

Group Chief Executive's review

Performance in this financial year was a critical underwrite in determining our path forward. Our Commercial Pharmaceuticals business had to manage both the headwinds from Chinese volume-based procurement ("VBP") reductions, and the integration of regional transactions. In addition, our Manufacturing business had to deliver on the promise of a successful roll-out of sterile manufacturing contracts. **We have delivered on these key strategic objectives and set a solid foundation for our next period of growth.** Our entry into the GLP-1 market offers exciting future opportunities in this growing sector.



Stephen Saad
Group Chief Executive

A strong second-half performance sets the foundation for future growth

Despite challenges, including price decreases under China's national VBP programme, we delivered record revenue and normalised EBITDA in H2. Over the full year, we achieved a 10% revenue increase (5% CER) to R44,7 billion, with growth in Commercial Pharmaceuticals of 4% and Manufacturing recording a 25% revenue rise (16% CER), driven by our sterile FDF strategy and Heparin unwind.

Salient features of our performance, as detailed further in the Group Chief Financial Officer's review on [page 21](#), are further expanded on in the Business segment overviews on [pages 61 to 65](#).

De-risked Commercial Pharmaceuticals base business firmly on a growth trajectory

Our Commercial Pharmaceuticals base business is firmly on a growth trajectory, underpinned by a diversified product portfolio and broad geographic presence. The acquisition of Sandoz China is a strategic move toward building a larger, more diversified business in the region, while the successful integration of regional transactions in Latin America and South Africa strengthens our position in key growth markets. With a focus on organic growth and portfolio expansion, we are well-positioned to generate strong cash flows and further bolster our business.

Key features of 2024

Strategic acquisitions bolster our Commercial Pharmaceutical business

Strategic acquisitions in Commercial Pharmaceuticals de-risk our portfolio and broadens our emerging market footprint.

[See page 55](#)

Contributions from Sterile manufacturing contracts exceed guidance

Manufacturing delivers on the roll-out of strategic manufacturing contracts laying the foundation for our sterile capacity fill strategy.

[See page 56](#)

GLP-1 market entry presents opportunities for incremental growth

Manufacturing and commercial opportunities in the GLP-1 market are advancing positively.

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Focus on technology-enabled organisational effectiveness

Building an internal organisation that effectively supports the execution of our business strategy.

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Group Chief Executive's review continued

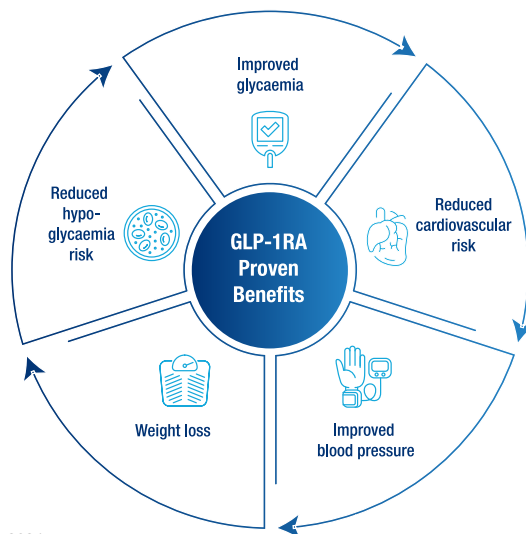
Sterile manufacturing contracts deliver higher-than-expected contribution in H2

The returns on the material capital investments we have made in our production sites is dependent on the relative capacity fill of our sterile manufacturing platform. Technical transfers at sites are progressing well, and we are on track with key projects, including the mRNA, Novo Nordisk and Serum Institute vaccines projects. The contribution from sterile manufacturing contracts exceeded expectations in H2, and additional capacity-fill opportunities, such as GLP-1s (covered below), are advancing steadily. Our transition to a more sustainable Heparin business model has resulted in elevated sales and reduced exposure to commodity cycles, with the potential for a further R1 billion reduction in working capital.

Aspen progressing into GLP-1s

We are also making headway into the GLP-1 space, one of the most promising opportunities in global pharma today. As a breakthrough treatment for diabetes and obesity, GLP-1s are in high demand. These sterile injectable products are complex to manufacture, and capacity globally is limited. The current market is characterised by treatments that are prohibitively expensive as well as severely supply-constrained. The innovators alone have insufficient capacity and global supply chains are stressed. As these products come off patent in some key markets, as early as CY2026, there is an exceptional opportunity to enter this market. We are pleased to have secured a license agreement for the IP of a GLP-1 product for these early patent expiration countries, which presents us with both commercial and manufacturing opportunities, covering both multi-dose pens and autoinjectors. Given the complexity of these products, securing this licence is a significant coup for Aspen, with the potential to unlock substantial value. The opportunity is not without risk given that market dynamics and regulatory timelines remain uncertain. However, we believe in our strategy of pursuing this market with an arrangement that provides us with both a return per unit manufactured as well as the opportunity for additional much higher incremental returns on commercial sales.

GLP-1 receptor agonist sales are forecast to increase fourfold to an estimated USD142 billion by 2030.



Source: GlobalData, 21 August 2024

Organisational effectiveness

Over the past year, we have continued to streamline our operations, building an internal organisation that effectively supports the execution of our business strategy. We have continued to invest in technology to drive effective decision-making and increased efficiency. A key step forward includes establishing our Technology Enabled Shared Services ("TESS") organisation. This shared services organisation will deliver value optimisation and enhanced governance and control, enabling the effective deployment of our Digital Transformation Strategy.

Advancing our Sustainability Strategy

We have made significant strides in advancing our Sustainability Strategy (refer [page 45](#)), reinforcing our commitment to access to medicines, environmental stewardship and social responsibility. We understand that sustainability is critical for our long-term business resilience. We have progressed the development of organisation-wide sustainability goals across our four sustainability pillars and are working at embedding these into our day-to-day operations. Each of these goals is supported by defined measures and targets to align performance for meaningful impact in the short and longer term.

We continue to work purposefully on building a relevant basket of medicines and vaccines and reaching more patients, with a focus on the most vulnerable. We have implemented several initiatives focused on reducing our carbon footprint, optimising resource efficiency, and promoting circular economy principles. Our investments in renewable energy and sustainable supply chains are yielding measurable results. We are dedicated to creating a working environment that celebrates diversity, supports personal growth, and fosters innovation. Moreover, we continue to engage stakeholders, from employees to local communities, ensuring that our sustainability goals align with broader societal expectations. As we move forward, sustainability remains central to our growth, creating value for both the business and future generations.

Strong short to medium-term prospects

The acquisition of Sandoz China will offset the VBP impact on our base business there, while we will benefit from the annualised revenue from the regional transactions in South Africa and Latin America. We expect growth in all Commercial Pharmaceutical segments and are targeting double-digit CER revenue growth in FY2025 driven by steady organic growth, boosted by product acquisitions and pipeline launches. Mounjaro® is a notable pipeline launch planned for South Africa in FY2025.

As our Manufacturing business moves beyond the build and technical transfer phases, it offers the opportunity for significant returns and cash flows. Focusing on high-volume filling and packaging contracts provides enhanced value and better controls over the sustainability of manufacturing. While the current off-take is weighted toward our Notre Dame de Bondeville site in France, our South African site in Gqeberha will provide impetus going forward, as key contracts, such as Novo and Serum vaccines, move into the commercial phase once regulatory approvals are received. The GLP-1 manufacturing opportunity, which provides for our factories in both South Africa and France to be the exclusive supplier to the licensor for GLP-1 volumes, will offer further momentum to our capacity-fill strategy.

Group Chief Executive's review continued

While Manufacturing revenue is expected to decline year-on-year in FY2025, impacted by the once-off benefit of heightened heparin sales which boosted performance in the current year, double-digit growth in FDF manufacturing, supported by increased sterile contribution, is anticipated. Following usual seasonal patterns, this will be weighted to H2 2025. We further expect that CER EBITDA will increase incrementally by some R2,5 billion over the FY2025 to FY2026 period, with timing dependent on South African regulatory approvals. The GLP-1 opportunity will be additive for both our Commercial Pharmaceuticals and Manufacturing segments and could begin to show returns from CY2026 onward.

We are well positioned to achieve accelerated earnings growth over the medium term, as we drive both organic growth and acquisitive growth in Commercial Pharmaceuticals, and realise the positive impacts from the initiation of the sterile manufacturing contracts.

A committed team, united in purpose

This year has been pivotal in the successful delivery of our corporate strategy, laying the groundwork for sustained growth and value creation. We remain focused on executing our strategic priorities, including rebalancing our product portfolio, driving organic growth, and filling our Sterile manufacturing capacity with value-accretive volumes. We have also driven operational efficiency and a disciplined approach to investment and resource allocation. This has yielded resilient financial performance, particularly in the second half of the year. Our commitment to agility has enabled us to respond effectively to changing market dynamics, opening exciting opportunities for Aspen.

As we continue this trajectory, I am confident that our strategy will enable us to capture new opportunities, enhance competitiveness, and deliver sustainable results for our shareholders and stakeholders. Rooted in our commitment to ethical leadership, and united by our shared purpose, I am supported by a driven leadership team and the collective contribution of the entire Aspen team.

I want to take this opportunity to extend my deepest gratitude to all our employees for their unwavering dedication, resilience, and hard work over the past year. Your commitment to excellence and your ability to adapt in the face of challenges has been truly inspiring. It is because of your passion, innovation, and collaboration that we have been able to achieve significant milestones and deliver stronger results. As we look to the future, I am confident that together we will continue to drive the Group forward and achieve even greater heights. Thank you for your continued contributions and for being the heart of our organisation.

I also thank the Board and the Executive Committee for their continued support and their valuable contributions and wisdom. My gratitude also extends to our shareholders and our many partners for your ongoing support as we continue delivering on our commitment to enhance equitable access to medicines, and positively impact the lives of patients across the world.

Performance expectations for FY2025

- Double-digit CER revenue growth in Commercial Pharmaceuticals
- Manufacturing to deliver incremental CER EBITDA of R2,45 billion over the period FY2025 to FY2026
- GLP-1 manufacturing opportunity could be additive from CY2026 onwards
- Gross profit margin and EBITDA margin percentages to increase
- Operating cash conversion to exceed 100%

Stephen Saad
Group Chief Executive