites meeting regulatory requirements designed to combat counterfeit medicines reaching patients
- **47** products launched in 22 countries and territories

Manufactured capital

- **R2 442 million** invested in capital replacement and expansion projects
- Progressed various initiatives to support our **backward integration objectives** at our API manufacturing sites
- **Investment in new technology** to enhance operational efficiency

Human capital

- **R56,6 million** invested in training our employees
- **Zero** occupational fatalities and permanent disabilities
- **27%** women in top 100 positions of the Group

Social & relationship capital

- Mandela Day campaign for 2019 reached over **300 000 beneficiaries** through 127 projects in 40 countries
- **Achieved** a score of 3,7 out of 5 in the FTSE/JSE Responsible Investment Index
- Aspen's 2018 Integrated Report **ranked as "good"** by the EY Excellence in Integrated Reporting Awards.

Natural capital

- **"B- Management"** performance rating for 2018 Climate Change carbon disclosure project ("CDP") and Water CDP
- **Increase** in waste recycled from 81% to **83%**
- **7%** increase in water withdrawn

Financial capital

- Significant **reduction** in the Group's net borrowings
- **Rigorous impairment** testing performed resulting in **R3 812 million** in total impairments to assets
- **R1 439 million** of wealth created reinvested in the Group

The value we create

As a global pharmaceutical company, we play an important role in contributing to the health and wellbeing of people. Our sustainable business model creates long-term value for our key stakeholders.

Patients and healthcare providers

- Improving health and quality of life for patients that use our medicines
- Provision of quality and affordable treatment options and medicines to patients, healthcare professionals ("HCPs") and healthcare systems

Our employees

- Providing of employment in the geographic regions in which we operate
- Opportunities for growth and development
- Diverse and inclusive working environment, free of discrimination and harassment

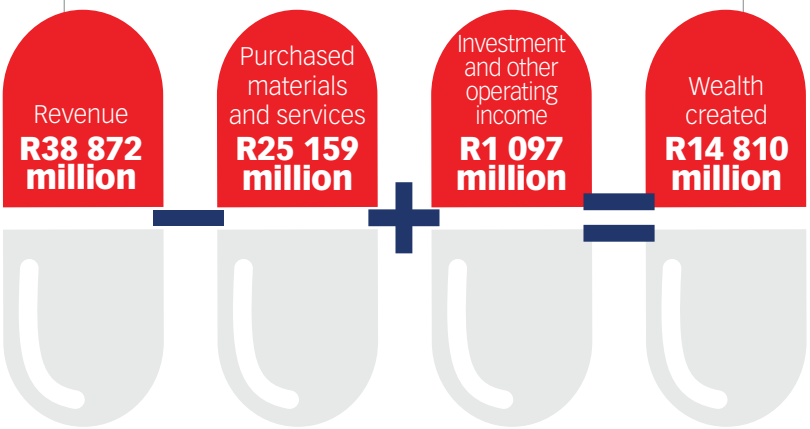
Communities in which we operate

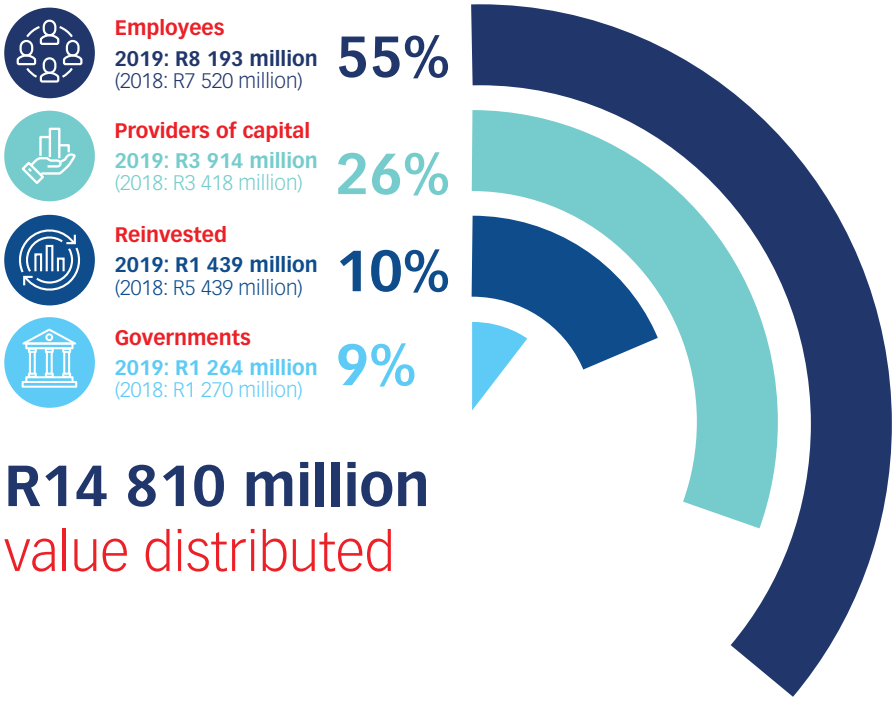
- Economic stimulus through procurement of goods and services
- Contribution to governments through taxes
- Contribution to society through engagement with civil society and investment in social economic development ("SED")

Our investors and funders

- Capital and shareholder distributions
- Servicing and repayment of debt

Financial value we create





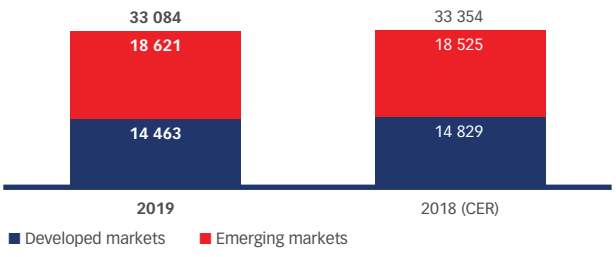
R14 810 million
value distributed

Our investment case

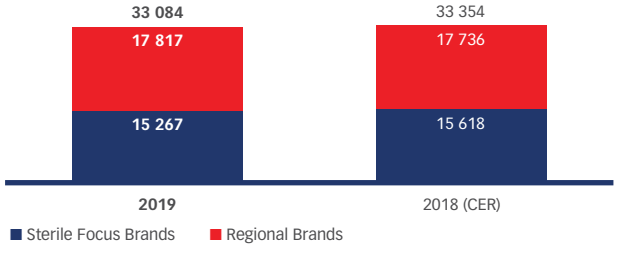
Leveraging our strengths and capabilities to deliver long-term shareholder value, while living the Aspen values.

Responsible corporate citizen and a trusted partner	• We are committed to effective and robust corporate governance making us a trusted partner. Recent high profile corporate challenges have further heightened our attention to governance and we remain committed to continuously improving our reporting, transparency and disclosure. • We are a signatory to the United Nations Global Compact ("UN Global Compact") Initiative. • A constituent of the FTSE/JSE Responsible Investment Index.
Strategically relevant manufacturing capital	• We are a widely accredited and compliant supplier of high quality, affordable medicines. • We have the capabilities to improve and sustain a cost competitive manufacturing base concentrating on high volume products. • Our supply chain is overseen by a dedicated team striving towards delivery, on-time and in-full.
Global footprint with a focus on emerging markets	• With a strong foundation in the South African market, we now have 70 established business operations, weighted towards emerging markets. • Operating in the highly regulated pharmaceutical sector, our geographic footprint provides diversification of our risk exposure. • Our regional sales force is weighted towards emerging markets, positioning us to benefit from the growth demographics in these territories.
Diverse, branded product portfolio	• Our portfolio of products has strong brand equity, supporting the promotion of both our global Sterile and Regional Brands therapeutic segments. • Diversification is achieved through our product portfolio which comprises a basket of related post-patent, branded medicines and domestic brands spanning most therapeutic areas and offering improved health to patients through all stages of life.
Committed management team, strongly aligned with shareholders' interests	• We have entrepreneurial and decentralised management teams. • In-country management take responsibility for identifying opportunities in their regions, based on their local expertise. • Approximately 17% ownership by executive management

Contribution of emerging markets and developed markets to Commercial Pharmaceuticals
(R'million)



Total Commercial Pharmaceuticals
(R'million)



Definition of EM based on MSCI AWI Index and Frontier Markets Index.

Our business model

We use our six capitals and our unique value drivers to provide high quality, affordable medicines and products and create value for our stakeholders in a responsible and sustainable way.

We develop our strategic objectives to provide the foundation for our plan of action to achieve our short-, medium- and long-term goals

To enhance access to high quality, affordable medicines

To achieve strategic advantage through our integrated supply chain

To provide a safe, challenging and rewarding environment for our employees

To practice good corporate citizenship

To create sustainable economic value for all of our stakeholders

We rely on our unique value drivers within our six capitals to effectively implement our strategy and business activities

Intellectual *(page 58)*
- Trusted Aspen brand
- Targeted product portfolio
- Business acquisition and integration expertise
- Strong presence in emerging markets
- Efficient portfolio renewal

Manufactured *(page 64)*
- Complex manufacturing expertise
- Vertical integration advantages
- Globally competitive, scalable and widely accredited manufacturing facilities

Human *(page 68)*
- High performance and innovative culture

Social & relationship *(page 76)*
- Strong stakeholder relationships and corporate reputation

Natural *(page 82)*
- Focus on environmental protection

Financial *(page 88)*
- Capital and funding
- Cash generation abilities

We create value through our globally integrated value chain

Product pipeline development

Patient/ consumer needs
↓
Product development, acquisition and registration

Investment in a product portfolio of niche, specialty medicines that present opportunities for sustainable revenue growth achieved through:
- Targeted acquisitions that present value enhancement opportunities
- Internal development of products that leverage our intellectual and manufacturing advantage
- Line extensions of existing Intellectual Property ("IP") into new geographies

Manufacturing and supply chain operations

Procurement
API manufacturing
FDF manufacturing
Distribution

Efficiencies achieved through end-to-end global supply chain management performed by a highly experienced team

Capitalise on our own significant manufacturing capability of both APIs and FDFs as well as our external supply network focusing on:
- Reliable supply of high quality products
- Optimisation of operational costs
- Maximisation of vertical integration synergies

Commercialisation

Marketing and sales
↓
Healthcare professional engagement and support
↓
Patient/consumer use

Generation of organic revenue and profit growth through focused promotion of our products by our extensive sales representation in more than 50 countries

Capital is reinvested in our pipeline to provide the platform for future revenue growth, improved operational synergies and to create capacity for new value adding opportunities while also providing returns to shareholders

Our values ➤ Teamwork Innovation

We provide high quality, affordable medicines and products, focusing on niche therapeutic areas

Achieving outcomes that **create long-term value for our stakeholders**

Commercial Pharmaceuticals

Regional Brands

Sterile Focus Brands

Anaesthetics

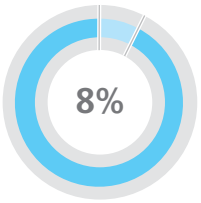
Thrombosis

Manufacturing

Intellectual	Improved health and quality of life for the patients and consumers that use our products
Manufactured	Economic stimulation in the regions in which we operate
Human	Employment opportunities and skills development provided to our 10 000 employees
Social & relationship	Uplifting the lives in the communities in which Aspen works around the world
Natural	Initiatives to reduce the impact of our operations on the natural environment
Financial	Generation of wealth to fund future growth and expansion
Financial	A contribution to governments through direct and indirect taxation
Financial	Sustainable earnings growth and return for shareholders

Commitment · Excellence · Integrity

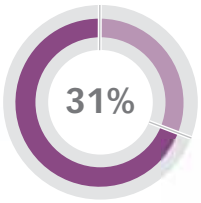
Our global presence*



Contribution to revenue

Latin America

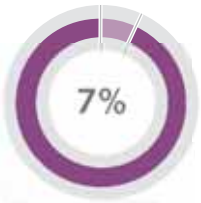
R3 083 million



Contribution to revenue

Developed Europe

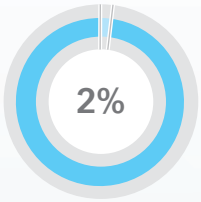
R12 095 million



Contribution to revenue

Developing Europe & CIS

R2 516 million



Contribution to revenue

USA & Canada

R675 million

We supply medicines to more than 150 countries

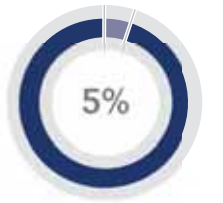
70 established business operations in 55 countries

Aspen has a strong presence in both emerging and developed countries and regions.

Key:

- Group headquarters
- Combined sales, marketing, distribution and manufacturing centres
- Sales, marketing and distribution centres
- Marketing centres
- Branch representative offices
- Manufacturing site
- Sales, marketing, distribution and support centres
- Support centre
- New product development and manufacturing site

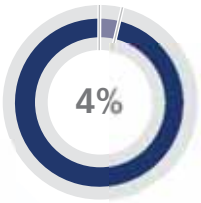
** Specific location details are provided online.*



Contribution to revenue

Japan

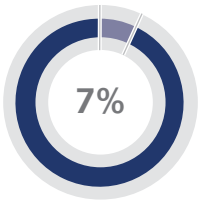
R2 124 million



Contribution to revenue

Other Asia

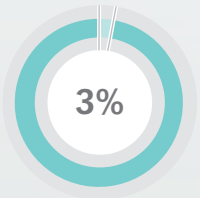
R1 456 million



Contribution to revenue

China

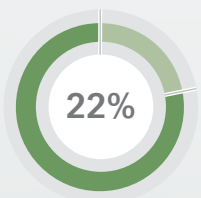
R2 872 million



Contribution to revenue

MENA

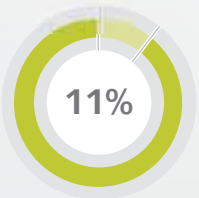
R1 056 million



Contribution to revenue

Sub-Saharan Africa

R8 575 million



Contribution to revenue

Australasia

R4 420 million

Our manufacturing capabilities

Primary sites

PORT ELIZABETH, SOUTH AFRICA

UNIT 1 FACILITY
Capability: High-volume solids manufacturing and packing for domestic and export markets.
Maximum output:
6 billion tablets.
Accreditation: ANVISA, FMHACA, GCC, ICHA, MCAZ, MHRA, NAFDAC, NDA, PMPB, PPB, SAHPRA, TFDA, TGA, US FDA, WHO.

UNIT 2 FACILITY
Capability: Small to medium-volume solids manufacturing for domestic and export markets.
Maximum output:
4 billion tablets.
Accreditation: ANVISA, FMHACA, GCC, ICHA, MCAZ, MHRA, NAFDAC, NDA, PMPB, PPB, SAHPRA, TFDA, TGA, US FDA, WHO.

UNIT 3 FACILITY
Capability: End state packing for domestic market.
Maximum output:
140 million packed units of tablets and capsules.
Accreditation: SAHPRA

UNIT 4 FACILITY
Capability: Hormonal and high-potency solids manufacturing and packaging for the domestic and export markets.
Maximum output:
3,2 billion tablets (hormonal); 395 million tablets (potency).
Accreditation: LAsD, SAHPRA. and US FDA.

STERILE FACILITY SVP 1: MULTI-PRODUCT SUITES A AND B
Capability: Eye drops, ampoules, vials; aseptic and terminal sterilisation capability for domestic and export markets.
Maximum output:
Suite A: Up to 42 million units of eye drops;
Suite B: Up to 25 million units of ampoules;
Up to 12 million units of liquid vials.
Accreditation: LAsD, SAHPRA, US FDA, WHO.

STERILE FACILITY SVP 2: HIGH-POTENCY SUITE
(commercial production FY2021)
Capability: Liquid ampoules, vials and cartridges; emulsion ampoules, vials and cartridges; lyophilised vials; aseptic and terminal sterilisation capability for domestic and export markets.
Maximum output:
Suite C:
Up to 20 million vials;
Up to 25 million ampoules;
Up to 13 million cartridges.
Accreditation: Regulatory inspections pending (project phase).
LAsD tentatively planned, SAHPRA and TGA planned.

NOTRE DAME DE BONDEVILLE, FRANCE

STERILE PREFILLED SYRINGE MANUFACTURING SITE
Capability: Aseptic and terminally sterilised prefilled syringe manufacturing and packing for domestic and export markets.
Maximum output:
85 million syringes (Etna line); 130 million syringes (Stromboli line); 180 million syringes (Vesuve line) – (commercial production FY2020)
Accreditation: ANSM, ANVISA, ASN, DQS, HPB, PMDA, US FDA.

BAD OLDESLOE, GERMANY

MULTI-DOSE FORM SITE
(Additional commercial production FY2021)
Capability: Solid dose forms, oral and topical liquids, semi-solids and blow-fill seal, manufacturing and packing for domestic and export markets.
Maximum output:
3,3 billion tablets; 6 240 tonnes of liquids; 1 404 tonnes of topical liquids; 351 tonnes of semi-solids, 60 million units for blow-fill seals.
Accreditation: ANVISA, GRA, IRA, LRA, PPB, PMDA, TGA, US FDA.

Regional facilities

ACCRA, GHANA

Capability: Small to medium-volume liquids.
Maximum output:
567 kℓ of liquids
Accreditation: GFDA.

DAR ES SALAAM, TANZANIA

Capability: Small to medium volume semi-solids, large volume solids and liquids.
Maximum output:
1,0 billion tablets; 60 million capsules; 15 tonnes of semi-solids; 1 500 kℓ of liquids; 8 million sachets.
Accreditation: PPB, TMDA, PMPB, ZAMRA, MoH – DRC, NAFDAC, DPML-CI, EFDA.

EAST LONDON, SOUTH AFRICA

ORAL CONTRACEPTIVE FACILITY
Capability: High-volume oral contraceptive manufacturing and packing for domestic market.
Maximum output:
1 billion tablets.
Accreditation: Last audit conducted by SAHPRA in 2009

MULTI-PRODUCT FACILITY
Capability: Solids, semi-solids and liquid manufacturing and packing for domestic market.
Maximum output:
560 million tablets; 32 million packs of semi solids; 160 million packed units of liquids.
Accreditation: SAHPRA.

We manufacture a

wide variety of product types

including injectables, oral solid dose, liquids, semi-solids, steriles, biologicals and APIs.

Abbreviations of pharmaceutical regulatory authorities and acronyms on page 148

Regional facilities

HYDERABAD, INDIA

Capability: Small to medium-volume solids manufacturing for export markets.
Maximum output:
700 million tablets; 30 million effervescent tablets; 120 million capsules; 60 tonnes of pellets; 25 million powder filled sachets
Accreditation: DCA, SAHPRA, ANVISA, ISO 9001, ISO 17025.

MELBOURNE, AUSTRALIA

Capability: High-volume solids, liquids and semi-solids.
Maximum output:
3 billion tablets; 90 million sachets; 1 167 tonnes semi-solids; 1 721 tonnes liquids.
Accreditation: TGA, ISO 14001, OSHAS 18001.

NAIROBI, KENYA

Capability: Small to medium-volume solids, liquids and fast-moving consumer goods.
Maximum output:
750 million tablets; 600 kℓ of liquid.
Accreditation: PPB, TMDA, UNDA, PMPB, ZAMRA, MoH -DRC, EFDA, NAFDAC, MCAZ, GFDA.

VITÓRIA, BRAZIL

Capability: Small to medium-volume solids, liquids and semi-solids.
Maximum output:
10,5 million sealing; 162 million tablets and capsules; 675 000 bottles of liquids or 40 kℓ; 380 000 packs of semi-solids or 3,8 tonnes.
Accreditation: ANVISA, GMP, ISO 14001, OHSAS 18001.

23 manufacturing facilities at 15 sites on 6 continents

API facilities

CAPE TOWN, SOUTH AFRICA

Capability: Specialised API and high potency manufacturing for domestic and export markets.
Maximum output:
46 000 kg
Accreditation: EDQM, PMDA, SAHPRA, US FDA.

NOTRE DAME DE BONDEVILLE, FRANCE

NANDROPARIN & CERTOPARIN FACILITY

Nadroparin
Capability: Specialised biochemical API – conversion of heparin to nadroparin.
Maximum output:
200 batches of nadroparin.
Accreditation: ANSM, DQS.

Certoparin
Capability: Specialised biochemical API – conversion of heparin to certoparin.
Maximum output:
45 batches of certoparin.
Accreditation: Regulatory submission to take place.

FONDAPARINUX FACILITY

Capability: Specialised chemical API – purification by chromatography of fondaparinux.
Maximum output:
34 batches of fondaparinux sodium.
Accreditation: ANSM, ANVISA, DQS, KFDA, PMDA, TRA, US FDA.

SIOUX CITY, USA

Capability: Specialist biochemical API – heparin intermediates.
Maximum output:
Biologicals – capacity is measured on demand – dependent on product mix.
Accreditation: Re-registration for US FDA.

OSS, THE NETHERLANDS

DE GEER SITE

Capability: Specialised hormonal and chemical APIs: wet chemical multipurpose capability, final powder handling (milling/sieving) and solvent recovery by distillation.
Maximum output:
Installed reactor capacity: 114 m^3 with reactor size between 2 m^3 and 10 m^3 beside bulk tank storage capability.
Accreditation: ANVISA, EMA, ISO 14001, KFDA, OHSAS 18001, PMDA, Russia MoIT, US FDA.

MOLENEIND SITE

Capability: Specialised biochemical, hormonal and chemical APIs. Dedicated biochemical reactors, multipurpose chemical reactors and dedicated solvent recovery unit.
Maximum output:
Installed chemical reactor capacity (small molecule API + peptides): 59 m^3;
Biochem reactor capacity: 245 m^3 beside multiple storage capacity.
Accreditation: ANVISA, EMA, ISO 14001, KFDA, OHSAS 18001, PMDA, Russia MoIT, US FDA.

BOXTEL SITE

Capability: Specialised biochemical API – gonadotrophin intermediates and virus filtered API.
Maximum output:
Measured on demand.
Accreditation: EMA, ISO 14001, OHSAS 18001, PMDA, US FDA.

Chairman's statement

Key features of 2019

Dynamic operating context

Despite global economic, political and social challenges, the outlook for the pharmaceutical industry remains positive, with growing demand from emerging markets being a major factor contributing to anticipated long-term growth.

See pages 18 to 21

Strategy development for long-term value creation

The Board oversees the crafting of the sustainable business strategy which is aimed at delivering long-term value for all of our stakeholders.

See pages 22 and 23

Responsible corporate citizen

Access to healthcare is one of the biggest challenges facing modern society with SDG3 including targets relating to good health and wellbeing. We have an important role to play in contributing to this global priority and a responsibility to conduct our business in a responsible manner.

See pages 24 and 25

Strong corporate governance

Our strong Board underpins our commitment to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business.

See pages 93 to 96

Kuseni Dlamini
Chairman

As Aspen continues to consolidate its position as a global pharmaceutical company, operating in a dynamic and uncertain global context, the Board's focus for the year has been on adapting the Group's strategy to an environment where businesses are increasingly being required to deliver satisfactory returns, while operating in a socially responsible and conscientious manner.

Given these circumstances, I am pleased to report that Aspen has achieved most of its short-term goals and has developed plans to unlock further value generating opportunities. The Board is confident that the successful execution of our strategy will position Aspen to achieve growth and sustain long-term value for its stakeholders.

The year in review

The Group's performance this year is a reflection of the challenging commercial conditions being confronted in many of the territories in which we operate. Overall, the Group experienced a 2% decline in revenue and a 4% decline in normalised EBITDA, both on a CER basis. Normalised headline earnings per share was 8% (CER) lower at 1 414 cents, impacted by increased finance costs.

A significant concern for the Board was the increased volatility and the decline in the Aspen share price over the past year. While there are many factors impacting the performance of our share, including media speculation, negative geopolitical sentiment and emerging market contagion, we do recognise that for many investors there was increasing concern regarding our debt position and reducing growth rate. We have responded to these concerns through increased stakeholder engagement and a confirmation that the Group has made progress towards reducing its debt and meeting its key priorities to achieve commercial success and long-term sustainability.

During the year, concrete steps have been taken to review the European and South African commercial businesses to enhance their performance and profitability. The establishment of the Ethicare division in South Africa, which holds a basket of commoditised and traded commercial products, is expected to achieve increased focus and improved commercial results. In Europe CIS, a number of structural and organisational changes have already been implemented to optimise performance and further partnership opportunities are being explored in this region to assist in ensuring sustainable growth.

The strategic review of the Nutritionals business was completed, culminating in the disposal of this business to the Lactalis Group. This transaction has unlocked considerable value for the Group and allowed for management attention to be focused on the core pharmaceutical business segments.

A key priority for the year was to strengthen the balance sheet and deliver continued strong cash generation. I am pleased that we have delivered on this commitment by reducing our gearing. While the Board is mindful that the distribution of dividends represents an allocation of capital, valued by many shareholders, the decision was taken that no dividend be distributed in view of the prioritisation of a reduction in gearing and a strengthening of the balance sheet.

Pharmaceutical industry remains attractive

While global economic growth has been subdued in the wake of ongoing trade tensions between the USA and China, the continued uncertainty surrounding Brexit and intensified geopolitical risks, the pharmaceutical industry remains an attractive sector, presenting opportunities for companies able to implement innovative and agile strategic responses. Global healthcare expenditures are expected to continue to rise, driven in part by population growth and urbanisation in emerging markets, as well as increasingly ageing populations in developed markets. Evaluate Pharma's World Preview 2019, Outlook to 2024 (June 2019) forecasts that prescription drug sales will reach USD1,2 trillion by 2024, representing an annual compound growth rate of 6,9% for the period from 2019. While the anticipated launch of novel therapies contribute to this growth, the increase in demand from emerging markets are also a key factor.

Global healthcare challenges

Within this context of increased demand for healthcare, we recognise our world faces enormous economic, social and environmental challenges on many fronts. These are complex and require a coordinated multi-stakeholder approach to find sustainable solutions. The seventeen Sustainable Development Goals ("SDGs") established by the United Nations in 2015 define global priorities and aspirations for 2030. All organisations, governments, businesses and civil society have a role to play in working toward the achievement of these goals and we have initiated a review of our sustainability strategy to align with these.

SDG3 includes targets to ensure healthy lives and promote wellbeing for all at all ages. Poor health threatens the rights of children to education, limits economic opportunities for men and women and increases poverty within communities and countries around the world. In addition to being a cause of poverty, health itself is impacted by poverty and is strongly connected to other aspects of sustainable development. There is an increasing expectation that all healthcare stakeholders, including pharmaceutical companies, weigh in on finding sustainable solutions.

In South Africa, the National Health Insurance ("NHI") Bill was introduced to parliament on 8 August 2019. The NHI has been proposed as a financing system aimed at ensuring that all South Africans are provided with essential healthcare, regardless of their employment status and ability to make direct monetary contribution to the NHI fund. While the more specific details on the design and implementation of the NHI, as well as its potential impact on the provision of pharmaceuticals, is still to be fully understood, we support initiatives aimed at enhancing access to basic healthcare services and are committed to active engagement with the government and the broader South African healthcare industry in order to achieve sustainable outcomes in this respect.

Responsible corporate citizen

Our commitment to act as a responsible corporate citizen is unwavering. We remain a signatory of the UN Global Compact and continue to uphold its principles in all of our operations. Through the Social & Ethics Committee, the Board oversees the Group's ethics and whistle-blower programmes reaffirming our belief that through conducting business ethically, with integrity and with commercial wisdom, we will achieve positive outcomes for all of our stakeholders. I am particularly pleased with the ethical tone at the top being demonstrated by Stephen, Gus and the rest of the executive management team.

We are satisfied that we have reached finality in respect of the investigations initiated by the UK CMA in October 2017 in terms of a ground-breaking settlement that Aspen was instrumental in initiating. The Board continues to closely monitor progress on the investigations of the European Commission ("EC") which were opened in May 2017, providing our full cooperation in these investigations, with the intention of achieving the earliest possible resolution to this matter.

We are committed to creating a safe and healthy working environment for our employees. It is therefore pleasing to note that for the sixth consecutive year, there have been no occupational fatalities within the Group.

Strengthening governance

The Board is acutely aware of its responsibility to have a robust governance structure in place to ensure that we are able to properly discharge our responsibilities in setting our strategy, as well as monitoring and reviewing progress as it is implemented to ensure that we manage our risks and carry out business responsibly. We are committed to applying the principles included in the King IV™ Report on Governance throughout the Group and implementing further appropriate measures to promote and entrench the four primary corporate governance outcomes, namely ethical culture, good performance, effective control and legitimacy.

Maintaining the appropriate balance of skills, capabilities and diversity is key to the Board's ability to discharge its duties. In my last report, I welcomed Linda de Beer to the Board and as a member of both the Audit & Risk Committee and the Remuneration & Nomination Committee. I am pleased to report that Linda has subsequently been appointed as Chairman of the Remuneration & Nomination Committee, with effect from 6 December 2018. Our Board was further strengthened through the appointment of Themba Mkhwanazi and Ben Kruger, with effect from 1 April 2019, with Themba being appointed as a member of the Remuneration & Nomination Committee and Ben being appointed as a member of the Audit & Risk Committee from this date. Ben was also appointed as the Lead Independent Non-executive Director with effect from 1 October 2019.

Roy Andersen, who retired as a director with effect from 30 September 2019, had been a diligent member of the Board since his appointment in 2008, serving with distinction as Lead Independent Director, chairman of the Remuneration & Nomination Committee and a member of the Audit & Risk Committee. Roy played a leading role in the design and implementation of Aspen's current governance framework and I extend the Board's sincere appreciation for his dedication to Aspen, as well as the wisdom and counsel he has imparted to me and my fellow directors during his time at Aspen.

Outlook

While many challenges remain, the Board is confident that Aspen is well placed to adapt to the changing context and that our sustainable business strategy focused on driving organic growth, unlocking value creating opportunities and protecting the balance sheet will deliver long-term sustainable growth.

I thank each of Aspen's employees who, under Stephen and Gus' leadership, contribute their talent, energy and commitment to the achievement of our strategic objectives. I thank our suppliers, service providers and other business partners for their hard work throughout 2019 and, lastly but importantly, our shareholders and customers for their continued support.

Kuseni Dlamini
Chairman

Engaging our stakeholders

We recognise the importance of fostering and maintaining strong relationships with key stakeholders through transparent, sincere and effective engagements. We are intent on improving on our established credibility and rapport with them.

After a thorough consideration of the Group's various stakeholders we have categorised our key stakeholders as follows:

Stakeholder group	Aspen considerations	Stakeholder interests
Patients, healthcare professionals and customers	Our products are used, prescribed or distributed by these stakeholders and therefore it is imperative that they are fully aware of the indications, benefits and side effects of our products while we need to have a thorough understanding of their perceptions and expectations in respect of us	• Quality affordable and effective medicines • Patient safety and pharmacovigilance • Consistent, reliable and on-time supply of product • Impact of product recalls or any quality, efficacy concerns which may arise
Governments, competition authorities and pharmaceutical regulatory bodies	Our ability to produce, market and distribute pharmaceutical products is dependent on the manufacturing licences, marketing authorisations and regulatory approvals issued by these authorities	• Legal and regulatory compliance • Affordable public health outcomes • Social and environmental impact of operations • Tax revenues and local investment
Employees and collective labour organisations	Employees play a critical role in ensuring we achieve our strategic objectives. We need to understand the needs, challenges and aspirations of this important stakeholder group	• Job security • Equitable remuneration packages, performance incentives and benefit structures • Diversity and inclusivity • Performance management, skills development and career planning • Reputation as an ethical employer • Employee health, safety and wellness • Employee bargaining and organisational rights
Suppliers, service providers, consultants and business partners	These stakeholders play an important role in enabling us to meet our commitments to patients, HCPs, customers and other service providers.	• Fair engagement terms and timely settlement • Ongoing communication on our expectations and service levels provided • Fair tender and selection processes
Investors and funders	As providers of capital, these stakeholders require to be kept informed of material developments impacting the Group and its future prospects	• Growth in revenue, EBITDA and returns on investment • Appropriate management of capital expenditure, working capital and expenses • Gearing, solvency and liquidity • Dividends • Security over assets, ethical stewardship of investments and good corporate governance • Fair executive remuneration

Our stakeholders are those persons, groups or organisations directly impacted by our activities, as well as those persons, groups or organisations who can reasonably be foreseen to be impacted by our activities. A structured system of engagement exists to ensure the timeous communication of accurate and relevant information to, and interaction with, each stakeholder group in a consistent manner.

A wide range of regular, structured and *ad hoc* engagements take place at various levels in the organisation. Stakeholder engagement is a standing agenda item at scheduled meetings of the Board. Executive management submits quarterly stakeholder engagement reports detailing notable engagements with the Group's key stakeholders and any material topics or matters of concern which may have arisen are considered under this item. Management responds to material issues raised by stakeholders, as appropriate, in the ordinary course of business.

How we engage	Link to our strategic objectives and capitals	Material stakeholder concerns raised since our previous Integrated Report
• Pharmaceutical representatives calling on HCPs and key opinion leaders to explain medicinal qualities, differentiators and patient benefits • Attendance at healthcare conferences • Dedicated pharmacovigilance communication channels allowing patients and HCPs to enquire about product features and related safety concerns • Communication measures to announce product concerns or product recalls to HCPs and patients • Open communication with customers through commercial discussions and one-on-one meetings	Intellectual, Manufactured	• Supply reliability and consistency • Product recalls • Pricing investigations in Europe and the United Kingdom • Concerns raised as a result of negative media reporting and speculation on Aspen's future results and commercial prospects
• Audits of manufacturing sites by regulatory authorities to ensure Good Manufacturing Practice ("GMP") and regulatory compliance • Registration of dossiers and maintenance of marketing authorisations through direct engagements with regulatory authorities • Participation in industry bodies • Reports and interactions aimed at confirming legislative and regulatory compliance policies and processes • Involvement in government programmes aimed at creating jobs and uplifting disadvantaged communities	Manufactured, Social & relationship, Natural	• Pricing investigations in Europe and the United Kingdom • Product recalls • SED spend and contribution to healthcare enhancement
• Direct engagements by supervisors and business management • Internal communication measures such as the Group intranet, announcements and posters • Conferences and townhall meetings • Induction and internal training • Employee surveys • Meetings and other interactions with work councils, trade unions and trade union representatives • Employee wellness campaigns • Active encouragement of employees to participate in Nelson Mandela International Day ("Mandela Day") • Anonymous tip-offs whistle-blower hotline	Human	• Employee transfers to Lactalis as a result of the disposal of the Nutritionals business • Industrial action undertaken at our South African manufacturing operations in relation to shift pattern negotiations
• Tender, procurement and "expression of interest" processes • One-on-one meetings to discuss service levels or other commercial aspects • Interactions regarding safety, health, environmental and ethical compliance	Social & relationship, Financial	• Concerns raised as a result of negative media reporting and speculation on Aspen's future results and commercial prospects
• Dedicated investor and analyst presentations, roadshows and one-on-one meetings • Stock exchange announcements, media releases and published results • Annual General Meetings • Investor relations section of the Aspen website • Engagements with the financial media	Financial	• Funding and gearing • Material business disposals • Commercial performance, profitability and organic growth prospects • Remuneration of executives • NHI in South Africa • Pricing investigations in Europe and the United Kingdom • Product pipeline and development • Concerns raised as a result of negative media reporting and speculation on Aspen's future results and commercial prospects

Our external operating context

Key highlights

- Significant uncertainty resulting in subdued global economic growth
- Volatility in exchange rates
- Demographic shifts influencing global healthcare needs
- Scientific and technological developments changing the competitor landscape
- Ongoing pressure on medicine pricing
- Outbreak of African Swine Fever
- Climate change impacts business sustainability and human health
- Increasing expectations for companies to create stakeholder value
- Positive pharmaceutical industry outlook

We operate in a complex and fast-changing environment. This dynamic environment presents us with opportunities to increase our value creation through an innovative and agile strategic approach coupled with effective risk management.

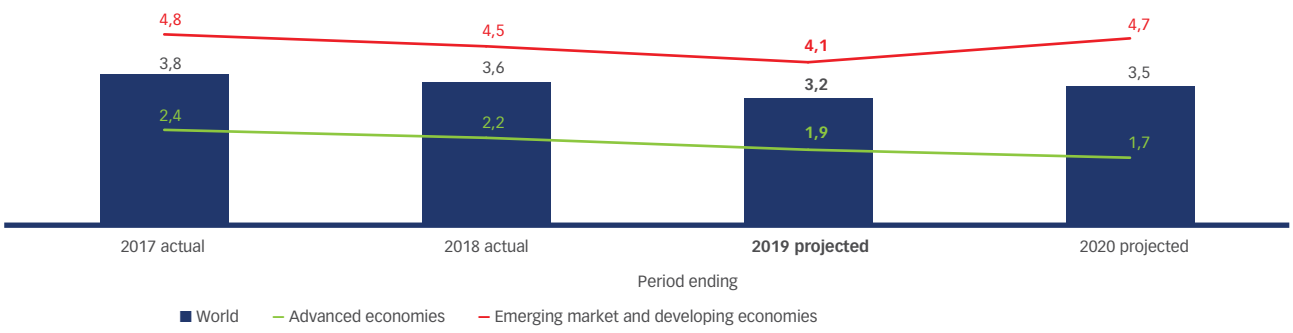
6,9% Forecast annual compound growth rate in worldwide prescription drug sales from 2019 to 2024

Source: Evaluate, June 2019.

Significant uncertainty resulting in subdued global economic growth
According to the International Monetary Fund ("IMF") global economic growth remains subdued and is forecast at 3,2% in 2019, reducing from the 3,9% forecast a year ago and declining on the 3,6% achieved for 2018. This follows the intensified United States-China trade and technology tensions, prolonged uncertainty on Brexit and rising geopolitical tensions in certain territories. While the projected global economic growth rate improves slightly to 3,5% for 2020, this forecast presumes a stabilisation in currently stressed emerging market and developing economies (such as Argentina and Turkey) and progress toward resolving trade policy differences. In South Africa, economic growth has been slower than expected with business and consumer confidence being affected by indications that the ruling party is divided on policy, while further turmoil in State-owned enterprises, most notably, Eskom, persist.

Volatility in exchange rates
Our financial reporting is in South African Rand and fluctuations in this currency have a resultant impact on the Group's reported financial results. For the 2019 financial year, the Rand/EUR exchange rate averaged R16,193/EUR (2018: R15,326/EUR) and the Rand/USD exchange rate averaged R14,194/USD (2018: R12,856/USD). The Rand continued to experience considerable volatility over the financial period. Domestic factors such as the holding of national elections, political uncertainty, slower than expected rate of economic reform, especially in State-owned enterprises, as well as the possibility of a ratings downgrade, together with the continued trade tensions (South Africa has close trade ties with China) and emerging market contagion, weighing on the Rand's performance.

World economic outlook growth projections
(Growth rate %)



Source: IMF World Economic Outlook Update, July 2019.

Demographic shifts influencing global healthcare needs

Key demographic trends are changing the world we live in:

- The world's population of 7,7 billion in 2019 is projected to increase to 8,5 billion people by 2030 and reach almost 10 billion by 2050. The current population of Sub-Saharan Africa is projected to double by 2050;
- Global ageing is expected to accelerate in the coming decades as a result of significant gains in life expectancy in recent years together with declining fertility rates; and
- Increasing urbanisation and improved economic activity results in better informed patients, more active in sustaining their health with increasing expectations for access to medicines and surgical procedures.

In **2018**, for the first time in history, persons aged 65 or above outnumbered children under five years of age (United Nations)

While the improvement in life expectancy, increased population growth, predominantly in the developing world, and the resultant increase in demand for access to healthcare creates a number of opportunities, it also results in significant challenges. These demographic shifts result in larger populations requiring healthcare for longer periods. The prevalence and diagnosis of non-communicable diseases and so-called lifestyle diseases and chronic conditions, such as cancer as well as cardiovascular, metabolic and respiratory diseases, is increasing, particularly in developing countries as their populations grow. This increasing demand for healthcare is placing a significant strain on already burdened healthcare systems and limited healthcare budgets.

In **2016**, an estimated 41 million deaths occurred due to non-communicable diseases ("NCDs"), accounting for 71% of the overall total of the world's 57 million deaths (World Health Organization ("WHO"))

Scientific and technological developments changing the competitor landscape

Innovation in medical sciences and technology continues to advance, largely focusing on disease areas afflicting developed countries. New drug development is, however, expensive and takes considerable time with the high rate of new product development failures presenting a significant risk to those companies undertaking research and development activities. While technological breakthroughs in the design and testing of novel compounds present the opportunity for using small (chemical) molecules as the basis for new medicines, there is considerable potential for biological innovation in new disease areas, with increased approvals for novel large (biologic) molecules. Global investment in biotechnology has shown a notable increase, particularly in emerging economies with a focus on catering for an ageing population in more developed countries (IQVIA Global Biotech). Biosimilars, which are biological medicines that are highly similar to already approved biological medicine, are also expected to have a significant impact. While there are challenges to successfully launching biosimilars, the IQVIA Institute is predicting that 77% of the current biotech spending will be subject to some form of competition by 2027.

By **2023**, biosimilar competition on the biologics market will be nearly three-times larger than it is today (IQVIA)

Innovation in technology and the onset of the fourth industrial revolution is also expected to have a considerable impact on the healthcare industry. Advances in artificial intelligence as well as digital technology, data and analytics are enabling researchers to explore and interpret increasing volumes of data more efficiently. Further advances in remote monitoring and care technology as well as wearable technology are expected to revolutionise diagnosis, treatment planning, patient monitoring and long-term care.

Ongoing pressure on medicine pricing

The increasing demand for healthcare, partly driven by demographic and socio-economic factors, continues to place significant strain on public healthcare systems. The debate on access to affordable healthcare, pricing and reimbursement has gained momentum in policy discussions across the world as countries are increasingly seeking to achieve better value in healthcare spending. A number of countries have introduced rigorous measures to address this pressure through various controls on pricing and reimbursement. Healthcare companies are increasingly being asked to demonstrate the clinical and economic value of their products in new ways. Achieving the appropriate balance between providing a sustainable return on investment for pharmaceutical companies while ensuring that treatments remain affordable to patients that need them is an ongoing challenge for healthcare systems globally. The need for this balance emphasises the importance of the role of older medicines which have proven therapeutic outcomes and offer more affordable treatment for many disease types.

Outbreak of African Swine Fever

The outbreak of African Swine Fever in China has had an impact on the global supply of pig mucosa, the raw material used to manufacture heparin which is the active ingredient in anticoagulant pharmaceuticals, including our Fraxiparine and Mono-Embolex brands (refer to page 54). While we do not source our heparin from China, this outbreak resulted in Chinese manufacturers sourcing increasing volumes of EU and USA mucosa constraining heparin supply availability and escalating pricing.

Our external operating context continued

Climate change impacts business sustainability and human health

Rising sea levels, droughts, severe weather and other climate change risks threaten manufacturing capacity as well as supply and distribution chains and create uncertainty regarding the continued availability of resources required to sustain current operating models. Climate change affects the social and environmental determinants of health, such as clean air, safe drinking water, sufficient food and secure shelter. The pharmaceutical industry is highly dependent on the reliable supply of electricity and clean water for its manufacturing processes.

There is an increasing expectation that companies proactively respond to these environmental risks and adapt their strategies to address sustainability issues in the broader societal context.

Increasing expectations for companies to create stakeholder value

Stakeholders expect companies to demonstrate the long-term value they create for all of their stakeholders and that they operate with integrity and transparency. In the wake of a number of corporate governance failures, there is increasing scrutiny of companies and uncertainty relating to the sustainability of their business models. Instances of questionable practices in the pharmaceutical industry relating to unethical sales and marketing, quality failures at manufacturing sites, falsification of research data as well as predatory pricing practices have damaged the reputation of the industry which is now faced with the challenge of restoring stakeholder trust.

Positive pharmaceutical industry outlook

Worldwide prescription drug sales to reach USD1,2 trillion in **2024**

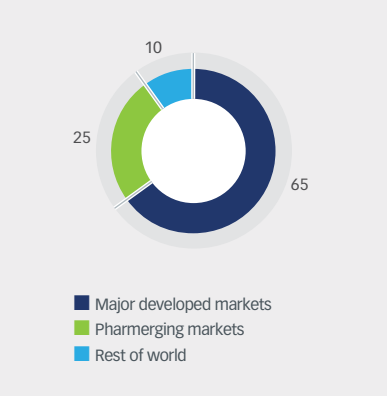
Despite the uncertainties, pressures and influences, the broader outlook for the pharmaceutical industry remains positive with the industry expected to experience continued sales growth, Evaluate's World Preview 2019, Outlook to 2024 (June 2019) shows that prescription drug sales are forecast to grow at an annual compound rate of 6,9% from 2019 to 2024 reaching USD1,18 trillion worldwide (compared to the annual compound rate of 2,3% achieved over the period 2010 to 2018).

The anticipated launch of novel therapies addressing key unmet needs, as well as the growing demand from emerging economies are expected to be the major growth drivers. Tempering this growth outlook are factors such as increased payer scrutiny as well as sales losses due to genericisation and biosimilar competition.

Growth in medicine spending in pharmerging* (as defined by the IQVIA Institute) markets is derived primarily from increasing per capita use, while some markets are seeing an uptake of new medicines as patient's ability to afford their share of costs improves with economic growth. IQVIA predicts pharmerging markets will grow by 5% to 8% reaching USD355 to USD385 billion by 2023. These countries have widely varying economic, social and healthcare environments and, while they share a common theme of lower-cost non-original medicines, they retain significant variation in the mechanisms with which they fund, manage and oversee healthcare and medicines.

10 of the 20 biggest pharma markets by **2023** will be Pharmerging*

Predicted market share by 2023
(%)



** Pharmerging markets are those with per capital income below USD30 000 and a five-year aggregate pharmaceutical growth over USD1 billion.*

Source: The Global Use of Medicine in 2019 and Outlook to 2023, IQVIA Institute, January 2019.

Global top 20 countries ranking and spending relative to the United States predicted for 2023

2023 rank (2018 rank)	Country	% of US
1 (1)	USA	100
2 (2)	China	27
3 (3)	Japan	12
4 (4)	Germany	10
5 (7)	Brazil	7
6 (6)	Italy	6
7 (5)	France	6
8 (8)	United Kingdom	5
9 (11)	India	5
10 (9)	Spain	5
11 (10)	Canada	4
12 (13)	Russia	4
13 (12)	South Korea	4
14 (17)	Turkey	3
15 (19)	Argentina	3
16 (14)	Australia	2
17 (15)	Mexico	2
18 (16)	Poland	2
19 (18)	Saudi Arabia	2
20 (26)	Vietnam	1

*Key: Shaded countries are classified as Pharmerging**
Source: Adapted from data in The Global Use of Medicine in 2019 and Outlook to 2023, IQVIA Institute, January 2019.

Our response to the external environment

In response to this dynamic environment and the related challenges and opportunities, we have developed a strategy aimed at creating sustainable value over the medium to longer term.

Our off-patent branded portfolio of complex Sterile Focus Brands, while not immune to pricing pressure, is competitively priced and has demonstrated clinical value. Our off-patent exposure means we are not exposed to the risks associated with patent cliffs.

We understand that access to healthcare is one of the biggest challenges facing modern society. Our contribution, as a manufacturer of pharmaceuticals, is to ensure the supply of high quality medicines that provide value through meeting the medical needs of patients. We continue to carefully shape our product portfolio to achieve a diverse product range in targeted therapeutic areas focusing on specialty products and unique, trusted brands in specific regional territories, underpinned by our expertise in complex manufacturing and supply chain management.

We have made significant investments in upgrading our older medicines to meet modern regulatory requirements, providing value-for-money alternatives to new and more expensive innovative drugs. Our portfolio of products has strong brand-equity, supporting the promotion of both our global Sterile Focus and Regional Brands therapeutic segments. Our Regional Brands cover a diverse basket of products, including over the counter ("OTC") and generic products, achieving further diversification in our product portfolio. We are a key global supplier of the niche specialty pharmaceuticals which are our focus and have made significant investment in production facilities with the complex manufacturing capabilities required.

We have a distribution network supplying medicines to approximately 150 countries and territories with a strong presence in both developed and emerging markets, thereby reducing our exposure to market risks in any one country. This is enabled by an effective supply chain model supported by in-country distribution to maximise the reliable supply to many geographies, making our medicines available to a significant population of patients. This provides us with the opportunity to leverage the increasing demand for medicines driven by demographic trends, supported by global capabilities with a commercial approach tailored for each country.

We have continued to invest in our manufacturing capacity and have expanded our capability in manufacturing niche products with a high degree of complexity, including APIs and sterile FDF manufacturing. Increased manufacturing volumes, optimisation of our operating model and a focus on manufacturing efficiencies provide for enhanced synergies unlocking value creation in the restrictive price environment.

Our product and geographic diversity helps minimise the exposure to geopolitical, economic and currency volatility creating resilience to economic uncertainties and downturns.

A key issue for the pharmaceutical industry is to retain the trust of its stakeholders, including governments, regulators, patients and society at large. Responsible corporate citizenship and sustainability objectives underpin our strategy. We understand that strong corporate governance, high ethical standards and a stakeholder inclusive approach are essential to successfully navigating the complex, dynamic and uncertain global environment in which we operate.

Our sustainable business strategy

We recognise that doing business in a sustainable and responsible manner is integral to ensuring our future viability. Sustainability considerations underpin our strategy and are integrated into the way we do business.

Our vision

Our vision unites us in our purpose

To deliver value to all of our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines and products globally.

Our values

Our shared values are the foundation as we work toward achieving our vision

Teamwork: We optimise our performance by pulling together. Our combined capabilities exceed the sum of each individual.
Innovation: We constantly search for better ways of doing things and are solution oriented.
Commitment: We go the extra mile, seeking to exceed expectations.
Excellence: We strive to be the best we can be and to deliver to the highest standards.
Integrity: Our integrity is not negotiable.

Healthcare. We care.

Our credo underpins our commitment to create value for all our stakeholders in a manner that is responsible, transparent and respects the rights of all

Our sustainability themes (refer to pages 24 and 25) are integrated in our corporate strategy:

- Patients
- Employees
- Society
- Environment

Our five strategic objectives provide the foundation to deliver our strategy of creating long-term value for all of our stakeholders. Our focus areas outline our plan of action over the short- to medium-term.

Strategic positioning

Our strategic positioning supports delivery of our vision.

We seek to achieve this through developing a differentiated portfolio of relevant IP, creating value through our complex manufacturing capabilities and enabling access through our globally integrated supply chain.

Our market positioning is focused on leveraging opportunities presented by emerging markets, balanced with presence in more established, stable developed markets.

Through our dynamic portfolio management model, we build, maximise and reshape our basket of products to achieve a global product portfolio of niche, specialty products complemented by leading Regional Brands, aligned to our manufacturing capability.

We implement our strategy by applying the resources we have available in execution of our business model to achieve sustainable growth and value creation (pages 08 and 09).

We have identified KPIs designed to provide a defined measure of performance against our strategic objectives. We track our performance by reporting against these KPIs to the Board on a quarterly basis. In this way, the performance of executive directors, executives and senior management is aligned to our sustainable business strategy. Reporting on our performance against our strategic objectives is included in Our strategic business performance (pages 36 to 45).

Assurance on our KPIs

We obtain assurance on these reported KPIs through a combined assurance approach:
ERM ◆ PwC ● Internal Audit ■ Empowerdex ▲

Further discussion on combined assurance is included on page 26.

To enhance access to high quality affordable medicines

Our focus areas

- Develop and strengthen pipeline and accelerate product launches
- Expand presence in emerging markets with a focus on establishing a meaningful presence in countries with high growth potential
- Implement initiatives to achieve security of supply
- Explore opportunities for strategic regional partnerships
- Establish a route to market strategy for the United States pipeline

KPI

- In-market sales value of total product pipeline for the next five years ■
- Number of product recalls ■

To achieve strategic advantage though our integrated supply chain

Our focus areas

- Optimise operations and drive efficiencies and reduce cost of goods
- Achieve the transfer of the manufacture of complex, sterile products to Aspen sites over the next three years
- Focus on supply performance and optimise carrying levels of inventory

KPI

- Gross profit percentage ●

To provide a safe, challenging and rewarding environment for our employees

Our focus areas

- Build a culture of operational excellence and cross-functional collaboration
- Strengthen leadership capacity across the Group
- Harness the benefits of diversity and inclusion
- Focus on the development and retention of required skills
- Maintain a strong health and safety culture across our operations

KPI

- Average staff turnover ■
- Average training spend per employee ■
- Percentage of females in top 100 positions in the Group ■
- Percentage of black employees in top 50 positions in South Africa ■
- Lost work day frequency ratio (LWDFR)# ◆

To practice good corporate citizenship

Our focus areas

- Maintain high governance and ethical standards
- Enhance relationships and reputation with our various stakeholders
- Explore resource efficiency projects to secure security of supply and minimise impact on the environment

KPI

- BBBEE accreditation in South Africa ▲
- FTSE/JSE Responsible Investment Index score
- Carbon emissions# ◆
- Waste recycled# ◆
- Water withdrawn# ◆
- Electricity used# ◆

To create sustainable economic value for all our stakeholders

Our focus areas

- Drive organic growth through maximisation of the potential of existing portfolio and markets
- Increase operating margins and generate strong free cash flow
- Accelerate deleveraging
- Remain alert to acquisition, disposal and collaboration opportunities which present strategic value
- Optimise the allocation of available capital
- Deliver economic benefits to suppliers, employees, governments, communities and shareholders

KPI

- Revenue growth ●
- NHEPS growth ●
- Normalised EBITDA growth ●
- Normalised EBITDA margin ●
- Return on ordinary shareholders' equity ●
- Operating cash flow per share ●
- Leverage ratio ●

 # Measured for manufacturing sites only (includes divested business until divested date, does not include New Zealand New Milk ("NZNM")) .

Our approach to sustainability

We are committed to creating value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all. We recognise that to achieve long-term success, we need to deliver our business strategy in a way that creates value not only to Aspen and its shareholders, but also to society and the planet.

Our sustainability commitments

We believe that doing business in a sustainable and responsible manner is integral to our purpose, our values and our philosophy "Healthcare. We Care". Our sustainability commitments are integrated into the Group's strategic objectives and underpin the way we do business. Our sustainability commitments are determined with consideration to the following key aspects:

United Nations Global Compact ("UN Global Compact")

We are signatories to the UN Global Compact and have aligned our sustainability commitments with the principles outlined in the UN Global Compact, which cover human rights, labour, environment and anti-corruption. Our Communication on Progress report, available online, sets out our approach to the application of these principles.

United Nations Sustainable Development Goals (SDGs)

Launched in September 2015, the United Nations 2030 Agenda for Sustainable Development is a global action plan for people, planet and prosperity. The 17 SDGs aim to tackle the world's most pressing challenges through the promotion of sustainable development. As a multinational pharmaceutical company, we have an important role in contributing to the delivery of the SDGs. While all of the SDGs are essential, we have identified seven goals where we believe we are able to have the greatest impact. We are in the process of further developing our approach for contributing toward the delivery of these goals.

Material sustainability topics

We performed a sustainability-related materiality assessment to identify the sustainability issues that are most critical to our business and our stakeholders. This process assists us in identifying sustainability focus areas and informs our strategy and the content of our reporting. We align our identification of material sustainability topics with the GRI Standards, UN Global Compact, the FTSE/JSE Responsible Investor Index assessment criteria as well as considering information relating to the pharmaceutical sector; our regulatory requirements and matters raised during engagement with our people and our external stakeholders.

Our sustainability themes

We have grouped our sustainability commitments into four key themes:

Theme 1

Patients

We are committed to enhancing access to medicines and providing reliable supply of quality products, improving the health and quality of life of patients and enhancing access across the geographies of our operations.

SDGs

Strategic objectives

To enhance access to high quality, affordable medicines

Capitals

Intellectual Manufactured

Material topics

- Access to healthcare
- Patient safety
- Supply of quality products
- Responsible marketing

Theme 2

Employees

Strategic objectives

To provide a safe, challenging and rewarding environment for our employees

We are committed to creating a healthy and safe work environment, where everyone is treated fairly and with respect and have the opportunity to develop to their full potential.

SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Capital

Human

Material topics

- Employee health and safety
- Labour rights
- Diversity and inclusion
- Workforce development

Theme 3

Society

Strategic objectives

To practice good corporate citizenship

We strive to operate an ethical and responsible business underpinned by our shared values and governance structures. We uphold the dignity, fundamental freedoms and human rights of our employees, contractors and the communities in which we live and work, and others affected by our activities.

SDGs

17 PARTNERSHIPS FOR THE GOALS

Capital

Social & relationship

Material topics

- Human rights
- Ethical business culture
- BBBEE in South Africa
- Socio-economic development and investment in communities
- Fair taxation

Theme 4

Environment

Strategic objectives

To practice good corporate citizenship

We are committed to practice responsible environmental stewardship, seeking to minimise any negative impact our operations have on the environment and to comply with applicable laws, regulations and other environmental management requirements.

SDGs

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Capital

Natural

Material topics

- Carbon emissions
- Electricity
- Water and effluent
- Waste

Our risks and opportunities

Risks are inherent to our business. Our operating environment is complex, dynamic, highly regulated and uncertain. Identifying, analysing and responding appropriately to these business risks is vital to attaining our strategic objectives, protecting the interests of stakeholders and meeting legal requirements. Our success depends not only on our ability to minimise downside impacts, but also to capitalise on the potential opportunities for value creation presented in an uncertain future.

An integrated approach to risk management

We are committed to pursuing our strategic objectives in a responsible manner in order to create sustainable value for our stakeholders. To this end, we have an integrated approach to risk management giving due consideration to economic, environmental and social factors which impact Aspen and our stakeholders. Both the opportunities and threats underlying each identified risk are considered to ensure a balanced outcome between risk and reward for the sustainability of the Group as a whole.

The Group Risk Management Policy and the Risk Management Framework provides structure for these activities to be implemented consistently and in alignment with the Group's risk appetite. The Board is ultimately responsible for risk governance. The Board has delegated oversight of the implementation of risk management to the Audit & Risk Committee. Management is responsible for the implementation of effective risk management. The Audit & Risk Committee obtains assurance of the effectiveness of the risk management process and risk responses through the implementation of a combined assurance approach (refer to the Audit & Risk Committee report for more information).

The key risks and opportunities that have a material impact on our ability to achieve our strategic objectives and create value are outlined in the table below. In the pages that follow, we provide further context, the impact on value creation and our high-level strategies to respond to these.

Summary of key risks and opportunities

(presented in alphabetical order)

1. Attraction, development and retention of skills
2. Capital structure and debt obligations
3. Continuity of supply
4. Delivery of pipeline and new products
5. Ethical conduct and stakeholder relationships
6. Execution of our commercial strategies
7. External macro factors
8. Legislation, regulation and compliance
9. Patient safety and product quality
10. Pricing of medicines
11. Protection of the health and safety of our employees and the environment
12. Realising expected benefits from acquisitions and divestments

1 Attraction, development and retention of skills

Strategic objectives

To provide a safe, challenging and rewarding environment for our employees

To practice good corporate citizenship

Capital

Human

Context

We need a diverse and engaged pool of talented employees to execute the Group's strategy in an increasingly complex and uncertain environment. There is fierce competition for the best talent, especially in certain technical or specialist fields and in certain of our operating regions. Employee engagement and retention can be impacted by organisational change and the resultant uncertainty.

Impact on value creation

A motivated and productive workforce enables a high performance culture, innovation and alignment on strategic goals. Through the development of a compelling employee value proposition, Aspen seeks to position itself as an employer of choice in the competitive landscape.

Our response

Talent management is a key focus area in our human resources strategy and initiatives are being introduced to better define and understand our talent supply and demand requirements. Targeted programmes are being implemented to increase diversity and gender representation, accelerate development of high potential employees and increase employee readiness for future positions. Change management initiatives are implemented in business units impacted by organisational changes.

2 Capital structure and debt obligations

Strategic objectives

To create sustainable economic value for all our stakeholders

Capital

Financial

Context

The ability to achieve our strategy is dependent on the availability of appropriately structured and priced capital. Following a number of significant acquisitions and further extensive capital expansion projects, the Group has an elevated level of debt obligations. As a consequence, a portion of our cash flow from operations is committed to service this debt, reducing cash flow available for other purposes. We are also required to meet certain debt covenants. We need to achieve an optimal balance of equity and debt which enables us to finance future investments in a responsible manner.

Impact on value creation

Achieving an optimal capital structure is key to achieving sustainable value creation for the Group's key stakeholders.

Our response

Significant transactions or capital investments decisions are made following an appropriate due diligence with due consideration of achieving a balance between pursuing growth and protecting the balance sheet. The Board provides oversight of the Group's capital structure and capital allocations. A strategic focus is being placed on accelerating the deleveraging of the balance sheet to create headroom for new opportunities.

Our risks and opportunities continued

3 Continuity of supply

Strategic objectives

To enhance access to high quality, affordable medicines

To achieve strategic advantage through our integrated supply chain

Capital

Manufactured

Context

Our end-to-end value chains may be impacted by unplanned external interruptions, including non-availability of essential raw materials, utilities and services or closure of our manufacturing sites as a result of natural disasters, civil unrest, fire and extreme weather. The technical and regulated nature of the manufacturing and supply of pharmaceuticals leads to a heightened inherent risk of quality failures which could result in batch rejection or product recall (refer to Patient safety and product quality risk). We have a key reliance on certain specialised raw materials and third party manufacturers and we rely on these parties to supply products within specification and required time frames. We continue to be engaged in multiple projects to transfer production of certain products to new lines within our own facilities or alternative production sites. These technical transfers offer access to Aspen's more cost-effective and/or reliable manufacturing, but can pose execution risk.

Impact on value creation

We strive to maintain a reliable supply of medicines to our customers and to the patients that depend on them. Our ability to effectively manage the risks within our complex supply chain and to effectively respond when disruptions do occur is a key value driver and underpins our reputation as a responsible and reliable pharmaceutical company. Consistent availability of supply also allows us to take advantage of supply disruptions experienced in respect of competing products.

Our response

We build strong long-term relationships with API suppliers and third party manufacturers to ensure continuity and security of supply. Where appropriate, we manufacture our own API. Skilled and experienced teams are involved in technical transfer projects and there is oversight by the Group operations division to ensure required milestones are achieved. Safety stock of raw materials and finished product is generally held for key products to provide a buffer in the event of supply disruption. We are continually strengthening our systems and processes to allow for coordinated response to supply disruptions. Appropriate insurance coverage of high-impact events is held.

4 Delivery of pipeline and new products

Strategic objectives

To enhance access to high quality, affordable medicines

Capital

Intellectual

Context

The identification, development and commercialisation of new products is both time consuming and costly, and involves a high degree of business risk. A project may fail or be delayed at any stage of the process due to a number of factors. As a result of the lengthy timeframes associated with new product development projects, the assumptions made at the initiation of these projects could change impacting the planned return on investment. New products may not be accepted by the health system, may not perform as expected or may face greater than anticipated competition. Timing of new product launches is dependent on the speed of processing of the necessary registrations by the regulatory authorities in each country.

Impact on value creation

Products that are successfully launched from the pipeline represent opportunities to expand access to treatment options for healthcare providers and patients. A healthy pipeline is a key driver in our sustainable growth strategy representing opportunities to leverage our investment in intellectual property and manufacturing capability.

Our response

Our product portfolio management strategy focuses on the identification of opportunities that align with our strategy, that leverage our intellectual and manufacturing advantage and that align with the local market conditions in a broad geographic footprint. Through the implementation of product development lifecycle management, our regional and Group business development teams continuously review and refine our pipeline, increasing focus on molecules with confirmed commercial feasibility and enhanced value creation potential.

5 Ethical conduct and stakeholder relationships

Strategic objectives

To provide a safe, challenging and rewarding environment for our employees

To practice good corporate citizenship

Capital

Social & relationship

Context

We understand that to be successful, we must conduct our operations ethically and in a way that meets the expectations of our wide range of stakeholders. Poor ethical behaviour or a failure to subscribe to our values or our Code of Conduct could potentially result in the loss of trust by stakeholders and reputational damage.

Impact on value creation

Maintaining a corporate culture which is underpinned by ethical decision-making and conduct is foundational to building trust with our various stakeholders.

Our response

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct is a values-based code aimed at governing the conduct of our employees. A formalised ethics management programme has been implemented and the effectiveness of this programme is overseen by the Social & Ethics Committee Our approach to stakeholder relationship management aims to identify and transparently engage on issues that may impact our commitment to practice good corporate citizenship.

6 Execution of our commercial strategies

Strategic objectives

To enhance access to high quality, affordable medicines

To create sustainable economic value for all our stakeholders

Capitals

Intellectual Financial

Context

There are a number of risks that could impact the development and execution of our commercial strategies. Increased competition, the introduction of new treatment regimes, changes in health policies, the introduction of new pricing policies, volatile market environments, commercial team performance and availability of supply are just some of the factors that could impact the achievement of expected performance. If commercial performance does not succeed as anticipated, increased pressure is placed on financial sustainability. Sustained deterioration in the commercial performance of specific products may result in an impairment of intellectual property.

Impact on value creation

The ability to achieve our commercial performance expectations underpins the strategy of the Group to create sustainable long-term value for all of our stakeholders.

Our response

We continue to reshape our product portfolio to achieve an appropriately balanced and diversified basket of Global and Regional Brands, with a focus on niche specialty brands where we perceive opportunities to be better. We continually invest in our commercial team structures, processes and skills as well as seeking mutually beneficial collaboration arrangements.

Our risks and opportunities continued

7 External macro factors

Strategic objectives

To enhance access to high quality, affordable medicines

To achieve strategic advantage through our integrated supply chain

To create sustainable economic value for all our stakeholders

Capitals

Social & relationship

Financial

Context

We are a multinational Group and therefore are exposed to various geopolitical, social and economic risks that may potentially impact our operations. These risks are complex and constantly evolving creating an uncertain environment in which to do business. While many territories present opportunities, these macro factors can create impediments to potential growth such as policy uncertainty, access to funds, currency volatility, rising interest rates, social unrest and increased inflationary effects. Also refer to Our external operating context on page 18.

Impact on value creation

The ability to effectively navigate the dynamic and uncertain market environments creates opportunity to achieve growth, enhance returns and further diversification.

Our response

Our diverse geographical footprint provides some mitigation to localised macro factors. We continuously monitor SED and geopolitical events in countries where we operate and response strategies are implemented where required.

8 Legislation, regulation and compliance

Strategic objectives

To enhance access to high quality, affordable medicines

To achieve strategic advantage through our integrated supply chain

To provide a safe, challenging and rewarding environment for our employees

To practice good corporate citizenship

To create sustainable economic value for all our stakeholders

Capital

Social & relationship

Context

The pharmaceutical industry is subject to extensive, complex, costly and evolving regulations governing the approval, manufacturing, labelling, marketing and sale of pharmaceutical products. These regulations vary by region and country and are rigorously monitored and enforced. All other aspects of our business are subject to extensive legislation and regulation, which increases in complexity due to the multinational nature of our business operations. Changes in these laws and regulations can significantly impact our operations or increase the risk of non-compliance.

Impact on value creation

Maintaining compliance with relevant laws, regulations and standards are "our licence to operate" and are fundamental to our commitment to be a responsible corporate citizen.

Our response

Our business behaviour is underpinned by our strong ethical and compliance culture. We have developed a robust regulatory and compliance management framework across the Group's operations. Legislative and regulatory developments are monitored on an ongoing basis. Internal communication and training of key regulatory and compliance requirements is performed. Legal and regulatory compliance is monitored by Group executives and the Board.

9 Patient safety and product quality

Strategic objectives

To enhance access to high quality, affordable medicines

To achieve strategic advantage through our integrated supply chain

Capitals

Intellectual Manufactured

Context

Our products, most of which are prescription medicines, are used by patients every day in a vast number of countries. We have the responsibility to implement appropriate pharmacovigilance procedures and systems to identify, investigate and resolve any potential safety concern relating to our products. The quality requirements for pharmaceuticals are rigorous across the entire supply chain and include standards that are applicable to suppliers, manufacturing and distribution. The highly complex technical manufacturing processes associated with our products increases the inherent risk of quality deviations and batch rejection.

Impact on value creation

Our overriding responsibility is to the patients that use our products, the healthcare professionals that prescribe them and the regulators who protect public health. Our ability to provide a reliable supply of safe and effective medicines, and effectively respond to a safety or quality event should it occur, underpins the trust of these stakeholders in the Aspen brand.

Our response

Our Group Pharmacovigilance team supported by local business units globally, are responsible for monitoring and managing the safety of all our products throughout the product lifecycle using robust systems and processes to monitor manufacturing quality standards, compliance with current GMP and other regulatory requirements. Our Quality Assurance department conducts audits to support the achievement of our high quality standards. Our responsibility to our patients and consumers is monitored by the Social & Ethics Committee The Group holds appropriate product liability insurance.

10 Pricing of medicines

Strategic objectives

To enhance access to high quality, affordable medicines

To create sustainable economic value for all our stakeholders

Capitals

Intellectual Manufactured

Context

There is a heightened focus on rising healthcare costs and government scrutiny of the pricing of pharmaceuticals in most countries. Many governments have implemented programmes to control the pricing of pharmaceuticals which may include setting the price for pharmaceuticals, legislating price cuts and introducing programmes to increase the use of generics. The governments of the countries where we operate may, in the future, implement further regulations that impose additional pressure on the price of pharmaceutical products. In emerging markets, governments are increasingly controlling pricing and introducing price referencing. Such changes impose increased pressure on margins and impact our financial performance. Also refer to Our external operating context on page 18.

Impact on value creation

Access to affordable healthcare is a global challenge. Through active engagement with healthcare providers, payers and regulators, we aim to implement responsible pricing strategies that achieve the appropriate balance between making our products affordable, while supporting the financial sustainability of the Group.

Our response

To manage pricing pressure, we actively engage with regulatory authorities and other key stakeholders on regulatory/pricing issues that affect the industry. The pricing mechanisms in each country are monitored and adjustments are made to the business model and/or product portfolio as necessary to maintain overall profitability in an ethical and compliant manner. In addition, by continuing to invest in our own manufacturing capabilities, efficiencies and synergies are unlocked to protect profit margins in this restrictive and regulated pricing environment.

Our risks and opportunities continued

11 Protection of the health and safety of our employees and the environment

Strategic objectives

To provide a safe, challenging and rewarding environment for our employees

To practice good corporate citizenship

Capital

Human

Context

The pharmaceutical and chemical manufacturing industries present inherent health and safety risks for our employees and contractors on our sites. Our manufacturing processes involve the use of chemicals and include hazardous or toxic materials increasing the risk of environmental contamination. Continuous focus is required to achieve compliance with the environmental, health and safety laws and regulatory enforcement in the various territories in which we operate.

Impact on value creation

Maintaining a safe and healthy working environment for our people and minimising the impact our activities have on the environment in which we operate are strategic imperatives that underpin our commitment to be a responsible corporate citizen.

Our response

We have implemented a Group Safety, health and environment ("SHE") programme, aligning our health and safety management systems to global standards with all of our fully commercialised primary manufacturing sites and API sites holding either the OHSAS 18001 or ISO 45001 standard certification. Our SHE performance is monitored by the Social & Ethics Committee.

12 Realising expected benefits from acquisitions and divestments

Strategic objectives

To create sustainable economic value for all our stakeholders

Capitals

Financial Intellectual

Context

An integral component of our strategy is achieved through acquisition, licensing, collaboration and divestment transactions. In respect of acquisitions, there is the risk of the Group's failure to identify suitable acquisition opportunities, realise the expected benefits of the acquisitions and incurrence of unexpected risks and obligations. The success of the Group's acquisition strategy is dependent, among other things, on the successful integration of the technologies, products and businesses it acquires, and their subsequent expansion. The Group may decide to dispose of assets that are no longer deemed core. When disposing of assets, the Group may not be able to complete the disposal on terms deemed acceptable, may be required to give guarantees and warranties, and may expose itself to claims from purchasers, as well as creditors of the transferred business.

Impact on value creation

Through successful portfolio management, we are able to meet the medical needs of patients, build focused therapeutic portfolios, achieve a desired geographical footprint and leverage our manufacturing and supply chain capabilities. Transactions are key to our Portfolio Management Model, to provide the opportunity to accelerate strategy and to achieve accretive growth in the overall economic value of the Group.

Our response

We perform extensive due diligence to strategically identify, value and execute transactions. External specialists are involved where required. We have an established approval framework and proposed transactions are critically reviewed by Executive management, and where required, approved by the Board. We have dedicated integration teams to execute defined transition agreements to ensure a successful transfer of processes and product distribution. Post-acquisition performance is monitored closely to ensure integration and delivery on business plans.

Group Chief Executive's report

Key features of 2019

Continued evolution of Aspen

We remain focused on executing our strategy of transforming Aspen to a global multinational through our five strategic objectives.

See pages 36 to 45

Deleveraging the balance sheet

Through continued focus on strong cash flow generation and divestment of non-core assets, we have delivered on our commitment to significantly reduce net borrowings.

See pages 49 and 50

A values-driven organisation

Our foundational values are at the heart of our business and remain integrated into the way we do businesses.

See pages 22 and 23

A great team

Our ambition is to drive a high-performance culture that harnesses the skills, talent and energy of our diverse team of approximately 10 000 people.

See pages 68 to 73

Stephen Saad

Group Chief Executive

Aspen has continued to progress with the evolution of our business in order to sustainably position ourselves for the changing pharmaceutical landscape. Industry challenges include pricing challenges, generic commoditisation and ever-increasing regulatory demands on supply chains.

2019 has been an important year of delivery on our strategy to focus the business on our Sterile and Regional Brands, supported by our broad geographical representation and complex manufacturing capabilities.

In spite of challenges faced in 2019, we were able to deliver on our key short-term objectives. Net borrowings were reduced through a combination of strong operational cash flows and the disposal of the Nutritionals business.

Overall, revenue from continuing operations was up 1% (-2% at constant exchange rate CER).

The Commercial Pharmaceuticals business which comprises Sterile and Regional Brands increased by 3% (-1% CER) to R33,1 billion. The Manufacturing division declined by 5% (-11% CER) to R5,8 billion.

The performance of the Commercial Pharmaceuticals segment was negatively impacted by the Europe CIS region, Anaesthetics supply constraints and a strike at our South African facilities. This was offset by positive sales in Latin America, a strong showing in Asia Pacific and a favourable currency impact.

Sterile Focus Brands increased by 3% (-2% CER) to R15,3 billion. In spite of the decrease in CER, gross profit increased by 3%. The resultant gross margin percentage increase was driven by the benefits of our initiative to lower manufacturing costs.

Regional Brands increased by 3% to R17,8 billion (flat in CER). Strong performance from Australia and Latin America offset the negative impact of the South African strike and the underperformance of the Europe CIS oncology portfolio.

The Manufacturing segment was impacted by, *inter alia,* the suspension of heparin API sales (covered below) and the strike at the South African facilities.

Execution of focused goals

During the year under review, we have reflected on our strengths and capabilities and considered the risks and challenges facing the Group. We have focused our activities on achieving increased focus, reducing distractions, driving organic growth and deleveraging the balance sheet.

Achieving focus through Nutritionals divestment

Following the strategic review of the Nutritionals business and the evaluation of a number of options, we divested the Nutritionals business to the Lactalis Group. This option presented the most value to all Aspen stakeholders and is a significant step towards shaping Aspen into an enterprise intently focused on its core pharmaceutical business. The disposal of this business realised a net profit of R5,7 billion for the Group and, importantly, generated R10,3 billion in proceeds which we utilised to reduce our gearing.

Deleveraging the balance sheet

We made meaningful progress in our objective of deleveraging the balance sheet over the past year, with our continued focus on cash management resulting in a cash conversion rate of 107%. This cash flow, together with the proceeds received from the Nutritionals business and other strategic divestments, were deployed to reduce our debt by 27% in the second six months of the financial year, achieving a leverage ratio comfortably within the covenant level. Looking forward, our deferred payables for past acquisitions are no longer a material commitment and we project that our capital projects expenditure will also start tapering off after 2020. This reduction in our cash flow commitments, together with our ongoing focus on cash flow generation, cost reductions and operational efficiency across the Group, positions us for further reductions in our net borrowings.

Addressing performance in Europe CIS

Our strategic review of the European commercial business is well progressed, with the implementation of a number of initiatives to enhance the performance of our current sales force and how their performance is measured. This has included the restructuring and collapse of a number of regional structures, the introduction of direct oversight by the Group Commercial Head and the reallocation of existing sales resources between therapies and countries with the highest revenue potential and competitive advantage. The implementation of a sales effectiveness model is key to ensuring that we direct our efforts optimally in this region.

We recognise that our commercialisation capabilities in some countries in this region are sub-scale and that this has limited our ability to drive growth consistently across this important commercial business. During the year, we explored a collaboration option with a single strategic partner in respect of our Sterile Focus Brands in Europe, and while the valuation was compelling, we were not able to agree a final deal structure. We continue to explore mutually beneficial partnering opportunities in this territory, recognising that this might require us to focus on specific regions or product groups to achieve an optimal arrangement.

Segmentation of the South African business

A detailed strategic review of our South African commercial business was also undertaken during the year. Our review revealed that our diverse product portfolio holds significant potential but that restructuring was required to unlock the value from this portfolio. As a result, we established a new division in July 2019 called Ethicare which now holds the commoditised and traded products in this portfolio, while the Aspen division concentrates on our products with highest brand equity. This will allow for improved focus of promotional activities and customer support. I am very encouraged with the initial performance results which have emanated from this initiative.

Strengthening our position as a leading global producer of injectable steriles

We continue to build on our strength of producing high quality pharmaceuticals at affordable prices and on our reputation as a leading global producer of injectable steriles. We are making good progress with our major capital projects at our South African, French and German manufacturing sites. These projects are aimed at building world-class manufacturing facilities to insource a significant portion of the production for our Anaesthetics business and at securing the supply of our quality Anaesthetic products to patients across the world. All of these projects are expected to be complete and in full commercial production by FY2024.

A strategic response to heparin supply

In response to constrained world heparin supply, exacerbated by the outbreak of African Swine Fever in China, we suspended sales of heparin API to third parties in order to create a strategic stock build to mitigate the impact of this supply constraint on certain of our Thrombosis products where heparin is the key API. Although we have reduced the potential impact, we expect that the increase in heparin pricing will have a dilutive effect on the margins we derive from the Thrombosis portfolio in FY2020 and FY2021. Given the current elevated pricing of this API and the significant stockholding we have established, we are considering the commercial opportunity of recommencing the sale of heparin to third-party customers.

Progressing United States pipeline opportunities

We continue to progress the projects in our United States pipeline in order to realise the opportunities created by some of our differentiated APIs. We were pleased to receive the US FDA's approval for our Hydroxyprogesterone Carproate ("HPC") 1ml preservative free single dose vial ANDA in August 2019 and continue to work with our USA distribution partner to build share in this therapy area. In respect of our Women's Health products for the United States, we expect to launch conjugated estrogens in the second half of calendar year 2020. Our Port Elizabeth facility has received US FDA approval for Orgaran manufacture and the reactivation of the dossier for the USA has been approved. We are currently engaged in clinical trials to add critical indications to the Orgaran dossier.

Changing business model for public sector ARVs

We are proud of the pioneering role we were able to play in the local manufacture of ARVs in South Africa in the early 2000s and have continued to invest in more effective treatment options over the years. While the ARV volumes contribute to the manufacturing recoveries of our Port Elizabeth site, the volumes awarded to us under the SA tender have decreased notably over the past few years. The current public sector tender arrangements have also resulted in

foreign exchange and working capital exposure for the Group. We have had to adapt our approach to the supply of ARVs to the SA public sector to find a more sustainable commercial outcome for Aspen, while ensuring the SA public healthcare system retains access to effective and affordable ARVs. Post financial year-end, we concluded partnership discussions with Laurus Labs, in terms whereof they will supply the ARV API but carry the exchange rate and working capital exposure. Subject to Competition Authority approvals, we intend to further this arrangement in time by licensing our ARV portfolio to Laurus Labs, while continuing to manufacture the ARVs under a supply agreement.

A transparent dialogue with our stakeholders

While a number of external factors have contributed to the significant volatility and decline in Aspen's share price, we recognise the concern of investors with regards to the level of debt on our balance sheet and the organic growth prospects of the Group. We are also aware that decline in the share price creates uncertainty for our employees, suppliers, service providers, funders and business partners. As explained in this report, we believe that we have taken a number of positive steps towards addressing these areas of concern, to demonstrate the strength of our underlying business case and to provide context to the current circumstances as part of the evolution of Aspen. We remain committed to maintaining a transparent dialogue with all stakeholders.

An unflinching commitment to act with integrity

While all five of our core values have been set as the foundations for the Group's growth, it is our value of Integrity that has played a significant role in our development into a global pharmaceutical company. It is this value that allows our stakeholders to trust Aspen and for us to maintain our reputation as a provider of high quality, affordable products to patients. Our Group ethics management programme is a fundamental element to embedding our core values into the way we conduct our business and this programme received the highest support from the Board and executive management alike.

Our strength lies in our people

Our people and their commitment to Aspen remain key success factors for the Group. As we respond to dynamic markets and business requirements, we have needed to ensure our structures are fit for purpose and geared for sustained performance. To this end, we have undertaken organisational and structural reviews in a number of business units to better position ourselves for the changing environment. We continue to make headway in strengthening our diverse leadership bench and have made progress on succession planning for critical and key executive roles within the Group.

While we have had many successes, the year has been challenging on several fronts and I extend my gratitude to all Aspen employees for their continued hard work and steadfast support. I believe we are well positioned for an exciting future, united in our common purpose of providing patients with high quality medicines at affordable prices, which is essential to the effective healthcare of so many people around the world.

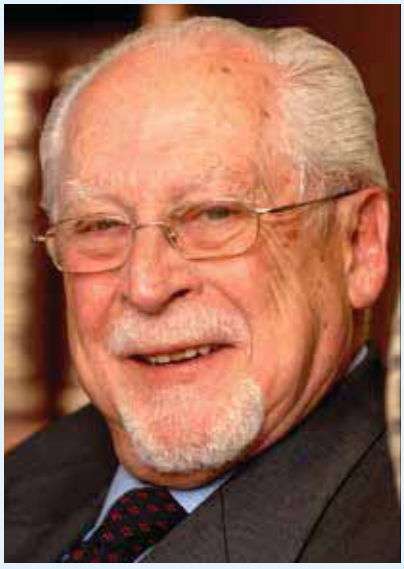
Looking ahead

While we know challenges still lie ahead, given the momentum we have already achieved in consolidating our position, we expect the performance for FY2020 to be broadly in line with the results reported for FY2019. Positive free cash flows and the benefit of reducing capital commitments aligned with our assessment of value realisation opportunities should result in further deleveraging of our balance sheet.

The dynamic and challenging environment requires us to continually assess our operations to ensure our business remains relevant. Adapting the business model to align with evolving circumstances is one of our key strengths and has seen us moving from a predominantly generics business to a business characterised by branded products, with a focus on sterile injectables. Delivering improved performance and better returns for shareholders over both the short- and long-term, while taking due stock of the broader societal expectations being placed on pharmaceutical companies, are very clear priorities. We look to FY2020 as a year in which we will continue to make meaningful progress in achieving these priorities.

Stephen Saad
Group Chief Executive

A tribute to Archie Aaron



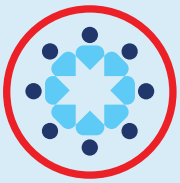
We learnt, with great sadness, of the passing of Archie Aaron in July of 2019. Archie was Aspen's first chairman from 1999 until 2007 and continued to serve as a Board member until 2010. Archie was a highly respected corporate attorney at Werksmans and served Aspen with great distinction throughout his tenure. We are extremely grateful for his wise counsel and dedication to the Group through its formative years.

Our strategic business performance

A high level overview of our performance over the past year and the outlook for each of our strategic objectives is set out below:

Strategic objective

To enhance access to high quality, affordable medicines



Near- to medium-term outlook

- The business segmentation of the South African business between the branded portfolio (Aspen) and commoditised and traded portfolio (Ethicare) is anticipated to unlock increased opportunities in consumer health and OTC products.
- Strategic partnership in South Africa with Laurus, a leading API supplier, will reduce exposure to exchange rate fluctuations in input costs and leverage our manufacturing and distribution capability.
- The supply constraints in the Anaesthetic Brands are expected to improve during the second half of FY2020.
- Pipeline opportunities in high potency niche products (estrogens, conjugated estrogens, low dosage Estradiols and HPC) for the United States and geographic expansion of Orgaran, in the Thrombosis portfolio.
- The initiative of South African Health Products Regulatory Agency ("SAHPRA') to expedite the backlog of registrations is expected to accelerate the unlocking of further value from our pipeline.
- Development and refinement of the product pipeline in line with the Group's targeted therapeutic categories for each region is being pursued in order to build on the areas of expertise which we have developed.
- Sales structures will be assessed on an ongoing basis to ensure that we are delivering the appropriate services to meet the demands of healthcare providers.
- Ongoing consideration of collaboration and partnering opportunities to achieve enhanced distribution capability in territories where we lack sufficient critical mass.

Performance highlights

- Continued targeted approach to product development and licensing initiatives creating a product pipeline aligned with the Group's future growth plans.
- Successfully launched a total of 47 products in 22 countries and territories, broadening access to high quality, affordable medicines and products.
- Increased our focus on therapeutic and core Regional Brands through the disposal of the Nutritionals business and other non-core products, most notably in Asia Pacific.
- Segmented our South African commercial business through the establishment of a new division, Ethicare, which commenced trading 1 July 2019, with the aim of achieving heightened product and customer focus for a broad portfolio of products.
- Strengthened regional leadership, structures and product portfolios further supporting our Regional Brands segmental performance.
- Continued to invest in our structures in China achieving growth in Anaesthetics and Thrombosis Brands resulting in an overall increase in revenue of 13% CER in this country.
- Commenced implementation of strategy to address underperformance of Europe CIS through restructure of regional leadership, reorganisation of sales resources and introduction of a sales effectiveness model.
- Maintained a strong quality culture achieving positive results from inspections undertaken by regulators and audits conducted by customers.
- Reduced the level of anaesthetic recalls from the elevated level experienced in the prior year.

Key risks and opportunities

(refer to pages 26 to 32)

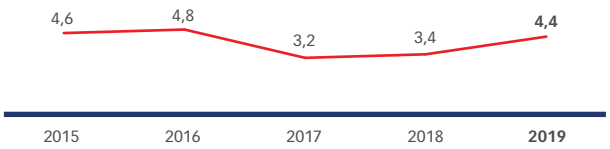
- Continuity of supply
- Delivery of pipeline and new products
- Execution of our commercial strategies
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality
- Pricing of medicines

Challenges experienced

- Supply disruptions, particularly in the anaesthetics supply chain required careful stock allocation and prioritisation to minimise the impact of supply shortages in markets.
- Complex regulatory environments and market dynamics in certain countries where we are seeking to establish an increased presence.
- Timing of new product launches is dependent on meeting regulatory requirements and the speed of processing of the necessary registrations by the regulatory authorities in each country.
- Increasing complexity of regulatory requirements and product regulations, requiring additional resources to maintain and upgrade our intellectual property.
- Increasing generic competition in the oncology portfolio, continued rationalisation of pipeline and reduced revenue and profit trajectory on specific products resulting in an impairment on carrying values of intangible assets of R3 131 million.

KPI: In-market sales value of total product pipeline for the next five years*

(USD'billion)



** Represents the total in-market sales value of the molecules that are included in the Group's product pipeline determined by using the IQVIA published value at 31 December 2018 or more recent data, where available.*

Ongoing focus on the pipeline to ensure that molecules with confirmed commercial feasibility are included with a stronger focus on fewer products that offer more potential value. The United States market (USD2 313 million) together with South Africa (USD785 million) and Brazil (USD709 million) provides the areas of highest pipeline value.

KPI: Number of product recalls

(number)

The anaesthetic recalls have decreased from the elevated level experienced in the prior year. None of the product recalls represented a high patient risk that required the implementation of a full market recall procedure.

Strategic objective

To achieve strategic advantage through our integrated supply chain

Near- to medium-term outlook

- The consolidation of Anaesthetics manufacturing into Aspen sites will further increase our control over the supply chain, enhancing security of supply and thereby allowing better access to these essential medicines. It will also lead to lower cost of goods, allowing access to more competitively priced commercial opportunities. Full commercial production from all these projects is expected in the FY2024.
- The successful execution of our plans to increase production volumes by means of new product introductions and the realignment of production currently being outsourced to third-party manufacturers will increase production efficiency and result in improved cost of goods.
- While our strategic stock build allowed us to defer the impact of the pricing escalation of mucosa, a negative gross profit impact is expected in FY2020 (up to EUR10 million) and in FY2021 (approximately EUR10 million).
- Increased liquid manufacturing capacity at our East London facility, operationalised in August 2019, will support the South African commercial strategy to grow the consumer health and OTC business.
- A strategy has been initiated to source sustainable third party volumes to utilise surplus capacity within our manufacturing facilities.
- Process improvement initiatives underway at some of our key sites are expected to yield considerable efficiency gains.
- Our integrated supply chain, niche manufacturing capabilities, matched with our global distribution capabilities places us in a position to enter into value creating partnerships.
- ERP implementations recently completed, in progress and planned for the future, are expected to increase overall supply chain efficiency.

Performance highlights

- Further integrated and stabilised the Anaesthetics supply chain following the acquisitions from AstraZeneca and GSK.
- Progressed the significant capital projects at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites that will increase our capacity and capability for the transition of the manufacture of a significant portion of our Anaesthetic portfolio to our own facilities over the next three years. Current year capital expenditure amounted to R2,4 billion.
- Successfully implemented the significant changes required to meet the EU serialisation regulations at our manufacturing sites.
- Continued to execute product realignment projects and continuous improvement projects achieving manufacturing efficiencies and reduction in cost of goods, with notable benefits achieved in our Thrombosis portfolio.
- Minimised the risk to supply continuity, including the potential impact arising from the shortage of heparin API, serialisation disruptions and site transfers, through strategic stock builds.
- Further strengthened our technical capability for complex pharmaceutical manufacturing, leveraging our Biochem and Steriles Centres of Excellence to achieve high technical standards across our facilities.
- Considerable investment in ERP systems and processes to enhance the integration of regulatory, manufacturing and finance processes and systems, achieving increased efficiency and the ability to manage risks across the complex supply chain more effectively.

Key risks and opportunities

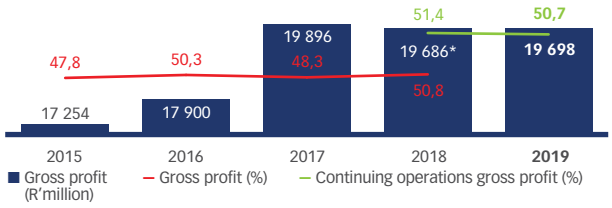
(refer to pages 26 to 32)

- Continuity of supply
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality

Challenges experienced

- Instances of supply constraints were experienced, notably in Anaesthetics and in South Africa where a strike at the local production facilities affected output.
- The pharmaceutical supply chain is complex and matching supply with demand in multiple territories remains a focus area for the Group.
- Lower than optimal manufacturing volumes in our South African operations following the loss of Gilead tender volumes, aggravated by strike action.
- Currency volatility impacts the cost of goods across the supply network, and since many of our APIs are purchased in USD, the weakening of the Rand against this currency impacts margin.

KPI: Gross profit percentage



** Restated for the adoption of the new accounting standards and discontinued operations.*

Notwithstanding pricing pressure and reduced CMO volumes, gross margin on a CER basis remained stable following reductions in cost of goods in Thrombosis Brands. A higher weighting of costs in the stronger USD diluted margin on reported basis.

Strategic objective

To provide a safe, challenging and rewarding environment for our employees

Near- to medium-term outlook

- The continued implementation of the global human resources strategy will further progress our objective to create an engaging, enabling and inclusive environment for all of our employees.
- A specific focus on embedding the talent management framework is anticipated to enhance the overall talent bench strength in the short- to medium-term.
- The drive to improve gender (female) representation and racial diversity (in South Africa) in key management levels remains a focus in the medium term.

Performance highlights

- Further progressed the implementation of our global human resources strategy, initiated the analysis of key talent and succession planning of senior management positions across the Group and establishing a global diversity and inclusion framework.
- Invested in technology to support the execution of human resources strategy, including a project aimed to design and deploy a Global Learning Management system.
- Launched a bridging programme in South Africa to fast track experienced employees who lack formal qualifications, obtained accreditation for the Learning Academy at our Port Elizabeth site and provided a further 64 bursaries to employees to further their formal education.
- Continued efforts aimed at the targeted restructuring of the workforce in selected operations to achieve required operational efficiency.
- Successfully transitioned close to 900 employees impacted by the disposal of the Nutritionals business.
- Maintained our historically high safety standards with zero incidents of occupational fatalities.
- Progressed the phased approach to International Organisation Standardisation with FCC, Cape Town achieving its certification on the new ISO 45001 Occupational Health and Safety standard.

Key risks and opportunities

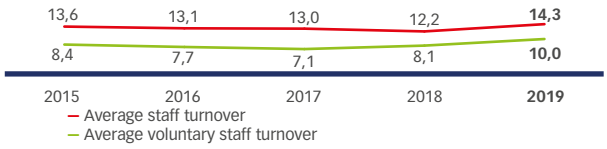
(refer to pages 26 to 32)

- Attraction, development and retention of skills
- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance
- Protection of the health and safety of our employees and the environment

Challenges experienced

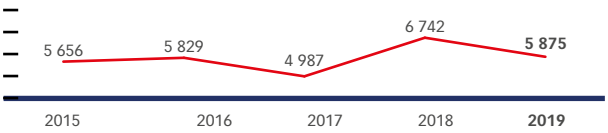
- The ability to attract, retain and develop the diverse talent and specialist technical skills required to support the increasing complexity of the Group remains a focus area.
- Extensive consultation with employees at South African operations following the implementation of a new shift pattern and consequent strike action at our South African facilities.
- The inherent health and safety risks relating to the pharmaceutical and chemical industry require an unwavering focus on maintaining a strong safety culture across all of our operations.

KPI: Average staff turnover
(%)



A highly competitive environment in China as well as uncertainty following the Group's acquisition of Alphamed contributed to a higher average staff turnover.

KPI: Average training spend per employee
(Rand per employee)



The reduction in the average training spend per employee is partly attributable to the shift from external training to more cost-effective internal training initiatives. Furthermore, certain leadership development programmes were suspended while their effectiveness was being further evaluated.

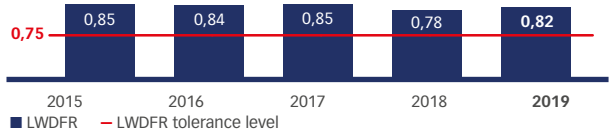
KPI: Percentage of female employees in top 100 positions in the Group
(%)

The representation of women in the senior positions in the Group has been maintained at 27% as efforts continue to advance women within the organisational structure.

KPI: Percentage of black employees in the top 50 positions in South Africa
(%)

The percentage of black employees in the top 50 positions in South Africa has shown an increase to 26% representation following a focused effort to implement Employment Equity plans.

KPI: LWDFR
(ratio)



The LWDFR has increased slightly and remains above our tolerance level. No permanent disabilities and no occupational fatalities were recorded. Investigation, analysis and remediation of all incidents remain a focus to prevent recurrence.

Our strategic business performance continued

Strategic objective

To practice good corporate citizenship

Near- to medium-term outlook

- Ongoing emphasis will be placed on ensuring an ethical and values driven culture throughout the Group.
- Continued investment in appropriate skills development and enterprise development initiatives as well as focus on preferential procurement to further improve our BBBEE performance.
- In line with a revised Group SED policy, projects aligned to specific objectives will be continued in the countries in which we do business.
- Continued implementation of resource saving initiatives and projects to reduce our exposure to water scarcity and non-renewable energy risks.
- Continuous review of our sustainability commitments and related reporting to meet increasing expectations of our various stakeholders.

Performance highlights

- Strengthened our social governance framework through the issue of a Group sexual harassment policy, a Modern Slavery Statement and a revised Suppliers' Code of Conduct.
- Retained our inclusion in the FTSE/JSE Responsible Investment Index and our support of the UN Global Compact, the Climate Change CDP and Water Security CDP initiatives.
- Introduced improved policies, processes and systems to facilitate compliance with evolving data privacy regulations.
- Continued to focus on targeted transformation initiatives in the South African business and the achievement of BBBEE objectives.
- Supported more than 300 SED projects contributing to the wellbeing of the communities in which we do business.
- Reached a settled position with the United Kingdom's Competition and Markets Authority and further provided full cooperation to the European Commission regarding their respective investigations into certain pricing aspects.
- Reduced total waste generated and increased percentage of waste recycled to 83%.

Key risks and opportunities

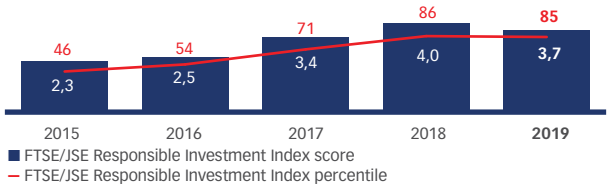
(refer to pages 26 to 32)

- Attraction, development and retention of skills
- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance
- Protection of the health and safety of our employees and the environments

Challenges experienced

- Stakeholder expectations, reporting and disclosure requirements in respect of our corporate citizenship and sustainability commitments continue to increase and require ongoing attention to ensure we continue meeting these in a balanced and responsible manner.
- Our operations span multiple territories, with complex regulatory frameworks requiring ongoing vigilance to reduce the risk of non-compliance.
- Despite a number of resource efficiency initiatives across operations, these did not achieve net reduction in electricity and water consumption due to increased production requirements.

KPI: FTSE/JSE Responsible Investment Index score



While remaining above the top 85 percentile, our score did show a reduction resulting from new water-related criteria being introduced into the methodology. We are committed to improve the completeness and transparency in our reporting where possible.

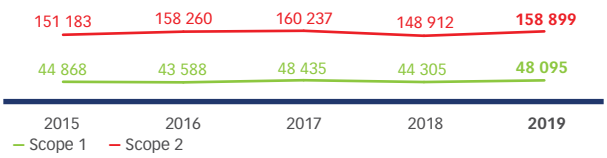
KPI: BBBEE accreditation in South Africa

	2015	2016	2017	2018	**2019**
Contributor level	4	4	4	4	**4**

Through executing a focused BBBEE strategy, we have retained our contributor level.

KPI: Carbon emissions

(tCO_2e)



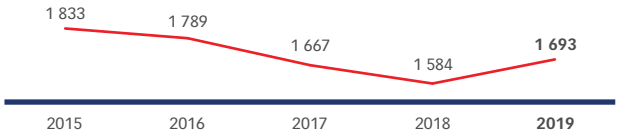
Total carbon emissions have increased mainly as a result of the in-progress commissioning of new production lines as well as increased maintenance requirements at certain sites.

KPI: Waste recycled

A reduction in certain high waste generating production activities together with a focus on waste management has resulted in a decrease in waste generated and an increase in waste recycled from 81% to 83%.

KPI: Water withdrawn

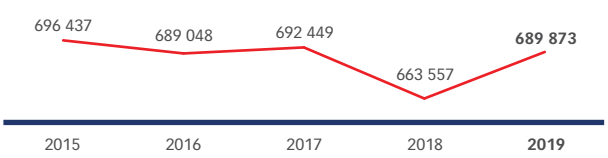
(megalitres)



Increased production requirements as well as various infrastructure projects under way have resulted in an increase in the volume of water withdrawn.

KPI: Electricity used

(gigajoules)



Electricity consumption has increased due to the in-progress commissioning of new production lines as well as increased production requirements.

Strategic objective

To create sustainable economic value for all our stakeholders

Near- to medium-term outlook

- Opportunities for partnership in Europe are being explored to drive commercial growth and recognise the value of our production capabilities.
- Actions arising from the strategic reviews in the South African and European CIS businesses are expected to deliver improved results.
- The Group's stock build of heparin will lessen the impact of increasing heparin prices on the margins from the Thrombosis portfolio while the re-commencement of the sale of heparin to third-parties could unlock further opportunities.
- The impact of the supply constraints on the performance of the Anaesthetic Brands is expected to reduce as supply begins to normalise during the second half of FY2020.
- Further potential for growth through product launches from our focused product pipeline which includes some unique opportunities in the United States.
- Anticipated positive free cash flows from operations, reduced deferred payables commitments and reducing capital expenditure levels as the strategic capital projects come to completion will contribute to a further reduction in net borrowings.
- Our favourable relationships with many multinational pharmaceutical companies positions us to engage with them regarding collaborations and mutually beneficial transactions.
- Overall, the performance for FY2020 is expected to be broadly in line with the results reported for FY2019.

Performance highlights

- Created R14 810 million in value, with R8 193 million being paid to employees, the generation of R1 264 million in revenue for governments, R25 159 million in payments to providers of goods and services and R20 million to support various SED initiatives.
- Excluding Europe CIS, achieved steady organic growth in Commercial Pharmaceuticals revenue (+2% CER) with strong performance in Latin America (+6% CER) and China (+13% CER).
- Improved gross profit margin from Sterile Focus Brands despite lower sales driven by manufacturing efficiencies and improved cost of goods initiatives, primarily in Thrombosis Brands.
- Completed the divestment of the Nutritionals business as well as a portfolio of non-core products distributed in the Asia Pacific region in line with strategy to achieve greater focus in the Commercial Pharmaceutical business. These transactions realised net cash proceeds before tax of R12 299 million and a combined profit on disposal of R5 398 million.
- Achieved strong operating cash flows realising a cash flow conversion ratio of 107%.
- Strong operating cash flows and net proceeds on divestments used to retire debt, achieving a leverage ratio of 3,62 times at financial year-end, with substantial headroom on covenant level of 4,0 times.

Key risks and opportunities

(refer to pages 26 to 32)

- Capital structure and debt obligations
- Execution of our commercial strategies
- External macro factors
- Legislation, regulation and compliance
- Pricing of medicines
- Realising the expected benefits from acquisitions and divestments

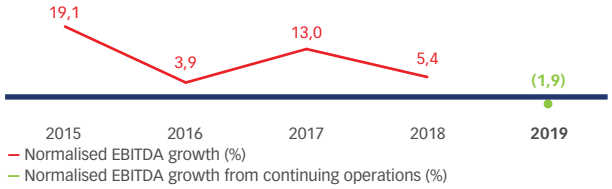
Challenges experienced

- Ineffective commercial structures in Europe CIS, further exacerbated by Anaesthetics supply constraints, oncology pricing pressures and the once-off impact of a change in the distribution model in Russia resulting in an overall decline of Commercial Pharmaceuticals revenue in this region (-7% CER).
- Constrained supply in Anaesthetics impacting performance and further restricting ability to pursue expansion opportunities.
- Revenue and margins in our Manufacturing business negatively impacted due to the suspension of the sale of heparin API to third parties in anticipation of volatility in the heparin supply chain, reduced contract manufacturing volumes particularly in our Port Elizabeth site and strike action which impacted our South African operations.
- Evolving pharmaceutical regulations and application of increasingly stringent quality standards has led to raised costs of compliance across all territories. The high cost of doing business in this complex regulatory environment places pressure on achieving satisfactory returns on investment.

KPI: Revenue growth

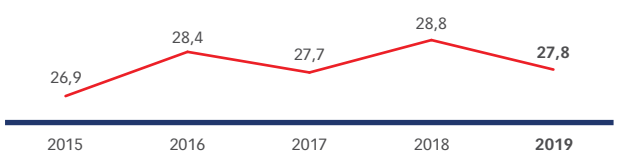
The significant decline in Manufacturing revenue has offset an increase in Commercial Pharmaceuticals and the positive impact of exchange rate movements, resulted in a net growth of 1%.

KPI: Normalised EBITDA growth



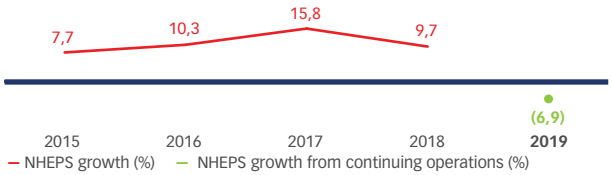
Normalised EBITDA declined as a result of a lower contribution from the Manufacturing business while expense base remained relatively constant.

KPI: Normalised EBITDA margin
(%)



The normalised EBITDA margin is marginally lower due to relatively flat operating expenses on a lower gross profit margin.

KPI: NHEPS growth

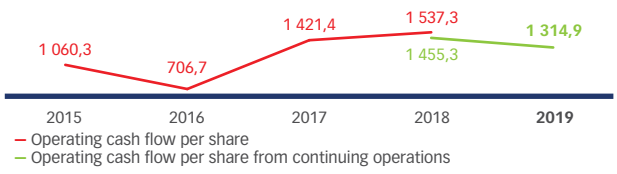


The decline in NHEPS as a result of decline in normalised EBITDA, further impacted by increased finance costs and higher tax rate.

KPI: Return on ordinary shareholders' equity
(%)

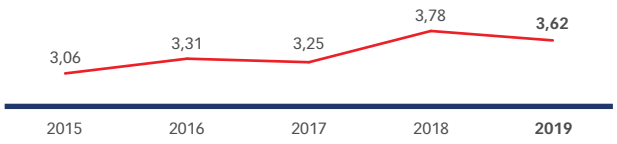
The impact of the reduction in normalised EBITDA, together with significant impairment to tangible and intangible assets has been offset by the profit on disposal of the divested businesses to remain flat year-on-year.

KPI: Operating cash flow per share
(cents per share)



While operating cash flows declined from prior year level, the operating cash flow conversion rate of 107% exceeded the prior year ratio of 105%.

KPI: Leverage ratio
(ratio)



Positive cash flows and proceeds on the disposal of the Nutritionals business and a portfolio of non-core products distributed in Asia Pacific have enabled the reduction of net borrowings, reducing the leverage ratio to comfortably within the covenant level of 4,0 times.

Financial review

Key features of 2019

Stable gross profit percentage in constant currency

Overall gross profit percentage has remained stable at 50,7% notwithstanding pricing pressure and reduced CMO volumes, aided by the reduction of cost of goods, particularly in Thrombosis Brands.

Cyclical working capital unwind

A strong cyclical unwind of cash invested in working capital in the second half of the year unlocked R875 million in cash.

Favourable cash flow commitments outlook

The completion during the year of significant deferred payments relating to transactions in prior year's results in reduced cash flow commitments in FY2020 with a further significant reduction in the following year as capital project expenditure declines.

Continued improvement in financial reporting systems

We continue to make significant investments in IT systems and projects to enhance the data available within the Group to inform strategic decisions.

Gus Attridge

Deputy Group Chief Executive

Strong operating cash flows and proceeds from disposals enabled net borrowings to be reduced from R53,5 billion at 31 December 2018 to R39,0 billion at financial year-end.

Financial performance highlights

Within the context of a challenging year, the Group delivered satisfactory financial results. Revenue increased by 1% to R38,9 billion while normalised EBITDA declined 2% to R10,8 billion, influenced by a lower contribution from the Manufacturing business. Commercial Pharmaceuticals delivered an increase in revenue of 3% to R33,1 billion with leading performances from the Asia Pacific and Latin America regions. NHEPS was 7% lower at 1 414,3 cents with higher finance costs diluting the outcome.

Strong cash flows in the second half allowed the Group to achieve a cash conversion ratio of 107% for the year. In the closing six months, the disposals of the Nutritionals business and a portfolio of non-core products distributed in Asia Pacific were completed, realising cash proceeds before tax of R12,3 billion and a combined profit on disposal of R5,4 billion. The positive cash flows and the proceeds from the disposals have enabled net borrowings to be reduced from R53,5 billion at 31 December 2018 to R39,0 billion at financial year-end. A leverage ratio of 3,62 times was achieved, comfortably below the covenant level of 4,0 times.

Rigorous impairment testing of tangible and intangible asset values was once again performed, resulting in total impairments of R3,8 billion of which R3,1 billion related to intangible asset impairments.

Our results separately disclose discontinued operations arising from the completed disposals of the Nutritionals business and the non-core pharmaceutical portfolio in the Asia Pacific region. We also adopted IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from contract with customers* in the preparation of our financial results. Accordingly, in order to allow for effective comparison, we have restated our 2018 financial year results.

Relative movements in exchange rates had a minor impact on financial performance as illustrated in the table below, which compares performance for the past year to performance in the prior year at previously reported exchange rates and then at CER, being a restatement of 2018 performance at 2019 average exchange rates.

	Reported 2019 R'million	Reported 2018 R'million	Change %	2018 (CER) R'million	Change (CER) %
Revenue	**38 872**	38 314	1	39 856	(2)
Normalised EBITDA	**10 824**	11 031	(2)	11 219	(4)
NHEPS (cents)	**1 414,3**	1 518,4	(7)	1 536,6	(8)

The commentary that follows is based on performance on a CER basis and on continuing operations in order to enhance comparability of underlying performance.

Lower income from Manufacturing weighs on overall revenue

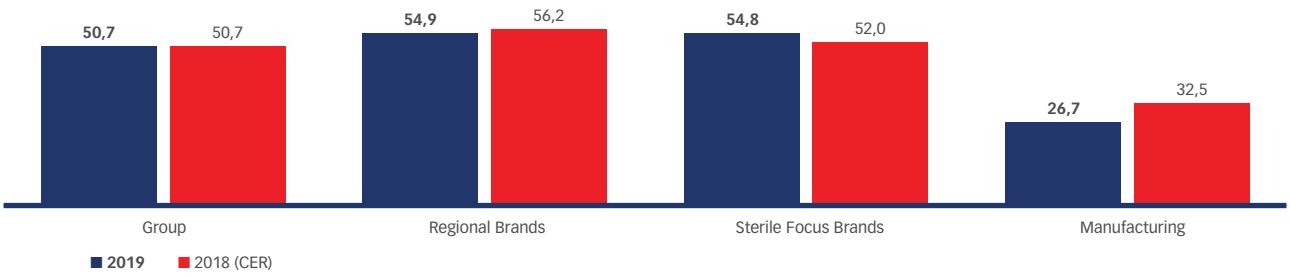
Revenue decreased by 2% to R38,9 billion. Commercial Pharmaceuticals revenue decreased by 1%, with the stable performance in Regional Brands, notwithstanding declines in the oncology portfolio and strike action, being offset by the lower sales achieved in Sterile Focus Brands. A 11% decline in Manufacturing revenue reflects the impact of a major third party customer losing a material tender in the prior year, strike action in our South African operations and the suspension of sales of heparin to third parties from Oss.

	2019 R'million	2018 (CER) R'million	Change %
Commercial Pharmaceuticals	**33 084**	33 354	(1)
Regional Brands	**17 817**	17 736	—
Sterile Focus Brands	**15 267**	15 618	(2)
Manufacturing	**5 788**	6 502	(11)
API	**4 553**	4 881	(7)
FDF	**1 235**	1 621	(24)
Group revenue	**38 872**	39 856	(2)

Gross profit percentage stable, assisted by gains in Sterile Focus Brands

Our gross profit percentage remained flat at 50,7%. Reductions in the cost of goods achieved through various initiatives, particularly in the Thrombosis portfolio, were neutralised by pricing pressure in the oncology portfolio and reduced volumes in certain of our manufacturing facilities.

Gross profit by business segment
(%)



Normalised EBITDA margin lower

Normalised EBITDA declined 4% from R11,2 billion to R10,8 billion, with flat operating expenses against a lower revenue base diluting the EBITDA margin.

	2019 R'million	% of revenue	2018 (CER) R'million	% of revenue
Gross profit	**19 698**	50,7	20 195	50,7
Operating expenses	**(9 943)**	(25,6)	(9 935)	(24,9)
Net other operating income	**332**	0,9	265	0,7
Depreciation	**737**	1,8	694	1,6
Normalised EBITDA	**10 824**	27,8	11 219	28,1

Rigorous impairment testing performed

We classify certain of our intangible assets as being of indefinite life. Each year the carrying values of these assets are rigorously tested for impairment and carrying values are written down. Intangible assets which are no longer assessed as indefinite life are reclassified as definite life assets. This year the impairment testing resulted in total impairments of R3,8 billion of which R3,1 billion related to intangible asset impairments.

	2019 R'million	2018 (CER) R'million	Comments relating to FY2019
Intangible assets	**3 131**	645	Impairment of intangibles is 4,3% of opening book value
Oncology portfolio	**754**		Increasing generic competition driving prices down
Anaesthetics	**264**		Offset by equal release of deferred payable no longer due
Development costs	**162**		As a consequence of product pipeline rationalisation
Other Regional Brands	**1 232**		Reduced revenue and profit trajectory on specific products
Zantac	**719**		As a consequence of the recall of Zantac in Australia
Goodwill	**111**	–	Goodwill impairment relates to intangible assets impaired
Property, plant & equipment	**515**	69	Redundant property, plant and equipment ("PPE") due to API volume declines and FDF strategy shifts
Financial assets	**55**	–	Share in development house written off

Earnings impacted by an increase in net funding costs

Normalised headline earnings, which adjusts for specific non-trade items set out in our accounting policies, is the primary measure management uses to assess our underlying financial performance. Normalised headline earnings of R6,5 billion is 8% lower than the R7,0 billion achieved in the prior year, impacted by an increase in normalised net funding costs (up 9%) and a rise in the normalised effective tax rate from 16,6% to 27,9%.

With no change in the issued share capital, NHEPS also reduces by 8% to 1 414,3 cents per share.

Set out below is a reconciliation of earnings per share at the basic, headline and normalised headline levels.

	2019 Cents	2018 (CER) Cents
Basic earnings per share (EPS)	**437,3**	1 238,6
Profit on sale of property, plant and equipment	**3,7**	—
Impairment of property, plant and equipment	**92,5**	11,2
Impairment of intangible assets	**655,8**	167,5
Reversal of impairment of PPE	**(3,9)**	(0,5)
Reversal of impairment of intangible assets	**—**	(29,4)
Impairment of goodwill	**23,5**	—
Impairment of available-for-sale financial assets	**12,0**	—
(Profit)/loss on sale of assets classified as held-for-sale	**(1,8)**	8,1
Loss on sale of intangible assets	**8,5**	0,7
Headline earnings per share (HEPS)	**1 227,6**	1 396,2
Capital raising fees	**14,3**	46,5
Restructuring costs	**18,4**	28,7
Redundancy costs	**3,6**	4,3
Transaction costs	**105,6**	35,4
Litigation costs	**100,5**	66,7
Reversal of deferred consideration no longer payable	**(57,7)**	—
Foreign exchange loss/(gain) relating to acquisition	**2,0**	(41,2)
Normalised HEPS	**1 414,3**	1 536,6

Strong operating cash flow maintained

Generating positive cash flows is a strategic focus area for the Group and we maintained strong operating cash flow generation, especially over the second half of the year. Cash generated from operating activities of R6,0 billion represented operating cash flow per share of 1 319,3 cents and a 107% conversion of headline earnings to cash.

Disposal of the Nutritionals business generates substantial profits and cash

Following a strategic review of our global Nutritionals business, we completed the divestment of this business to the Lactalis Group effective 31 May 2019. The transactions comprised a number of elements:

- Intellectual property and any related goodwill which was owned by Aspen Holdings and Pharmacare Limited in respect of the South African and Sub-Saharan Africa Nutritionals businesses and by Aspen Global Incorporated in respect of the Latin American and Asia Pacific Nutritionals Businesses;
- Tangible assets (including plant, leased immovable property, equipment, associated fixed assets and inventory) which were owned by various Group companies in respect of the South African, Sub-Saharan Africa and Latin American Nutritionals businesses;
- Product registrations and retail registrations relating to the nutritional products;
- Shares in companies which conducted Aspen's Nutritional business across Asia Pacific (including the acquisition of shares held by joint venture partners in New Zealand and Hong Kong); and
- Transfer of dedicated Nutritionals staff employed within each of the geographical regions.

The profit realised on this transaction amounted to R5,7 billion, and resulted in R10,3 billion of cash proceeds after tax, transaction and restructuring costs.

Profit on disposal	R'million
Gross proceeds	12 079
Cash disposed	(63)
Cash proceeds	12 016
Net assets value disposed	(6 294)
Provisions	(851)
	4 871
Add back: cash disposed of in subsidiary	63
Profit on disposal	4 934
Profit on joint ventures	756
Total profit on transaction	5 690

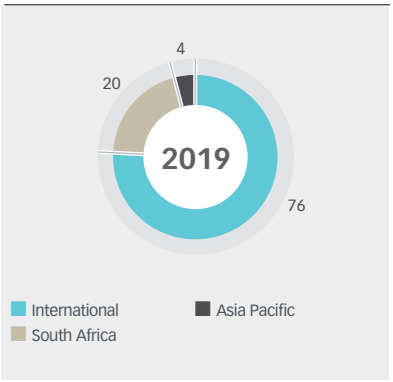
Proceeds on disposal	R'million
Gross proceeds	12 079
Cash disposed	(63)
Cash proceeds	12 016
Joint venture buy-outs	(1 016)
Tax	(468)
Transaction, restructuring costs	(260)
Net proceeds	10 272

Progress in deleveraging the balance sheet

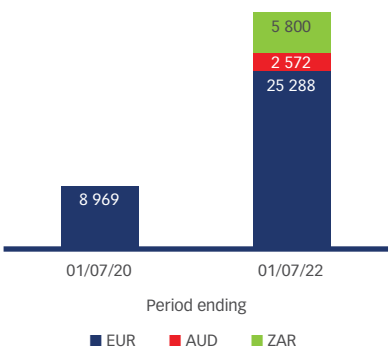
The positive cash flows achieved together with the proceeds from the disposals have been utilised to reduce the level of net borrowings by R7,8 billion to R39,0 billion. The leverage ratio of 3,62 times is well within the convent level of 4,0 times. The covenant level for the leverage ratio remains at 4,0 times for the 12 months ending 31 December 2019 and declines to 3,5 times for the 12 months ending 30 June 2020 with no further step downs thereafter.

Euro syndicated term and revolving loans of R8 969 million due 1 July 2020 will be refinanced to the extent that these are not retired by means of free cash flows and proceeds from transactions. The continued reduction in the balance sheet leverage remains a key focus and in the 2020 financial year, positive free cash flows as well as significantly reduced deferred payables should contribute to a further reduction in net borrowings.

Net borrowings R39,0 billion
(%)

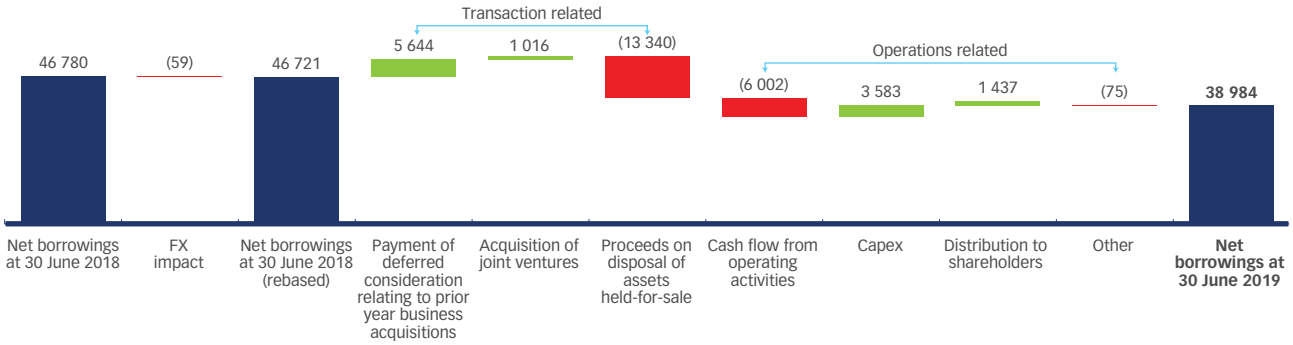


Analysis of syndicated and revolving loans by maturity dates (R42,6 billion)
(R'million)



Financial review continued

Net borrowings bridge



Analysis of R39,0 billion net borrowings

Maturity profile	Gross borrowings R'million	Cash R'million	Net borrowings R'million
< 1 year	**8 234**	**(8 977)**	**(743)**
< 2 years	**8 976**		**8 976**
< 4 years	**30 731**		**30 731**
Finance leases and instalment credit liabilities	**20**		**20**
Total	**47 961**	**(8 977)**	**38 984**

Net funding costs (continuing operations)

	2019 R'million	2018 R'million
Net interest paid	**(1 619)**	(1 411)
Foreign exchange (losses)/gains	**(66)**	88
Notional interest on financial instruments	**(274)**	(408)
Normalised net funding costs	**(1 959)**	(1 731)
Debt raising fees on acquisitions	**(70)**	(209)
Foreign exchange gains on acquisitions	**(9)**	178
Reported net financing costs	**(2 038)**	(1 762)

Strategic projects continue to require high levels of capital expenditure

Extensive capital expenditure programmes at our Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites are in progress, in order to facilitate the in-house manufacture of the majority of the Anaesthetics portfolio. Estimated total capital expenditure on these projects has increased from R4,5 billion to R4,9 billion largely due to unfavourable forex adjustments. Total capital expenditure on property, plant and equipment is expected to amount to approximately R2,6 billion in the 2020 financial year reducing to R1,5 billion and R1,2 billion respectively in the two subsequent years. Full commercialisation benefits of these strategic capital projects are expected in the 2024 financial year.

No dividend declared

Taking into account our prioritisation of deleveraging the balance sheet, existing debt service commitments during the 2020 financial year and the short-term requirements of the ongoing capital projects, notice is hereby given that the Board has decided that it would not be prudent to declare a dividend at this time. The Board will re-evaluate the relevant circumstances regularly with a view to declaring a dividend when it is considered prudent to do so.

Events after balance sheet date

Post year-end the Australian Therapeutic Goods Administration ("TGA") issued an instruction for the recall of all pharmaceutical products containing the active pharmaceutical ingredient ranitidine, used in the treatment of heartburn, gastric reflux and ulcers and provides relief from stomach acid build-up. Following consultation with the TGA, we recalled Zantac with effect from 1 October 2019. As a consequence of the recall, the assumptions supporting the value of the Zantac brand have been revised and an impairment of R719 million has been raised on a worst-case basis, assuming that the brand will not recover from the negative impact of the recall. We are, however, actively working on plans to relaunch the brand containing an alternative API formulation, which would comply with the new pharmaceutical regulations. The costs related to the recall and return of stock from the market is not material and therefore we have not accrued for these at 30 June 2019. The total revenue for Zantac in Australasia for the financial year ended 30 June 2019 was R119 million and the impact of the loss of Zantac on future earnings is not considered material.

Continued improvement in financial reporting systems

The Group and regional finance teams continue to implement enhanced processes, enabled by the implementation of new ERP systems and advanced technology, to achieve significant improvement in the quality, timeliness and depth of financial reporting available to the Group. Investments made in tax reporting systems are being further leveraged to enhance tax reporting and automating the Group's tax compliance obligations. I would like to thank the finance teams for their continued diligence and the various management and Board committees for their continued oversight of the Group's financial affairs.

Looking forward

We will continue to focus on achieving organic growth, seeking opportunities for efficiencies and cost savings and further optimisation of our working capital management, securing positive free cash flows to be utilised for deleveraging of our balance sheet and creating the required headroom for sustained future growth. The investment in our specialised manufacturing capability, our continued focus on our product pipeline and our strategic reshaping of our product portfolio are expected to unlock opportunities for future value for our stakeholders.

Gus Attridge
Deputy Group Chief Executive

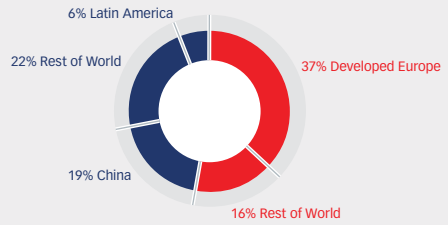
Business segment overview*

Sterile Focus Brands

Aspen's Sterile Focus Brands comprise our Anaesthetics and Thrombosis Brands, largely niche sterile products.

	2019 R'million	2018 (CER) R'million	Change %
Revenue			
Developed markets	**8 159**	8 564	(5)
Emerging markets	**7 108**	7 054	1
Total	**15 267**	15 618	(2)
Gross profit percentage	**54,8%**	52,0%	

47% EM revenue contribution **53% DM revenue contribution**



Anaesthetics Brands

Aspen has a comprehensive portfolio of 20 mature Anaesthetics Brands, having acquired two complementary Anaesthetics portfolios from AstraZeneca and GSK. Our diverse product range includes general anaesthetics, muscle relaxants as well as a number of local anaesthetics including topical agents, making Aspen a leading global supplier in the Anaesthetics category, outside of the USA. Strategic investments in our sterile manufacturing facilities will provide us with the production capabilities to ensure sustainable security of supply of high quality anaesthetic products.

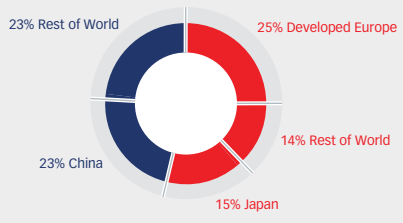
Key brands

Brand	Type of anaesthetic
Diprivan	General
Marcaine	Regional
Naropin	Regional
Ultiva	General
Xylocaine	Regional

% of total Group revenue **22%**

	2019 R'million	2018 (CER) R'million	Change %
Revenue			
Developed markets	**4 672**	4 808	(3)
Emerging markets	**4 011**	4 032	(1)
Total	**8 683**	8 840	(2)

46% EM revenue contribution **54% DM revenue contribution**



Performance

Anaesthetics Brands' revenue declined 2%, negatively impacted by constrained supply of products in the portfolio acquired from AstraZeneca. Europe CIS declined 8%, with growth of 1% from the remaining regions, partially offsetting the decline.

Developed markets

Developed markets, which contributed 54% to Anaesthetics revenue, reduced by 3% to R4,7 billion as compared to the prior period. Supply constraints impacted our growth across all territories, with the exception of Japan, which was sufficiently stocked in the period and delivered flat revenue growth. While Japan has been stable in the current year, performance is likely to be impacted by ongoing price cuts. Our efforts in this country will be aimed at offsetting this negative pricing impact through volume growth.

** All commentary in the Business segment overview reflects CER performance.*

Developed Europe and Asia Pacific, contributed 47% and 46% to developed markets revenue respectively. Developed Europe decreased 3%, recording revenue of R2,2 billion. The EU5* account for 77% of the value of the European^ injectable anaesthetic market and represent those countries where we generate the majority of our revenue from these products. Asia Pacific declined 3% to R2,2 billion. Supply constraints were particularly challenging across Australasia which was 9% lower. Despite supply constraints, commercial efforts promoting Xylocaine were successful, supporting positive growth in the brand across major customer geographies.

Emerging markets

Emerging markets contributed 46% to Anaesthetics Brands revenue and declined 5% to R4,0 billion, with a 2% increase in Asia Pacific offset by a poor performance in Developing Europe. Asia Pacific, which contributed 62% to emerging market Anaesthetics Brands revenue, was driven by another strong performance in China, despite supply constraints.

Latin America, which grew 7% to R894 million, is the second largest emerging market region for Anaesthetics, contributing 22% to Aspen's revenue from emerging markets. MENA also performed well, increasing revenue 12% to R237 million, while the remaining territories declined, affected by the constrained supply.

Prospects

In support of the growth of the Anaesthetics Brands, Aspen has committed to R4,9 billion in strategic capital expenditure at our existing Port Elizabeth, Bad Oldesloe and Notre Dame de Bondeville sites. These site upgrades, once in commercial production, will provide us with a sustainable supply of quality products, allowing us to focus on reducing the underlying cost of goods sold, to drive volume growth and to compete effectively in markets characterised by downward pricing pressure. We have commenced activities to introduce the majority of our Anaesthetics Brands to our own facilities, but intend to retain the production of certain brands at contract manufacturers.

Public sector tenders represent a significant portion of the total European anaesthetic segment and are largely awarded on price, quality and security of supply. The competitive cost of goods achieved by bringing Anaesthetics manufacturing in-house as well as our comprehensive portfolio, will ensure that in future we have the opportunity to participate actively in these tenders.

** EU5: France, Germany, Italy, Spain and the United Kingdom.*
^ IQVIA definition. Europe EU28 member states (including EU5) plus Switzerland.

Thrombosis Brands

Our Thrombosis portfolio is a global offering (excluding USA) which is comprised largely of a broad range of specialist injectable anticoagulants. Aspen currently holds approximately 16% share in injectable anticoagulants in Europe, making it the second largest supplier of these products to patients in this region. Our niche products are complex to manufacture and our fully integrated biochemical supply chain for heparin-based products combined with our sterile manufacturing capabilities allows us to respond to market and production needs as well as to execute control over the production of our high quality Thrombosis products. In addition to the heparin based anticoagulant portfolio, Aspen also produces Arixtra, a synthetic anticoagulant not impacted by the supply and pricing dynamics of the market for heparin based products. Arixtra is a Xa Inhibitor with a wide range of indications, including VTE treatment and prophylaxis, deep vein thrombosis, pulmonary embolism and acute coronary syndrome treatment. Growing aging populations and our adapted dose for obese patients provides growth potential for Arixtra.

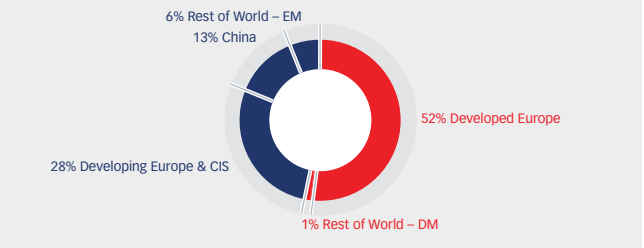
Key brands

Brand	Type
Arixtra	Synthetic anticoagulant – Xa Inhibitor
Fraxiparine	Low molecular weight heparin
Fraxodi	Low molecular weight heparin
Mono-Embolex	Low molecular weight heparin
Orgaran	Heparin derivative

% of total Group revenue 17%

	2019 R'million	2018 (CER) R'million	Change %
Revenue			
Developed markets	**3 488**	3 756	(7)
Emerging markets	**3 096**	3 022	2
Total	**6 584**	6 778	(3)

47% EM revenue contribution **53% DM revenue contribution**



Business segment overview continued

Performance

Thrombosis Brands revenue declined 3% to R6,6 billion, with a 2% increase in emerging markets being offset by a 7% decline in developed markets. The Low Molecular Weight Heparin ("LMWH") portfolio recorded 2 year CAGR of 2% between FY2017* and FY2019. Europe CIS, which contributed 80% to Thrombosis revenue, was 6% lower at R5,3 billion. The remaining regions grew 14% versus the prior year, supported by China which advanced 34% to R869 million.

**China revenue annualised*

Developed markets

The developed markets to which we supply our Thrombosis products, being predominantly Developed Europe, reported a decline of 7% to R3,5 billion. Enoxaparin biosimilars have gained a 9%^^ market share in Europe as measured at 30 June 2019, since launching towards the end of the 2016 calendar year. Aspen's LMWH portfolio declined only 1% (2 year CAGR between FY2017 and FY2019), in line with the overall injectable thrombosis market in Europe, demonstrating that our LMWH portfolio can compete effectively against new entrants. Approximately 80% of our developed market sales for the Thrombosis portfolio were derived from Germany, France and Italy. Our competitive advantage in injectable thrombosis products lies in our integrated biochemical supply chain and ability to efficiently produce finished form sterile products. Increased efficiencies have translated into higher gross margins in our overall Sterile Focus Brands segment. We continue to focus on driving and maintaining these efficiencies to offset any headwinds arising in the developed market landscape.

Emerging markets

Emerging markets contributed 47% to Thrombosis Brands revenue and grew 2% to R3,1 billion. Emerging market sales are spread across more territories than developed market sales, providing a level of diversification. The top eight countries, which contributed 80% to emerging market revenue, grew 9%, driven by Fraxiparine. Performance in Developing Europe & CIS was disappointing, declining 5% to R1,9 billion and offsetting the strong growth displayed by the Asia Pacific region. Adjusting out Russia, which was impacted by a change in distribution model, Developing Europe & CIS declined 1%.

The Asia Pacific region, which represents about a third of revenues from emerging markets, increased 27%, supported by strong double-digit growth in China.

Prospects

We are focused on growing the volumes of the Thrombosis Brands supported by the initiatives arising from our recent strategic review of Europe CIS, the biggest territory for Thrombosis. Sales effectiveness is key and we are ensuring that the appropriate customer audience is targeted. Initiatives include increasing awareness of the venous thrombo-embolism ("VTE") prophylaxis for Arixtra and the medically-ill indication for Fraxiparine. Concerns have been raised about the impact novel oral anti-coagulants ("NOACs") may have on our injectable thrombosis segment once these NOACs come off-patent from calendar year 2021 onwards. LMWHs are typically used in respect of a diverse set of acute conditions such as haemodialysis, oncology, general surgery and bedridden patients, as well as for short-term prophylaxis. In these patient groups, the risk of bleeding and renal and hepatic complications are of significant concern. NOACs, on the other hand, which have similar indications to each other, are typically utilised in a non-acute setting for extended prophylaxis in the treatment of atrial fibrillation (continuous) and the treatment of the associated deep vein thrombosis and pulmonary embolisms. Outside of the long-term prophylaxis market, NOACs have made inroads in post-surgical prophylactic treatment of patients undergoing elective/required orthopaedic surgery.

The outbreak of African Swine Fever and the related concerns that this disease potentially poses to porcine mucosa, an essential raw material used in the production of heparin-based anticoagulants, has resulted in an increase in the price of this raw material. Aspen carries a significant reserve of safety stock in heparin and currently sources the majority of its mucosa supply from the United States, with the European Union being its second largest source. Aspen is confident of the high standards of quality being upheld in the production of its heparin-based anticoagulant portfolio, as well as all other heparin-based products manufactured at its facilities.

Over the period, the transfer of Mono-Embolex prefilled syringes to our Notre Dame de Bondeville sites was completed and commercialisation from this site began in the first half of the FY2019. We have spent a considerable amount of time on innovation efficiencies and in managing down the conversion costs on the Thrombosis Brands, which we anticipate will assist in partially offsetting the negative impact of the current heparin price increases.

China remains an opportunity for our Thrombosis Brands, predicated on broadening the indications for which Arixtra is approved on the National Drug Reimbursement List in this country. The next update for this list is in 2020, suggesting that this opportunity is a medium-term one.

^^ *MAT across Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Romania, Russia, Slovakia, Spain, Switzerland, UK.*

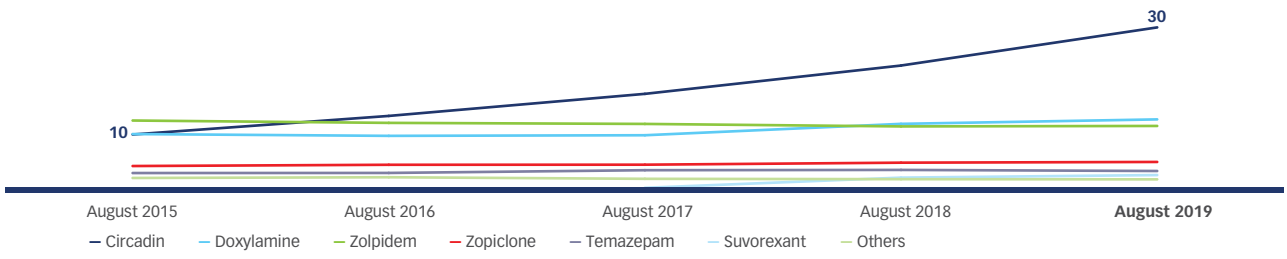
Regional Brands

Our Regional Brands are geographically diverse with a strong foundation in South Africa and strongly weighted towards emerging markets. These territories represent some of our most established footprints, with the Aspen brand carrying in-country awareness and value. The products within this segment have strong brand equity and are actively promoted through our experienced regional marketing and sales teams.

Key brands

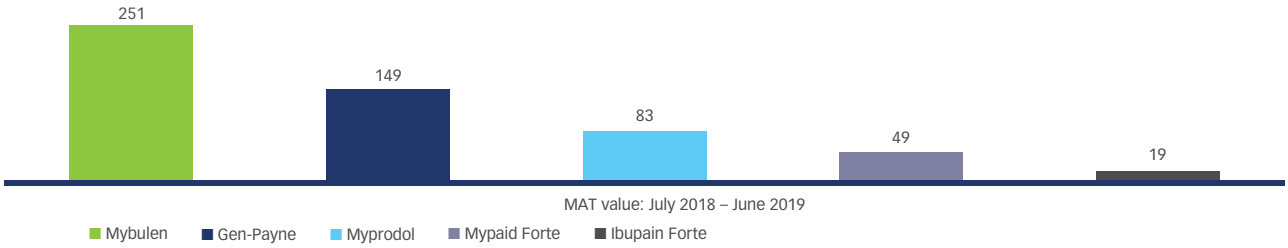
Brand	Therapeutic category
Mybulen	Analgesic
Foxair	Respiratory
Circadin	Sleeping aid
Zyloric	Uric acid production inhibitor
Borstol	Cough medicine

Australia: Prescription insomnia market, Circadin versus peers
(MAT values, AUD'million)



Source: IQVIA data as at August 2019

South Africa: Mybulen versus competitors
(MAT values, R'million)

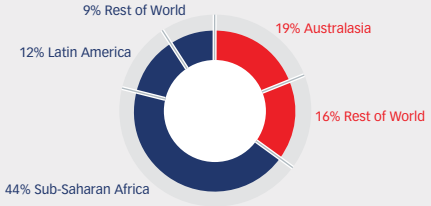


Source: IQVIA data as at June 2019

% of total Group revenue **46%**

	2019 R'million	2018 (CER) R'million	Change %
Revenue			
Developed markets	**6 303**	6 265	1
Emerging markets	**11 514**	11 471	—
Total	**17 817**	17 736	—
Gross profit percentage	**54,9%**	56,2%	

65% EM revenue contribution **35% DM revenue contribution**



Business segment overview continued

Performance

Regional Brands revenue was flat at R17,8 billion. South Africa, Australasia and Latin America contributed just over 75% to Regional Brands revenue.

The above performance has been diluted by generic pricing pressure across our Europe CIS Oncology portfolio which contracted 23% due to downward pricing pressure.

Developed markets

Developed markets revenue increased 1% to R6,3 billion, largely due to a good performance from our Australasian business, which contributed 53%. Australasian revenues grew 5% to R3,4 billion with key brands enjoying double-digit growth. While Australasia is a strategic territory for us and continues to deliver growth, regular prescribed minimum price cuts require our ongoing assessment of our product portfolio and business model in this country.

Emerging markets

Emerging markets revenue was flat at R11,5 billion, with growth in Latin America and MENA offset by declines in Asia Pacific and developing Europe while SSA was flat. Despite regional macroeconomic uncertainty, Latin American revenue grew 6% to R2,1 billion buoyed by a 10% increase in Spanish Latin America. Aspen has a solid position across Spanish Latin America with key Regional Brands maintaining positive growth trajectories.

Revenue in SA was slightly negative, delivering R7,1 billion, unfavourably impacted by the strike action at the South African manufacturing sites towards the end of the financial year. Aspen generated R1,3 billion in revenue from the sale of ARVs to the public sector in FY2019. In line with our social commitment to South African patients, we continue to manufacture ARVs for the South African public sector at our South African oral solid dose manufacturing site in Port Elizabeth. The largest input cost to ARVs is the API, which is priced in US dollar, resulting in foreign exchange risk to Aspen, in addition to the working capital risks inherent to this business. Aspen has entered into an agreement to partner on public sector ARVs with Laurus Labs, a leading ARV API supplier which will neutralise the risk exposure.

Prospects

We have completed the strategic review of the South African commercial business and split the diverse portfolio in two divisions, namely Aspen's branded portfolio and the Ethicare division, the latter including commoditised and traded molecules. The review has highlighted an opportunity for growth in consumer health and OTC products. In August 2019, we operationalised additional liquid capacity to support the growth of the South African business. We expect that the heightened consumer focus we have achieved with the creation of the two new divisions, the agreement on ARV API supply as well as the new liquid capacity to support growth in this region.

In Australasia, our portfolio has been reshaped with our exit from commodity generics and has delivered growth despite the prescribed price cuts. We are confident that the complexity and therapeutic index of our brands in this country will mitigate against the ongoing pricing regulation.

In August 2019, Aspen received the US FDA ANDA approval for the HPC 1ml preservative-free single dose vial, at which time we earned a USD10 million milestone. Aspen will receive a further USD20 million in milestone payments, subject to our United States partner achieving USD30 million in net sales of HPC. A profit share agreement is in place for net sales above USD30 million.

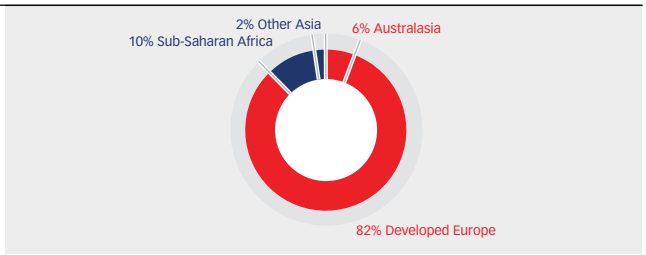
Manufacturing

Aspen's strategically relevant manufacturing capital is widely accredited and compliant, supplying high quality medicines at affordable prices, supporting improvements in the quality of health of patients in more than 150 countries. Our ability to improve and sustain a cost competitive manufacturing base which is flexible and scalable to demand, is a key strength for our own products and the contract manufacturing services we provide.

% of total Group revenue **15%**

	2019 R'million	2018 (CER) R'million	Change %
Revenue			
API	**4 553**	4 881	(7)
FDF	**1 235**	1 621	(24)
Total	**5 788**	6 502	(11)
Gross profit percentage	**26,7%**	32,5%	

12% EM revenue contribution **88% DM revenue contribution**



** based on source of manufacture*

Performance

Manufacturing revenue declined 11% to R5,8 billion. The reasons for the R714 million decline are as follows:

API

API revenues account for 79% of the revenues delivered from the Manufacturing segment. Revenue declined 7% to R4,6 billion, mainly due to the suspension of heparin API sales as Aspen took the decision to stock build heparin in anticipation of global shortages.

FDF

FDF revenue accounted for the remaining 21% of revenues from the Manufacturing segment and declined 24% to R1,2 billion, negatively impacted due to the loss of a tender by a material contract manufacturing customer, Gilead and prolonged strike action at our Port Elizabeth site.

Prospects

Continuous investment in our world-class manufacturing facilities, including strategic capital expenditure allowing us to bring the manufacturing of our Anaesthetics Brands in-house, upgrades and increased capacity, are key to ensuring ongoing compliance with GMP and our ability to supply quality products to our contract clients to meet the needs of patients. A stabilisation of revenue from this segment is expected for the coming financial year.

Intellectual capital

Our intellectual capital supports our commitment to increasing the number of lives that benefit from our focused therapeutic basket of high quality, affordable medicines

More than 600 brands supplied to approximately 150 countries and territories

The Aspen Global Incorporated team in Mauritius

"AGI is the owner of the IP of the Group's global brands and is responsible for ensuring supply of these products. Our performance directly impacts patients and we must therefore deliver medicines reliably with the quality and safety that patients trust. We continue to invest in our people, systems, processes and reporting mechanisms to further improve the planning and alignment between the multiple parties in our global supply chains. Our unwavering objective is to deliver uninterrupted, unconstrained supply of high quality products to our global partners and patients."

Samer Kassem –
Chief Executive Officer,
Aspen Global Incorporation

Intellectual capital

Inputs

- **Intellectual property rights, marketing authorisations, licences, trademarks and software**
- **Goodwill**
- **Pipeline of products**
- **Governance, compliance and data management systems and processes**
- **Business acquisition and integration know-how**
- **Global sales, marketing and distribution centres**

Key initiatives

- Development of a product pipeline that is carefully selected and tailored to each territory in which we operate and is aligned to the Group's therapeutic focus areas
- Product development projects performed by our own scientists in product development laboratories
- Identification and assessment of acquisition and partnership opportunities to accelerate growth and facilitate expansion into targeted growth territories
- Integration of acquired businesses into our value chain while ensuring synergistic efficiencies and economies of scale
- Assessment and rationalisation of existing product portfolio to reduce complexity, retaining focus on products providing adequate returns and relevance to the market it serves
- Development and maintenance of efficient and compliant regulatory, pharmacovigilance, procurement and supply chain systems
- Maintenance and protection of intellectual property rights
- Responsible and ethical marketing and promotion of our products

Outcomes

- Increased number of patients benefiting from our products
- Broad portfolio of branded and generic products including prescription medicines, biologicals, generics and other consumer healthcare products
- Product portfolios aligned with targeted therapeutic categories for each region
- Consistent, compliant and efficient regulatory, pharmacovigilance, procurement and supply chain systems which provide competitive advantages for the Group
- Successful launch of 47 products from the pipeline during the past year
- High quality, affordable medicines and products that improve the quality of health

Sustaining life and health through high quality, affordable medicines and products

Access to affordable healthcare is a global priority. The medicines we manufacture and distribute improve health, positively enhance the quality of life of patients globally and contribute to creating economic benefit through healthier, more productive populations. We continue to focus on developing a product portfolio that leverages our intellectual and manufacturing advantage, including investment in effective older specialty medicines that provide viable treatment options to expensive new innovative drugs. Effective treatments contribute to lower healthcare costs and prevent more costly treatment requirements. Through our extensive global presence, we extend the availability of our medicines and products to new patient populations.

Product portfolio

Our medicines and products fall into the following segments:

Regional Brands *(page 55)*	Our diverse regional portfolios provide patients and consumers with a broad range of treatments across a number of therapeutic categories in both branded generic medicines, and in the prescription and OTC segments. This segment includes our high potency and cytotoxics medicines which are often used in life-saving medical conditions and due to their potency and toxicity, are manufactured under specialist conditions. Included in the high potency and cytotoxics range are products designed to treat underactive thyroid conditions, immunosuppressants, oncological products, female hormonal replacement therapies, anabolic steroids and glucocorticoids and estrogens.
Sterile Focus Brands *(page 52)*	Our Sterile Focus Brands segment is comprised of our specialty global brands in two therapeutic focused portfolios, Anaesthetics Brands and Thrombosis Brands.
Anaesthetics Brands *(page 52)*	Across the globe, patients require anaesthesia during major surgery, local surgical procedures, and for more minor pain control situations. Our portfolio offers the most comprehensive range of anaesthetic treatments available from any one company. It includes products that are indicated for the induction and maintenance of general anaesthesia, opioids used during induction, maintenance and recovery and neuro-muscular blocking agents used to facilitate intubation and to relax the muscles for surgical procedures. Our regional and local anaesthetic products include injectables and topical agents such as ointments, gels, sprays, creams and patches.
Thrombosis Brands *(page 53)*	Thrombosis occurs as a result of the body's haemostatic pathway being activated inappropriately, leading to the formation of blood clots. This condition is life threatening as it may lead to a stroke, myocardial infarction, ischemia and other complications if not appropriately treated. Our basket of thrombosis products fits into the injectable anticoagulant category, aimed at the prevention and treatment of thrombotic diseases, including deep vein thrombosis, pulmonary embolism and acute coronary syndrome. Our focus in this portfolio is the low molecular weight heparins, Xa inhibitors and heparin derivatives.

Provision of HIV and ARV treatment options

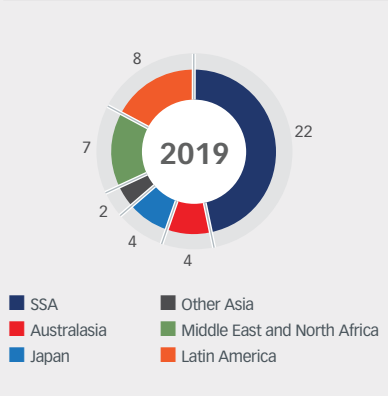
Aspen pioneered African-produced generic ARVs in the early 2000s at significantly reduced prices, providing access to hundreds of thousands of South Africans, most of whom would otherwise not have had access to much needed ARV treatment. At that time, limited options for treatments existed and around 350 000 mainly young South Africans were perishing from the pandemic each year. This year, we have continued to be a significant manufacturer and supplier of ARVs to both the private and public sectors in South Africa.

Product pipeline

Intellectual property, in the form of developed, licensed and acquired product molecule dossiers, is the key driver for organic growth in the pharmaceutical industry. Our product pipeline largely represents opportunities related to acquired and internally developed product dossiers, planned product line extensions to leverage existing brands within and across territories and targeted branded product acquisitions. Our internal product development takes place under the direction of highly skilled scientists employed by Aspen in our own laboratories as well as in collaboration with other global pharmaceutical companies and research facilities. Products in the pipeline are aimed at therapeutic categories relevant to disease profiles in each territory. The pipeline is continually monitored for technical feasibility and alignment with the Group's commercial objectives in key territories. Acquisitive growth, in the form of corporate acquisitions and product distribution arrangements, largely entered into with leading multinational pharmaceutical companies, supplements our organic growth strategy and strengthens our ability to respond to identified healthcare needs.

During the year, we launched 47 products in 25 countries and territories. The South African pipeline continues to deliver important launches, one of which was Betadexamine Syrup, while Brazil and Australia have leveraged existing brand equity with new product entries during the 2019 financial year. The year has also included launch contributions from MENA and Latin America as the pipeline in these markets start to come through.

Number of launches per region (47 in total)

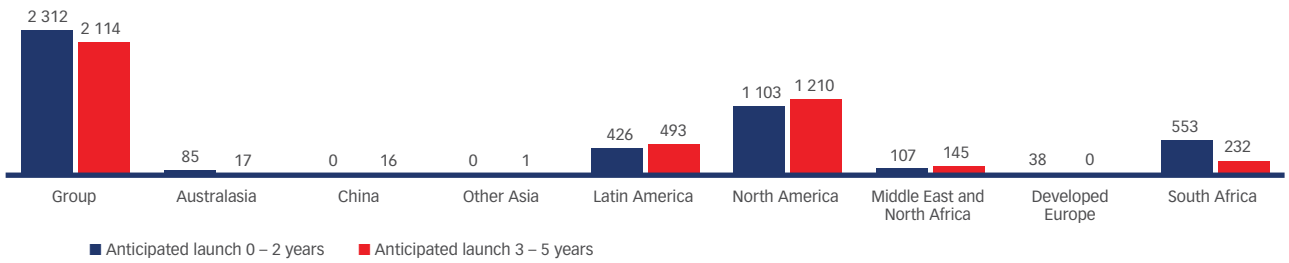


The total in-market sales value of the molecules that are included in the Group's product pipeline as at 30 June 2019 and that are expected to be launched in the next five years, amounted to USD4,4 billion (2018: USD3,4 billion). This value was primarily determined using the published IQVIA in-market sales value as at 31 December 2018 although where more recent data was available for the molecule in the country concerned, this was used. The value we will realise through the pipeline is influenced by many variables, including market competition, prevailing pricing regulations, technical validations, product registration timelines and in the case of generic products, the level of discount compared to that of the originator molecule presently sold in the market.

We continue to refine our pipeline to ensure that molecules with confirmed commercial feasibility are included, with a stronger focus on fewer products that offer improved potential value. The United States (USD2,3 billion), together with South Africa (USD0,8 billion) and Brazil (USD0,7 billion), provide the areas of highest in-market pipeline value. The initiative of SAHPRA to expedite the backlog of product registrations has unlocked the potential for further value for Aspen in the nearer term. Some of the key opportunities included in our pipeline are:

- The launch of estrogens in the United States is a significant component of our pipeline. Esterified estrogens were successfully launched in financial year 2019. Trial batch manufacturing for the synthetic conjugated estrogens have been completed with submission batch manufacture imminent. Product launch is anticipated for the 2020 calendar year.
- The reactivation date of the New Drug Application ("NDA") for Orgaran in the United States has been completed with the heparin-induced thrombocytopenia ("HIT") studies under way with the objective of adding HIT as an indication to Orgaran in the United States.
- The registration for the extension of the Orgaran brand into new European markets is progressing and expected in the 2020 calendar year.

Anticipated timing of product pipeline launch values*
(USD'million)



** Represents the total in-market sales value of the molecules that are included in the Group's product pipeline determined by using the IQVIA published value at 31 December 2018 or more recent data, where available.*

- An abbreviated new drug application ("ANDA") for the preservative-free HPC 1ml has been registered and was launched post financial year-end (in August 2019).
- SAHPRA has initiated a process to expedite the backlog of registrations in South Africa. This will unlock our pipeline of new chemical entities ("NCEs"), niche developed and licensed products.

Responsible promotion of products

We are committed to providing accurate and balanced information about our products by ensuring that we promote them responsibly across all our commercial operations. Our Group Code of Marketing Practices is aimed at ensuring that any promotional activities and interactions with HCPs, other healthcare staff, government officials, regulatory officials, patient groups, media and the general public are carried out in a responsible, ethical, professional and legal manner. Training on the implementation of this code had been undertaken across our operations and forms part of country/regional ongoing training and monitoring programmes. We are also committed to complying with other relevant regulations and legislation in respect of matters relating to consumer relationships, including advertising standards and consumer engagement protection laws. Compliance is monitored through our Group legislative compliance framework (refer to page 79).

Our Aspen Learning Academy provides world-class training to our commercial teams. The training provided to our qualified medical representatives is aimed at ensuring that they have specialist product knowledge to support and guide those HCPs that they interact with. The Academy has initiated competency training for all trainers within the organisation responsible for disease and product knowledge training and have further initiated continuous improvement projects for the standardisation of learning materials for Global Brands shared across our learning management systems to support certification.

We conduct product awareness training for employees and for customers, as appropriate. Since we do not deliver products directly to the end customer or consumer, we take care to ensure that only accredited third-party distributors are used to provide logistics services and in certain markets, wholesaling services. All our suppliers and service providers are bound by the Aspen Supplier and Service Provider Code of Conduct and are required to uphold prescribed ethical and human rights standards across the supply chain.

Patient safety

The Aspen Group Pharmacovigilance team, headquartered in Ireland and supported by the local business units globally, is responsible for monitoring and managing the safety of all Aspen products. Pharmacovigilance covers the activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problems, and is core to our patient responsibility.

As part of our product lifecycle management process, we continuously assess the risk/benefit relationship of our products. In collaboration with health regulatory authorities, we endeavour to provide all HCPs and patients with comprehensive up-to-date safety information, which allows for the safe use of our products. In line with best practice, we source product safety information from multiple global sources and ensure the consolidation and review of this data. We use this information to enhance our product safety information, which is made available through the required channels. All clinical trials conducted and/or supported by Aspen are conducted in full compliance with relevant legislation and are subject to close monitoring for compliance. The Social & Ethics Committee provides oversight on consumer relationships as it relates to product quality and adverse drug reaction incidents reported globally.

Product safety and quality

Since patient safety is of primary importance, we have a zero-defect approach to managing product quality. We recognise that we are accountable for the responsible manufacture and supply of products in accordance with applicable pharmaceutical regulations, legislation and guidelines. This underpins the trust in the Aspen brand. Stringent compliance procedures are in place across the supply chain to maintain and grow customer confidence. Regulated in-process and supply chain quality management controls are in place and adhered to. Raw materials and packaging materials are purchased from accredited and authorised suppliers who meet the necessary quality, regulatory and Aspen-specified requirements.

Products are manufactured at our own manufacturing sites or sourced from reputable third-party suppliers. Manufacturing sites are required to comply with GMP, which governs the manufacture of products in the pharmaceutical industry, and to uphold the status of pharmaceutical regulatory approvals that are relevant to the supplied territories. The Aspen Quality Assurance department as well as various regulatory agencies conduct audits of potential and existing suppliers to support the high quality objectives and compliance to GMP across the supply chain. All inspection findings are closely managed through to close out, with critical findings receiving executive management oversight. Only products that meet the prescribed quality and regulatory standards are released for sale into the market and regulated quality compliance controls are in place. The quality and efficacy of supplied products are monitored throughout the product lifecycle using systems approved and monitored by regulatory authorities. As the owner and/or holder of the marketing authorisation, we are responsible for the quality of our own products across all territories.

There were 11 product recalls initiated during the year reducing from 17 in the prior year. The number of recalls in the Anaesthetic Brands portfolio have been reduced from the levels experienced during the last financial year. None of these product recalls represented a high patient risk requiring the implementation of a full market recall procedure.

Post year-end the Australian regulatory authority ("TGA") issued an instruction for the recall of all pharmaceutical products containing the active pharmaceutical ingredient ranitidine, used in the treatment of heartburn, gastric reflux and ulcers and provides relief from stomach acid build-up. Ranitidine contains traces of a by-product compound called N-nitrosodimethylamine ("NMDA") which may pose a low carcinogenic risk from long-term exposure to NMDA. The TGA and other international regulatory agencies are in the process of investigating the issue. In Australia, our ranitidine containing finished product, branded as Zantac, is predominantly sold as an OTC product and is also available as a prescription product. Following consultation with the TGA, we recalled Zantac with effect from 1 October 2019.

In line with global trends to combat counterfeit medicinal products, we are committed to compliance with all medicine serialisation requirements implemented globally. These measures require a comprehensive system to track and trace medicines through the entire supply chain to the end user, the patient. We have ensured that serialisation capability is available in all internal and external sites and we are capable of meeting EU serialisation regulations which came into effect in February 2019. Aspen undertakes a comprehensive product lifecycle management programme. This programme ensures that products are updated to meet latest requirements and ensures that they are stable throughout their shelf-life.

Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Code of Conduct

Manufactured capital

The continued investment in our API facilities and FDF manufacturing capabilities is aimed at delivering flexible and scalable manufacturing and enhanced operational synergies. Our global manufacturing capabilities are an enabler for the achievement of our strategic objective of value generation

Over 40 million tonnes of API and medicines produced in our factories in 2019

Aspen's sterile manufacturing facility in Port Elizabeth, South Africa

"Our manufacturing processes are part of a complex and integrated value chain aimed at delivering safe, efficacious, quality products to meet the needs of patients. We continuously strive to maintain world-class manufacturing standards while delivering a cost-competitive manufacturing base. The significant capital projects underway to bring the majority of anaesthetics production into our sites will further position us as a niche specialty pharmaceutical manufacturer providing strategic advantage in an increasingly commoditised environment."

Lorraine Hill – Group Operating Officer and Responsible Pharmacist

Manufactured capital

Inputs

- **Strategic FDF and API manufacturing operations worldwide**
- **External supply contract manufacturing network**
- **Global distribution network**
- **Infrastructure in the countries and territories in which we operate**

Key initiatives

- Continuous improvement initiatives to sustain a cost competitive manufacturing base
- Monitoring manufacturing quality standards, compliance with GMP and other applicable regulatory requirements
- Investment in manufacturing capability, technology and capacity
- Development and maintenance of external supply contract manufacturing network and consideration of options to outsource and insource
- Vertical integration between strategic manufacturing facilities providing a synergistic competitive advantage
- Distribution of manufactured product through public infrastructure and transport networks

Outcomes

- Globally competitive, scalable, flexible and widely accredited manufacturing facilities that provide a sustainable competitive advantage
- Manufacturing capabilities and suppliers aligned to commercial objectives
- Economies of scale for key products
- Provision of high quality, affordable medicines and products that improve the quality of health of patients in approximately 150 countries

Sustaining a cost-competitive manufacturing base

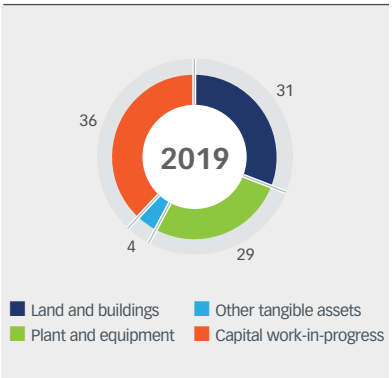
Leveraging the Group's diverse and specialist production capabilities

Our strategic objective of supplying high quality, efficacious, affordable medicines and products is underpinned by our own manufacturing capabilities and the vertical integration of certain aspects of our supply chain. Our 23 manufacturing facilities present a range of production capabilities and capacities aligned with our current and future commercial objectives. These include injectables, oral solid, semi-solid, liquids, steriles, biologicals and API manufacturing. Our niche and complex production capabilities provide a strategic advantage in an increasingly commoditised environment. An overview of the Group's strategic manufacturing capabilities is set out on pages 12 and 13. Carrying value of property, plant and equipment (R12 065 million)

During the last year, our strategic manufacturing projects continued to focus on the alignment of our facilities with our manufacturing and commercial strategies, enhancing technology as well as our quality and compliance standards, policies and procedures. Ongoing investment in the upgrading of our world-class manufacturing facilities in addition to the implementation of state-of-the-art electronic systems and IT capability supports our ability to supply quality products, ensures ongoing compliance to GMP and creates increased manufacturing capacity to meet both current and future operational requirements. Capital expenditure on the replacement and expansion of property, plant and equipment amounted to R2 442 million (2018: R2 145 million) with a further R2 600 million planned for 2020. The level of capital expenditure is forecast to reduce significantly from the 2021 financial year.

Following the Anaesthetic transactions with AstraZeneca and GSK, we have integrated the manufacturing sites responsible for the supply of some of these products into our supply chain network, which provides us with a strategic opportunity to pursue manufacturing synergies. Significant capital projects are in progress at the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to transfer the manufacture from AstraZeneca, GSK and some external supply contract manufacturing sites. The expected first commercial production at the Port Elizabeth and Bad Oldesloe sites is in the 2021 financial year with Notre Dame de Bondeville following in the 2022 financial year. Full commercial benefit from this strategic investment of R4,9 billion in total is expected in the 2024 financial year.

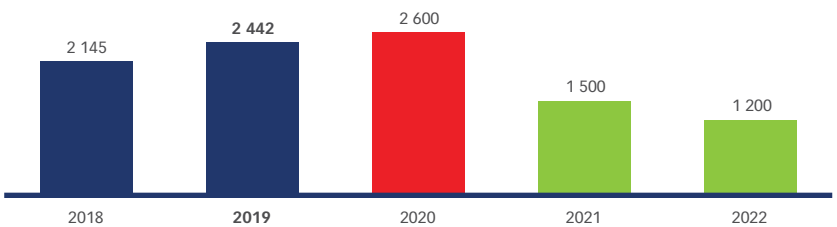
Carrying value of property, plant and equipment (R12 065 million)
(%)



Oral solid dose manufacturing

We remain focused on increasing the complex manufacturing capability at the Port Elizabeth site. The Bad Oldesloe site's ability to provide specialised and flexible manufacturing and packing capabilities, as well as its favourable location within the European market, further bolsters our ability to deliver competitive and bespoke manufacturing solutions. Capacity

PPE capital expenditure
(R'million)



expansion and continuous improvement projects in respect of these sites are progressing according to plan, with key projects being:

Port Elizabeth, South Africa
- Completed the qualification activities and validation batches for the production of Purinethol. Commercial production commenced in the first quarter of FY2020;
- Continued the projects to implement a Manufacturing Execution System and a Laboratory Information System which will enable additional operational efficiencies to be achieved;
- Increased focus on initiatives to enhance competence at all levels across the site to ensure sustainable performance in the long term; and
- Introduced serialisation capability across the facilities to ensure compliance with the various serialisation requirements globally.

Bad Oldesloe, Germany
In addition to the extension of the manufacturing and packing lines to accommodate the transfer of anaesthetic liquids, creams and ointments underway, the site:
- Introduced serialisation and anti-tampering capability across the packaging lines to ensure compliance with EU regulations;
- Installed and validated a new high-shear-mixer/fluid-bed-dryer enhancing efficiency and improving controls; and
- Installed an increased volume stability chamber which has also contributed to a lower carbon footprint.

Sterile manufacturing
Our facilities at the Port Elizabeth and Notre Dame de Bondeville sites provide us with extensive sterile manufacturing capability. Capacity expansion plans in respect of these sites have progressed well in the past year:

Port Elizabeth, South Africa
Commenced activities to introduce anaesthetics production, a significant step in the evolution of this site. The infrastructure build phase is complete and equipment is in the process of being installed. Equipment already installed is undergoing site acceptance testing. The first commercial batches are planned for registration during FY2021. The introduction of these new products is expected to see the export volume move from 20% to more than 50% with more than 700 additional stock keeping units ("SKUs") being added to the existing portfolio over the ramp-up phase of some four years.

Notre Dame de Bondeville, France
- Completed the infrastructure build phase of the new suite to manufacture anaesthetic dosage forms comprising polybags and poly ampoules;
- Continued the installation and qualification of another high speed prefilled syringe filling line with commercialisation expected by the end of FY2020; and
- Initiated a project for the installation of a new automatic visual inspection line for prefilled syringes. Qualification and validation is planned to commence in FY2020 with commercialisation expected by the end of FY2021.

API manufacturing
Our API network comprises six owned sites, three located in the Netherlands (two in Oss and one in Boxtel), one in the USA (Sioux City), one in France (Notre Dame de Bondeville) and one in South Africa (Cape Town). In addition, we have two API manufacturing blocks situated at Laurus Labs in India. These sites provide Aspen with specialised API capabilities in respect of both our own as well as third-party commercial opportunities. The combination of the Oss and Sioux City sites with the Notre Dame de Bondeville site and Port Elizabeth steriles facility provides a fully integrated biochemical supply chain to support some of our Thrombosis portfolio of products. Initiatives to enhance our capacity and improve sustainability at the API sites have continued to receive focus as follows:

Oss, the Netherlands
- Completed the qualification of a new production unit in Boxtel and continues to have ongoing validation of a new biochemical process (including the capability of virus filtration);
- Upgraded the automation system in the chemical plant in De Geer;
- Commenced the validation of the new solvent recovery unit in Moleneind which, once commercialised, will increase the reuse of solvents thereby reducing waste and contributing to the sites' circular economy objectives; and
- Installed a water circulation unit (for firefighting) to meet safety commitments.

Notre Dame de Bondeville, France
- The new certoparin facility is expected to obtain regulatory approval and commence commercial manufacture in the 2021 financial year.

FCC Cape Town, South Africa
- Commenced full scale commercial manufacture of API in the newly validated high containment/high efficiency production block C2, in support of backward integration projects;
- Commenced installation of a new high containment milling and micronising process centre;
- Concluded the development and optimisation of an anaesthetic API, which will also support backward integration into the Aspen portfolio of products;
- Concluded phase 1 of product development for strategic backward integration of oncology products;
- Commissioned a water treatment plant for the use of alternate underground water supply during times of drought/constrained local municipal supply; and
- Installed and commissioned expanded fire prevention and control systems in line with regulatory requirements.

External supply manufacturing network
Our manufacturing network also comprises supply from numerous contract manufacturing organisations situated globally. A number of the products manufactured in the external network have been earmarked for transfer to our own manufacturing sites over the next five years. This move will ensure ongoing supply sustainability. We have an internal team of supply chain and quality experts who ensure that all the requisite controls are in place to facilitate supply, on time and in full, and in compliance with our required quality standards.

Cost containment and increased efficiencies
We have a strong focus on continuous improvement initiatives and savings plans to enhance production efficiencies and optimise economies of scale across the Group. Comprehensive, detailed, multi-year savings plans, covering all aspects of the operations, are progressing to plan and the improvements to the South African operations, Oss and Notre Dame de Bondeville sites are poised to deliver significant future cost savings to the Group. The progress made in achieving these plans is monitored on a regular basis. By owning our strategically important manufacturing capital, we are able to better manage our product quality, production efficiencies and cost competitiveness to ensure responsive management of the supply chain. This, in turn, supports the maintenance of Group margins.

Additional information available online:
- Aspen Sustainability Data Supplement
- Aspen Code of Conduct

Human capital

Built on the foundation of our values and a commitment to the Group Code of Conduct, we strive to provide a safe, challenging and rewarding environment for each of our employees. Our strength lies in our diverse, experienced and talented workforce. This positions us favourably to shape our business and to react to the fast changing, complex and interdependent world in which we operate

More than 45 nationalities
employed in 70 locations across the world

The Ethicare management team

"The integrated talent management approach is to attract, develop and retain talent that is skilled, engaged and aligned with our corporate culture and ethos. The global roll-out of our diversity and inclusion framework is an important initiative supporting our ambition of creating a work environment where everyone can thrive personally and professionally."

Ayesha Mathuthu – Group Talent and Organisational Effectiveness Manager

Human capital

Inputs

- **Employee expertise, skills sets and integrity**
- **Strong and diverse leadership team**
- **Fit-for-purpose organisational structures throughout the Group**
- **Human capital technology**
- **Bargaining arrangements and organisational rights in place**
- **Robust policies and procedures**

Key initiatives

- Continued investment in capability building for current and future skills needs
- Talent management and succession planning to ensure continuity in respect of critical skills
- Focus on achieving diversity and inclusion in the workforce
- Constructive engagement with employees and representative labour organisations
- Fostering our commitment to integrity and values-driven leadership
- Focus on employee health, safety and wellbeing
- Appropriate and proven remuneration, incentive and performance management practices
- Continued investment in technology to enable an agile workforce

Outcomes

- Skilled, capable and diverse teams who are motivated to achieve the strategic objectives of the Group
- Maintenance of a high performance culture and the retention of skills
- Stable and constructive industrial relations
- Employees are ambassadors of Aspen, our reputation and our values-based approach to ethics
- Safe and healthy workforce

Creating an environment in which our employees can thrive

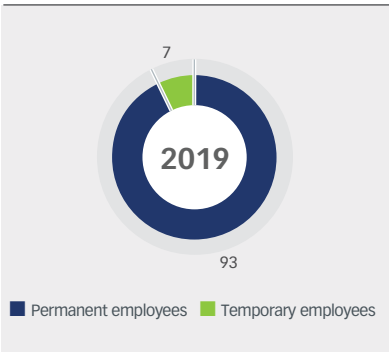
Our global team of skilled, accountable and engaged employees are critical to the success of the Group. Our leaders shape our culture that encourages innovative thinking and inclusivity. We seek to attract, assess, develop and retain appropriately qualified and experienced individuals who present the right mix of technical and behavioural competencies for our targeted business requirements. We are also building sustainable structures that are agile and will allow us to compete and succeed consistently.

During the year, we reviewed elements of our human resources strategy to ensure its continued alignment to the Group strategy. The renewed human resources strategy continues to be underpinned by seven strategic themes and aims to create an environment where fit-for-purpose human capital solutions have a global focus with localised relevancy. It has at its core the objective of fully integrated talent management, enhancing the employee experience by providing interesting, challenging and meaningful work, creating career growth opportunities, offering competitive and differentiated remuneration and ensuring an overall positive work environment. Our talent management framework and our diversity and inclusion framework received heightened strategic focus during the year.

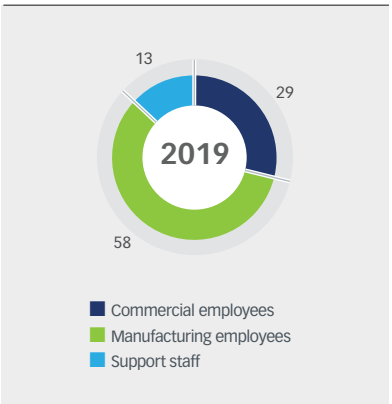
We pride ourselves in having committed and engaged employees. A key contributor to employee engagement is clear role profiles and articulation of expected deliverables. Our global performance management framework, which is under review, will provide a standardised approach to performance management while respecting the local dynamics of managing high performing teams. The framework will also encourage 360o feedback and continuous performance dialogues.

As the Group continues to evolve, the human resource function continues to adapt to provide more integrated and relevant solutions. While aligning to the Group human resources strategy, policies and procedures, our decentralised human resources structures customise their policies to ensure local relevance and compliance with applicable labour legislation. Our global human resources system, implemented in 2017, serves as a Group platform for core employee data and is a strategic enabler for the implementation of the Group human resources strategy and related processes across the Group. Further initiatives to optimise the use of technology to support our human resource strategy is the implementation of a global recruitment management system and the launch of the global learning management system.

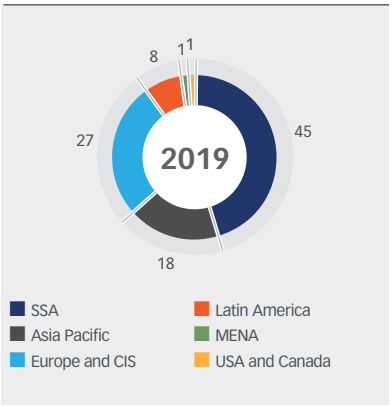
Total employees (10 001 employees)
(%)



Employee categories (10 001 employees)
(%)



Total employees by region (10 001 employees)
(%)



We operate in environments where the labour markets are targeting talent and therefore we are subject to employee movement that is robust and dynamic. The challenge facing us is to ensure we create a meaningful employee experience so that we can retain and develop our current talent pool, while proactively sourcing talent in the various labour markets. In total, 2 095 permanent and temporary employees were recruited to support business expansion requirements in FY2019 and to replace vacancies or fill new roles. Following the acquisition of Alphamed, a further 346 employees were transferred to the Group.

During the year, 53 employees retired due to non-work-related ill health and reaching normal retirement age (less than 1% of the staff complement). No occupational fatalities occurred during the year (2018: none), but we regret to report the non-work-related deaths of 18 employees. During the year, the Group divested its Nutritionals business. An important element of the transaction was the effective and fair transition of close to 900 employees in eight countries to the Lactalis Group as at the end of May 2019. The transition plan included transitioning benefits, processes and practices to the acquiring organisation. We acknowledge the value that these individuals contributed to our success during their tenure and are pleased that they will continue their careers with an employer that is a specialist in the dairy industry which should lead to many exciting growth opportunities.

The Group's overall employee turnover rate is 23%, the elevated level being as a result of the divestment of the Nutritionals business. Adjusting for this, the turnover rate has increased to 14,3% (2018:12,2%). A highly competitive environment in China as well as uncertainly following the Group's acquisition of Alphamed in India contributed to higher voluntary attrition rates in these business units. We monitor turnover rates and conduct stay and exit interviews to address retention risks early and ascertain why employees are leaving the organisation.

During the year, restructuring took place in the South African Commercial business as well as in Port Elizabeth, Oss, Australia and Mexico. In implementing the restructuring processes, detailed consultation plans were prepared to ensure that the correct consultations were held with affected employees and with the relevant labour organisations, such as unions and works councils.

Building talent to drive performance excellence

Our dynamic environment requires our employees to be adaptable, results-driven, self-motivated, decisive and responsive team players. All employees are provided with equal opportunities for development, advancement and promotion on merit and without prejudice. The Remuneration & Nomination Committee monitors the adequacy of succession plans for the company's executive directors and the Group's senior executives. Succession plans are revised for key business unit executives and managers aligned to the Group talent management strategy which is designed to drive talent attraction, assessment, retention and development across the business. The adequacy of these succession plans and the Group's talent planning landscape is monitored by Senior Executives. Enabling this high performing culture is a performance management process that is in place across the business. The performance reviews are based on functional and business unit strategic objectives. During the year, performance appraisals were completed for 96,7% of permanent employees across the Group through formal one-on-one meetings between employees and responsible managers. Performance incentives and annual salary increases for assessed staff are determined with reference to the completed appraisals.

Business unit managers are responsible for the implementation of effective training programmes to address identified skills development needs with the support of human resources departments. The Group human resources function supports business unit management teams to this end and monitors the adequacy of implemented training plans. In some of the business units, we use technology to support self-directed learning through the use of e-learning platforms. The global learning management system is expected to further support the implementation of our training plans. Technical and managerial skills have been identified as critical and these areas have continued to receive focus in this year. The technical skills academy established at the Port Elizabeth site in 2017 has received accreditation from the South African education authorities for certain courses. Our Learning Academy at our South African Commercial business has also received full accreditation.

We continued to provide fit-for-purpose programmes to build leadership and functional capacity and capability. In the South African business, 17 delegates successfully commenced the Accredited Certificate in Management Programme, which is run in partnership with the Milpark Business School. Various other leadership development initiatives were offered to employees aimed at building core competencies, building team alignment and coaching teams for excellence. Training interventions across the Group have included short course training, internal training programmes, management and leadership development programmes as well as executive coaching programmes. In total 8 447 (2018: 8 441) employees were exposed to training interventions at an average cost of R5 875 (2018: R6 742) per employee. The total investment in training decreased by 14% to R56,6 million (2018: R65,5 million). Average training spend per employee has decreased over the previous reporting period. This is partly attributable to the shift from external training to more cost-effective internal training initiatives, but also due to certain programmes being suspended while their effectiveness is re-evaluated.

Skills development programmes in South Africa

With a clear Group human resources strategy driving capability building, and a focused robust monitoring and evaluation process, we successfully implemented our planned training interventions for the year. In total, 98 learners/apprentices were provided with funding during the year and 64 internships were implemented in the business. A combined total of 80 internships, apprenticeships and learnerships continue to be provided

to employed and unemployed individuals. We participated in various youth programmes, aimed at developing skills and providing youth exposure to the world of work. We continue to support the following initiatives:

- The South African Commercial business hosted a career fair for 100 students from different high schools, universities and various higher education institutions to provide career guidance to the students, while giving them exposure to the working environment.
- The hosting of a week-long legal workshop for 27 University of KwaZulu-Natal legal students during which Aspen professionals and executives covered various technical topics as well as skills needed to be successful in a corporate environment.
- Our Human Resources colleagues provided interview skills training to youth in a youth incubator.

Financial assistance in the form of bursaries was awarded to 64 of our employees with a further 85 bursaries being awarded to external students in South Africa. Our external bursary scheme, with a total spend of R6 million, is directed toward the maintenance of a supply of relevant qualifications and skills to the industry in the future, while also contributing to the education of our youth.

Respecting employee rights

As a signatory to the UN Global Compact, we are committed to upholding the labour principles included therein. Our working environments are free of prejudice, bias, harassment and/or violation. Our Code of Conduct entrenches the rights of all employees to be treated with fairness, equality and respect. Discrimination of employees on the basis of age, nationality, gender, race, physical health, sexual orientation, individual belief systems and/or any other prejudicial grounds is prohibited and further entrenched in our diversity and Inclusion framework and Sexual Harassment policy. Our policies further denounce the use of child labour and unfair labour practices. Human resources, industrial relations and legal compliance frameworks are in place to uphold employee rights and ensure compliance with labour legislation. During the year, no incidents of unfair discrimination were identified in the Group (2018: nil).

Employees are protected by local labour legislation and internal policies and practices to ensure appropriate hours of work and the management of overtime. We have put in place processes to mitigate the risk associated with excessive overtime and a new shift pattern at our Port Elizabeth and East London manufacturing sites will assist to reduce the overtime worked. Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. Salaries are benchmarked against industry standards in each territory to ensure that high performing employees are offered competitive remuneration packages that promote retention objectives. Our remuneration philosophy is detailed on page 101. Initiatives are also in place to provide formal and informal recognition to employees. Our global employee recognition programme celebrates employee excellence in the business.

We have policies and procedures in place that encourage a productive employee relations environment, underpinned by pro-active and constructive working relationships with unions and works councils. Employees across the Group are free to exercise their rights to belong to trade unions and collective bargaining councils. Relationships with trade union representatives, considered key stakeholders, are managed in a proactive and responsible manner by local human resources managers. Formal processes are in place to foster a culture of transparency and constructive engagement with trade union representatives in each territory. During 2019 approximately 26% of the Group's employees belonged to a trade union and 31% were represented by collective bargaining councils.

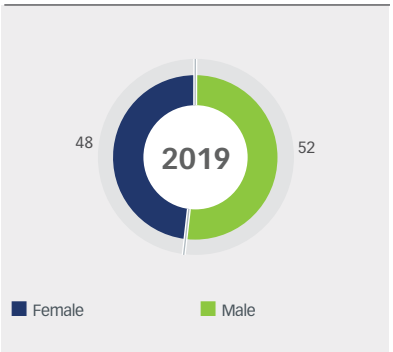
Material operational changes are communicated to the employee trade unions, as necessary, within legislated timeframes. Formal grievance procedures are in place and are communicated to employees at each business unit. Another mechanism to address employees' concerns over confidential matters, is the use of the whistle-blowing Tip-offs Anonymous line. This independently operated reporting system, provides employees with a channel to anonymously raise concerns in respect of matters related to unethical conduct, corruption and fraudulent activities. Our Whistle-blower's policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment.

Respecting employee diversity and promoting equality in the workplace

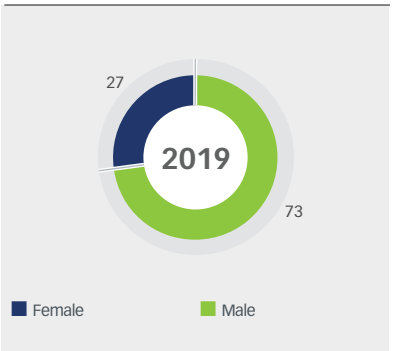
We are committed to building an organisation that is reflective of the demographics of the countries and communities in which we operate, in order to harness strength from the many diverse talents and cultures in the Group. As at 30 June 2019, Aspen's team represented over 50 different nationalities across six continents. In accordance with the Group's Code of Conduct, all employees are treated with fairness, equality and respect. Articulating our commitment to this end, we launched a Group Diversity and Inclusion Framework which seeks to create a workplace that embraces diversity, enables an inclusive environment and builds a relevant and sustainable leadership pipeline for Aspen.

The attraction, retention and development of female employees is a priority for the Group and gender diversity is a key performance indicator monitored by the Social & Ethics Committee. We recognise that the advancement of women within our organisational structures is an important element in addressing gender equity. The percentage of women in the top 100 positions in the Group indicates that women represent 27% of our leadership team, while female employees comprise 48% (2018: 50%) of the total workforce. To empower, engage and connect our female employees, the women's forums established in our respective South African businesses continue to provide a platform for women to engage, connect and enable transformation in the gender space. We consider having an external perspective on gender important and have partnered with the South African chapter of the 30% Club during the year. The 30% Club is a non-profit organisation that campaigns for the greater representation of women on the boards of FTSE100 companies as well as the empowerment of women in senior positions with organisations. Over 25 of our employees, both men and women, have been exposed to networking sessions hosted by the 30% Club where issues of transformation and gender equality were debated. Our Group Operating Officer represents Aspen's membership of this campaign, demonstrating our level of our commitment to this important issue.

Employee gender diversity in the Group
(%)



Gender diversity in top 100 positions in the Group
(%)

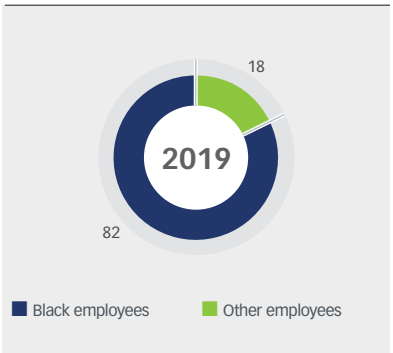


Empowering historically disadvantaged individuals in South Africa

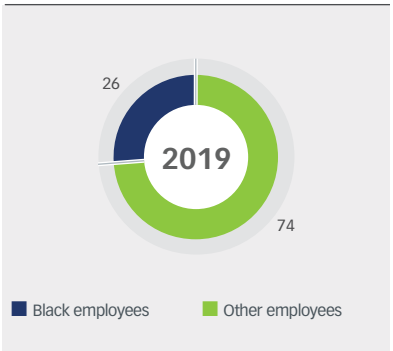
In line with our employment equity policy and talent management policies in South Africa, we implemented the second year of our three-year employment equity plan. This plan was developed in conjunction with our South African businesses and in accordance with the Employment Equity Act and the Department of Trade and Industry's BBBEE Code of Good Practice ("BBBEE Codes") to promote the advancement of historically disadvantaged individuals. Targets were set by taking into consideration staff turnover, growth and transformation rates after having consulted with the respective employment equity committees. Each business unit in South Africa has a transformation plan in place and employment equity committees meet regularly to drive delivery against agreed employment equity priorities. In South Africa, we have managed to slightly improve the overall representation of black employees from 81,5% to 82%.

A key focus is to improve representation at a senior management level and our KPI measuring the percentage of black employees in the top 50 positions in South Africa indicates an increase to 26% in line with our targeted employment equity plans. Representation of female employees in the South African workforce has remained fairly constant at 54%, whilst females comprise 34% of the top 50 roles.

Employee race diversity in South Africa
(%)



Percentage of black employees in top 50 positions in South Africa
(%)



Supporting the wellbeing of our employees

Employee health, wellness and fitness for work are fundamental to enable the effective execution of designated responsibilities and implementation of value-adding initiatives for the business. Employee benefit arrangements include subsidisation of tailored healthcare insurance plans for employees and their direct dependants where this is required. Employees at selected sites also have access to on-site clinics, employee assistance programmes and wellness support programmes. Detailed wellness programmes are implemented in South Africa, with a focus on financial planning, stress management and mental wellness.

Supporting employees in the identification and management of HIV/AIDS

We are committed to promoting HIV/AIDS awareness and offering HIV/AIDS positive employees with the required counselling and support. Each year, we participate in World Aids Day on 1 December and World Tuberculosis Day on 24 March. Employee awareness of these diseases is created through the dissemination of information booklets, posters and making relevant information available electronically to staff. Our HIV/AIDS policy complies with legal guidelines and prescribes confidentiality of the employee's status. Free condom dispensers are installed in accessible areas across the South African and Kenyan sites. In South Africa, our HIV/AIDS management programme is administered by an independent health risk management company. Free HIV/AIDS testing is conducted every two years and is offered to all employees in South Africa. The HIV/AIDS counselling and testing campaign was last conducted in December 2018. Some 179 employees participated in the voluntary HIV/AIDS testing and 187 participated in the voluntary counselling programme. HIV/AIDS positive employees have access to the disease management programmes through their healthcare insurance schemes which subsidise the provision of ARVs as well as voluntary counselling and support programmes. In South Africa, peer educators provide staff with necessary HIV/AIDS prevention and disease management training and, where required, this is also offered to family members of affected employees. In other regions, a further 194 employees benefited from either HIV/AIDS testing and/or counselling.

Providing a safe working environment

Our employees are entitled to a safe and healthy working environment and we are committed to ensuring the safety and security of all of our employees and third parties visiting our facilities.

Our commitment to safety and security management

Our commitment to our employees is outlined in the Aspen Code of Conduct. The Aspen Code of Conduct for Suppliers and Service Providers echoes this commitment, detailing the expectations and requirements in terms of adhering to our safety standards both in their own workplace and when operating at one of our facilities. The Aspen Group Standard for Contractor Management further supports the identification, evaluation and control of risks associated with on-site contractor and sub-contractor activities.

The prevention of work-related injuries, permanent disabling injuries and occupational diseases is a key focus area for site management teams, particularly at the manufacturing facilities where the inherent risks of health and safety incidents, including chemical exposure, are high. Health and safety baseline and issue-based risk assessments are conducted to identify and evaluate the magnitude of our health and safety risks through a dynamic, formal and structured process. Risk assessments are the foundation for the establishment, implementation and maintenance of our SHE Management Systems across the Group and the selection and mitigation influence of required control measures is determined by the principle of the hierarchy of controls. Issue-based risk assessments are conducted for the management of changes and any new projects prior to the design phase to ensure that all health and safety risks are considered and mitigated. New operations acquired are systematically incorporated into the Aspen Group SHE programme.

Due to the nature of pharmaceutical and chemical products, compliance control measures are in place across the supply chain, to address the safe and compliant handling and transport of all materials and products. All SHE training needs are essentially identified through applicable legal requirements and risk assessments and formally managed through internal and external training programmes. Competent registered or approved training service providers are appointed through a procurement and selection process.

SHE awareness and competency training programmes are conducted to promote the effective implementation and maintenance of SHE policies and procedures at no cost to personnel working for on behalf of the organisation. Employee competency and the effectiveness of training is generally measured through formal assessment questionnaires, job observations or the performance review process. Formal SHE representation and management structures are established at all manufacturing sites in order to create a platform of consultation and participation for the discussion and resolution of any SHE matters. Practices that penalise participation in the reporting of incidents, hazards, risks and opportunities are discouraged by addressing identified obstacles and barriers and employees who wish to remain anonymous are protected against reprisals through the Whistle-blowers policy.

SHE compliance is monitored and managed on a day-to-day basis and SHE KPIs form part of site management reporting processes. The Group SHE Department develops and promotes Aspen's SHE standards and monitors the compliance and effectiveness of certified SHE management systems across the business units. Independent SHE legal compliance audits are conducted biannually across all manufacturing facilities. The Group SHE Department reviews the audit findings to establish trends and focus areas and tracks the status of corrective action plans. The Board monitors material SHE KPIs on a quarterly basis and, through the Social & Ethics Committee, monitors the effectiveness and compliance of SHE management systems across the Group.

Ensuring employee security

In the interest of employee safety and asset security, access controls and security systems are in place across all manufacturing and commercial sites to prevent unauthorised entry. Additional measures are implemented by local management teams to ensure employee safety in countries where the risk of social and/or political unrest is high.

Managing SHE compliance

We align our health and safety management systems to global standards, with all of our fully commercialised primary manufacturing facilities continuing to comply with the OHSAS 18001 standard. Six of our seven API facilities maintained or achieved health and safety certification with the FCC, Cape Town site being the first facility within the Group to achieve a successful outcome against the ISO 45001 Standard. All sites currently certified to OHSAS 18001 will be transitioned to the new ISO 45001 standard by 2021. Due to the limited scale of their operations, the Sioux City and Ghana sites are not earmarked for certification. The OHSAS 18001/ISO 45001 certificates and SHE policies for all internationally certified facilities are displayed across the manufacturing sites and are available online. Maintenance of an internationally recognised Health and Safety management system enables our sites to keep abreast of all applicable health and safety legal requirements, maintain a programme for evaluation of compliance and manage instances of non-conformance.

Measuring SHE performance

Independent SHE compliance audits were performed at 16 of the Group's manufacturing sites during FY2018. An internal legal compliance assurance process was conducted in FY2019 and no exceptional health and safety legal compliance findings were noted

All legal findings are managed by each facility through a formal Corrective and Preventative Action system and the Group SHE function monitors the compliance status and reports thereon to the Social & Ethics Committee. The disabling incident frequency ratio ("DIFR") and LWDFR represent the Group's material health and safety KPIs. The DIFR reflects the percentage of employees who suffered disabling injuries in the 12 months ended 30 June 2019, irrespective of whether such incidents resulted in lost work days. The DIFR tolerance is set at less than or equal to 1,00 and the ratio of 0,89 was achieved. The LWDFR indicates the percentage of employees who were absent from work due to work-related disabling injuries over the last 12 months. LWDFR tolerance is set at less than or equal to 0,75 and a ratio of 0,82 was achieved. The tolerance levels are reviewed and approved by the Social & Ethics Committee on a two-yearly cycle. During the year, 57 disabling incidents were recorded across the Group's manufacturing facilities compared to 53 incidents in the prior year. As a result of two (2) permanent partial disabilities reported in 2018, a dedicated campaign was launched to ensure that machine safety arrangements meet our compliance obligations. Significant efforts ensured that no permanent disabling injuries were experienced during the year. Furthermore, no reportable cases were experienced at our facilities in Sioux City (USA), Vallejo (Mexico) and the sub-Saharan Africa region (Kenya, Tanzania and Ghana). Although marginal increases in both the DIFR and LWDFR were experienced, the DIFR has been maintained within the tolerance level.

Ergonomic-related cases remain one of the highest contributors to our total reportable case rates. Slips, trips and falls and incidents resulting in health exposure, mainly due to unsafe behaviours, also contribute significantly to our incident rates. These areas are therefore highlighted as key focus areas for the Group in FY2020. Formal systems are in place to ensure that incidents are recorded, investigated and analysed in a structured and timely manner in order to identify root causes and prevent the recurrence of incidents.

Ensuring commitment to continual improvement

We are committed to the continual improvement of health and safety management and performance through reasonably practicable measures. Incident statistics are utilised as an input to the identification of improvement opportunities. Continual improvement is demonstrated by the establishment of measurable health and safety objectives which are regularly monitored to ensure achievement thereof. The status of the various continual improvement programmes is also discussed at employee Health & Safety Committee meetings.

Additional information available online:

- Aspen Sustainability Data Supplement;
- Social & Ethics Committee report;
- Employment equity progress reports for FCC Cape Town and Pharmacare;
- Aspen Code of Conduct;
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2019;
- Responsible corporate citizenship philosophy; and
- Aspen Code of Conduct for Suppliers and Service Providers.

Social and relationship capital

Responsible corporate citizenship is fundamental to our objectives and the way we do business. We recognise that there are inseparable linkages between our sustainable growth, our relationships with our key stakeholders and our contribution to society in the broader context

More than 300 SED projects supported by the Group

Aspen Holdings' Mandela Day activity at Masifundisane Pre-Primary School

"Business has an important role to play in economic growth and development and social transformation. Through representation of various business and industry associations, we aim to actively contribute to the dialogue on issues affecting our business and society at large. We also have an extensive SED programme covering various initiatives aimed at the development and sustainability of communities."

Stavros Nicolaou – Group Senior Executive Strategic Trade

Social & relationship capital

Inputs

- **Relationships with communities, customers, regulators, HCPs, investors, suppliers, distribution partners, service providers, governments, media and other key stakeholders**
- **Responsible corporate citizenship**
- **Robust governance framework**
- **Policies and procedures**

Key initiatives

- Ongoing engagement with key internal and external stakeholders and management of reasonable stakeholder expectations
- Socio-economic investment focused on enhancing healthcare delivery to communities
- Participation in the South African Public Healthcare Enhancement Fund ("PHEF"), a collaboration between the South African Department of Health and private sector healthcare companies
- Support of Mandela Day across the Group's operations globally
- In-country initiatives aimed at community upliftment
- Support to empowering enterprises, including small and micro-enterprises, through preferential procurement and enterprise development and enterprise supplier development activities
- Contributing signatory to the UN Global Compact
- A focus on promoting equity in the Board and workforce composition
- Implementation of Group-wide ethics and legal compliance processes

Outcomes

- Enhanced profile as a good corporate citizen with a reputation for high quality, affordable medicines and products
- Value delivered to stakeholders
- Increasing healthcare skills and resources, primarily in South Africa
- Meeting legitimate stakeholder expectations and maintaining a "licence to operate"
- Contributing to the transformation of South African society
- Contribution to the economies and fiscus in the countries in which we operate
- Uplifting the lives of the communities in which we work around the world
- Giving credence to our philosophy "Healthcare. We Care."

Conducting business in a responsible manner

Our responsible corporate citizen philosophy encapsulates our inherent approach of conducting business ethically, with integrity and with commercial wisdom that strives to enhance the economic and social wellbeing of our patients, consumers, investors, employees, customers and business partners.

Engaging stakeholders

We are committed to adopting a stakeholder inclusive governance approach and sustaining strong relationships with our stakeholders through transparency and effective communication. The Board takes overall responsibility for ensuring a stakeholder-inclusive governance approach and a Group stakeholder engagement policy is in place. During the year, we have had a wide range of structured and ad-hoc engagements with our broad stakeholder base. Our approach to stakeholder engagement and a summary of the most material stakeholder engagements that we have undertaken is set out on pages 16 and 17 of this report.

Corporate governance

Led by an effective Board and long-serving, experienced executives, we operate on an established foundation of strong corporate governance. The King IV™ Report on Governance is implemented throughout the Group. More can be read about this in the unabridged Corporate Governance report available online.

Ethics management and Code of Conduct

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct, signed by all permanent employees, governs the conduct of employees throughout the Group. Furthermore, our service providers and suppliers are required to adhere to the Aspen Code of Conduct for Suppliers and Service Providers in accordance with terms and conditions included in agreements with these stakeholders.

A formalised ethics management programme has been implemented at all our businesses. This programme is managed by the Company Secretary & Group Governance Officer under the direction of the Social & Ethics Committee. The Ethics Institute assessed our programme in 2016 and it was confirmed to be effective in all material respects.

Two material breaches of this Code were identified during the period under review, which resulted in the employment contracts of the implicated employees being terminated. Both instances related to the non-declaration of conflicts of interest.

Anti-bribery and corruption

We are committed to the fight against bribery and corruption. Our stance on bribery and corruption, as outlined in our Code of Conduct, is strengthened by our Anti-bribery and Anti-corruption policy, applicable to all our employees and our suppliers, service providers, consultants, agents or any third parties authorised to act on our behalf. This policy is aligned to the recommendations of the Organisation for Economic Cooperation and Development ("OECD") on corruption and prohibits any employee or agent of Aspen from directly or indirectly offering, paying, soliciting or accepting bribes in any form. Read with our Gifts and Benefits policy, it also prohibits the acceptance or giving of gifts or hospitality that are not of a nominal value or participating in events sponsored by current or prospective customers or suppliers.

Tip-Offs Anonymous Hotline

We promote a culture of openness and transparency throughout the Group and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions of which they may become aware. An independently monitored whistle-blowing hotline, Deloitte's Tip-Offs Anonymous, has been made available to all our employees and allows other stakeholders to report suspected fraud and/or activities which are considered to be transgressions of our Code of Conduct. Our Whistle-blower's policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment. Quarterly reports detailing the tip-offs received, how these tip-offs have been investigated and the corrective measures taken, are submitted to the Audit & Risk Committee and Social & Ethics Committee for consideration as appropriate.

Respecting human rights

We are a signatory of the UN Global Compact and are committed to upholding the principles of respecting and protecting internationally proclaimed human rights, as well as ensuring that we are not complicit in human rights abuses.

The Aspen Code of Conduct details our commitment to fundamental human rights and the Social & Ethics Committee monitors the effectiveness of ethics management in the Group. All our suppliers and business partners are required to confirm acceptance of the Aspen Code of Conduct for Suppliers and Service Providers to provide assurance that human rights and good ethical standards are upheld within the supply chain.

No businesses in the Group are deemed to be at risk of violating human rights which prevent child labour, slave or compulsory labour. During the year, no incidents of discrimination, slave labour or compulsory labour were reported within the Group (2018: nil).

As part of our commitment to good corporate citizenship, we support the United Nations Declaration on the Rights of Indigenous Peoples as adopted on 13 September 2007 and respect the rights of indigenous peoples in the countries and territories in which we operate. There were no reported incidents where the rights of indigenous people were violated (2018: nil). These aspects are monitored in respect of all business units.

Responsible tax citizen

As a Group that has a substantial presence in many countries, we understand our responsibility to pay an appropriate amount of tax. We comply with tax laws in the countries in which we operate and seek to maintain open and positive relationships with tax authorities. The taxes we pay make a positive contribution to the societies in which we operate. Our approach to taxation is set out on pages 90 and 91 of this report.

Political contributions

We do not make payments or other contributions to political parties, organisations or their representatives or take part in party politics.

Legislative compliance

Lawful compliance and respect for the rule of law underpins an ordered and effective society. We are committed to complying with the applicable legal and regulatory requirements wherever we do business. The Group Legal Officer & Group Compliance Officer is responsible for the implementation of an effective legislative compliance framework and provides the Board with assurance in respect of the Group's compliance with applicable laws and regulations.

The following significant compliance matters received attention during the year:

- The investigation by the authorities in relation to five specified spills that occurred at the Moleneind and the De Geer facilities during April and May 2014 was concluded during the year and Aspen Oss paid the EUR150 000 fine presented by the Public Prosecutor.
- Subsequent to year-end, it was announced that we had offered commitments ("Commitments") to the UK CMA for the purposes of addressing the competition concerns arising from certain aspects of the CMA's investigation that was initiated in October 2017 which have subsequently been confirmed as accepted. Aspen will pay an ex gratia amount of GBP8,0 million to various public health institutions in the UK related to the Commitments. Further, we admitted liability for entering into an agreement to acquire a potential competitor fludrocortisone product with the consequence that the conclusion of this agreement resulted in anti-competitive behaviour for which a penalty of no more than GBP2,1 million will be imposed.
- The investigations of the European Commission opened in May 2017 to investigate certain pricing aspects related to specific Aspen products in Europe are ongoing and we continue to provide full cooperation with the investigation team.

Other than the above matters, no significant incidents of legislative infringements were recorded during the year reflecting effective compliance management and governance processes that were adhered to across the Group.

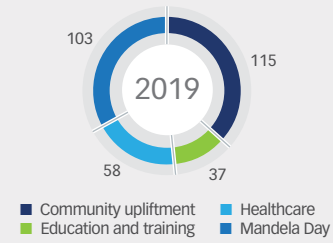
Contributing to the enhancement of healthcare, education and basic needs in communities

Our SED programmes are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the particular local context.

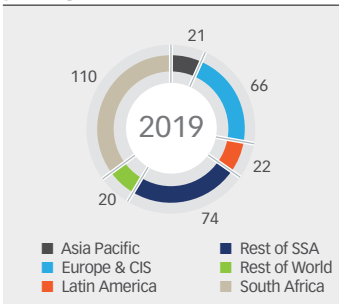
We are proud of our continued commitment to Mandela Day in which business units across our operations initiate projects that positively impact beneficiaries in the many communities in which we operate. A detailed overview of our Mandela Day initiatives is available online.

We supported a total of 313 SED projects during the year which were valued at R20,4 million, largely based in South Africa.

SED projects by type across the Group (313 projects)



Number of SED projects supported per region, valued at R20,4 million



Social & relationship capital continued

In South Africa, we are committed to supporting initiatives that are aligned with our country's overall socio-economic imperatives. Our SED strategy, led by the Senior Executive: Strategic Trade & Development, is primarily aimed at the following priority areas:

- Education, skills and human capital development, particularly in the areas of medicine, pharmaceutical sciences and chemical engineering
- Public Health Enhancement
- Women and youth empowerment, including sport and the promotion of healthy lifestyles
- Social cohesion and the strengthening of our democracy and democratic institutions
- Community development and sustainability

Key SED initiatives supported during the year include:

- We are a lead contributor and the administrator of the highly acclaimed PHEF, which is a public-private collaboration between the National Department of Health and private sector companies. The PHEF has raised approximately R200 million since inception and is making an impactful and meaningful contribution to much needed human capital development in healthcare, particularly in our country's most resource constrained communities. To date, 60 medical doctors have graduated with a target of a further 40 set to graduate in the next 2 years. Additionally, the fund is sponsoring 100 post-graduates, mainly PhDs in the field of HIV/AIDS and TB. This will bolster much needed research and innovation capacity in our country and will assist in empirically addressing some of the most difficult health challenges in our country.
- Independently of the PHEF, we continue to sponsor a number of secondary school, undergraduate and post-graduate students with the latter representing diversified fields of health and life sciences, commerce (including MBAs), Engineering and Economics. These are executed either directly or in direct partnership with universities or Public Benefit organisations such as the Umthombo Youth Development Fund.
- In addition, and as part of our contribution to addressing the challenge of youth unemployment, we take on a number of interns and learnerships, with a view to providing young graduates with both experiential/hands-on learning and an opportunity to learn the dynamic pharmaceutical industry.
- A flagship initiative includes our partnership with the Wits University Health Sciences Faculty which involves a series of lectures aimed at providing pharmacy students real live pharmaceutical experience and a lead role in the Faculty's INVEST Programme, which promotes young pharmaceutical entrepreneurs and culminates with a two-day visit to our world-class manufacturing site in Port Elizabeth. Each student grouping tackles a particular healthcare problem and provides an entrepreneurial solution, with the winning group being afforded an overall prize.
- We have assisted in a number of initiatives aimed at supporting our public healthcare systems. This has, for example, included support of the Goldilocks Foundation to bring mental services, particularly in the areas of ADHD and hyperactivity to under-resourced public sector areas and our continued partnership with the Joost van der Westhuizen Foundation in the work that they do for patients suffering with highly debilitating motor neuron disease.
- We collaborated with Masingita Masunga, who has cerebral palsy, to launch the Walk in My Shoes campaign which aimed to urge South Africans to see the world through another's eyes more especially one like Masingita who faces daily struggles but constantly overcomes them. We supported Masingita as she travelled from Cape Town to Cairo spreading this much needed message, while also collecting 3 000 pairs of shoes from our employees to donate in support of the Walk in my Shoes initiative.

SED spend on projects in South Africa

	R'million	%
Basic health and HIV/AIDS (including spend on clinics, HIV/AIDS and healthcare)	**1,1**	7
Education and training	**5,2**	32
Sport and the promotion of healthy lifestyles	**1,1**	7
Other (including Mandela Day and Community upliftment)	**8,5**	54
Total	**15,9**	100

Commitment to transparency in reporting

We appreciate that our stakeholders expect us to report on a broad range of environmental, social and governance aspects in a consistent and transparent way. We perform a review of material sustainability topics to understand the expectations of our stakeholders (refer to page 24) Since the implementation of the FTSE/JSE Responsible Investment Index in 2015, we have improved overall score to place at the 85 percentile of the index. Our score reduced to a score of 3,7 out of a possible 5,0 on the most recent assessment mainly as a result of new criteria introduced in the assessment methodology relating to water disclosures. We have, where possible, addressed these requirements in this reporting period and continue to evaluate opportunities for improvement going forward.

Promoting equality

Transformation in South Africa

As a proudly South African-based group, we support the country's transformation objectives aimed at empowering historically disadvantaged groups in South Africa and subscribe to the notion that, through the legislated economic empowerment initiatives, South Africa will benefit from the social reparation of past injustices and the added economic contribution of inclusive and unrestricted participation by all citizens.

We have developed transformation objectives and programmes and our employee management policies in South Africa are aligned with the Employment Equity Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals and women. In light of the significance we place on achieving progress in this regard, the performance against our Employment Equity plan is monitored by the Social & Ethics Committee while our transformation KPIs are reported to the Board. Refer to page 73 for further information on our initiatives to empower historically disadvantaged individuals in South Africa.

In addition, enterprise development programmes and preferential procurement objectives and targets are in place to support the emergence of black-owned and black female-owned businesses. To this end, procurement initiatives include the identification of qualifying suppliers. Our total BEE procurement spend with empowering suppliers amounted to R3 953 million representing 83% of total measured procurement spend (2018: 76%). Our enterprise development and enterprise supplier development programmes have seen loans to the value of R46,6 million advanced to selected beneficiaries.

We have maintained our Level 4 BBBEE contributor status for the year. The Group's BBBEE certification was performed by Empowerdex, an independent economic empowerment rating and research agency. The 2019 certificate can be accessed online.

A focus on gender diversity

The attraction, retention and development of female employees is a priority for the Group and gender diversity is a key performance area monitored by the Social & Ethics Committee. We recognise that the advancement of women within the organisation structures is an important element in addressing gender equity. Refer to page 72 for further information on our employee diversity and equality initiatives.

Additional information available online:

- Aspen Sustainability Data Supplement
- Unabridged Corporate Governance report
- Social & Ethics Committee report
- Audit & Risk Committee report
- Stakeholder Engagement philosophy
- Aspen Code of Conduct
- Aspen Code of Conduct for Suppliers and Service Providers
- Aspen's 2019 BBBEE report
- Aspen's 2019 Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles
- BBBEE philosophy

Natural capital

We are reliant on the conversion and use of natural capital in creating value for our stakeholders. We recognise that our operations directly and indirectly impact the environment. Our Environmental Management Protocol affirms our commitment to society to reduce our impact on the environment through responsible environmental management, conservation and protection across all of our operations

More than 72 000 tonnes
of waste recycled by our manufacturing sites

Pilot installation of solar panels at our Port Elizabeth site

"Our planet is facing unprecedented environmental challenges. We have implemented data collection and reporting systems across our global operations in order to measure and report on our environmental performance against certain key performance measures. As we move forward with our sustainability goals, we are committed to introducing further initiatives to reduce our environmental footprint and protect the business from potential environmental risks."

Jeanette Englund – Group Risk and Sustainability Manager

Natural capital

Inputs

- **Natural resources which we use such as water, air, land, minerals and biodiversity**
- **Energy derived from non-renewable energy sources such as coal and natural gas and renewable energy sources which includes solar, wind and biomass**

Key initiatives

- Ongoing commitment to containment and reduction of our carbon footprint and reliance on fossil fuels from the activities we undertake through site management strategies, formal conservation projects and renewable energy initiatives
- Monitoring of emissions across manufacturing sites
- Responsible water management and usage across manufacturing sites
- Participation in annual Climate Change CDP and Water Security CDP
- Implementation and monitoring of systems and processes in place to manage hazardous and non-hazardous waste
- Promotion of waste reduction and recycling initiatives across manufacturing sites
- Monitoring and control of the quality of effluent discharge
- Contributing signatory to the UN Global Compact, aligned with its principles in respect of environmental stewardship
- Compliance with ISO 14001 Environmental Management System by manufacturing sites in South Africa, Bad Oldesloe, Vallejo, Vitória, Dandenong, Oss and Notre Dame de Bondeville
- Compliance with ISO 5001 Energy Management System in Bad Oldesloe and Notre Dame de Bondeville

Outcomes

- Ensuring a sustainable supply of energy and water, critical to our ability to operate
- Reduction of carbon footprint
- Cost containment as a result of energy and water-saving initiatives allowing for competitive manufacture
- Responsible disposal and management of hazardous and non-hazardous waste, resulting in an increase in waste recycled and a reduction in waste to landfill
- Reduction of environmental pollution, risk and incidents

Approach to environmental stewardship

We are committed to promoting the efficient use of resources such as energy, water, packaging and production materials with due regard to the scarcity of natural resources and the environmental impact resulting from the utilisation and application of such resources in conducting our business activities. We are a signatory to the UN Global Compact and fully support global initiatives aimed at protecting the environment and conserving natural resources.

The implementation of our Environmental Management Protocol (incorporating the Group's environmental management principles) and compliance with all applicable environmental legislation is the responsibility of designated business unit executives.

Our Board monitors the status of environmental risks through the review of material environmental management performance indicators at scheduled intervals. In addition, any significant environmental risks are escalated through the Group risk management process. The Social & Ethics Committee assists the Board in monitoring compliance to the relevant environmental legislation and adequacy of environmental management systems. Under the direction of a Group executive, the Group SHE department develops and promotes our environmental management principles and standards, monitoring the alignment of business unit environmental management systems to the Group's standards.

Our environmental management systems are aligned to global standards, with all of our fully commercialised primary finished dose form manufacturing facilities and all, but one, of our API manufacturing facilities currently complying with ISO 14001:2015. FCC Cape Town achieved its ISO 14001 certification for the first time in 2019. The Sioux City and Ghana sites have been excluded for certification due to the limited scale of the operations.

During the year, a number of environmental training interventions were conducted across the manufacturing sites to ensure consistent application of environmental principles, standard operating procedures, compliance with legislative requirements and to create awareness of new developments. The Group participates in a number of industry platforms in order to keep abreast of initiatives and technological developments focused on the efficient use of scarce natural resources. Awareness campaigns were rolled out across the Group in celebration of World Water Day and World Environment Day.

An internal legal assurance process was conducted in 2019 and no exceptional legal environmental legal findings were noted. No material fines were paid in respect of environmental non-compliances this year.

The Aspen Code of Conduct for Suppliers and Service Providers requires our vendors to conduct their business in an environmentally conscious manner and to ensure compliance with the applicable environmental legislation.

Material environmental issues

As previously reported, the investigation by the authorities in relation to five specified spills that allegedly occurred at the Moleneind and the De Geer sites during April and May 2014 had been concluded. Following the approval by the Dutch Ministry of Justice in March 2019, Aspen Oss paid the EUR150 000 fine presented by the Public Prosecutor and the matter is now closed.

The soil contamination risk at the Boxtel site has been reassessed by an independent expert during the year with a significant reduction in the risk being the outcome. Minor remediation activities will be performed over the next year to address the residual risk remaining (refer to note 17 in the Annual Financial Statements).

Preserving the environment

Managing emissions

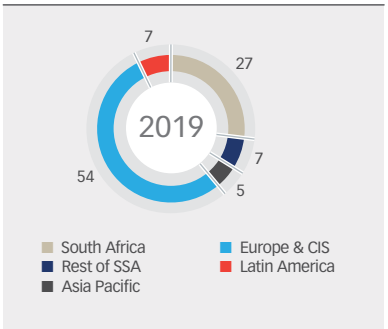
We recognise the potential environmental, social, political and economic implications of climate change as a significant issue. Our environmental management principles promote the containment and reduction of our carbon footprint in our operations and in the broader supply chain in a technically and economically feasible manner through structured systems of environmental monitoring, reporting and management. We pursue this objective through the investment in energy-efficient equipment and the utilisation of green energy technologies where feasible.

In accordance with GMP regulations, we have installed technically advanced air handling systems and exhaust filtration systems at all relevant facilities to maintain the correct environmental conditions and minimise the risk of the release of harmful substances into the

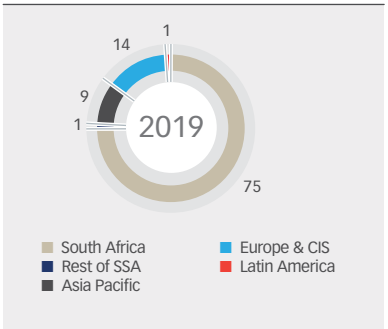
atmosphere. Through the implementation of periodic stack emission tests, we have established that the systems implemented have minimised harmful air emissions to the extent that reduction targets are not applicable.

Scope 2 emissions, comprising purchased steam and purchased electricity, represent our largest source of emissions. The main sources of our Scope 1 emissions are from fugitive refrigerants, and the consumption of fuel and natural gas, primarily used for the production of steam and the operation of Aspen-owned vehicles.

Scope 1 emissions (48 095 tCO_2e)
(%)



Scope 2 emissions (158 899 tCO_2e)
(%)



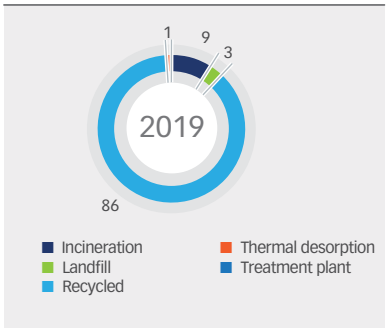
Scope 1 and Scope 2 emissions for the Group have increased by 8,6% and 6,7%, respectively. The increase in Scope 1 emissions is attributable to the in-progress commissioning of new machinery and refrigerant refills required for chiller maintenance and repairs at our East London and Tanzanian sites. The increase in Scope 2 emissions is in line with higher electricity usage in 2019 (although not directly proportional due to the different emission factors for each country).

We continue to participate in the Climate Change CDP and maintained a "B-Management Level" rating for CDP 2018. Our B- rating is within the "Management" band which recognises companies that have taken further steps to effectively reduce emissions, indicating more advanced environmental stewardship.

Responsible management of waste

As part of the pharmaceutical and chemical industries, a large portion (25%) of our waste is classified as hazardous. Specific systems and processes are in place to manage both our hazardous and non-hazardous waste in compliance with the waste management legislation applicable in each territory. We use specialised licensed waste management service providers to manage the transportation, treatment and disposal of waste in accordance with contracted terms and relevant legislation.

Waste generated by disposal method (86 904 tonnes)
(%)



Total waste generated by the Group has decreased by 12,9% and the percentage of waste recycled has increased by 2% compared to the previous year. The continuous promotion of waste recycling as well as initiatives to significantly reduce waste disposed to landfill is ongoing for the entire Group. The Group recycles 83% of waste generated and only 3% (2018: 3%) of waste generated is landfilled.

Responsible management of effluent

The quality of effluent discharge is monitored and controlled across all sites, in accordance with local municipal by-laws. Water treatment plants are in operation where required to ensure legal compliance. In the event that there is a deviation from the required standards, a thorough root cause analysis is conducted and corrective action plans are implemented.

Biodiversity

As at year-end, none of the Group's business units were located in conservation areas or areas of high biodiversity.

Spills and soil contamination/ground pollution

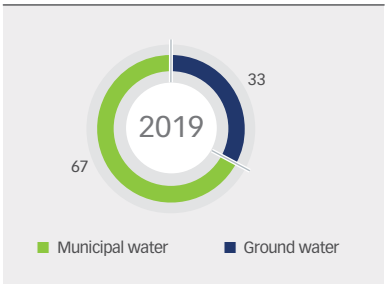
A total of five significant spillages were recorded in 2019, in comparison to four in 2018. All spillages were partially contained with little or no impact on the environment. Continued focus is placed on implementing the necessary corrective actions to prevent recurrence of these incidents.

Managing the efficient utilisation of scarce natural resources

Water

We use water extensively in our manufacturing processes, in the cleaning of our equipment and facilities, for employee hygiene, in steam generation and to maintain the required manufacturing environmental conditions. Municipal water is the primary source of water across the Group, although groundwater is also used at the manufacturing sites in Notre Dame de Bondeville, Oss, Dar es Salaam and Vallejo. Water scarcity and water supply are global risks that are increasing in impact and probability. In addition to climate change related risks, sustainable water supply is further exacerbated by increased urbanisation and the ageing municipal infrastructure in certain areas.

Water withdrawal (1 693 megalitres)
(%)



Natural capital continued

As a scarce resource, we recognise that initiatives aimed at conserving and harvesting water will contribute to more sustainable water availability. We are committed to responsible water management at all our manufacturing facilities as per the stated environmental management principles. We conducted an annual review of our water risk assessment for all manufacturing sites using a web-based tool in order to better understand our exposure to these risks and inform our future sustainable water management and water stewardship initiatives.

Using the World Resource Institute's Aqueduct Water Risk Atlas, which uses 13 water risk indicators – including quantity, quality and reputational risks – to determine a composite overall water risk score by location, our sites in Vallejo, Mexico and FCC, Cape Town are situated in extremely high water stressed areas while our Dandenong, Australia site is in a high risk-rated region. The water withdrawn from these sites represent 14% of total water withdrawn (although, following the disposal of our Nutritionals business and the site at Vallejo effective 31 May 2019, the level of water withdrawn in Mexico will reduce significantly).

		Extremely high and high water stressed	Medium-high to low water stressed	Total
Water withdrawn	Mℓ	238	1 455	1 693
Water discharged	Mℓ	130	1 178	1 308
Water consumed	Mℓ	108	277	385
Water withdrawn	%	14	86	100
Water discharged	%	10	90	100
Water consumed	%	28	72	100

Recycling of cooling water and reuse of rejected water from the reverse osmosis water purification process are some of the water conservation projects successfully implemented at sites in South Africa, Kenya and in Brazil.

We participated in the annual Water Security Disclosure Project in 2018 and achieved a performance score of "B- Management Level". Our B- rating is within the "Management" band which recognises companies that are assessed as taking actions associated with good water management.

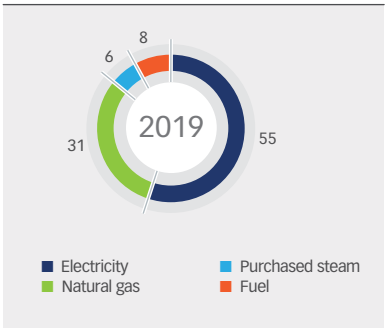
Water withdrawn has increased by 6,9% (109 Megalitres). This is mostly attributable to the commissioning of new facilities in Port Elizabeth and increased production requirements at other sites.

Energy

Electricity is a critical resource utilised in our manufacturing processes and is becoming an increasingly expensive commodity. In South Africa, there is a risk of supply interruptions at times of excessive load on the national electricity grid and load shedding was implemented by Eskom, the public power utility, periodically during the year. While our Port Elizabeth and East London sites were not subject to load shedding, FCC Cape Town did make use of generators to provide electricity requirements at times of load shedding. In our effort to introduce lower-carbon alternatives to fossil fuels, and reduce our reliance on the municipal supply, a pilot solar energy project has been initiated at our Port Elizabeth site. The Group's annual electricity usage has increased by 4,0% (26 316 Gigajoules) in comparison to the prior year. This is mostly attributable to the commissioning of new facilities in Port Elizabeth.

Through the efficient use and conscious conservation of electricity we are committed to reducing the impact of increased electricity prices on production costs, and will ensure that critical energy resources are conserved.

Energy usage by source type (1 262 977 GJ)
(%)



Additional energy sources utilised by Aspen are fuel, liquid petroleum gas, purchased steam and natural gas.

Additional information available online:

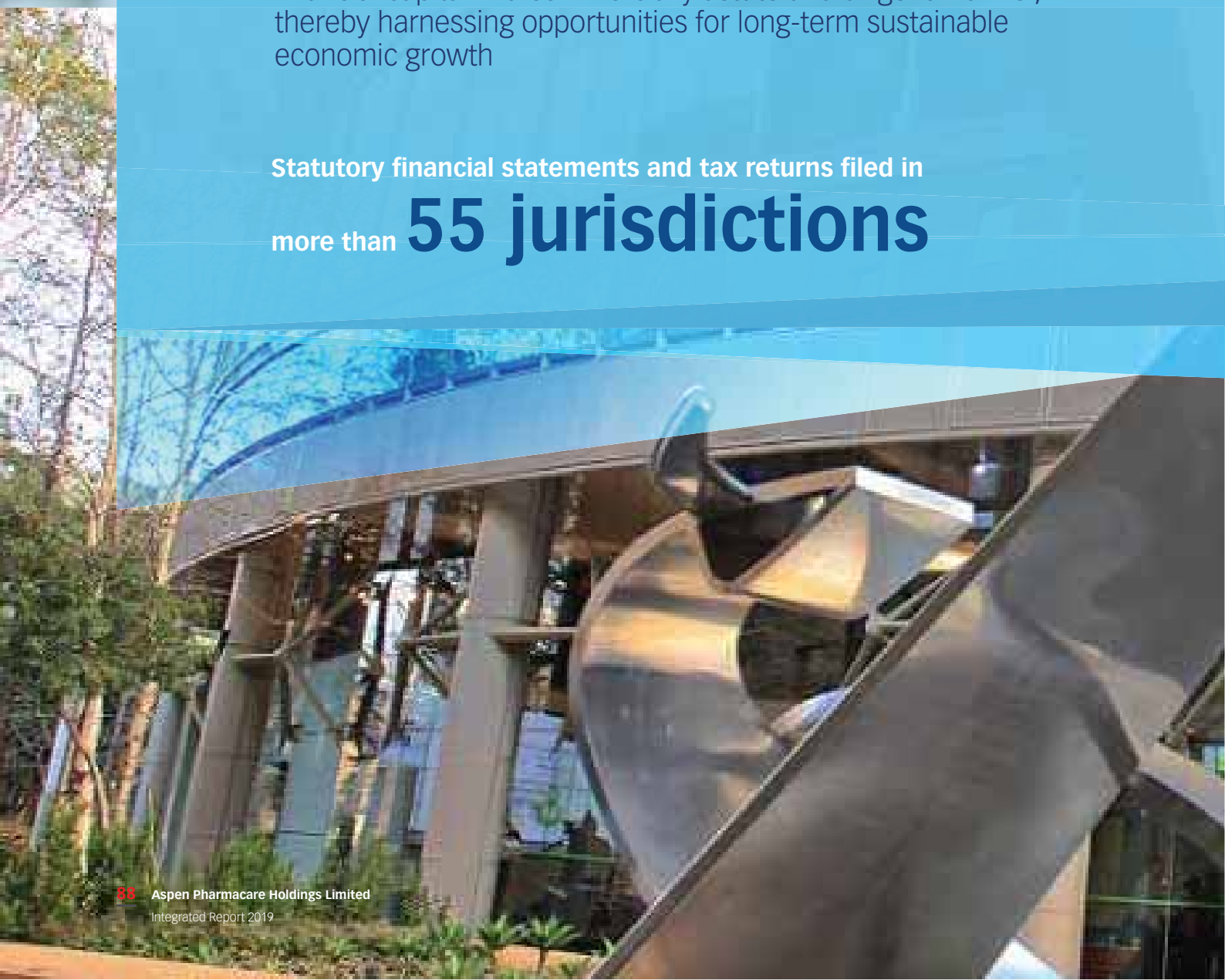
- Aspen Sustainability Data Supplement
- Aspen Environmental Management Protocol
- Climate Change CDP 2019 submission
- Water CDP 2019 submission
- ERM Assurance Statement
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2019
- ISO 14001 certificates

Financial capital

We aim to create value for all of our stakeholders by managing our financial capital in a commercially astute and diligent manner, thereby harnessing opportunities for long-term sustainable economic growth

Statutory financial statements and tax returns filed in

more than 55 jurisdictions



Aspen listed on the JSE in 1998

"Accurate, timely, technically compliant and business relevant financial information is the backbone for any multinational organisation. As the Group has grown the implementation of more standardised accounting and reporting systems has become critical to have real time data on hand. Our considerable investment in financial ERP and related analytical systems will enable us to provide quality financial analysis and commercially relevant information across the Group."

Sean Capazorio –
Group Finance Officer

Financial capital

Inputs

- **Pool of funds available to Aspen through capital and debt funding**
- **Cash flow generation capabilities**
- **Reserves**
- **Financial internal control framework**

Key initiatives

- Maintenance of strict financial discipline and controls
- Deciding on deployment of available capital
- Measurement of financial performance, value creation and cash generation
- Active engagement of providers of capital and debt funding
- Seeking out investment opportunities to increase revenue generation, profitability and shareholder returns
- Focus on organic growth
- Generation of synergistic benefits from acquired businesses
- Focus on working capital management
- Focus on increased tax reporting requirements and tax transparency

Outcomes

- Economic value creation for Aspen's stakeholders, including its shareholders, employees, customers, providers of capital, governments and business partners
- Distributions to shareholders
- Delivered a CAGR of 20% in returns to shareholders from listing until 30 June 2019
- CAGR in excess of 35% for revenue, normalised EBITDA and NHEPS since listing
- Funding opportunities at competitive rates
- Strong operating cash generation enabling strategic deployment
- Implementation of tax reporting information systems and developing tax transparency policies, principles and reporting systems

Adding economic value to stakeholders

While the provision of high quality, affordable medicines and products directly benefits patients and consumers, a focus on building a profitable and sustainable business model generates economic value for our varied stakeholder groups. The Deputy Group Chief Executive's Financial Review, set out on pages 46 to 51, provides an overview of our financial performance for the year.

Our activities this year have created R14 810 million in wealth. This is calculated after taking into account R25 159 million spent on purchasing materials and services which contributed to the sustainability of our suppliers in the various economies in which we operate. Our employees receive the largest share of the total value distribution (55%) while a significant portion (10%) is reinvested in the Group to fund growth and expansion. Our gross economic contribution in the form of direct tax, paid to central and local governments in the countries in which we operate, amounted to R1 264 million. Refer to the Group value added statement on page 92.

Maintenance of financial health

To sustain our business model and to generate accretive value for investors, we have a fiduciary duty to our stakeholders to manage our financial capital in a responsible manner. Robust financial controls and treasury management systems are in place to mitigate currency, interest rate and credit risks as far as reasonably possible.

Internal financial controls

The key internal financial controls in operation for all significant operating businesses within the Group are documented in formalised financial internal control frameworks and these frameworks are maintained and updated by financial management during the course of the year or as part of the year-end process.

Funding and treasury risk management

The Group Treasury Committee monitors treasury relevant risks which affect the Group, including liquidity, foreign exchange, interest rate, covenant compliance and counterparty risks, and provides guidance to local management in managing these risks. Local management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action.

Approach to taxation

We have subsidiaries, branches, permanent establishments and joint venture arrangements in 56 countries around the world, predominantly in emerging markets. These entities are subject to the tax legislation of the countries in which they are domiciled. In addition, the countries in which the Group operates have committed to implement the OECD Base Erosion and Profit Shifting ("BEPS") recommendations, as they have all become members of the OECD's Inclusive Framework for BEPS. These recommendations include certain indirect taxes, international tax, domestic anti-avoidance provisions and transfer pricing. Domestic tax laws, including those dealing with international taxation, transfer pricing laws and enhanced transfer pricing documentation standards ("Domestic Law"), have or will be amended to incorporate the outcome of the BEPS project.

We have prepared for the implementation of the BEPS recommendations by significantly expanding our tax team and implementing tax reporting systems to meet the new transfer pricing documentation requirements. These specialists are required to:

- proactively monitor changes in Domestic Law and regulations published to interpret that law;
- ensure that the Group operates within these Domestic Laws and regulations;
- provide proactive advice to management and ensure that risks are identified in advance; and
- issue the new transfer pricing documentation reflecting both the OECD and the domestic tax law requirements, with the support of management of each entity.

In addition to implementing tax reporting systems to meet the new transfer pricing documentation requirements, our tax team is utilising this system to enhance tax reporting and automate the Group's tax compliance obligations.

The tax team is also monitoring the implementation of real time reporting of transactions for value added tax purposes and are investigating how these obligations can be met through automation and developments relating to digital services.

The tax team undertakes this work under the guidance of the Group Tax Executive, who reports those activities to the Group Tax Committee, which comprises the Deputy Group Chief Executive, the Group Finance Officer, the Group Tax Executive and the Group Finance Executive.

The Group Tax Executive is also charged with the responsibility of designing, implementing and maintaining a tax risk management framework for the Group which is aligned to Aspen's overall strategy and risk appetite. The tax risk management framework is based on the philosophy that the Group applies a risk-based approach to tax matters and that all of its tax affairs are proactively managed.

The Group Tax Executive is a standing attendee at the Audit & Risk Committee meetings and reports on the Group's affairs to that committee. In addition, reports are issued to the Board as decided upon by the Tax Committee or as requested by the Board.

Our tax strategy

Our strategic approach to taxes is to:

- implement systems and policies that provide for sustainable tax positions for each Group entity and that are compliant with the tax laws of the country in which each Group entity operates;
- engage with tax authorities with honesty and integrity in the spirit of cooperative compliance;
- identify and manage tax risks, ensuring that appropriate provisions are raised in relation to identified risks;
- ensure the business objectives are met in a tax compliant manner;
- remain up to date with taxation laws, regulations and trends to ensure the Group's business objectives remain tax compliant; and
- act responsibly with regards to tax positions taken ensuring that the Group's reputation is not negatively impacted by those positions.

Our tax risk appetite

Decisions on where our businesses are to be located is based on the Group's strategy and the commercial viability of doing so, taking into consideration the Group's need to support our customer base, the location of our investments in specialised manufacturing facilities and the availability of appropriately skilled people who contribute to the overall value chain. Although certain of the Group's entities are located in low tax jurisdictions (as defined by the OECD), these principles are applied consistently and without consideration of the potential tax benefit that may accrue to the Group. When we enter into transactions, the tax laws that affect that transaction are strictly applied within the context of the commercial requirements.

We are particularly risk aware in relation to our transfer pricing strategy. Our strategy is aligned to the OECD Transfer Pricing Guidelines and follows the arm's length principle unless another principle has precedence under Domestic Law. For example, Brazil does not follow the arm's length principle but follows a formulary approach to determine the transfer price for transactions. The Group follows the Brazilian method in relation to transactions that are entered into between its Brazilian operations and other members of the Group. This is balanced against the arm's length principle that is applied by the company that is a counterparty to the transaction. The Group is currently monitoring developments in Brazil as that country significantly modifies its tax system generally and more specifically in relation to transfer pricing.

We are conservative in determining transfer prices by applying margins that are aligned to those expected by tax authorities in relation to both parties to the transaction. In addition, we do not hold any intellectual property in companies that do not actively participate in the value chain. Transfer pricing principles are implemented in a consistent manner by all Group companies.

Our tax compliance

We strive to submit all tax returns and other relevant forms and documents as they fall due, fully disclosing all necessary information that would be required by a tax authority to make an informed decision in relation to the tax positions that are taken in the tax return.

The Group is regularly subject to review by tax authorities. We are fully cooperative with the tax authorities conducting such reviews. These reviews are generally concluded without further taxes becoming payable under the law. Where the reviews do result in additional taxes becoming payable under the law, we determine whether or not we should defend the positions that were reflected in the returns and the information submitted to the tax authority. If a decision is made to defend the positions taken, the appropriate legislative processes are followed.

In addition to assessing whether or not the positions should be defended, we consider the likelihood of success and raise provisions based on this assessment. In addition, we consider how material the assessment is (including extrapolating that assessment to future years) and determine whether or not additional disclosures are required. Those provisions are reviewed by our external auditors who are satisfied that adequate provisions have been raised for potential exposures.

During the year, the Group was exposed to more indirect tax reviews which did not result in any material additional taxes becoming payable under the law.

Additional information available online:

- Annual Financial Statements
- Sustainability Data Supplement

Group value added statement

for the year ended 30 June 2019

	Change %	2019 R'million	%	2018** R'million	%
Revenue	1	**38 872**		38 314	
Sterile Focus Brands	3	**15 267**		14 869	
Regional Brands	3	**17 817**		17 321	
Manufacturing	(5)	**5 788**		6 124	
Other operating income		**658**		417	
Less: Purchased materials and services	17	**(25 159)**		(21 427)	
Value added from operations	(17)	**14 371**	**97**	17 304	98
Investment income		**439**	**3**	343	2
Total wealth created	(16)	**14 810**	**100**	17 647	100
Employees	9	**8 193**	**55**	7 520	43
Providers of capital – finance costs	15	**3 914**	**26**	3 418	19
Finance costs		**2 477**	**16**	2 105	12
Capital distribution and dividends paid to shareholders		**1 437**	**10**	1 313	7
Governments	0	**1 264**	**9**	1 270	7
Reinvested in the Group	(74)	**1 439**	**10**	5 439	31
Depreciation and amortisation		**1 192**	**8**	1 109	7
Deferred tax		**(312)**	**(2)**	21	0
Income retained in the business		**559**	**4**	4 309	24
Total value distribution	(16)	**14 810**	**100**	17 647	100
Value added statistics					
Weighted number of permanent employees*		**9 289**		9 128	
Revenue per employee ('000)	0	**4 185**		4 197	
Value added per employee ('000)	(18)	**1 547**		1 896	
Wealth created per employee ('000)	(18)	**1 594**		1 933	
Weighted number of total employees*		**10 001**		9 786	
Revenue per employee ('000)	(1)	**3 887**		3 915	
Value added per employee ('000)	(19)	**1 437**		1 768	
Wealth created per employee ('000)	(18)	**1 481**		1 803	
Monetary exchanges with government					
Current taxes (excluding deferred tax)	(1)	**1 086**		1 101	
Customs and excise duty	6	**165**		155	
Rates and similar levies	(7)	**13**		14	
Gross contribution to central and local governments	0	**1 264**		1 270	
Additional collections on behalf of government					
Employees' taxes	3	**1 221**		1 183	
Withholding taxes	6	**18**		17	
Net value added tax paid	50	**1 075**		719	
	21	**2 314**		1 919	

* *The number of employees who joined Aspen from acquired businesses during the year has been weighted and included for the number of months since the effective date of acquisition.*

** *Restated for the adoption of the new accounting standards and discontinuing operations.*

Our approach to governance

Aspen's approach to governance
Governance in the Group extends beyond mere legislative and regulatory compliance. Management strives to entrench an enterprise-wide culture of good governance aimed at ensuring that decisions are taken in a fair and transparent manner, within an ethical framework that promotes the responsible consideration of all stakeholders, while also holding decision-makers appropriately accountable. In line with the philosophy that good corporate governance is an evolving discipline, governance structures, practices and processes are actively monitored and revised from time to time to reflect best practice.

The Board is accountable to shareholders and other stakeholders and is ultimately responsible for the implementation of sound corporate governance practices throughout the Group. Aspen's Board of Directors is committed to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business.

The directors are of the opinion that the Group has applied the requirements of King IV™. The application of the King IV™ principles and adoption of the various recommendations set out therein is more fully detailed in our unabridged Corporate Governance report available online.

A formally documented and approved Board Charter outlines the composition, scope of authority, responsibilities, powers and functioning of the Board. In addition, the Board functions in accordance with the requirements of King IV™, the provisions of the South African Companies Act of 2008, the Listings Requirements of the JSE and other applicable laws, rules or codes.

Board composition

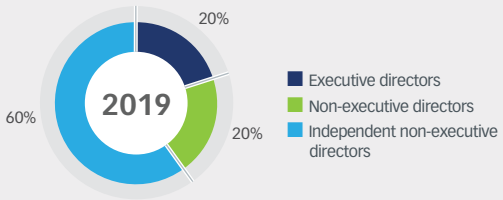
Diversity of expertise

Policy: To create an experienced Board with the appropriate balance of knowledge and skills in areas relevant to the Group.

The following areas of expertise are relevant to Aspen

Independence

Policy: To comprise a majority of non-executive directors, the majority of whom should be independent.

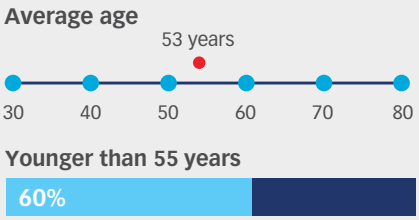


Board size

Policy: To target a Board size which promotes accountability and encourages healthy, constructive debate and decision-making, while meeting regulatory and MOI requirements. The appropriateness of the Board size is evaluated annually by the Remuneration & Nomination Committee.

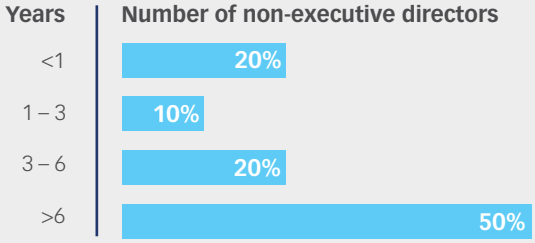
Diversity of age

Policy: Executive directors retire from their positions and from the Board at the age of 65. The company's retirement policy does, however, make provision to extend the relationship beyond the normal retirement age. Non-executive directors, 70 years and older, retire at each AGM and are proposed for re-election if recommended by the Board.



Succession and diversity of tenure

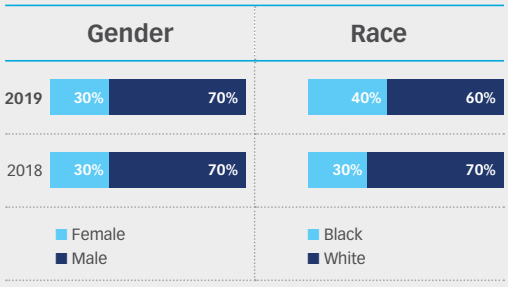
Policy: Periodic, staggered rotation of members so as to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills, experience and maintaining continuity.



Succession planning makes provision for the identification, mentorship and development of future members.

Gender and racial diversity

Policy: The company's gender diversity policy promotes a voluntary target of 40% female representation on the Board over a three-year period, while the racial diversity policy promotes a voluntary target of 50% black representation on the Board over the same period.



Our Board of Directors

Executive directors

Stephen Saad (55)
Group Chief Executive
Qualifications: CA(SA), PhD (Commerce) Honoris Causa
Appointed: January 1999
Classification: Executive director

Gus Attridge (58)
Deputy Group Chief Executive (Finance Director)
Qualifications: CA(SA)
Appointed: January 1999
Classification: Executive director

Independent non-executive directors

Kuseni Dlamini (51)
Qualifications: MPhil (Oxon), BSocSci (Hons) (Natal), Global Leadership for the 21st Century Programme (Harvard), Foundations for Leadership in the 21st Century (Yale)
Appointed: April 2012
Classification: Independent non-executive, Chairman

Ben Kruger (60)
Qualifications: CA(SA), Advanced Programme in Management (Harvard Business School)
Appointed: April 2019
Classification: Lead independent non-executive

Linda de Beer (50)
Qualifications: CA(SA), MCom (Tax), CD(SA)
Appointed: July 2018
Classification: Independent non-executive

Themba Mkhwanazi (49)
Qualifications: B.Eng (Hons)
Appointed: April 2019
Classification: Independent non-executive

Babalwa Ngonyama (45)

Qualifications: CA(SA), MBA, Higher Diploma in Banking Law (RAU)

Appointed: April 2016

Classification: Independent non-executive

Sindi Zilwa (52)

Qualifications: CA(SA), CD(SA), Advanced Taxation Certificate (UNISA), Advanced Diploma in Financial Planning (UOFS) and Advanced Diploma in Banking (RAU)

Appointed: September 2006

Classification: Independent non-executive

Non-executive directors

Chris Mortimer (58)

Qualifications: BA, LLB

Appointed: January 1999

Classification: Non-executive

David Redfern (53)*

Qualifications: BSc (Hons), CA

Appointed: February 2015

Classification: Non-executive

** British*

Expertise

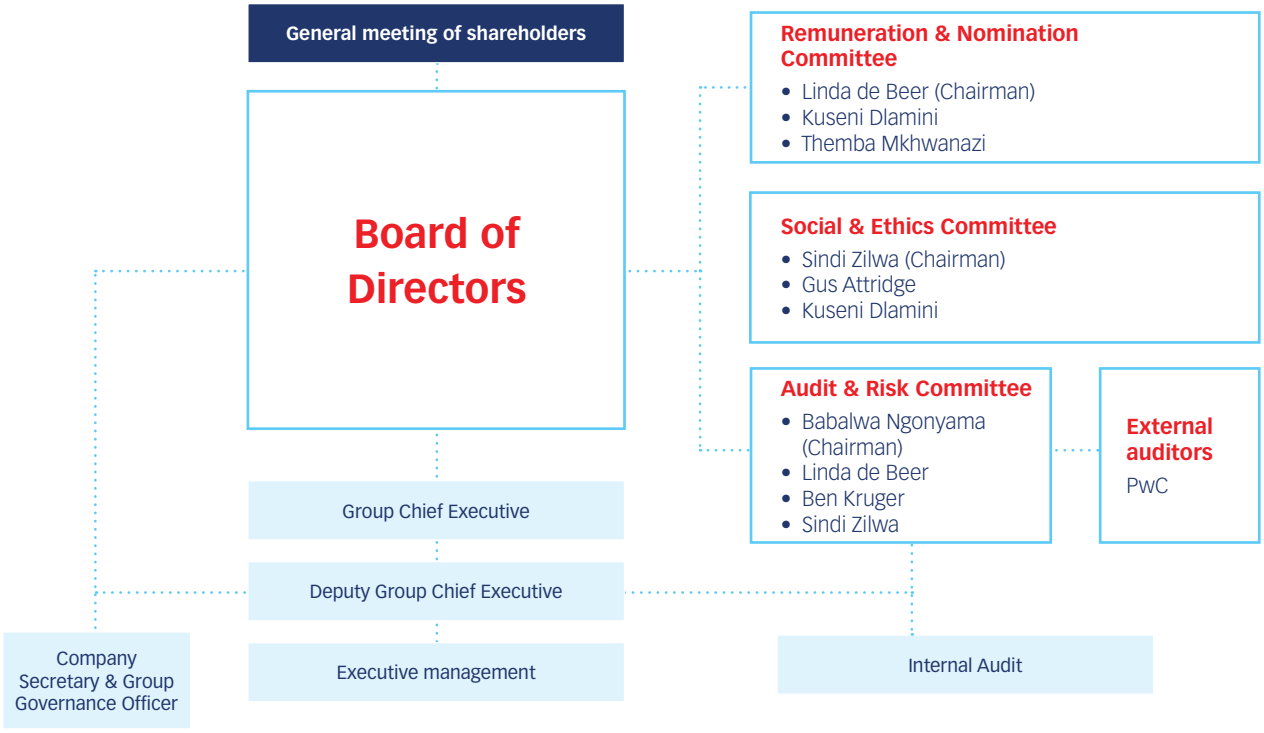
- Leadership
- Pharmaceuticals
- Information and technology governance
- Governance and compliance
- Sales and marketing management
- Accounting, finance and tax
- Risk and opportunity management
- Environment, health and safety
- Human resources
- Manufacturing

Riaan Verster (43)

Qualifications: BProc, LLB, LLM (Labour Law), ACIS
Appointed: December 2011
Classification: Company Secretary & Group Governance Officer

Full CVs of all the directors are available online.

Our Board of Directors continued



The table below sets out the attendance by the directors at Board meetings:

Board	12 September 2018	19 October 2018	6 December 2018	7 March 2019	8 March 2019
Roy Andersen#∞	✓	✓	✓	✓	✓
Gus Attridge⊙	✓	✓	✓	✓	✓
Linda de Beer*∞#	✓	✓	✓	✓	✓
Kuseni Dlamini∞⊙	✓	✓	✓	✓	✓
Ben Kruger*#	n/a	n/a	n/a	n/a	n/a
Themba Mkhwanazi*∞	n/a	n/a	n/a	n/a	n/a
Chris Mortimer	✓	✓	✓	✓	✓
Babalwa Ngonyama#	✓	✓	✓	✓	Apology
David Redfern	✓	Apology	✓	✓	✓
Stephen Saad	✓	✓	✓	✓	✓
Sindi Zilwa#⊙	✓	✓	✓	✓	✓

* *Linda de Beer was appointed to the Board effective 31 July 2018. Ben Kruger and Themba Mkhwanazi were appointed to the Board effective 1 April 2019.*
\# *Membership of Audit & Risk Committee.*
∞ *Membership of the Remuneration & Nomination Committee.*
⊙ *Membership of the Social & Ethics Committee.*

The average overall attendance rate of the Board meetings for the 2019 financial year was 95,6%.

Senior executive team

Stephen Saad (55)	Group Chief Executive
Appointed: January 1999	**Qualifications:** CA(SA), PhD (Commerce) Honoris Causa

Responsibilities: Stephen is a founding shareholder of Aspen and his responsibilities extend to include strategic positioning of Aspen as a leading multinational pharmaceutical company, global transactions, geographic expansion and product diversification of Aspen in developed and emerging markets.

Gus Attridge (58)	Deputy Group Chief Executive (Finance Director)
Appointed: January 1999	**Qualifications:** CA(SA)

Responsibilities: Gus is a founding shareholder of Aspen and is responsible for the strategic and financial wellbeing of the Group while also identifying and pursuing appropriate corporate opportunities and global transactions that will further benefit Aspen and its stakeholders.

Sean Capazorio (54)	Group Finance Officer
Appointed: January 1999	**Qualifications:** CA(SA)

Responsibilities: Sean is responsible for all of the Group's finance functions across Aspen's 55 businesses and also assesses business performance and identifies business improvement opportunities.

Lorraine Hill (56)	Group Operating Officer and Responsible Pharmacist
Appointed: January 1999	**Qualifications:** BPharm

Responsibilities: Lorraine is responsible for multiple operational areas of the business including strategic manufacturing, pharmaceutical affairs, new product development, strategic procurement and IT. In addition, she plays an integral role in negotiation and implementation of new business initiatives including global transactions.

Samer Kassem (45)	Chief Executive Officer, Aspen Global Incorporated CEO
Appointed: May 2008	**Qualifications:** CMA, CFM, CBM, MBA

Responsibilities: Samer joined the Group with the responsibility of establishing the company to direct its global operations. He has been integrally involved in the negotiation, completion and integration of strategic acquisitions, the setting up of the Group's global businesses as well as the trading and supply structures to support these.

Stavros Nicolaou (54)	Group Senior Executive Strategic Trade
Appointed: January 1999	**Qualifications:** B.Pharm, FPS (SA), PhD (Medicine) Honoris Causa

Responsibilities: Stavros plays a pivotal role in the initiation of business development opportunities and is also key to the building and maintenance of strategic relations within industry and with all of Aspen's stakeholders.

Carnie van der Linde (50)	Group Commercial Head
Appointed: May 2016	**Qualifications:** BTech: Dental Technology

Responsibilities: Carnie is responsible for the implementation of strategy and the performance delivery of Aspen's Commercial Pharmaceutical businesses in Europe CIS, Canada, Spanish Latin America, Brazil, Middle East North Africa and Sub-Saharan Africa.

Trevor Ziman (48)	Asia Pacific CEO
Appointed: May 2001	**Qualifications:** CA(SA)

Responsibilities: Trevor is responsible for the implementation of strategy and the performance delivery of Aspen's Commercial Pharmaceutical businesses in Australasia, China, Japan, the Philippines, Taiwan, Malaysia and Hong Kong as well as trade into the rest of the Asia Pacific region. He plays a leading role in all transactional activity in the region.

Remuneration & Nomination Committee report

Activities, composition and attendance of the Remuneration & Nomination Committee ("the Committee")

The table below reflects a summary of the activities undertaken by the Committee during the year in accordance with its terms of reference and in support of the Board and the resulting material outcomes from these activities:

Activities	Outcome
Board composition, appointments and succession planning	• Considered the composition of our Board and its committees, succession planning in respect of these governance structures, the succession planning in respect of the Chairman of the Board and the formal processes relating to the appointment of members to these structures, including the formal induction of directors; and • Two new independent non-executive directors were appointed during the year ended 30 June 2019, effective 1 April 2019 – Ben Kruger (also appointed to the Audit & Risk Committee), and Themba Mkhwanazi (also appointed to the Remuneration & Nomination Committee). As reported in our 2018 Integrated Report, Linda de Beer was appointed to the Board effective 31 July 2018, and John Buchanan retired from the Board as at the same date. A more detailed explanation of the Board's composition, its committees, succession planning and matters related to governance structures and systems are provided on pages 93 to 96 of this report, and in the Unabridged Corporate Governance report available online.
Performance evaluations	• Performed an internally facilitated evaluation of the performance of the Board, its committees, the Chairman, the Group Chief Executive, the Deputy Group Chief Executive (Finance Director), the Company Secretary & Group Governance Officer and each of the individual directors, which evaluation confirmed that directors were materially satisfied with the performance of the respective structures and individuals; and • Matters raised as part of the evaluation process were considered by the Committee and actions were agreed to ensure enhancements and improvements. The implementation of these actions are monitored by the Committee.
Succession planning in respect of executive directors and senior executive management	• Succession plans in respect of the Group Chief Executive, Deputy Group Chief Executive (Financial Director) and executive management have been considered and progress is being made with regard to formalising the approach to medium term and emergency succession for the executive management team as well as management within the Aspen businesses.
Setting and reviewing the Group's remuneration policy	• Reviewed the Group's remuneration policy and the setting of fair remuneration levels across the Group, with specific reference to: – the proposed annual salary increases for employees of Aspen businesses; and – the award and vesting criteria for short-, medium-, and long-term incentives in respect of executive management; • Performed a benchmark for executive management remuneration in order to align ourselves with the latest remuneration practices; and • Adopted *malus* and clawback provisions that allow for incentive awards to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, poor performance, negligence or causing harm to Aspen's reputation.
Executive director performance reviews	• Reviewed the achievement of the set Group performance targets and personal KPIs (both financial and non-financial) of the Group Chief Executive and Deputy Group Chief Executive (executive directors) in respect of the year under review, taking into account internal and external factors influencing the achievement of these performance targets; • Considered and recommended the financial and non-financial performance targets and personal KPIs of the executive directors for the forthcoming financial year; and • Considered the results from the benchmarking of executive management (including the executive directors) of the Group and initiated a process of refining the incentivisation measures applicable to these directors.
Recommendation of non-executive directors' fees	• Benchmarked and aligned the non-executive directors' fees to be recommended to shareholders for approval.
Remuneration disclosure	• Considered and approved our remuneration disclosure in the Integrated Report for accuracy, completeness and transparency.

The Committee, consisting of members who are all independent non-executive directors, is mandated by the Board to ensure that the Group remunerates fairly, responsibly and transparently and in a manner that promotes the achievement of its strategic objectives in the short, medium and long term.

To assist the Committee with the execution of its mandate the Group Chief Executive, Deputy Group Chief Executive and Company Secretary & Group Governance Officer attend meetings as invitees and other invitees attend as and when appropriate. Executive directors are not present when their remuneration is discussed and they hold no voting powers. Committee members do not decide on their own fees. Decisions in this regard are reserved for the Board to recommend to shareholders.

The Committee has formal Terms of Reference, which are incorporated in the Board Charter and have been approved by the Board of Directors. The Terms of Reference are reviewed and amended by the Board as and when required. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period.

In support of its mandate, the Committee ensures that the Group's remuneration framework is aligned to King IV™ and best practice, meets the JSE Listings Requirements and the requirements of the Companies Act.

The following table reflects the Committee's meetings held during the year and the attendance of members at these meetings:

Remuneration & Nomination Committee	12 July 2018	12 September 2018	6 December 2018	6 March 2019	20 May 2019
Roy Andersen*	✓	✓	✓	✓	✓
John Buchanan**	✓	N/A	N/A	N/A	N/A
Linda de Beer (Chairman)	N/A	✓	✓	✓	✓
Kuseni Dlamini	✓	✓	✓	✓	✓
Themba Mkhwanazi***	N/A	N/A	N/A	N/A	✓

* *Roy Andersen stepped down as Chairman on 6 December 2018, remaining a member of the Committee. Linda de Beer was appointed as Chairman on 6 December 2018.*
** *John Buchanan retired from the Board on 31 July 2018.*
*** *Themba Mkhwanazi was appointed to the Board and as a member of the Committee effective 1 April 2019.*

Overall attendance at the Committee meetings held during the year was 100%. The Chairman of the Committee represents the Committee at the annual general meeting ("AGM") each year. The Company Secretary & Group Governance Officer is also the secretary of the Committee.

Remuneration review

Part one: Background statement

Introduction

We have pleasure in presenting Aspen's remuneration review for 2019 in which the Group's Remuneration Policy ("the Policy") and the manner in which it was implemented in 2019 are set out. We also provide a brief overview of the internal and external factors influencing this Policy and the progress we have made towards addressing concerns raised by shareholders regarding our Policy and its implementation, highlighting the key focus areas for the Committee in 2019 and beyond as they relate to employee and director remuneration. The information in this review has been approved by the Board on the recommendation of the Committee.

This review, which is structured in accordance with the King IV™ recommendations and as required in terms of the JSE Listings Requirements, includes a background statement; a policy overview, which provides a high level explanation of the remuneration elements and design principles informing the remuneration arrangements for other employees; and an implementation report.

We have also:
- Commented on our areas of focus for the year under review and future areas of focus in respect of our remuneration policy and practices;
- Engaged with legal and remuneration consultants who assisted with benchmarking and amending the terms of the existing incentive schemes to include clawback and *malus* clauses; and
- Taken note of certain shareholder concerns around the Policy and made adjustments to the Policy in order to address these concerns.

Shareholder voting on remuneration matters

Our Policy and its implementation are subject to a non-binding advisory vote by shareholders at Aspen's AGM, while a special resolution approving the fees of the non-executive directors is also submitted for approval at this meeting of shareholders. At the 2018 AGM, a total of 329 760 236 votes (2017: 332 591 670) were cast in respect of the resolutions relating to these issues, with the majority of shareholders supporting these resolutions.

The results of the voting were as follows:

Remuneration policy	For	Against	Abstain	Total
2018	92,98%	7,02%	0,15%	**100%**
2017	95,89%	4,11%	0,10%	**100%**

Remuneration implementation report	For	Against	Abstain	Total
2018	97,59%	2,41%	0,15%	**100%**
2017	98,75%	1,08%	0,10%	**100%**

The main concerns raised by shareholders in respect of remuneration, both at the 2018 AGM and during the year, and our responses to these are detailed below:

Shareholder feedback	Committee response
The vesting of medium-term incentives are not subject to further performance conditions	The scheme introduces a retention element through the three-year deferral to ensure that critical executive and professional skills are retained and that there is alignment between the interests of executive management and shareholders. Awards in respect of these incentives are based on the same Group performance measures used for the short-term cash-based incentive, ensuring a "on the way in" performance measurement in order to qualify for the award.
Lack of clawback or *malus* provisions	Clawback and *malus* provisions have been introduced into the variable elements of the South African Management Incentive Scheme, the South African Management Deferred Incentive Bonus Scheme and the Aspen International Phantom Share Scheme.
Use of predetermined growth in the normalised CER NHEPS as performance measure in determining annual incentive bonuses for executive directors, considering that shareholders do not have insight into the budget	The performance measures in determining annual incentive bonuses for executive directors have been amended to allow for: • Separate performance measures to be considered in respect of short-term and medium-term incentives. Short-term incentives: • A 75%/25% division: 75% being in respect of Group performance measures (see next bullet) and 25% being in respect of individual KPIs; • Group performance measures in 2020 are organic growth, free cash flow and further deleveraging the balance sheet; • Individual KPIs for 2020 are set out in further detail below; and • The introduction of stretch targets in addition to a base measure in respect of Group performance measures. Medium-term incentives: • This will be measured against return on invested capital ("ROIC") and compound annual growth rate in CER NHEPS.
Perceived low level of remuneration of the executive directors	The remuneration packages of the senior executives (including the executive directors) have been benchmarked and the Committee is in the process of considering the remedial action to be taken over time in this regard. The focus of correction is on the remuneration of executive directors, as other senior executives were well aligned with industry benchmarks.

The Policy and implementation report will be tabled for separate non-binding advisory votes at the company's 2019 AGM, scheduled for 5 December 2019. Any material shareholder concerns about the Policy or the way it is implemented, specifically in instances where these are voted against by 25% or more of the voting rights exercised, will be considered and addressed by means of constructive engagement with the relevant shareholder or shareholders. The nature and outcomes of these engagements will be reported on in our Integrated Report of the following financial year.

Areas of focus for 2019

Several initiatives have been implemented to further align Aspen's approach to remuneration with what is considered to be best practice, including:

- Considerations around the selection of appropriate and more objective Group performance measures and individual KPIs in respect of executive directors' incentives;
- Benchmarking of executive management's remuneration and incentive arrangements to peer companies;
- Initiating a more formalised and structured approach to succession planning for executive management as well as assessment of talent management across our human resource base;
- Considerations in respect of the establishment of a universal incentive structure for future implementation across the Group, as appropriate, and in respect of the following performance measures to be appropriately weighted in each of the respective Aspen businesses:
  - individual KPIs;
  - business-specific performance measures; and
  - Group performance measures.
- The inclusion of clawback and *malus* provisions into the short- and medium-term incentive schemes applicable to senior and executive employees; and
- Implementing measures to enhance and improve disclosures on Aspen's approach to remuneration and its application of King IV™.

Future areas of focus

The following key aspects will be areas of focus for the Committee:

- Undertake the further steps required to gradually align salaries and incentives of executive directors, with the results obtained from our recent benchmarking, as referred to before;
- Formalising and refining succession planning and enhancing the bench strength of the executive management team and talent management more broadly across our human resource base; and
- Consider, in a more focused manner, in conjunction with the Group's Social & Ethics Committee, the most appropriate methods to measure and report on the financial wellbeing of employees, including aspects relating to the payment of fair and equitable remuneration.

Part two: Overview of remuneration philosophy and policy

We strive to retain our competitive advantage in the local and global pharmaceutical industry through the attraction and retention of high calibre individuals, who not only have the required technical qualifications and experience, but who also demonstrate the desired behavioural traits which fit our entrepreneurial and dynamic culture. We recognise that the appropriate remuneration of our directors, executive management and our employees is inextricably linked to the attraction, development and retention of the Group's human and intellectual capital.

Our remuneration philosophy

Pay for performance – driving our high-performance culture

We remain cognisant of the importance of finding an appropriate balance between the fair remuneration and reward of our employees and balancing the financial considerations of the Group's shareholders in the medium term.

Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. In endeavouring to set remuneration packages at levels of remuneration which are fair to all our employees, as well as being competitive and market-related, reference is made to independent surveys, benchmarks, publicly available economic data and marketplace intelligence both locally and internationally. In awarding annual salary increases and incentive payments to employees, consideration will be given to factors set out above, the guidelines contained in the recently adopted universal incentive structure where there is general alignment across the Aspen businesses as to the apportionment of the following in respect of the measurement of performance:

- The employee's performance and achievement of predetermined individual KPIs; and
- The predetermined performance measures adopted in respect of the Aspen business unit in which he or she is employed.

Our remuneration philosophy, as it relates to the management of the Group, is aimed at:

- Driving the Group's high-performance culture – remuneration packages are directly linked to individual and business performance and the achievement of predetermined targets in respect of each of these performance measures;
- Aligning the rewards of employees with changes in the value delivered to the Group's stakeholders;
- Providing competitive remuneration packages which enable Aspen to attract and retain employees of the highest quality;
- Recognising and rewarding exceptional individual contributions in achieving the Group's stated strategic objectives; and
- The transparent disclosure of our remuneration philosophy, Policy and practices to stakeholders to provide them with an informed view of these aspects.

Package structure and design

The remuneration packages designed and applied in respect of employees generally, with specific exclusions in certain countries and territories where existing arrangements and local requirements need to be met, consist of the following components:

	Guaranteed pay		Variable pay	
	Base salary	**Benefits**	**Short-term cash-based incentive**	**Medium- and long-term share-linked incentive schemes**
Purpose and strategic intent	Attraction, retention and rewarding of skilled and capable talent.	To assist in improving the financial wellbeing and security on retirement as well as in the event of illness, death or disability.	Aimed at creating a high performance culture through a cash bonus be rewarding employees for achieving: predetermined: • Personal KPIs; and • Enterprise or business performance measures.	Alignment with shareholder interests and retention of critical skills.
Eligibility	All Aspen employees.	Employee benefits vary from region to region and are dependent on customs and regulations.	Permanent staff at varying levels of seniority.	Senior and executive management, including executive directors.
Settlement	Cash settled.	Dependent on nature of the benefit.	Cash settled.	Settled in Aspen shares or cash, dependent on employee election upon award. Employees selecting shares receive an additional 10% upliftment in their award to encourage them to hold the award in shares.
Remuneration methodology	Reflects market value of the role and reviewed annually, with reference to: • Achievement of predetermined individual KPIs and business performance measures; • Inflationary considerations; and • Industry and regional benchmarking.	Include retirement funding as well as medical, life and disability insurance in selected countries. Statutory social employment and security benefits apply in other countries. Some employees enjoy benefits such as travel, meal and housing allowances.	Annual cash incentives and the caps in respect of these incentives are determined as a percentage of total guaranteed remuneration, modified according to the achievement of predetermined individual KPIs and business performance measures during the year. On-target annual incentive levels increase at higher levels of seniority, but capped at differing levels (125% for executive directors and a sliding scale from mid-management upwards to a maximum of 30%).	Annual grants, predominantly linked to the performance of the Aspen share price, vesting over either three, five, seven or ten years, based on the achievement of predetermined individual KPIs and business performance measures.

	Guaranteed pay		Variable pay	
	Base salary	**Benefits**	**Short-term cash-based incentive**	**Medium- and long-term share-linked incentive schemes**
Performance conditions	Increases in base salary are partially dependent on the achievement of predetermined personal KPIs and business unit performance measures.	May vary dependent on base salary and level of seniority.	Achievement of predetermined individual KPIs and business performance measures.	Awards in respect of these incentives are based on the same performance measures used for the short-term cash-based incentive, ensuring a "on the way in" performance measurement in order to qualify for the award.
Clawback and *malus* provisions	Not applicable.	Not applicable.	Provisions have been introduced which allow for incentive awards to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, poor performance, negligence or causing harm to Aspen's reputation.	Provisions have been introduced which allow for incentive awards to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, poor performance, negligence or causing harm to Aspen's reputation.
Committee involvement	The Committee: • Considers and approves the average percentage increase allowed in respect of each Aspen business following research into inflationary pressures and benchmarking. • Considers and approves the average percentage increases and incentives of executive management, considering benchmarking, from time to time. • Reviews and approves the specific increases made to the base pay of executive directors.	Material changes to benefit schemes and funds are reviewed and approved by the Committee.	The Committee: • Approves annual cash incentives, medium-term and long-term incentive awards of executive directors individually and executive management falls within the discretion of the Committee. • Has the discretion to exclude extraneous factors and extraordinary events beyond the control of the Group, which may nevertheless favourably or adversely impact the Group's performance. Discretionary bonus awards may therefore be granted in the following instances where the Committee is convinced of the merit thereof: – on the recommendation of executive directors – to individual employees who have rendered exceptional service during the year; – on the recommendation of executive management – to those Aspen business units which may not have met all performance measures but which may nonetheless be considered as deserving of such award due to extenuating circumstances; and – in the sole discretion of the Committee – to the executive directors where this is deemed to be fair and equitable. • Approves the rules in respect of our management incentive schemes, and any change thereto. • Reviews and approves the individual KPIs and Group performance measures (both short- and medium-term) to be applied for the following year. • Assesses the performance of the executive directors in order to make incentive awards in line with predetermined performance measures.	

Medium-term and long-term incentive and retention schemes

An in-depth explanation of each of the various medium- and long-term schemes is provided below.

The Aspen South African Management Deferred Incentive Bonus Scheme

	Medium-term component of the scheme	Long-term component of the scheme
Nature and strategic intent of the scheme	The scheme is designed to acknowledge performance and reward individuals for achievement of both the relevant Aspen business which employs the individual and the individual's performance for the trading period immediately preceding the date that the award is made. While it has the same performance measures as the annual cash incentive, it introduces a retention element through the three-year deferral to ensure that critical executive and professional skills are retained and that there is congruence between the interests of executive and managerial employees and shareholders. Alignment between shareholder and employee interests has been successful as most eligible employees have historically elected to receive the value of the award in Aspen shares (2019: 90%, 2018: 93% and 2017: 96%).	The Aspen South African Management Deferred Incentive Bonus Scheme is aimed at the retention of a limited number of key senior executives.
Determination of value of awards	The award value varies according to the level of seniority of the executive or manager and is determined according to the achievement of the same performance targets which apply to the annual cash incentive. The maximum award does not exceed 33% of the total remuneration cost in any instance, except for executive directors' awards which are capped at a maximum of 82,5% of their total remuneration cost. To encourage the holding of shares within the Company, an enhancement of 10% is given to employees who elect to receive the award in shares.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and at the discretion of the Committee.
Vesting	Awards are deferred for three years, and eligible employees are given the choice at the date of the award to receive the deferred bonus in cash or Aspen shares. To the extent that an employee elects to receive shares pursuant to the award, share awards are acquired and held by the Aspen Share Incentive Trust (in respect of awards made up until 2015) and an unrelated intermediary (in respect of awards made from 2016 onwards) to enable Aspen to settle its future obligation to participating employees upon vesting. No shares are issued in terms of this scheme and it has no dilutive effect. Should the employee retire within the three-year period, the vesting of the awards will be accelerated to the date of retirement. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.	These awards vest after a period of five, seven or ten years and may only be settled in shares. Awards made in terms of this component of the scheme will not be accelerated in the event that a recipient retires within the five-, seven- or ten-year period and before the age of 65, unless the express approval of the Committee has been obtained for such acceleration.

The Aspen International Phantom Share Scheme

	Medium-term component of the scheme	Long-term component of the scheme
Nature and strategic intent of the scheme	In order to incentivise the management of Aspen's non-South African businesses in the medium term, a phantom share scheme exists for selected employees. The scheme has been designed to incentivise managers for the medium term, align their goals with those of the Aspen Group and to match their reward to movements in the Aspen share price. Due to regulatory restrictions in respect of transfer and ownership of Aspen shares to offshore employees, the scheme is operated on a phantom basis, which is designed to give an employee the same economic benefit.	The Aspen International Phantom Share Scheme is aimed at ensuring the retention of a limited number of key offshore senior executives.
Determination of value of awards	Awards are linked to performance of the employee, the business and growth in the Aspen share price. The value of awards that can be awarded annually in terms of this component of the scheme is capped, with this cap varying according to the level of seniority of the executive or manager and territory of employment.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and are determined at the discretion of the Committee.
Vesting	The phantom shares entitle eligible employees to receive a cash amount which is linked to the Aspen share price. Awards vest after a period of three years and are paid out in cash to the employee by the Aspen business employing him or her. Should the employee retire within the three-year period, the medium-term incentive will be accelerated to the date of retirement. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.	These awards vest after a period of five, seven or ten years, and are settled in cash. Awards made in terms of this component of the scheme will not be accelerated in the event that a recipient retires within the ten-year period and before the age of 65, unless the express approval of the Committee has been obtained for such acceleration.

Executive directors' contracts

Our executive directors are contracted as full-time, permanent employees and receive no additional remuneration on account of their being directors of the company. Restraint of trade provisions are included in service agreements with these directors, while notice periods are six months' written notice. Shorter notice periods may apply in the event of termination due to disciplinary procedures being taken.

Bonus payments and the vesting of medium-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme. These contracts do not commit the company to:

- Pay additional remuneration on termination arising from the director's failure to perform agreed duties;
- Make any form of balloon payments; and/or
- Making payments to executive directors in the event of a change of control of the company.

Executive directors' remuneration

The principles in terms of which the remuneration packages of the Group's executive directors are determined are, for the most part, similar to those applicable to the Group's management as a whole. Executive directors accordingly receive a base salary, as well as short-term and medium-term incentives, which are determined in accordance with the principles and policies approved by the Committee from time to time.

In particular, the financial and non-financial performance measures in respect of the executive directors' incentive bonuses are considered and approved by the Committee on an annual basis. The achievement of the 2019 performance measures and an explanation of the effect this achievement had on the incentive bonuses paid to directors for 2019 are dealt with on pages 108 and 109 of this report. The targets set for 2020 are set out below:

Short- and medium-term incentive performance measures for 2020

Short-term incentive

Group performance 75% of award (with a further possible 25% upon achievement of stretch targets)*	Individual KPI performance – 25% of award
This portion of the short-term incentive award will be granted based on the achievement of the following predetermined and equally weighted performance measures: 1) Organic growth • achievement of predetermined organic growth – 25% of possible award • achievement of agreed stretch organic growth target – additional 10% of possible award 2) De-leveraging Aspen's balance sheet • achievement of predetermined leverage ratios by specific dates – 25% of possible award • achievement of agreed stretch leverage ratio target – additional 10% of possible award 3) Free cash flow • achievement of predetermined free cash flow – 25% of possible award • achievement of agreed stretch free cash flow target – additional 10% of possible award	Achievement of the following equally weighted personal KPI measures: Group Chief Executive • Development of a sustainable growth strategy for the Group and implementation of an effective organisational structure for this strategy • Supply chain enhancements to decrease stock-outs without increasing overall inventory days • Ensure good reputational and ethical positioning of the Group • Maintain safety, health and environmental standards across the Group • Implement succession planning measures to the Board's satisfaction Deputy Group Chief Executive • Ensure appropriate funding structure for Aspen, with appropriate balance of equity, long-term and short-term funding to meet the Group's plans • To further develop investor relations strategy and plan • Deliver appropriate IT strategy and plan to the satisfaction of the Board • Implement succession planning measures to the Board's satisfaction • Enhance the internal image of Aspen and foster positive employee morale

Medium-term incentive

- Maximum of 37,5% of executive directors' total guaranteed pay, with a 10% upliftment should they elect to receive the award in shares, upon the achievement of the agreed performance targets; and
- An additional 37,5% of total guaranteed pay will be awarded upon the achievement of agreed stretch targets.

The performance targets for 2020 will be as follows:
(1) Return on invested capital ("ROIC")
- achievement of targeted ROIC – 50% of possible award
- achievement of first agreed stretch ROIC target – additional 20% of possible award
- achievement of second agreed stretch ROIC target – additional 30% of possible award

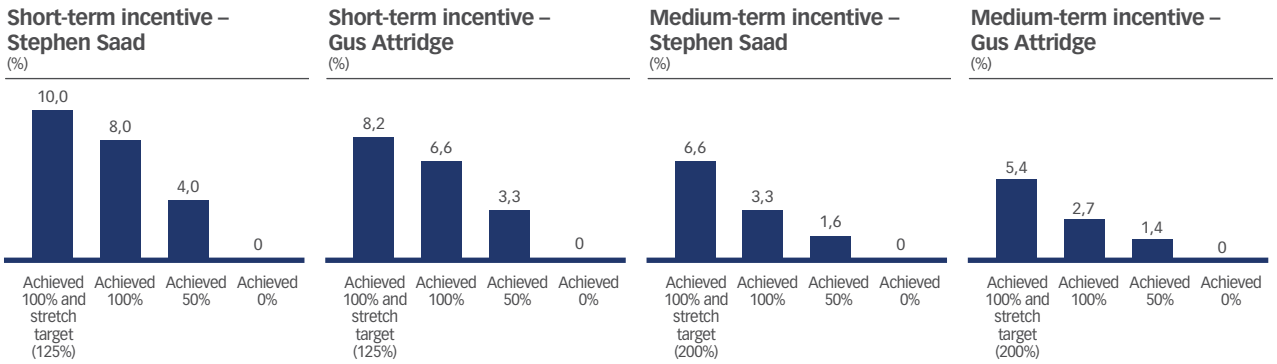
(2) CAGR in CER NHEPS
- Achievement of targeted CAGR in CER NHEPS – 50% of possible award
- Achievement of first agreed stretch CAGR in CER NHEPS – additional 20% of possible award
- Achievement of second agreed stretch CAGR in CER NHEPS – additional 30% of possible award

Executive directors can elect to either receive the deferred incentive awards in shares or cash (in the past they have always exercised the shares option).

** Stretch target awards are capped at a maximum short-term incentive achievement of 125%.*

Executive director package design – performance scenarios

The following graphs provide an illustration of the short-term and medium-term incentives payable to executive directors based on hypothetical outcomes in the 2020 financial year. Performance against the above performance metrics may either be: achieving all performance targets as well as stretch targets; achieving performance targets; achieving 50% of performance targets; or not achieving performance targets at all.



No additional incentive payments are applicable in instances of performance above expectations.

Non-executive directors' fees

Purpose and strategic intent	To attract, retain and fairly reward capable and skilled non-executive directors.
Remuneration methodology	The Chairman of the Board receives a fixed annual fee for his role as Chairman. Other non-executive directors' fees are fixed for the year and include a quarterly base fee, payable to each non-executive director, in addition to a fee per meeting attended. Further fees will be paid for attendance at unscheduled meetings dependent on the number of hours spent at the meeting, up to a maximum of the set fee per meeting. In the instance of non-attendance, non-executive directors are obliged to continue to participate in meetings by providing the Chairman or the Committee Chairman with detailed inputs for all agenda items.
Committee involvement and approval process	Fees are proposed by management to the Committee following benchmarking against companies of a similar size and complexity. After review of such proposals, the Committee makes appropriate recommendations, other than for fees for services paid to the Committee, to the Board. The proposal endorsed by the Board is tabled for approval by shareholders at the AGM. The fees payable to these directors, as well as the proposed increases in these fees, through to the AGM in 2020 will be submitted for approval at Aspen's AGM to be held on 5 December 2019 (see page 6 of the AGM notice which provides the detailed proposals to shareholders in this regard).

Part three: Remuneration implementation report

This section of the report provides an overview of the implementation of the remuneration policy as it applies to executive directors and non-executive directors.

Remuneration decisions taken during the year

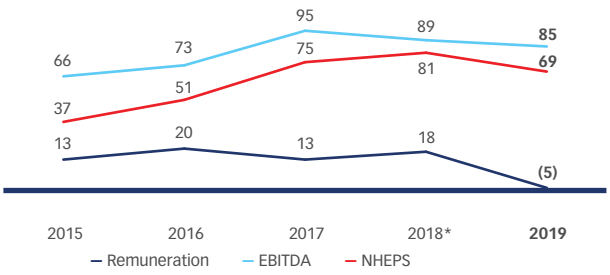
Please refer to the table on page 98 of this report for a summary of the remuneration activities undertaken by the Remuneration & Nomination Committee during the year.

Base pay adjustments during the year

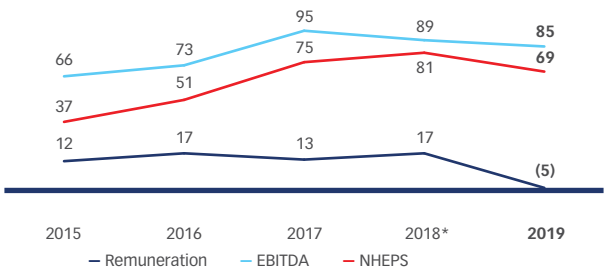
The following base pay adjustments were made during the year:

	Base pay 2019	Approved adjustment	Base pay 2018
Stephen Saad	**7 593 817**	6%	7 226 575
Gus Attridge	**6 259 729**	6%	5 946 851
Total	**13 853 546**		13 173 426

Stephen Saad
(Total percentage increase since 2013 financial year)



Gus Attridge
(Total percentage increase since 2013 financial year)



** EBITDA and NHEPS for 2018 restated for the adoption of the new accounting standards and discontinued operations.*

Short-term and medium-term incentive performance measures and outcomes for the 2019 financial year

Group performance 70% of the award		Individual KPI performance 30% of the award	
Measure	**Achieved**	**KPIs**	**Achieved**
(1) Growth in the normalised CER NHEPS, measured against the achievement of the budget approved by the Board – 40% of the possible incentive	0% out of the 40%	Group Chief Executive • Development of a sustainable growth strategy for the Group and implementation of an effective organisational structure for this strategy • Ensure Group's infrastructure and resources (including human resources and IT) are of an appropriate quality, capacity and performance level • Ensure the effective management of the pending anti-trust matters • Maintain productive stakeholder relations on a Group-wide basis • Maintain safety, health and environmental standards • Group ethical tone set for the Group • Achievement of the Employment Equity Plan targets for the executive and senior management	28% out of the 30%
(2) The reduction in the leverage measurement to leverage ratio levels below 4,0% – 30% of the possible incentive	5% out of the 30%	Deputy Group Chief Executive: • Ensure appropriate funding structure for Aspen, with appropriate balance of equity, long-term and short-term funding to meet Group's plans • Implement working capital improvement strategies to achieve better than predetermined outcomes in working capital management • Achievement of the Employment Equity Plan targets for the executive and senior management • Implementation and maintenance of appropriate business and reporting systems • Ensure risk management plan (including the implementation of appropriate mitigation plans) and reporting process implemented across the Group	28% out of the 30%
Total achieved = 33%			

As a result of the achievement of the relevant performance measures as set out above, the short-term cash incentive payable to the executive directors, in terms of the South African Management Incentive Bonus Scheme is as follows:

		Achievement in respect of measures 1 and 2		Achievement in respect of KPI performance		Total short-term cash incentive paid
		%	Rand value	%	Rand value	Rand value
Stephen Saad	2018	38% out of 70%	3 172 656	30% out of 30%	2 504 729	5 677 385
	2019	**5% out of 70%**	**442 502**	**28% out of 30%**	**2 478 010**	**2 920 512**
Gus Attridge	2018	38% out of 70%	2 622 775	30% out of 30%	2 070 612	4 693 387
	2019	**5% out of 70%**	**365 808**	**28% out of 30%**	**2 048 525**	**2 414 333**

As a result of the achievement of the relevant performance measures as set out above, the medium-term incentive payable to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, was as follows:

		Award	Including additional 10% for opting for shares	Three-day VWAP of Aspen share price at award	Number of shares awarded
Stephen Saad	2018	2 129 019	2 341 921	R164,96	14 197
	2019	**1 095 192**	**1 204 711**	**R105,11**	**11 461**
Gus Attridge	2018	1 760 020	1 936 022	R164,96	11 736
	2019	**905 375**	**995 913**	**R105,11**	**9 475**

Vesting of long-term incentives during 2019

Awards made to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

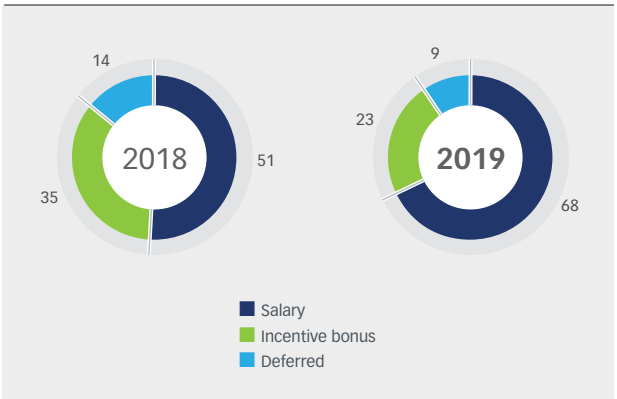
		Date of award	Number of shares awarded	Value at date of award	Distributions/ dividends received (ZAR)	Dividends reinvested as shares (number of shares)	Total value of award at vesting
Stephen Saad	2018	October 2015	9 576	2 878 809	81 396	N/A	2 960 205
	2019	**October 2016**	**10 021**	**3 065 149**	**N/A**	**296**	**978 052**
Gus Attridge	2018	October 2015	7 798	2 344 303	66 283	N/A	2 410 586
	2019	**October 2016**	**7 870**	**2 407 205**	**N/A**	**232**	**768 070**

Total remuneration outcomes for 2019

Remuneration composition of executive directors

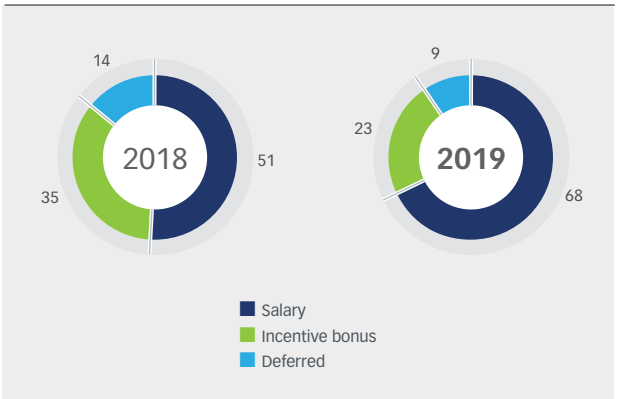
Stephen Saad

(%)



Gus Attridge

(%)



	Remuneration R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expense R'000	Total R'000
2019					
Stephen Saad	**7 594**	**1 258**	**2 921**	**2 121**	**13 894**
Gus Attridge	**6 260**	**1 068**	**2 414**	**1 730**	**11 472**
	13 854	**2 326**	**5 335**	**3 851**	**25 366**
2018					
Stephen Saad	7 227	1 186	5 677	3 064	17 154
Gus Attridge	5 947	1 005	4 693	2 463	14 108
	13 174	2 191	10 370	5 527	31 262

Directors' interests in Aspen shares

Shares allocated in terms of the South African Management Deferred Incentive Bonus Scheme as at the beginning of the year and those offered to and accepted by executive directors during the year were as follows:

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2018 '000	Awarded during the year '000	Released during the year R'000	Shares outstanding on 30 June 2019 '000
Stephen Saad	300,62	Oct 2018	10	**—**	**10**	**—**
	305,86	Oct 2019	10	**—**	**—**	**10**
	305,18	Oct 2020	8	**—**	**—**	**8**
	164,96	Oct 2021	—	**14**	**—**	**14**
			28	**14**	**10**	**32**
Gus Attridge	300,62	Oct 2018	8	**—**	**8**	**—**
	305,86	Oct 2019	8	**—**	**—**	**8**
	305,18	Oct 2020	6	**—**	**—**	**6**
	164,96	Oct 2021	—	**12**	**—**	**12**
			22	**12**	**8**	**26**
			50	**26**	**18**	**58**

The deferred incentive bonus shares have a maturity date of three years on acceptance of the bonus.

Non-executive directors' remuneration

In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the financial year were approved by a special resolution of Aspen's shareholders at the company's AGM held on 6 December 2018. The following fees were paid to non-executive directors, either by the holding company or another company in the Group:

Non-executive director	**2019* R'000**	2018* R'000
Kuseni Dlamini	**1 164**	1 098
Roy Andersen	**623**	664
John Buchanan[T]	**34**	759
Linda de Beer[T]***	**608**	45
Ben Kruger****	**88**	N/A
Maureen Manyama[#]	**N/A**	267
Themba Mkhwanazi****	**56**	N/A
Chris Mortimer***	**308**	345
Babalwa Ngonyama**	**761**	622
David Redfern	**267**	284
Sindi Zilwa	**701**	701
	4 610	4 785

* *Fees exclude VAT.*

[T] *John Buchanan retired from the Board effective 31 July 2019. Linda de Beer was appointed to the Board, effective 31 July 2019.*

** *Babalwa Ngonyama receives an attendance fee for attendance at meetings of Aspen Finance (Pty) Limited, in her capacity as Chairman of the A&R Co of Aspen Pharmacare Holdings Limited.*

*** *Linda de Beer and Chris Mortimer also receive directors' fees in their capacity as non-executive directors of Aspen Finance (Pty) Limited. The 2018 fees for directors have been updated to include fees they earned as directors of this company in that year.*

**** *Ben Kruger and Themba Mkhwanazi were appointed to the Board effective 1 April 2019.*

[#] *Maureen Manyama resigned from the Board with effect from 7 December 2017.*

Directors' interests in Aspen shares

The direct and indirect beneficial interests of the directors and their associates in the shares of the company were:

	Direct		**Indirect**	
	2019	2018	**2019**	2018
Roy Andersen	**41 150**	41 150	**—**	—
Gus Attridge	**3 839 600**	3 720 571	**15 169 319**	15 169 319
John Buchanan	**—**	—	**30 350**	30 350
Kuseni Dlamini	**—**	—	**—**	—
Ben Kruger	**13 100**	—	**400**	—
Themba Mkhwanazi	**—**	—	**—**	—
Chris Mortimer	**110 068**	100 068	**—**	—
Babalwa Ngonyama	**—**	—	**—**	—
David Redfern	**—**	—	**4 750**	4 750
Stephen Saad	**4 673 394**	4 063 818	**51 302 718**	51 302 718
Sindi Zilwa	**—**	—	**—**	—
	8 677 312	7 911 314	**66 507 537**	66 507 137

None of the directors held any non-beneficial shares in the company at 30 June 2019. As disclosed on page 109 of this report, the executive directors' medium-term incentive shares that were awarded in October 2016, vested in October 2019. There were no changes to the non-executive directors interests between the end of the financial year and date of approval.

Linda de Beer CD(SA), CA(SA)
Committee Chairman

Statement of responsibility by the Board of Directors

The Board of directors ("Board") are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements for the year ended 30 June 2019 ("Summarised Annual Financial Statements") of Aspen Pharmacare Holdings Limited and its subsidiaries.

The Board considers that in preparing the Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards ("IFRS") that they consider to be applicable have been followed.

The Board are satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year end. The directors further acknowledge that they are responsible for the content of the Integrated Report and its supplementary documents, as well as its consistency with the Annual Financial Statements. The Board have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the Annual Financial Statements comply with the relevant legislation.

The preparation of the Annual Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Annual Financial Statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

Aspen Pharmacare Holdings Limited and its subsidiaries operate in a well-established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the Annual Financial Statements. The Board have no reason to believe that the Group or any company within the Group will not continue as going concerns in the foreseeable future, based on forecasts, available cash resources and facilities.

The Code of Conduct has been adhered to in all material respects.

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the Annual Financial Statements, and their report is presented on page 115.

The Annual Financial Statements were prepared under the supervision of Deputy Group Chief Executive, Gus Attridge CA(SA) and approved by the Board of Directors on 25 October 2019 and are signed on its behalf.

Kuseni Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg

28 October 2019

Basis of presentation and accounting policies

for the year ended 30 June 2019

Basis of accounting

The summarised Group annual financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The accounting policies applied in the preparation of these summarised Group financial results are in terms of International Financial Reporting Standards and are consistent with those used in the annual financial statements for the year ended 30 June 2018 except for changes to the segmental analysis, new standard implementations as well as discontinued operations which are explained in detail below.

Restatement of the Group segmental analysis

Following the integration of the recent Anaesthetics business acquisitions into the Group and the pending disposal of the Nutritionals Business segment, the Group has revised its reportable segments to reflect the newly updated operating model which aligns to the way in which the business is managed and reported on by the Chief Operating Decision Maker ("CODM"). The business segments which make up the Pharmaceutical segment have been revised as follows:

- The High Potency & Cytotoxic therapeutic segment has been reclassified to Regional Brands as these products are now managed on a regional basis; and
- The Therapeutic Focused Brand segment has been replaced by the Sterile Focus Brand segment and includes the Anaesthetics and Thrombosis portfolios.
- The total Pharmaceutical segment has been split at a revenue and gross margin level between the Commercial Pharmaceuticals and Manufacturing segments to give separate visibility to the gross margins earned by each of these segments;
- The Commercial Pharmaceuticals segment comprises the Sterile Focus Brand and Regional Brand segments;
- The Manufacturing segment relates to the manufacture and sale of active pharmaceutical ingredient and finished dose form products to third party customers; and
- The costs relating to manufacturing activities which support the manufacture and sale of Commercial Pharmaceutical Brands are included in the gross margins of the Commercial Pharmaceutical segment and the costs supporting the manufacture and sale of active pharmaceutical ingredients and finished dose form products to third party customers are included in the Manufacturing segment gross margin.

Restatement of discontinued operations

Asia Pacific non-core pharmaceutical portfolio

Consistent with the Group strategy of divesting or discontinuing non-core pharmaceutical products, during the year the Group identified a portfolio of non-core pharmaceutical products in the Asia Pacific region for divestment and discontinuation. In Aspen's interim results for the 6 months ended 31 December 2018 these prospective discontinuations and divestments were classified as discontinued operations with all related assets and liabilities transferred to assets-held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-sale and Discontinued Operations*. As at 30 June 2019 these divestments and discontinuations were complete and the results of the divestments are included as part of discontinued operations.

Nutritionals Business

In September 2018 the Group concluded an agreement (subject to conditions precedent) to divest of its Nutritionals Business predominantly carried on in Latin America, Sub-Saharan Africa and Asia Pacific under the S-26, Alula and Infacare brands ("Nutritionals Business") to the Lactalis Group, a leading multinational dairy corporation based in Laval, France. In Aspen's interim results for the six months ended 31 December 2018 the Nutritionals Business was classified as discontinued operations with all related assets and liabilities transferred to assets-held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-sale and Discontinued Operations*. The transaction was concluded effective 31 May 2019 and the results of the disposals are included as part of discontinued operations.

Restatement due to changes in accounting standards

The implementation of IFRS 15: *Revenue from Contracts with Customers* and IFRS 9: *Financial Instruments* became effective for Aspen in the 2019 financial year. Aspen has assessed and applied the new standards and the June 2019 results have been reported in line with the new requirements. The June 2018 comparative period has been restated in the reviewed results on a full retrospective basis.

IFRS 15: Revenue from Contracts with Customers

In applying the new standard, the Group recognises revenue upon the transfer of control over the products to the customer and the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue, net of trade discounts, distribution fees paid to independent wholesalers and excluding value added tax, comprises the total invoice value of goods and co-marketing fees.

Following a detailed review of the impact of implementing the revised standard, the Group identified certain distribution arrangements in terms of which control of inventory did not transfer to the customer within the relevant financial period and this required a restatement in terms of IFRS 15: *Revenue from Contracts with Customers*. The details of the restatement are set out in note K.

IFRS 9: Financial Instruments

Applying the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. The assessment resulted in an increase in the allowance account for losses and the resultant restatement has been applied on a full retrospective basis and the details are set out in note K.

IFRS 5: Non-current Assets Held-for-sale and Discontinued Operations

During the year Aspen acquired the remaining 50% of two joint ventures which led to these joint ventures being 100% owned subsidiaries of the Group. The details of this transaction is set out in note L on the supplementary information.

These subsidiaries were held exclusively with a view to resale and meets the definition of a discontinued operation in accordance with IFRS 5: *Non-current Assets Held-for-sale and Discontinued Operations*.

Aspen applied the 'short-cut method' given in the IFRS 5 Implementation Guidance to account for these subsidiaries.

A subsidiary acquired exclusively with a view to resale is valued at fair value less costs to sell, at each reporting date, as a single unit of account. There is no requirement to fair value the entity's individual assets and liabilities. The entity's identifiable liabilities are measured at fair value, and this amount is added to the fair value less costs to sell amount, to ascertain the value of the assets to be disclosed.

Independent auditor's report on Summarised Group Annual Financial Statements

To the shareholders of Aspen Pharmacare Holdings Limited

Opinion
The summarised consolidated financial statements of Aspen Pharmacare Holdings Limited, set out on pages 116 to 132 of the Aspen Holdings 2019 Integrated Report, which comprise the summarised consolidated statement of financial position as at 30 June 2019, the summarised consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated Annual Financial Statements of Aspen Pharmacare Holdings for the year ended 30 June 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated Annual Financial Statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the Basis of Preparation and Accounting Policies to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other matter
We have not audited the Illustrative constant exchange rate report on selected financial data as set out on page 132 to 137 in the accompanying financial statements and accordingly do not express an opinion thereon.

Summarised Consolidated Financial Statements
The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated Annual Financial Statements and the auditor's report thereon.

The Audited Consolidated Annual Financial Statements and Our Report Thereon
We expressed an unmodified audit opinion on the audited consolidated Annual Financial Statements in our report dated 28 October 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' Responsibility for the Summarised Consolidated Financial Statements
The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the Basis of Preparation and Accounting Policies to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility
Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated Annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: CR West
Registered Auditor
4 Lisbon Lane, Waterfall City
28 October 2019

Summarised Group statement of financial position

at year ended 30 June 2019

	2019 R'million	Restated* 2018 R'million	Restated* 2017 R'million
Assets			
Non-current assets			
Intangible assets	**66 468**	72 163	60 006
Property, plant and equipment	**12 065**	11 368	9 749
Goodwill	**4 649**	6 126	5 940
Deferred tax assets	**1 163**	966	987
Contingent environmental indemnification assets	**801**	802	747
Other non-current assets	**1 018**	1 189	801
Total non-current assets	**86 164**	92 614	78 230
Current assets			
Inventories	**14 648**	14 959	14 014
Receivables and other current assets	**12 511**	13 229	12 442
Cash and cash equivalents	**8 977**	11 170	10 707
Total operating current assets	**36 136**	39 358	37 163
Assets classified as held-for-sale	**16**	135	200
Total current assets	**36 152**	39 493	37 363
Total assets	**122 316**	132 107	115 593
Shareholders' Equity			
Reserves	**52 300**	47 442	40 435
Share capital (including treasury shares)	**1 911**	1 905	1 929
Ordinary shareholders' equity	**54 211**	49 347	42 364
Non-controlling interests	**2**	28	27
Total shareholders' equity	**54 213**	49 375	42 391
Liabilities			
Non-current liabilities			
Borrowings	**39 713**	46 725	28 978
Other non-current liabilities	**3 702**	2 775	4 381
Unfavourable and onerous contracts	**1 055**	1 382	1 635
Deferred tax liabilities	**2 049**	2 213	2 085
Contingent environmental liabilities	**801**	802	747
Retirement and other employee benefits	**744**	635	570
Total non-current liabilities	**48 064**	54 532	38 396
Current liabilities			
Borrowings**	**8 248**	11 225	18 860
Trade and other payables	**9 555**	10 414	10 257
Other current liabilities	**1 911**	6 187	5 341
Unfavourable and onerous contracts	**325**	374	348
Total operating current liabilities	**20 039**	28 200	34 806
Total liabilities	**68 103**	82 732	73 202
Total equity and liabilities	**122 316**	132 107	115 593

** Please refer to note K regarding the restatements as a result of adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers.*

*** Includes bank overdrafts.*

Summarised Group statement of comprehensive income

for the year ended 30 June 2019

	Notes	Change %	2019 R'million	Restated* 2018 R'million
Continuing operations				
Revenue		1	**38 872**	38 314
Cost of sales			**(19 174)**	(18 628)
Gross profit		0	**19 698**	19 686
Selling and distribution expenses			**(6 846)**	(6 596)
Administrative expenses			**(3 097)**	(2 980)
Other operating income			**658**	417
Other operating expenses			**(5 604)**	(2 021)
Operating profit	B#	(43)	**4 809**	8 506
Investment income	C#		**439**	343
Financing costs	D#		**(2 477)**	(2 105)
Profit before tax		(59)	**2 771**	6 744
Tax			**(774)**	(1 122)
Profit for the year from continuing operations		(64)	**1 997**	5 622
Discontinued operations				
Profit from discontinued operations	I#		**4 467**	416
Profit for the year		7	**6 464**	6 038
Other comprehensive income, net of tax				
Currency translation (losses)/gains	E#		**(19)**	2 372
Net losses from cash flow hedging in respect of business acquisition			**(32)**	(96)
Remeasurement of retirement and other employee benefits**			**(47)**	1
Total comprehensive income			**6 366**	8 315
Profit for the year attributable to				
Equity holders of the parent			**6 463**	6 037
Non-controlling interests			**1**	1
			6 464	6 038
Total comprehensive income attributable to				
Equity holders of the parent			**6 365**	8 314
Non-controlling interests			**1**	1
			6 366	8 315
Weighted average number of shares in issue ('million)			**456,5**	456,4
Diluted weighted average number of shares in issue ('million)			**456,5**	456,4
Earnings per share				
Basic earnings per share (cents)				
From continuing operations		(64)	**437,3**	1 231,3
From discontinued operations			**978,6**	91,2
		7	**1 415,9**	1 322,5
Diluted earnings per share (cents)				
From continuing operations		(64)	**437,3**	1 231,3
From discontinued operations			**978,6**	91,2
		7	**1 415,9**	1 322,5

* *Please refer to note K regarding the restatements as a result of adopting of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers as well as note I relating to discontinued operations.*

\# *See notes on Supplementary Information.*

** *The annual remeasurement of retirement and other employee benefits will not be reclassified to profit and loss. All other items in other comprehensive income may be reclassified to profit and loss.*

Summarised Group statement of changes in equity

for the year ended 30 June 2019

	Notes	Share capital (including treasury shares) R'million	Reserves R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
Balance at 1 July 2017 (Previously reported)		1 929	41 182	43 111	27	43 138
Impact of adoption of IFRS 15 and IFRS 9	K#	—	(747)	(747)	—	(747)
Balance at 1 July 2017 (Restated)		1 929	40 435	42 364	27	42 391
Total comprehensive income		—	8 314	8 314	1	8 315
Profit for the year		—	6 037	6 037	1	6 038
Other comprehensive income		—	2 277	2 277	—	2 277
Dividends paid		—	(1 313)	(1 313)	—	(1 313)
Treasury shares purchased		(44)	—	(44)	—	(44)
Deferred incentive bonus shares exercised		20	(20)	—	—	—
Share-based payment expenses		—	26	26	—	26
Balance at 30 June 2018 (Restated)		**1 905**	**47 442**	**49 347**	**28**	**49 375**
Total comprehensive income		**—**	**6 365**	**6 365**	**1**	**6 366**
Profit for the year		**—**	**6 463**	**6 463**	**1**	**6 464**
Other comprehensive losses		**—**	**(98)**	**(98)**	**—**	**(98)**
Dividends paid		**—**	**(1 437)**	**(1 437)**	**—**	**(1 437)**
Acquisition of non-controlling interest in subsidiary		**—**	**(14)**	**(14)**	**(27)**	**(41)**
Treasury shares purchased		**(29)**	**—**	**(29)**	**—**	**(29)**
Deferred incentive bonus shares exercised		**35**	**(35)**	**—**	**—**	**—**
Share-based payment expenses		**—**	**24**	**24**	**—**	**24**
Movement in joint ventures		**—**	**(45)**	**(45)**	**—**	**(45)**
Balance at 30 June 2019		**1 911**	**52 300**	**54 211**	**2**	**54 213**

Distribution to shareholders

A dividend of 315 cents per share has been paid during the year (2018: 287 cents). The dividend to shareholders of 315 cents relates to dividends declared on 13 September 2018 and paid on 8 October 2018 (2018: the dividend of 287 cents relates to the dividend declared on 14 September 2017 and paid on 9 October 2017).

Summarised Group statement of cash flows

for the year ended 30 June 2019

	Notes	Change %	2019 R'million	Restated 2018 R'million
Cash flows from operating activities				
Cash operating profit			**10 918**	11 925
Changes in working capital			**(1 378)**	(1 597)
Cash generated from operations			**9 540**	10 328
Net financing costs paid			**(1 742)**	(1 816)
Tax paid			**(1 796)**	(1 495)
Cash generated from operating activities		(14)	**6 002**	7 017
Cash flows from investing activities				
Capital expenditure – property, plant and equipment	A#		**(2 442)**	(2 145)
Proceeds on the sale of property, plant and equipment			**9**	17
Acquisition of residual rights – AZ Anaesthetics			**—**	(5 202)
Capital expenditure – intangible assets	A#		**(1 141)**	(881)
Proceeds received on the sale of intangible assets			**90**	62
Net proceeds received on disposal of Nutritionals Business	J#		**12 016**	—
Proceeds received on disposal of Asia Pacific non-core pharmaceutical portfolio	J#		**1 299**	—
Proceeds on the sale of assets classified as held-for-sale			**25**	37
Acquisition of subsidiaries and joint ventures	L#		**(1 016)**	(152)
Proceeds received other non-current assets			**42**	50
Payment of deferred fixed and contingent consideration relating to prior year business acquisitions			**(5 644)**	(4 599)
Cash generated from/(utilised in) investing activities			**3 238**	(12 813,0)
Cash flows from financing activities				
Proceeds from borrowings			**23 365**	19 186
Repayment of borrowings			**(33 123)**	(11 496)
Dividends paid			**(1 437)**	(1 313)
Acquisition of non-controlling interest in subsidiary			**(41)**	—
Treasury shares purchased			**(29)**	(44)
Cash (outflow)/generated from financing activities			**(11 265)**	6 333
Movement in cash and cash equivalents before currency translation movements			**(2 025)**	537
Currency translation movements			**59**	389
Movement in cash and cash equivalents			**(1 966)**	926
Cash and cash equivalents at the beginning of the year			**8 114**	7 188
Cash and cash equivalents at the end of the year			**6 148**	8 114
Operating cash flow per share (cents)				
From continuing operations		(10)	**1 319,3**	1 455,3
From discontinued operations			**(4,4)**	82,0
		(14)	**1 314,9**	1 537,3
Discontinued operations included in the above:				
Cash (utilised in)/generated from operating activities			**(20)**	374
Cash generated from investing activities			**12 299**	—
Cash and cash equivalents per the statement of cash flows			**(63)**	—
			12 216	374
Reconciliation of cash and cash equivalents				
Cash and cash equivalents per the statement of financial position			**8 977**	11 170
Less: bank overdrafts			**(2 829)**	(3 056)
			6 148	8 114

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash-on-hand plus deposits held on call with banks less bank overdrafts.

 # See notes on Supplementary Information.

Summarised Group supplementary information

Summarised Group statement of headline earnings

for the year ended 30 June 2019

	Change %	2019 R'million	Restated* 2018 R'million
Headline earnings^			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	7	**6 463**	6 037
Adjusted for:			
Continuing operations			
– Net impairment of property, plant and equipment (net of tax)		**405**	48
– Impairment of intangible assets (net of tax)		**2 993**	606
– Impairment of goodwill (net of tax)		**107**	—
– Loss on the sale of tangible and intangible assets (net of tax)		**47**	40
– Impairment of available-for-sale financial assets (net of tax)		**55**	—
Discontinued operations			
– Profit on sale of discontinued operations (net of tax)**		**(4 346)**	—
	(15)	**5 724**	6 731
Headline earnings			
From continuing operations	(11)	**5 603**	6 315
From discontinued operations		**121**	416
	(15)	**5 724**	6 731
Headline earnings per share			
Headline earnings per share (cents)			
From continuing operations	(11)	**1 227,6**	1 383,5
From discontinued operations		**26,4**	91,2
	(15)	**1 254,0**	1 474,7
Diluted headline earnings per share (cents)			
From continuing operations	(11)	**1 227,6**	1 383,5
From discontinued operations		**26,4**	91,2
	(15)	**1 254,0**	1 474,7
Normalised headline earnings			
Reconciliation of normalised headline earnings			
Headline earnings	(15)	**5 724**	6 731
Adjusted for:			
Continuing operations			
– Restructuring costs (net of tax)		**100**	144
– Transaction costs (net of tax)		**547**	358
– Foreign exchange loss/(gain) on acquisitions (net of tax)		**9**	(178)
– Product litigation costs (net of tax)		**459**	293
– Reversal of deferred consideration no longer payable (net of tax)		**(264)**	—
Discontinued operations			
– Restructuring costs (net of tax)		**16**	—
– Transaction costs (net of tax)		**216**	5
– Foreign exchange gain on disposals (net of tax)		**(114)**	—
	(9)	**6 693**	7 353
Normalised headline earnings			
From continuing operations	(7)	**6 454**	6 932
From discontinued operations		**239**	421
	(9)	**6 693**	7 353
Normalised headline earnings per share			
Normalised headline earnings per share (cents)			
From continuing operations	(7)	**1 414,3**	1 518,4
From discontinued operations		**52,1**	92,4
	(9)	**1 466,4**	1 610,8
Normalised diluted headline earnings per share (cents)			
From continuing operations	(7)	**1 414,3**	1 518,4
From discontinued operations		**52,1**	92,4
	(9)	**1 466,4**	1 610,8

** Please refer to note K regarding the restatements as a result of adopting of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers as well as note I relating to discontinued operations.*

^ Headline earnings is disclosed net of income from non-controlling interests which are not material.

***Includes the fair value gain on revaluation of joint ventures.*

Summarised Group supplementary information continued

Summarised Group segmental analysis

for the year ended 30 June 2019

	30 June 2019				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharma-ceuticals R'million	Total Manufacturing R'million	Total R'million
Revenue	15 267	17 817	33 084	5 788	38 872
Cost of sales	(6 902)	(8 032)	(14 934)	(4 240)	(19 174)
Gross profit	8 365	9 785	18 150	1 548	19 698
Selling and distribution expenses					(6 846)
Contribution profit					12 852
Administrative expenses					(3 097)
Net other operating income					332
Depreciation					737
Normalised EBITDA*					10 824
Adjusted for:					
Depreciation					(737)
Amortisation					(455)
Loss on sale of assets					(80)
Net impairment of assets					(3 812)
Restructuring costs					(131)
Transaction costs					(540)
Reversal of deferred consideration no longer payable					264
Product litigation costs					(524)
Operating profit					4 809
Gross profit (%)	54,8	54,9	54,9	26,7	50,7
Selling and distribution expenses (%)					17,6
Contribution profit (%)					33,1
Administrative expenses (%)					8,0
Normalised EBITDA (%)					27,8

** Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

Summarised Group supplementary information continued

Summarised Group segmental analysis continued

for the year ended 30 June 2019

	Restated 30 June 2018				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharma-ceuticals R'million	Total Manufacturing R'million	Total R'million
Revenue	14 869	17 321	32 190	6 124	38 314
Cost of sales	(6 995)	(7 500)	(14 495)	(4 133)	(18 628)
Gross profit	7 874	9 821	17 695	1 991	19 686
Selling and distribution expenses					(6 596)
Contribution profit					13 090
Administrative expenses					(2 980)
Net other operating income					247
Depreciation					674
Normalised EBITDA*					11 031
Adjusted for:					
Depreciation					(674)
Amortisation					(435)
Loss on sale of assets					(55)
Net impairment of assets					(691)
Restructuring costs					(199)
Transaction costs					(154)
Product litigation costs					(317)
Operating profit					8 506
Gross profit (%)	53,0	56,7	55,0	32,5	51,4
Selling and distribution expenses (%)					17,2
Contribution profit (%)					34,2
Administrative expenses (%)					7,8
Normalised EBITDA (%)					28,8

	% Change				
	Sterile Focus Brands %	Regional Brands %	Total Commercial Pharma %	Total Manufacturing revenue %	Total %
Revenue	3	3	3	(5)	1
Cost of sales	(1)	7	3	3	3
Gross profit	6	0	3	(22)	0
Selling and distribution expenses					4
Contribution profit					(2)
Administrative expenses					4
Net other operating income					34
Depreciation					9
Normalised EBITDA*					(2)

** Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

Summarised Group supplementary information continued

Summarised Group revenue segmental analysis

for the year ended 30 June 2019

	2019 R'million	Restated 2018 R'million	Change %
Commercial Pharmaceuticals by customer geography	**33 084**	32 190	3
Sub-Saharan Africa	**7 986**	7 987	0
Developed Europe	**7 381**	7 420	(1)
Australasia	**4 048**	3 890	4
Latin America	**3 083**	2 930	5
Developing Europe & CIS	**2 516**	2 693	(7)
China	**2 872**	2 415	19
Japan	**2 124**	1 931	10
Other Asia	**1 343**	1 298	3
MENA	**1 056**	978	8
USA & Canada	**675**	648	4
Manufacturing revenue by geography of manufacture			
Manufacturing revenue – finished dose form	**1 235**	1 521	(19)
Australasia	**372**	360	3
Developed Europe	**627**	625	0
Sub-Saharan Africa	**236**	536	(56)
Manufacturing revenue – active pharmaceutical ingredients	**4 553**	4 603	(1)
Developed Europe	**4 087**	4 271	(4)
Sub-Saharan Africa	**353**	332	6
Other Asia	**113**	—	>100%
Total Manufacturing revenue	**5 788**	6 124	(5)
Total revenue	**38 872**	38 314	1
Summary of regions			
Sub-Saharan Africa	**8 575**	8 855	(3)
Developed Europe	**12 095**	12 316	(2)
Australasia	**4 420**	4 250	4
Latin America	**3 083**	2 930	5
Developing Europe & CIS	**2 516**	2 693	(7)
China	**2 872**	2 415	19
Japan	**2 124**	1 931	10
Other Asia	**1 456**	1 298	12
MENA	**1 056**	978	8
USA & Canada	**675**	648	4
Total revenue	**38 872**	38 314	1

Summarised Group supplementary information continued

Summarised Group revenue segmental analysis continued

for the year ended 30 June 2019

Commercial Pharmaceuticals therapeutic area analysis

	Year ended 30 June 2019				
	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By Customer Geography					
Commercial Pharmaceuticals					
Sub-Saharan Africa	**111**	**8**	**119**	**7 867**	**7 986**
Developed Europe	**2 191**	**3 411**	**5 602**	**1 779**	**7 381**
Australasia	**663**	**22**	**685**	**3 363**	**4 048**
Latin America	**894**	**75**	**969**	**2 114**	**3 083**
Developing Europe & CIS	**283**	**1 868**	**2 151**	**365**	**2 516**
China	**1 976**	**869**	**2 845**	**27**	**2 872**
Japan	**1 332**	**32**	**1 364**	**760**	**2 124**
Other Asia	**675**	**167**	**842**	**501**	**1 343**
MENA	**237**	**118**	**355**	**701**	**1 056**
USA & Canada	**321**	**14**	**335**	**340**	**675**
Total Commercial Pharmaceuticals	**8 683**	**6 584**	**15 267**	**17 817**	**33 084**

	Restated year ended 30 June 2018				
	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By Customer Geography					
Commercial Pharmaceuticals					
Sub-Saharan Africa	143	8	151	7 836	7 987
Developed Europe	2 154	3 473	5 627	1 793	7 420
Australasia	713	21	734	3 156	3 890
Latin America	870	71	941	1 989	2 930
Developing Europe & CIS	397	1 876	2 273	420	2 693
China	1 779	616	2 395	20	2 415
Japan	1 213	48	1 261	670	1 931
Other Asia	658	151	809	489	1 298
MENA	207	159	366	612	978
USA & Canada	304	8	312	336	648
Total Commercial Pharmaceuticals	8 438	6 431	14 869	17 321	32 190

	% Change				
	Anaesthetics Brands %	Thrombosis Brands %	Sterile Focus Brands %	Regional Brands %	Total %
By Customer Geography					
Commercial Pharmaceuticals					
Sub-Saharan Africa	(22)	0	(21)	0	0
Developed Europe	2	(2)	0	(1)	(1)
Australasia	(7)	5	(7)	7	4
Latin America	3	6	3	6	5
Developing Europe & CIS	(29)	0	(5)	(13)	(7)
China	11	41	19	35	19
Japan	10	(33)	8	13	10
Other Asia	3	11	4	2	3
MENA	14	(26)	(3)	15	8
USA & Canada	6	75	7	1	4
Total Commercial Pharmaceuticals	3	2	3	3	3

Summarised Group supplementary information continued

Summarised Notes

for the year ended 30 June 2019

			30 June 2019 R'million	30 June 2018 R'million
A.	**Capital expenditure**			
	Incurred		**3 583**	3 026
	– Property, plant and equipment		**2 442**	2 145
	– Intangible assets		**1 141**	881
	Contracted		**1 468**	1 812
	– Property, plant and equipment		**1 258**	1 786
	– Intangible assets		**210**	26
	Authorised but not contracted for		**3 882**	4 184
	– Property, plant and equipment		**3 191**	3 829
	– Intangible assets		**691**	355
B.	**Operating profit has been arrived at after charging**			
	Continuing operations			
	Depreciation of property, plant and equipment		**737**	674
	Amortisation of intangible assets		**455**	435
	Net impairment of tangible and intangible assets		**3 812**	691
	Net impairment of property, plant and equipment	N#	**515**	68
	Impairment of intangible assets	M#	**3 131**	750
	Reversal impairment of intangibles		**—**	(127)
	Impairment of goodwill		**111**	—
	Impairment on available-for-sale financial assets		**55**	—
	Loss on the sale of tangible and intangible assets		**80**	55
	Transaction costs		**540**	154
	Restructuring costs		**131**	199
	Product litigation costs		**524**	317
	Reversal of deferred consideration no longer payable		**(264)**	—
C.	**Investment income**			
	Interest received		**439**	343
D.	**Financing costs**			
	Interest paid		**(2 058)**	(1 754)
	Debt raising fees on acquisitions		**(70)**	(209)
	Net (losses)/gains on financial instruments		**(66)**	88
	Foreign exchange gains		**—**	104
	Fair value losses on financial instruments		**(66)**	(16)
	Notional interest on financial instruments		**(274)**	(408)
	Foreign exchange (losses)/gains on acquisitions		**(9)**	178
			(2 477)	(2 105)
E.	**Currency translation (losses)/gains**			
	Currency translation (losses)/gains on the translation of the offshore businesses are as a result of the difference between the weighted average exchange rate used for trading results and the opening and closing exchange rates applied in the statement of financial position. For the year the stronger closing Rand translation rate decreased the Group net asset value.		**(19)**	2 372
F.	**Guarantees to financial institutions**			
	Total guarantees		**70 984**	70 545
	Guarantees utilised		**48 326**	53 741
	Guarantees available and not utilised		**22 658**	16 804
	These guarantees are cross guarantees within the Group and there are no external guarantees.			

 # See notes on Supplementary Information.

G. Potential dispute matter – European commission

In May 2017 the European Commission ("EC") opened an investigation in terms of Article 102 of the TFEU ("Treaty on the Functioning of the European Union") in respect of Aspen's pricing practices for its products containing the active pharmaceutical ingredients Chlorambucil, Melphalan, Mercaptopurine, Tioguanine and Busulfan. The investigation covers all of the European Economic Areas, excluding Italy.

The EC's investigation is continuing and Aspen, supported by its economic and legal advisors are engaging and co-operating fully with the EC in its investigation.

This matter is complex. At this stage its outcome is unknown and accordingly no reliable estimate can be made of Aspen's liability (if any) and no liability has been raised in the statement of financial position.

H. Potential dispute matter – UK Competition and markets Authority

In October 2017, the UK Competition and Markets Authority ("CMA") opened an investigation against Aspen in terms of Article 101 and Article 102 of the TFEU into alleged anti-competitive conduct and pricing practices in relation to Fludrocortisone Acetate 0,1 mg tablets and Dexamethasone 2 mg tablets in the UK. The CMA has advised that it will not be proceeding with its investigation in relation to Dexamethasone 2 mg tablets.

Aspen has offered commitments ("Commitments") to the CMA for the purposes of addressing the competition concerns arising from certain aspects of the CMA's investigation. The CMA has given notice that it accepted the Commitments.

In terms of the Commitments:

1. Aspen will dispose of its rights to the ambient Fludrocortisone in the UK to an independent third party in accordance with a prescribed process, overseen by the CMA;
2. Aspen will reintroduce the cold storage Fludrocortisone into the UK market in accordance with a prescribed process, overseen by the CMA; and
3. Aspen will make an ex-gratia payment in the aggregate amount of £8 million by 31 October 2019 to:

3.1 the Secretary of State for Health and Social Care in the amount of £6,485,600;
3.2 the Scottish Ministers in the amount of £788,000;
3.3 the Welsh Ministers in the amount of £455,200; and
3.4 the Department of Health, Social Services and Public Safety for Northern Ireland in the amount of £271,200

The giving of the Commitments does not constitute an admission of any wrongdoing by Aspen with respect to the alleged anticompetitive conduct under Article 102 of the TFEU.

The CMA and Aspen have entered into settlement discussions in respect of Aspen's alleged anti-competitive conduct under Article 101 of the TFEU. Within the context that historically Aspen had the only Fludrocortisone in the UK, Aspen has admitted liability for entering into an agreement to acquire a potential competitor Fludrocortisone with the consequence that the conclusion of this agreement resulted in anti-competitive behaviour. Pursuant to Aspen's aforesaid admission, the CMA will impose a penalty on Aspen for an infringement under Article 101 of the TFEU which shall not exceed £2 101 954. This penalty together with the agreed ex-gratia payment have been provided for as current liabilities in the statement of financial position.

Aspen and its advisers continue to fully co-operate with the CMA in its investigation.

I. Discontinued operations

Asia Pacific non-core pharmaceutical portfolio:

Consistent with the Group strategy of divesting or discontinuing non-core pharmaceutical products, during the year the Group identified a portfolio of non-core pharmaceutical products in the Asia Pacific region for divestment and discontinuation. In Aspen's interim results for the six months ended 31 December 2018 these prospective divestments were classified as discontinued operations with all related assets and liabilities transferred to assets-held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-sale and Discontinued Operations*. As at 30 June 2019 these divestments and discontinuations were complete and the results of the divestments are included as part of discontinued operations.

Nutritionals business:

In September 2018 the Group concluded an agreement (subject to conditions precedent) to divest of its Nutritionals business predominantly carried on in Latin America, Sub-Saharan Africa and Asia Pacific under the S-26, Alula and Infacare brands ("Nutritionals business") to the Lactalis Group, a leading multinational dairy corporation based in Laval, France. In Aspen's interim results for the 6 months ended 31 December 2018 the Nutritionals business was classified as discontinued operations with all related assets and liabilities transferred to assets-held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-sale and Discontinued Operations*. The transaction was concluded effective 31 May 2019 and the results of the disposals are included as classified as held-for-sale part of discontinued operations.

I. Discontinued operations continued

Summarised discontinued operations statement of comprehensive income

The financial performance are for the 11 months ended 31 May 2019 and the year ended 30 June 2018:

	Nutritionals business R'million	Asia Pacific non-core pharma-ceutical portfolio R'million	11 months 31 May 2019 R'million
Revenue	2 730	739	3 469
Gross profit	1 175	349	1 524
Operating expenses	(1 015)	(56)	(1 071)
Selling and distribution expenses	(936)	(54)	(990)
Administration expenses	(79)	(2)	(81)
Net other operating income	97	—	97
Normalised EBITA	257	293	550
Depreciation	47	—	47
Normalised EBITDA	304	293	597
Adjusted for:			
Depreciation	(47)	—	(47)
Amortisation	(35)	—	(35)
Transaction costs	(238)	—	(238)
Restructuring costs	(22)	—	(22)
Operating (loss)/profit	(38)	293	255
Net financing costs	(128)	—	(128)
Foreign exchange gains on disposals	159	—	159
Operating (loss)/profit after investment income and financing costs	(7)	293	286
Share of after-tax net profit of joint ventures	62	—	62
(Loss)/profit before tax	55	293	348
Tax	(122)	(105)	(227)
Profit before tax from discontinuing operations	(67)	188	121
Profit/(loss) on the sale of discontinued operations (after tax)	4 863	(517)	4 346
Profit/(loss) from discontinued operation	4 796	(329)	4 467
Basic earnings per share – cents			978,6
Headline earnings per share – cents			26,4
Normalised headline earnings per share – cents			52,1

Summarised Group supplementary information continued

Summarised Notes continued

for the year ended 30 June 2019

I. Discontinued operations continued

	Nutritionals business R'million	Asia Pacific non-core pharmaceutical portfolio R'million	Year ended 30 June 2018 R'million
Revenue	3 102	1 137	4 239
Gross profit	1 394	543	1 937
Operating expenses	(933)	(54)	(987)
Selling and distribution expenses	(811)	(53)	(864)
Administration expenses	(122)	(1)	(123)
Net other operating income	2	—	2
Normalised EBITA	463	489	952
Depreciation	66	—	66
Normalised EBITDA	529	489	1 018
Adjusted for:			
Depreciation	(66)	—	(66)
Amortisation	(197)	—	(197)
Transaction costs	(5)	—	(5)
Operating profit	261	489	750
Net financing costs	(130)	—	(130)
Operating profit after investment income and financing costs	131	489	620
Share of after-tax net profit of joint ventures	51	—	51
Profit before tax	182	489	671
Tax	(97)	(158)	(255)
Profit before tax from discontinuing operations	85	331	416
Basic earnings per share – cents			91,2
Headline earnings per share – cents			91,2
Normalised headline earnings per share – cents			92,4

J. Proceeds received from sale of discontinued operations

	Nutritionals business R'million	Asia Pacific non-core pharmaceutical portfolio R'million	Total R'million
Proceeds			
Proceeds received	12 079	2 199	14 278
Proceeds outstanding at year-end	—	(900)	(900)
Cash disposed of in subsidiary	(63)	—	(63)
Cash inflow per cash flow statement	12 016	1 299	13 315
Assets disposed			
Non-current assets			
Property, plant and equipment	723	—	723
Goodwill	413	906	1 319
Intangible assets	2 176	1 110	3 286
Investments in joint ventures	1 983	—	1 983
Other non-current financial receivables	—	308	308
Deferred tax assets	2	—	2
Total non-current assets	5 297	2 324	7 621
Current assets			
Inventories	817	—	817
Receivables and other current assets	241	—	241
Cash and cash equivalents	63	—	63
Total current assets	1 121	—	1 121
Total assets	6 418	2 324	8 742
Liabilities			
Trade and other payables	(91)	—	(91)
Deferred tax liabilities	(33)	—	(33)
Total Liabilities	(124)	—	(124)
Net assets disposed	6 294	2 324	8 618
Liabilities raised as part of disposals*			
Non-current liabilities			
Financial liabilities	618	81	699
Current liabilities			
Financial liabilities	233	86	319
Net liabilities raised	851	167	1 018
Profit/(loss) on sale of discontinued operation	5 690	(292)	5 398
Profit/(loss)	4 934	(292)	4 642
Fair value gain on revaluation of joint ventures	756	—	756

** The liabilities raised relating to disposals include certain working capital true-up adjustments and expected profit performance warranties associated with the assets disposed.*

K. Changes in accounting policies/new standards adopted by the Group

The implementation of IFRS 15: *Revenue from Contracts with Customers* and IFRS 9: *Financial Instruments* became effective for Aspen in the 2019 financial year. Aspen has assessed and applied the new standards and the June 2019 results have been reported in line with the new requirements. The June 2018 comparative period has been restated in the audited results on a full retrospective basis.

IFRS 15: *Revenue from Contracts with Customers*

The new standard, IFRS 15: *Revenue from Contracts with Customers* was adopted by the Group and applied on a full retrospective basis in the financial year ended 30 June 2019. Following a detailed review of the impact of implementing the revised standard, the Group identified certain distribution arrangements in terms of which control of inventory did not transfer to the customer within the relevant financial period and this required a restatement in terms of IFRS 15: *Revenue from Contracts with Customers*. In adopting IFRS 15: *Revenue from Contracts with Customers*, no incorrect treatment under IAS 18: *Revenue*, was identified. The restatement was finalised at year-end with only one change (from the half year restatement) relating to a distribution contract for the supply of products in USA. The financial impact of the change was not material.

IFRS 9: *Financial Instruments*

Applying the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. The assessment resulted in an increase in the allowance account for losses and the resultant restatement has been applied on a full retrospective basis.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Summarised Group supplementary information continued

Summarised Notes continued

for the year ended 30 June 2019

June 2018 Statement of comprehensive income	As originally presented 30 June 2018 R'million	Discontinued 30 June 2018 R'million	Continuing 30 June 2018 R'million	IFRS 15 R'million	Restated 30 June 2018 R'million
Revenue	42 596	(4 239)	38 357	(43)	38 314
Cost of sales	(20 991)	2 302	(18 689)	61	(18 628)
Gross profit	21 605	(1 937)	19 668	18	19 686
Tax	(1 385)	254	(1 131)	9	(1 122)
Profit after tax	6 011	(416)	5 595	27	5 622

	Reported	Discontinued	Continuing		
Basic earnings per share – cents	1 316,6	(91,2)	1 225,4	5,9	1 231,3
Headline earnings per share – cents	1 468,8	(91,2)	1 377,6	5,9	1 383,5
Normalised headline earnings per share – cents	1 604,9	(92,4)	1 512,5	5,9	1 518,4

2018 Statement of financial position	As originally presented 30 June 2018 R'million	IFRS 9 R'million	IFRS 15 R'million	Restated 30 June 2018 R'million
Assets				
Current assets				
Inventories	14 496	—	463	14 959
Receivables and other current assets	14 421	(80)	(1 112)	13 229
Total current assets	28 917	(80)	(649)	28 188
Shareholders' equity				
Reserve	48 162	(80)	(640)	47 442
Total shareholders' equity	48 162	(80)	(640)	47 442
Liabilities				
Current liabilities				
Other current liabilities	6 196	—	(9)	6 187
Total current liabilities	6 196	—	(9)	6 187

2017 Statement of financial position	As originally presented 30 June 2017 R'million	IFRS 9 R'million	IFRS 15 R'million	Restated 30 June 2017 R'million
Assets				
Current assets				
Inventories	13 611	—	403	14 014
Receivables and other current assets	13 592	(80)	(1 070)	12 442
Total current assets	27 203	(80)	(667)	26 456
Shareholders' equity				
Reserve	41 182	(80)	(667)	40 435
Total shareholders' equity	41 182	(80)	(667)	40 435

L. Acquisition of subsidiaries and joint ventures

2019 – NUTRITIONAL JOINT VENTURE ACQUISITION AND DISPOSAL

As part of the disposal of the Nutritionals business, Aspen acquired the remaining 50% of both the NZNM and Aspen Hong Kong joint ventures for consideration of R1 016 million. This led to these joint ventures now being 100% owned subsidiaries of the Group. As these two subsidiaries were held exclusively with a view to resale, Aspen made a choice to account for these subsidiaries using the "short-cut method" given in the IFRS 5: *Implementation Guidance*.

Subsidiaries acquired exclusively with the view to resale are valued at fair value less costs to sell. This valuation resulted in a R756 million fair value gain recognised in discontinued operations (included in profit on sale of discontinued operations). Refer to note J on the Supplementary information for more details.

M. Impairment of intangible assets

Impairment of intangible assets can be split as follows:

	Note	**2019 R'million**	2018 R'million
Specialist global brands	(1)	**876**	—
Zantac brands	(2)	**719**	—
South African Regional Brands	(3)	**321**	—
GSK anaesthetics portfolio product	(4)	**264**	—
ELIZ products	(5)	**248**	—
GSK classic brands – Australia	(6)	**180**	191
Development costs in South Africa	(7)	**162**	124
MSD brands	(8)	**158**	44
Novartis brands		**98**	190
Other		**105**	201
		3 131	750

The impairments have generally arisen as a result of a decline in the outlook of revenue and profitability but notable circumstances exist in the case of:

(1) This impairment primarily relates to the oncology products within this portfolio and has arisen due to increasing generic entry and pricing pressures in Europe.

(2) This relates to an adjusted post balance sheet event as detailed in the directors' report in the annual financial statements. Zantac is predominantly sold as an OTC product in Australia and is also available as a prescription product. Zantac contains the active pharmaceutical ingredient ranitidine, that provides relief from stomach acid build-up, and is used in the treatment of heartburn, gastric reflux and ulcers. Ranitidine contains traces of a by-product compound called NMDA which may pose a low carcinogenic risk from long-term exposure. The TGA and other international regulatory agencies are in the process of investigating the issue. As a consequence, Zantac was recalled in Australia with effect from 1 October 2019. Aspen has reassessed the outlook for Zantac (included primarily in the GSK OTC brands but with a small balance within GSK Classic brands) and has raised a full impairment of the brand based on the assumption that even if an alternative API supplier is identified, the time to reformulate, validate and re-launch the products, coupled with the damage to brand equity as a result of the recall would see the brand only generating very modest levels of sales.

(3) This impairment relates primarily to a portfolio of laxative products where competitive pressures have had a material negative impact on both volumes and prices.

(4) This impairment represents the reversal of the final milestone payment of GBP 15 million (R264 million) that was capitalised to the products and is matched by the release of an equivalent amount from deferred consideration payable. The release of deferred consideration is due to milestone target not being achieved, and accordingly the deferred consideration is no longer payable owing to the economic performance of the product.

(5) The profit outlook for the ELIZ product, Lanoxin, has declined due to heightened competitive pressures in certain of its key markets. As a result of the revised outlook for Lanoxin this product has been reclassified as a finite life intangible asset.

(6) As a result of a deterioration in their commercial outlook, three products included within this portfolio were impaired, two of which were classified as indefinite life and which have now been reclassified as finite life intangible assets.

(7) The impairment relates to product development projects which were no longer technically or commercially feasible and therefore were fully written-off.

(8) As a result of a deterioration in their commercial outlook, two products included within this portfolio were impaired. Having regard to its longer term outlook, one of the products has been reclassified as a finite life intangible asset.

The carrying amount of intangible assets impaired have been determined based on either fair value less costs to sell or value-in-use calculations, using a five-year forecast horizon.

Other key assumptions used (where appropriate and in relation to the material impairments) were:

	Growth in revenue (% per annum)#	Average gross profit (% per annum)	Terminal growth (% per annum)*	Pre-tax discount rate applied to cash flows (% per annum)
Specialist Global Brands	**(7)**	**68**	**(2)**	**11**
South African Regional Brands	**5**	**46**	**3**	**19**
ELIZ products	**(1)**	**55**	**(1)**	**10**
GSK Classic Brands distributed in Australia	**0**	**61**	**(1)**	**9**
MSD Brands	**8**	**53**	**0**	**10**
Novartis Brands	**1**	**61**	**0**	**17**

 # Average compound annual growth rate during the period covered by above mentioned budgets and forecasts.
** Average growth rate used to extrapolate cash flows beyond period covered by above mentioned budgets and forecasts.*

N. Impairment of property, plant and equipment

	2019 R'million	2018 R'million
Impairments of property plant and equipment can be split as follows:		
European factories	**393**	—
South African factories	**142**	71
Other	**6**	—
	541	71

European factories

In Aspen Oss there were two major impairments

** The facility at Boxtel, was fully impaired at a value of R306 million. This facility manufactures a female hormonal product mainly for MSD. Volumes have reduced significantly over the past couple of years and the future volume outlook is not positive as MSD discontinue the finished product in various regional markets.*

** One of the Heparin production facilities is no longer productive given the reduction in sourced global mucosa volumes and is not in use. The impairment value is R87 million.*

South African factories

In SA operations the impairment relates to various strategic projects which have been discontinued as they are no longer commercially viable.

O. Illustrative constant exchange rate report on selected financial data

The Group has presented selected line items from the consolidated statement of comprehensive income and certain trading profit metrics on a constant exchange rate basis in the tables below.

The pro forma constant exchange rate information is presented to demonstrate the impact of fluctuations in currency exchange rates on the Group's reported results. The constant exchange rate report is the responsibility of the Group's Board of directors and is presented for illustrative purposes only. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA and the accounting policies of the Group as at 30 June 2019. The illustrative constant exchange rate report on selected financial data has been derived from the audited financial information and has been reported on by Aspen's auditors in an assurance report, which is available for inspection at the company's registered office.

The Group's financial performance is impacted by numerous currencies which underlie the reported trading results, where even within geographic segments, the Group trades in multiple currencies ("source currencies"). The constant exchange rate restatement has been calculated by adjusting the prior period's reported results at the current period's reported average exchange rates. Restating the prior period's numbers provides illustrative comparability with the current period's reported performance by adjusting the estimated effect of source currency movements.

The listing of average exchange rates against the Rand for the currencies contributing materially to the impact of exchange rate movements are set out below:

	June 2019 average rates	June 2018 average rates
EUR – Euro	**16,193**	15,326
AUD – Australia Dollar	**10,149**	9,965
USD – US Dollar	**14,194**	12,856
CNY – Chinese Yuan Renminbi	**2,080**	1,975
JPY – Japanese Yen	**0,128**	0,116
MXN – Mexican Peso	**0,735**	0,686
BRL – Brazilian Real	**3,647**	3,867
GBP – British Pound	**18,367**	17,291
CAD – Canadian Dollar	**10,723**	10,126
RUB – Russian Ruble	**0,216**	0,218
PLN – Polish Zloty	**3,770**	3,620

Revenue, other income, cost of sales and expenses

For purposes of the constant exchange rate report the prior period's source currency revenue, other income, cost of sales and expenses have been restated from the prior period's relevant average exchange rate to the current period's relevant reported average exchange rate.

Interest paid net of investment income

Net interest paid is directly linked to the source currency of the borrowing on which it is levied and is restated from the prior period's relevant reported average exchange rate to the current period's relevant reported average exchange rate.

Tax

The tax charge for purposes of the constant currency report has been recomputed by applying the actual effective tax rate to the restated profit before tax.

O. Illustrative constant exchange rate report on selected financial data continued

	Reported June 2019 (June 2019 at 2019 average rates) R'million	Restated Reported June 2018 (June 2018 at 2018 average rates) R'million	Change at reported exchange rates %	Illustrative constant exchange rates June 2018 (June 2018 at 2019 average rates) R'million	Change in constant exchange rates %
Key constant exchange rate indicators					
Continuing operations					
Revenue	**38 872**	38 314	1	39 856	(2)
Gross profit	**19 698**	19 686	0	20 195	(2)
Normalised EBITDA *	**10 824**	11 031	(2)	11 219	(4)
Operating profit	**4 809**	8 506	(43)	8 606	(44)
Normalised headline earnings	**6 454**	6 932	(7)	7 014	(8)
Earnings per share (cents)	**1 231,3**	1 231,3	(64)	1 238,6	(65)
Headline per share (cents)	**1 227,6**	1 383,5	(11)	1 396,2	(12)
Normalised headline earnings per share (cents)	**1 414,3**	1 518,4	(7)	1 536,6	(8)

	Reported June 2019 (at 2019 average rates) %	Restated June 2018 (at 2018 average rates) %
Revenue currency mix		
EUR – Euro	**29**	30
ZAR – South African Rands	**19**	19
AUD – Australia Dollar	**11**	10
USD – US Dollar	**6**	8
CNY – Chinese Yuan Renminbi	**7**	6
JPY – Japanese Yen	**5**	5
MXN – Mexican Peso	**3**	2
BRL – Brazilian Real	**4**	3
GBP – British Pound	**2**	2
CAD – Canadian Dollar	**1**	1
RUB – Russian Ruble	**1**	1
PLN – Polish Zloty	**1**	1
Other currencies	**11**	12
Total	**100**	100

	Reviewed year ended June 2019 (at 2019 average rates)				
	Regional Brands R'million	**Regional Brands R'million**	**Total Commercial Pharma-ceuticals R'million**	**Total Manufacturing R'million**	**Total R'million**
Revenue	**15 267**	**17 817**	**33 084**	**5 788**	**38 872**
Cost of sales	**(6 902)**	**(8 032)**	**(14 934)**	**(4 240)**	**(19 174)**
Gross profit	**8 365**	**9 785**	**18 150**	**1 548**	**19 698**
Selling and distribution expenses					**(6 846)**
Contribution profit					**12 852**
Administrative expenses					**(3 097)**
Net other operating income					**332**
Depreciation					**737**
Normalised EBITDA*					**10 824**
Adjusted for:					
Depreciation					**(737)**
Amortisation					**(455)**
Loss on sale of assets					**(80)**
Net impairment of assets					**(3 812)**
Restructuring costs					**(131)**
Transaction costs					**(540)**
Reversal of deferred consideration no longer payable					**264**
Product litigation costs					**(524)**
Operating profit					**4 809**
Gross profit (%)	**54,8**	**54,9**	**54,9**	**26,7**	**50,7**
Selling and distribution expenses (%)					**17,6**
Contribution profit (%)					**33,1**
Administrative expenses (%)					**8,0**
Normalised EBITDA (%)					**27,8**

	Illustrative constant exchange rate June 2018 (at 2019 average rates)				
	Sterile Focus Brands R'million	Regional Brands R'million	Total Commercial Pharma-ceuticals R'million	Total Manufacturing R'million	Total R'million
Revenue	15 618	17 736	33 354	6 502	39 856
Cost of sales	(7 495)	(7 774)	(15 269)	(4 392)	(19 661)
Gross profit	8 123	9 962	18 085	2 110	20 195
Selling and distribution expenses					(6 866)
Contribution profit					13 329
Administrative expenses					(3 069)
Net other operating income					265
Depreciation					694
Normalised EBITDA					11 219
Adjusted for:					
Depreciation					(694)
Amortisation					(450)
Loss on sale of assets					(55)
Impairment of assets					(715)
Restructuring costs					(207)
Transaction costs					(162)
Product litigation costs					(330)
Operating profit					8 606
Gross profit (%)	52,0	56,2	54,2	32,5	50,7
Selling and distribution expenses (%)					17,2
Contribution profit (%)					33,4
Administrative expenses (%)					(7,7)
Normalised EBITDA (%)					28,1

O. Illustrative constant exchange rate report on selected financial data continued

	% Change				
	Sterile Focus Brands %	Regional Brands %	Total Commercial Pharma-ceuticals %	Total Manufacturing %	Total %
Revenue	(2)	0	(1)	(11)	(2)
Cost of sales	(8)	3	(2)	(3)	(2)
Gross profit	3	(2)	0	(27)	(2)
Selling and distribution expenses					0
Contribution profit					(4)
Administrative expenses					1
Net other operating income					25
Depreciation					6
Normalised EBITDA					(4)

	Reported June 2019 (at 2019 average rates) R'million	Illustrative constant exchange rates June 2018 (at 2019 average rates) R'million	Change %
Commercial Pharmaceuticals by customer geography	33 084	33 354	(1)
Sub-Saharan Africa	7 986	8 036	(1)
Developed Europe	7 381	7 829	(6)
Australasia	4 048	3 968	2
Latin America	3 083	2 910	6
Developing Europe & CIS	2 516	2 810	(10)
China	2 872	2 544	13
Japan	2 124	2 119	0
Other Asia	1 343	1 413	(5)
MENA	1 056	1 032	2
USA & Canada	675	693	(3)
Manufacturing revenue by geography of manufacture			
Manufacturing revenue – finished dose form	1 235	1 621	(24)
Sub-Saharan Africa	236	588	(60)
Developed Europe	627	666	(6)
Australasia	372	367	1
Manufacturing revenue – active pharmaceutical ingredients	4 553	4 881	(7)
Sub-Saharan Africa	353	354	0
Developed Europe	4 087	4 527	(10)
Other Asia	113	—	100
Total Manufacturing revenue	5 788	6 502	(11)
Total Revenue	38 872	39 856	(2)
Summary of regions			
Sub-Saharan Africa	8 575	8 978	(4)
Developed Europe	12 095	13 022	(7)
Australasia	4 420	4 335	2
Latin America	3 083	2 910	6
Developing Europe & CIS	2 516	2 810	(10)
China	2 872	2 544	13
Japan	2 124	2 119	0
Other Asia	1 456	1 413	3
MENA	1 056	1 032	2
USA & Canada	675	693	(3)
Total Revenue	38 872	39 856	(2)

	Reported June 2019 (at 2019 average rates)				
	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By customer geography					
Commercial pharmaceuticals					
Sub-Saharan Africa	**111**	**8**	**119**	**7 867**	**7 986**
Developed Europe	**2 191**	**3 411**	**5 602**	**1 779**	**7 381**
Australasia	**663**	**22**	**685**	**3 363**	**4 048**
Latin America	**894**	**75**	**969**	**2 114**	**3 083**
Developing Europe & CIS	**283**	**1 868**	**2 151**	**365**	**2 516**
China	**1 976**	**869**	**2 845**	**27**	**2 872**
Japan	**1 332**	**32**	**1 364**	**760**	**2 124**
Other Asia	**675**	**167**	**842**	**501**	**1 343**
MENA	**237**	**118**	**355**	**701**	**1 056**
USA & Canada	**321**	**14**	**335**	**340**	**675**
Total Commercial Pharmaceuticals	**8 683**	**6 584**	**15 267**	**17 817**	**33 084**

	Illustrative constant exchange rate June 2018 (June 2018 at 2019 average rates)				
	Anaesthetics Brands R'million	Thrombosis Brands R'million	Sterile Focus Brands R'million	Regional Brands R'million	Total R'million
By customer geography					
Commercial pharmaceuticals					
Sub-Saharan Africa	144	9	153	7 883	8 036
Developed Europe	2 267	3 668	5 935	1 894	7 829
Australasia	729	21	750	3 218	3 968
Latin America	835	74	909	2 001	2 910
Developing Europe & CIS	411	1 961	2 372	438	2 810
China	1 874	649	2 523	21	2 544
Japan	1 331	53	1 384	735	2 119
Other Asia	717	165	882	531	1 413
MENA	211	170	381	651	1 032
USA & Canada	321	8	329	364	693
Total Commercial Pharmaceuticals	8 840	6 778	15 618	17 736	33 354

	% Change				
	Anaesthetics Brands %	Thrombosis Brands %	Sterile Focus Brands %	Regional Brands %	Total %
By customer geography					
Commercial pharmaceuticals					
Sub-Saharan Africa	(23)	(11)	(22)	0	(1)
Developed Europe	(3)	(7)	(6)	(6)	(6)
Australasia	(9)	5	(9)	5	2
Latin America	7	1	7	6	6
Developing Europe & CIS	(31)	(5)	(9)	(17)	(10)
China	5	34	13	29	13
Japan	0	(40)	(1)	3	0
Other Asia	(6)	1	(5)	(6)	(5)
MENA	12	(31)	(7)	8	2
USA & Canada	0	75	2	(7)	(3)
Total Commercial Pharmaceuticals	(2)	(3)	(2)	0	(1)

Summarised Group revenue segmental analysis continued

for the year ended 30 June 2019

Three-year review

	10-year CAGR %	Year ended 30 June 2019 R'million	Restated* Year ended 30 June 2018 R'million	Year ended 30 June 2017# R'million
Group income statements				
Continuing operations				
Revenue	24	**38 872**	38 314	41 213
Gross profit	25	**19 698**	19 686	19 896
Normalised EBITDA**		**10 824**	11 031	11 416
Total amortisation, depreciation and non-trading adjustments		**(6 015)**	(2 525)	(3 095)
Operating profit	15	**4 809**	8 506	8 321
Net financing costs		**(2 038)**	(1 762)	(2 082)
Profit before tax	9	**2 771**	6 744	6 252
Discontinued operations				
Profit from discontinued operations		**6 464**	6 038	#
Group statements of financial position				
Assets				
Non-current assets				
Intangible assets		**66 468**	72 163	60 006
Property, plant and equipment		**12 065**	11 368	9 749
Goodwill		**4 649**	6 126	5 940
Deferred tax assets		**1 163**	966	987
Contingent environmental indemnification		**801**	802	747
Other non-current assets		**1 018**	1 189	801
Total non-current assets		**86 164**	92 614	78 230
Current assets				
Inventories		**14 648**	14 959	13 611
Receivables and other current assets		**12 511**	13 229	13 592
Cash and cash equivalents		**8 977**	11 170	10 707
Total operating current assets		**36 136**	39 358	37 910
Assets classified as held-for-sale		**16**	135	200
Total current assets		**36 152**	39 493	38 110
Total assets		**122 316**	132 107	116 340
Equity and liabilities				
Ordinary shareholders' equity		**54 211**	49 347	43 111
Non-controlling interests		**2**	28	27
Total shareholders' equity		**54 213**	49 375	43 138
Non-current liabilities				
Borrowings		**39 713**	46 725	28 978
Other non-current liabilities		**3 702**	2 775	4 381
Unfavourable and onerous contracts		**1 055**	1 382	1 635
Deferred tax liabilities		**2 049**	2 213	2 085
Contingent environmental liabilities		**801**	802	747
Retirement and other employee benefit obligations		**744**	635	570
Total non-current liabilities		**48 064**	54 532	38 396
Current liabilities				
Borrowings		**8 248**	11 225	18 860
Trade and other payables		**9 555**	10 414	10 257
Other current liabilities		**1 911**	6 187	5 341
Unfavourable and onerous contracts		**325**	374	348
Total current liabilities		**20 039**	28 200	34 806
Total equity and liabilities		**122 316**	1 32 107	116 340

** Comparative figures have been restated to conform with changes in presentation.*

*** EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.*

 # Comparable information for June 2017 is not split between continuing and discontinued operations or restated for the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers.

Three-year review continued

		10-year CAGR %	**Year ended 30 June 2019 R'million**	Restated* Year ended 30 June 2018 R'million	Year ended 30 June 2017# R'million
Group statements of cash flows					
Cash operating profit		22	**10 918**	11 925	10 817
Working capital movements		12	**(1 378)**	(1 597)	(915)
Cash generated from operations		25	**9 540**	10 328	9 902
Net financing costs paid			**(1 742)**	(1 816)	(1 913)
Tax paid		25	**(1 796)**	(1 495)	(1 502)
Cash generated from operating activities			**6 002**	7 017	6 487
Cash (used in)/generated from investing activities			**3 238**	(12 813)	(11 617)
Cash generated from/(used in) financing activities			**(11 265)**	6 333	4 956
Translation effects on cash and cash equivalents of foreign operations			**59**	389	(526)
Movement in cash and cash equivalents			**(1 966)**	926	(700)
Cash and cash equivalents at the beginning of the year			**8 114**	7 188	7 888
Cash and cash equivalents at the end of the year			**6 148**	8 114	7 188
Share performance					
Earnings per share (basic and diluted)	cents	19	**1 415,9**	1 322,5	1 123,4
From continuing operations	cents		**437,3**	1 231,3	#
From discontinued operations	cents		**978,6**	91,2	#
Headline per share (basic and diluted)	cents	18	**1 254,0**	1 474,7	1 299,5
From continuing operations	cents		**1 227,6**	1 383,5	#
From discontinued operations	cents		**26,4**	91,2	#
Normalised headline earnings per share (basic and diluted)	cents	20	**1 466,4**	1 610,8	1 463,2
From continuing operations	cents		**1 414,3**	1 518,4	#
From discontinued operations	cents		**52,1**	92,4	#
Capital distribution/dividend per share	cents	16	**315,0**	287,0	248,0
Net asset value per share	cents	31	**11 894,0**	10 823,0	9 453,7
Operating cash flow per share	cents	22	**1 314,9**	1 537,3	1 421,4
From continuing operations	cents		**1 319,3**	1 455,3	#
From discontinued operations	cents		**(4,4)**	82,0	#
Share information					
Number of shares in issue – at the end of the year	million		**456,5**	456,5	456,4
Number of shares in issue (net of treasury shares) – at the end of the year	million		**455,8**	456,0	456,0
Weighted number of shares in issue	million		**456,5**	456,4	456,4
Diluted weighted number of shares in issue	million		**456,5**	456,4	456,4
Market capitalisation at year end	R'billion		**45,9**	117,9	130,9

* *Comparative figures have been restated to conform with changes in presentation.*

\# *Comparable information for June 2017 is not split between continuing and discontinued operations or restated for the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers.*

Summarised Group revenue segmental analysis continued

for the year ended 30 June 2019

		Year ended 30 June 2019	Restated* Year ended 30 June 2018	Year ended# 30 June 2017
JSE statistics				
Number of shares traded	million	**442,6**	324,1	410,0
Number of shares traded as % of weighted average number of shares	%	**96,9**	71,0	89,8
Market price per share				
year end	cents	**10 045**	25 822	28 710
highest	cents	**29 800**	32 759	38 849
lowest	cents	**6 899**	22 987	25 564
Key market performance ratios				
Earnings yield	%	**14,6**	6,2	5,1
Price:earnings ratio	times	**6,9**	16,0	19,6
Business performance				
Profitability – measures financial performance of the Group				
Return on ordinary shareholders' equity	%	**12,3**	13,4	12,2
Return on total assets	%	**9,0**	9,8	11,5
Revenue growth	%	**1**	#	16
Gross margin	%	**50,7**	51,4	48,3
Normalised EBITDA** margin	%	**27,8**	28,8	27,7
Effective tax rate	%	**27,9**	16,6	18,0
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term				
Current ratio	times	**1,8**	1,4	1,1
Quick ratio	times	**1,1**	0,9	0,7
Cash ratio	times	**0,4**	0,4	0,3
Working capital as % of revenue	%	**44,5**	45,5	49,9
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term				
Net borrowings	R'million	**38 984**	46 780	37 131
Leverage ratio	times	**3,6**	3,8	3,3
Net interest cover	times	**3,2**	6,3	5,8
Gearing ratio	%	**42**	49	47

** Comparative figures have been restated to conform with changes in presentation.*

*** EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.*

 # Comparable information for June 2017 is not split between continuing and discontinued operations or restated for the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers.

Definitions and formulas

Cash ratio

Cash and cash equivalents

Current liabilities (excluding liabilities associated with assets held-for-sale) – bank overdrafts

Current ratio

Current assets (excluding assets classified as held-for-sale)

Current liabilities (excluding liabilities associated with assets held-for-sale)

Earnings yield (%)

Normalised headline earnings per share

Market price per share at year end

Effective tax rate (%)

Tax from continuing operations

Profit before tax from continuing operations

Gearing ratio (%)

Net borrowings

Total shareholders' equity – non-controlling interests + net borrowings

Gross profit percentage

Gross profit from continuing operations

Revenue from continuing operations

Leverage ratio^

Net debt^

Normalised EBITDA^

^ Calculated in accordance of the Group's long-term debt agreements.

Market capitalisation

Year-end market price per share multiplied by number of shares in issue at year end

Net asset value per share (cents)

Ordinary shareholders' equity

Number of shares in issue (net of treasury shares)

Net borrowings

Non-current borrowings + current borrowings – cash and cash equivalents

Summarised Group revenue segmental analysis continued

for the year ended 30 June 2019

Net interest cover (times)

Operating profit before amortisation from continuing operations

Interest paid from continuing operations – interest received from continuing operations (excluding capital raising fees)

Normalised EBITDA

Operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the accounting policies of the Group's annual financial statements

Normalised EBITDA growth (%)

Normalised EBITDA from continuing operations (current year) – Normalised EBITDA from continuing operations (prior year)

Normalised EBITDA from continuing operations (prior year)

Normalised EBITDA margin (%)

EBITDA from continuing operations

Revenue from continuing operations

Normalised headline earnings from continuing operations

Normalised headline earnings from continuing operations are headline earnings from continuing operations adjusted for specific non-trading items, being transaction costs and other acquisition and disposal-related gains or losses (including any gains or losses arising from the re-measurement of the fair value of liabilities for future contingent and/or milestone payments relating to intangible asset acquisitions accounted for under the cost accumulation method), restructuring costs, settlement of product-related litigation costs, net monetary adjustments and currency devaluations relating to hyperinflationary economies and significant once-off tax provision charges or credits arising from the resolution of prior year tax matters

Operating cash flow conversion rate (%)

Operating cash flow per share

Headline earnings per share from continuing operations

Operating cash flow per share (cents)

Cash generated from operating activities

Weighted number of shares in issue

Price:earnings ratio

Market price per share at year end

Normalised headline earnings per share

Return on net assets (%)

Profit before tax

Total weighted average assets – total weighted average liabilities

Return on ordinary shareholders' equity (%)

Profit attributable to equity holders of the parent

Weighted average ordinary shareholders' equity

Return on total assets (%)

Normalised EBITDA from continuing operations

Total weighted average assets

Revenue growth (%)

$$\frac{\text{Revenue from continuing operations (current year)} - \text{Revenue from continuing operations (prior year)}}{\text{Revenue from continuing operations (Prior year)}}$$

Total weighted average assets

Average assets is total assets (excluding cash and cash equivalents and assets classified as held-for-sale) weighted monthly

Total weighted average liabilities

Average liabilities is total liabilities weighted monthly

Quick ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)} - \text{inventories}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Working capital as % of revenue

$$\frac{\text{Inventories + trade and other receivables} - \text{trade and other payables}}{\text{Annualised net revenue from continuing operations}}$$

Unaudited share statistics

Analysis of shareholders at 30 June 2019

	Number of shareholders	% of shareholders	Number of shares	% of total shareholding
Ordinary shares				
Size of holding				
1 – 2 500	**36 494**	**91,0%**	**14 435 252**	**3,2%**
2 501 – 12 500	**2 328**	**5,8%**	**12 229 897**	**2,7%**
12 501 – 25 000	**420**	**1,1%**	**7 483 789**	**1,6%**
25 001 – 50 000	**294**	**0,7%**	**10 503 985**	**2,3%**
50 001 and over	**559**	**1,4%**	**411 798 618**	**90,2%**
	40 095	**100,0%**	**456 451 541**	**100,0%**

Major shareholders

Institutional shareholders

According to the register of shareholders at 30 June 2019, the following are the top 10 registered institutional shareholders:

	Number of shares	% of total shareholding
Institutional shareholder		
Public Investment Corporation	**49 961 331**	**10,9%**
Coronation Asset Management (Pty) Ltd	**40 032 655**	**8,8%**
Foord Asset Management	**22 576 559**	**4,9%**
Allan Gray Ltd	**17 146 715**	**3,8%**
BlackRock Inc	**17 032 790**	**3,7%**
Sanlam Investment Management	**15 217 911**	**3,3%**
The Vanguard Group Inc	**14 745 731**	**3,2%**
Old Mutual Ltd	**10 767 630**	**2,4%**
Investec Securities (Pty) Limited	**9 827 433**	**2,2%**
Colonial First State Global Asset Management	**9 322 034**	**2,0%**
	206 630 789	**45,2%**

Top 10 beneficial shareholders

According to the register of shareholders at 30 June 2019, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed on page 111 of the Remuneration Report.

	Number of shares	% of total shareholding
Shareholder		
Government Employees Pension Fund	**62 484 775**	**13,7%**
Saad, SB	**55 976 112**	**12,3%**
Attridge, MG	**19 008 919**	**4,2%**
Alexander Forbes Investments	**10 740 164**	**2,4%**
Ceppwawu Investments (Pty) Ltd	**10 053 368**	**2,2%**
GIC Asset Management Pte Ltd	**7 782 018**	**1,7%**
Stewart Investors Global EM Leaders Fund	**7 631 091**	**1,7%**
Vanguard Emerging Markets Stock Index Fund	**6 500 603**	**1,4%**
Coronation Top 20 Fund	**6 475 716**	**1,4%**
Foord Balanced Fund	**6 178 287**	**1,4%**
	192 831 053	**42,4%**

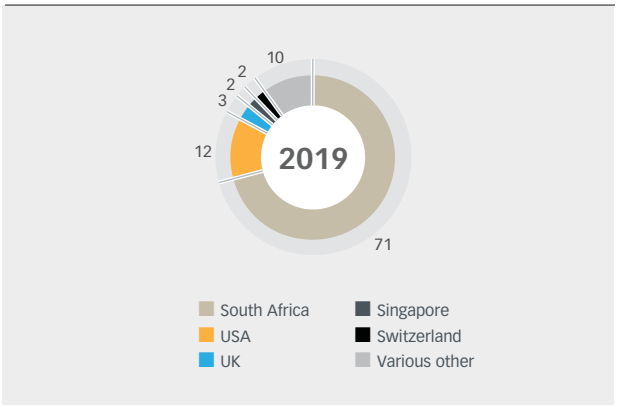
Shareholders' spread

As required by paragraph 8.63 and in terms of paragraph of 4.25 of the JSE Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2019 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	14	138 291 518	30,3%
Directors of the company and directors of material subsidiaries	12	75 154 499	16,5%
Government Employees Pension Fund	1	62 484 775	13,7%
Employee share trusts – treasury shares	1	652 244	0,1%
Public shareholders	40 081	318 160 023	69,7%
Total shareholding	40 095	456 451 541	100,0%

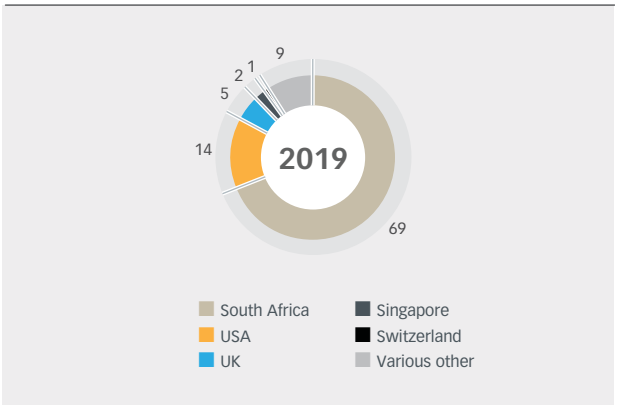
Beneficial shareholders – country

(%)



Institutional shareholders – country

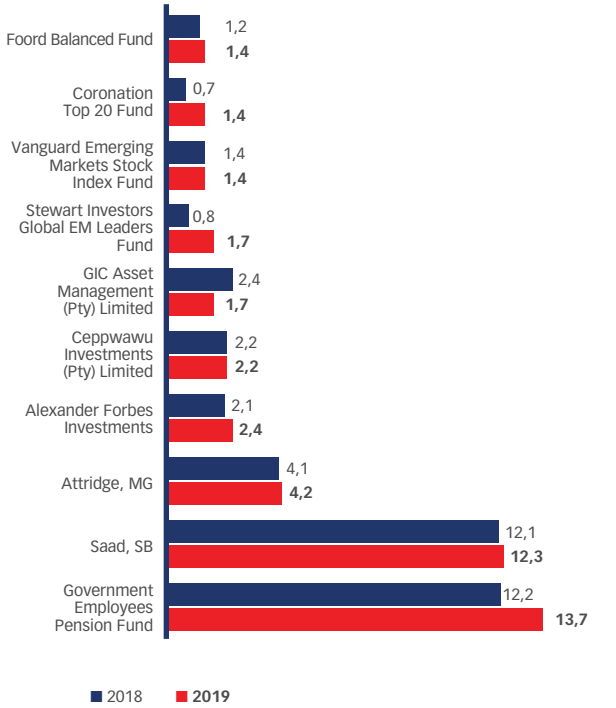
(%)



The geographical split of beneficial and institutional shareholders above is based on shareholders who own more that 25 000 Aspen shares.

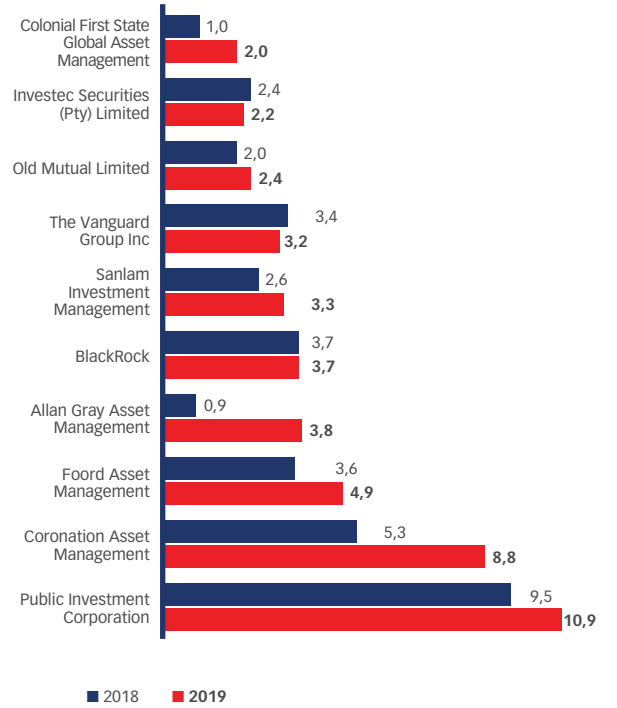
Top 10 beneficial shareholders

(% shareholding)



Top 10 institutional shareholders

(% shareholding)



Percentages for top 10 beneficial shareholders and top 10 institutional shareholders reflected above are as a percentage of the total issued share capital of the company.

Shareholders' diary

Financial year-end	30 June 2019
Annual general meeting	5 December 2019

Reports and Group results announcement for the 2020 financial year

Interim results for the 6 months ended 31 December 2019	March 2020
Provisional results for the year	September 2020
Integrated Report and Annual Financial Statements	October 2020

Administration

Company Secretary & Group Governance Officer
Riaan Verster
BProc, LLB, LLM (Labour Law)

Registered office and postal address
Building Number 8, Healthcare Park
Woodlands Drive, Woodmead
PO Box 1587, Gallo Manor, 2052
Telephone +27 11 239 6100
Telefax +27 11 239 6144

Registration number
1985/002935/06

Share code
APN ISIN: ZAE 000066692
APN Legal Entity Identifier ("LEI"): 635400ZYSN1IRD5QWQ94

Website address
www.aspenpharma.com

Auditors
PricewaterhouseCoopers Inc.

Sponsors
Investec Bank Limited

Transfer secretaries
Link Market Services South Africa (Pty) Limited
13th Floor, 19 Ameshoff Street
Braamfontein, 2001, South Africa
PO Box 4844, Johannesburg, 2000, South Africa
Telephone 011 713 0800
Email: info@linkmarketservices.co.za

Abbreviations of pharmaceutical regulatory authorities and acronyms (manufacturing capabilities)

ANDA	Abbreviated new drug application
ANSM	French National Agency for Medicinal and Health Product Safety
ANVISA	Brazilian National Health Surveillance Agency
ASN	Nuclear Safety Authority for E-beam
COFEPRIS	Mexican Federal Commission for Protection against Health Risk
DCA	Drug Control Administration – India
DQS	Deutsche Gesellschaft zur Zertifizierung von Management Systemen
DPML-CI	Directorate of Pharmacy, Medicines and Laboratories – Ivory Coast
EDQM	European Directorate for the Quality of Medicines
EFDA	Ethiopian Food and Drug Administration
EMA	European Medicines Agency
FMHACA	Ethiopian Food, Medicine and Healthcare Administration Control Authority
FSSC	Food Safety System Certification
GCC	Middle East and North African Gulf Cooperation Council
GFDA	Ghanaian Food and Drugs Authority
GMP	Good Manufacturing Practice
GRA	German Regulatory Authority
HPB	Health Protection Branch (Canada)
ICHA	Ivory Coast Health Authority
INVIMA	Colombia National Food and Drug Surveillance Institute
IRA	Israeli Regulatory Authorities
ISO	International Organisation for Standardisation
KFDA	Korean Food and Drug Administration
Kℓ	Kilolitre
KvH	Kilo vessel hours
LAsD	Local vs Federal Agencies
LRA	Libyan Regulatory Authorities
MCAZ	Medicines Control Agency of Zimbabwe
MHRA	United Kingdom Medicines and Health Products Regulatory Agency
MOH – DRC	Ministry of Health – Democratic Republic of Congo
NAFDAC	Nigerian National Agency for Food and Drug Administration and Control
NDA	Ugandan National Drug Authority
OHSAS	Occupational Health and Safety Management Systems
PMDA	Japanese Pharmaceutical and Medical Device Agency
PMPB	Malawian Pharmacy, Medicines and Poisons Board
PPB	Kenyan Pharmacy and Poisons Board
Russian MoIT	Ministry of Industry and Trade of the Russian Federation
SAHPRA	South African Health Products Regulatory Authority
TFDA	Tanzania Food and Drug Authority
TGA	Australian Therapeutic Goods Administration
TMDA	Tanzania Medicines and Medical Devices Authority
TRA	Turkish Regulatory Authority
UHT	Ultra-high temperature
UNDA	Ugandan National Drug Authority
US FDA	United States Food and Drug Administration
WHO	World Health Organisation
ZAMRA	Zambia Medicine Regulatory Authority

Disclaimer

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.

Aspen Holdings Head Office
Durban, South Africa
Aspen Place, 9 Rydall Vale Park
Douglas Saunders Drive
La Lucia Ridge
Tel: +27 31 580-8600
www.aspenpharma.com