

Ascendis Health

YOUR HEALTH IN GOOD HANDS





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Ascendis Health

Chief Executive Officer Dr Karsten Wellner discusses the philosophy and values behind Ascendis Health, the home of some of South Africa's leading health and care brands

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Supashape product range

Healthy Home, Healthy You.” That is the slogan that Ascendis Health lives by on a daily basis. While most traditional pharmaceutical companies focus their efforts almost exclusively on the intervention space of medical care, the best examples of products in this field being antibiotics or anti-inflammatories, Ascendis Health focuses on what it calls the entire spectrum of life, providing preventative, intervention and chronic treatments targeted at plant, animal and human health.

Ascendis’ principle strategy is to create a synergistic group of health product brands that cover the value chain from imports of raw materials, manufacturing, brands and through to distribution to consumers through retail and direct selling channels. Supported by its controlling shareholder, Coast2Coast, the company has over 1,070 staff, possesses an executive team boasting over 20 years of experience in pharmaceutical and consumer products (FMCG) industries, and boasts international sales within 45 countries.

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“One could certainly say that we take something of a holistic view towards health and life,” explains Chief Executive Officer, Dr Karsten Wellner. “In the field of preventative care we are providing brands and treatments that allow people to work on the self-healing propensities of their bodies, supplement their nutrition or lifestyle in a healthy way and which gives them the opportunity to avoid a situation where they become immune system-depressed or susceptible to illness or a disease. Then of course there is the invention

side, where we offer pharmaceutical products and medical devices, and the area of chronic medication where you have pharmaceuticals for long term application.”

As a business, there are three core areas of growth that Ascendis Health continues to pursue in order to expand. These areas are acquisitive growth, where the company acquires other businesses into its family of brands, organic growth, whereby the company provides entrepreneurs with the means and foundation to grow within the Ascendis family,

and lastly synergetic growth, where it brings together synergies between its divisions and brands for the good of the collective.

This latter area is of particular significance given the way Ascendis Health’s operations are broken down into three main divisions; Consumer Brands, Pharma-Med and Phyto-Vet. Within its Consumer Brands division the company offers products from the likes of the healthy ageing specialists, SOLAL Technologies, SSN (Scientific Sports Nutrition), Foodstate Nutritional Intelligence,

“The brands that Ascendis Health acquires share specific qualities, namely that each has already proven to be a success and has international growth potential”



Nimue Skin Technology product range



Lean Muscle Building Stack

Nimue Skin Technology, Biobalance and EVOX Advanced Nutrition. Meanwhile, subsidiaries PharmaChem and Surgical Innovations operate within the Pharma-Med division, while the Phyto-Vet division includes products from EFEKTO, AVIMA and Marltons.

“Across the three divisions we are constantly working on shared areas of interest, so things like supply chain issues, IT issues, legal details and other areas in which your typical small or medium sized business may have previously lacked the funds or resources to handle in-house,” Wellner states. “We are constantly working to ensure a deep level of integration between our divisions as well. A good example of this exists between our consumer brands division,

Did you know?

- 45 countries**
In which Ascendis boasts international sales
- 60 percent**
Ascendis’ acquisition success rate in the last five years

specifically when it comes to our sports nutrition products, and our Pharma-Med division. Here the latter is able to provide these companies with increased levels of scientific research and regulatory backing.”

As Wellner goes on to explain, the brands that Ascendis Health acquires share specific qualities, namely that each has already proven to be a success and has international growth potential. “We believe very much in strong brands developed by healthy and

resilient businesses that have been around for some time. As such when it comes to investing in businesses we only ever target those with strong identities and positive cash flows. While of course we have the need to corporatise our business, what we are particularly proud of

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Karsten Wellner - CEO, Robbie Taylor - CFO
and Richard Crouse - COO

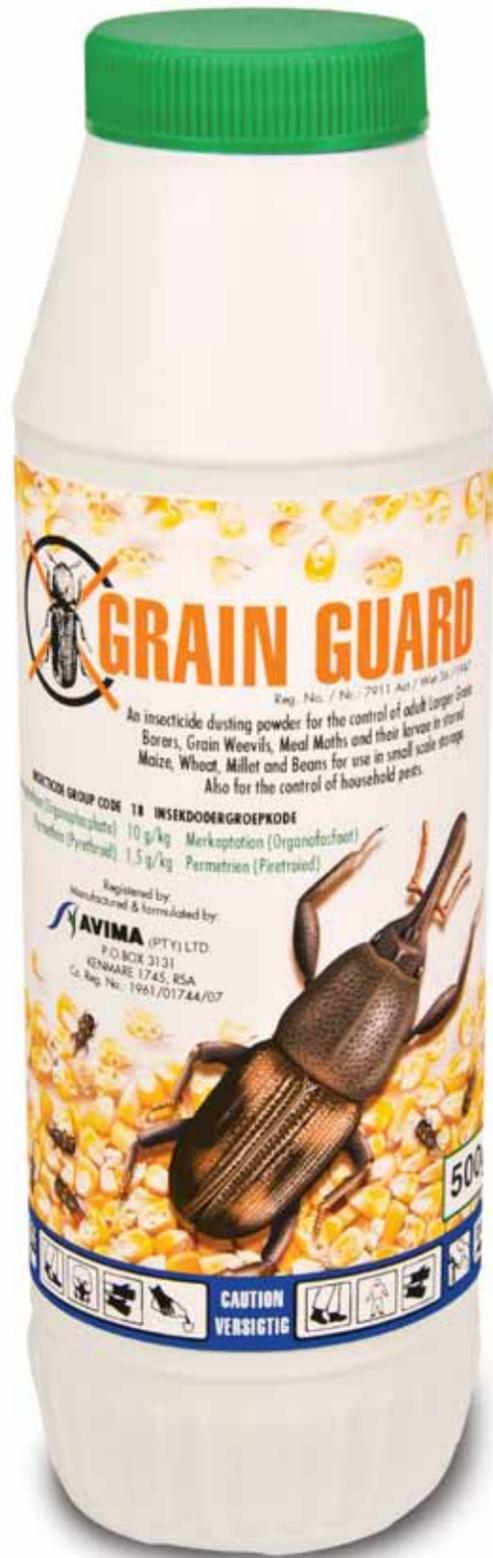
“A key focus for the remainder of the financial year will be to continue delivering strong organic growth, integrating recent acquisitions and continuing to extract synergies”

is the fact that at no point do we stifle the development of good entrepreneurial ideas. At the end of the day our aim is to give as much freedom as possible to our brands in order for these businesses to grow.”

On 24 January this year the company issued a press release detailing the latest development in its acquisition programme, namely the 100 percent purchase of specialist medical company Surgical Innovations Limited and of Atka Pharma Limited. The acquisition of these two businesses was also

special in that they were the first two targeted acquisitions following Ascendis Health's successful listing on the Johannesburg Stock Exchange in November 2013.

“When it comes to securing acquisitions,” Wellner continues, “our success rate over the last five years is approximately 60 percent, which is quite significant. As with all of our acquisitions we are already looking at how to best integrate these businesses into our own, giving them additional support and ultimately providing them with fresh growth



Avima
Grain Guard

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Karsten Wellner
CEO

1989 - 2001: Fresenius AG, Germany (DAX and NYSE listed Health company, 110,000 employees, \$20bn sales).
 2001 - 2008: Fresenius Kabi, MD South Africa, Exec VP Africa and Middle East. 2 Production Units in SA and various subs, 700 staff; (products: clinical nutrition, generics, medical devices).
 Achieved business-growth in 8 years from R120m to R1bn sales. Part-time lecturer at the University of Stellenbosch Business School on International Management and Independent Board member at Alpha Pharm East Cape Holdings.

“The first area of importance when it comes to our future is to remain focused on our core fundamentals”

potential in the form of either new products or new markets. So we are very much looking forward to moving these businesses forward.”

While 2014 has already brought with it two new additions to the Ascendis Health family the company is well aware that there are many more opportunities ahead of it and in order to continue taking the business forward, Wellner and his team are embarking on a strategy targeting three particular areas.

“The first area of importance when it comes to our future is to remain focused on our core fundamentals, so to continue doing what we do so well and that is taking our already strong brands and growing them accordingly,” he concludes. “The second thing we have to do is internationalise our business more in order to avoid foreign exchange fluctuations and create a better hedged position for ourselves. To this end we are already in the process of setting up our first international acquisition projects in Europe. Lastly we need to continue to grow ourselves, both organically and acquisitively.”

Wellner’s mind then turns to one last short-term goal for the company and that is to deliver on the promises made to its investors. “Over the course of the last year or so we have made promises regarding certain sales and profit targets and acquisitions, and I am pleased to say that we are more than on target to keep these promises, something which we confirmed to the market in our just released six months maiden result. A key focus for



Solal Stress
Damage Control

the remainder of the financial year will be to continue delivering strong organic growth, integrating recent acquisitions and continuing to extract synergies both within and across all operating divisions.”

Wellner concludes; “We are firmly on track and confident that we are going to exceed our committed full year pre-listing earnings forecast for the 2014 financial year.” **BE**

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