

Press release

Adcock Ingram Group delivers healthy operating results for the six-months ended 31 December 2017

Headline earnings per share from continuing operations increased 33%
Level 3 B-BBEE rating achieved

Midrand – 21 February 2018

Performance highlights from continuing operations

- **Turnover of R3.2 billion up 7.4%**
- **Gross profit improved 13% to R1.2 billion**
- **Trading profit increase of 25% to R428 million**
- **Headline earnings increased 33%**
- **Dividend of 86 cents per share declared**

The Company continues to report a positive trend in financial performance, this being the overall message when the Adcock Ingram Group announced their interim results for the six months to 31 December 2017 today. These positive results were achieved in spite of political uncertainty in the period and high levels of unemployment which adversely influenced consumer spending.

“Despite a challenging operating environment, we have been able to increase turnover by 7.4%, gross profit by 13% and trading profit by 25%. It is pleasing to note that the results achieved have been attained through a focused and dedicated approach by each of the business units,” said Andy Hall, Chief Executive Officer.

Group turnover increased by 7.4% to R3.2 billion, mainly driven by a realised average price increase of 5.2%. The gross margin improvement from 36.1% in the prior comparable period to 38.0% in the current period can be attributed to the improvement in the exchange rate, increased ARV throughput at the Wadeville factory, as well as an improved sales mix.

Cash generated from operations amounted to R456 million despite working capital increasing by R86 million. The improvement in the Group’s net cash position is reflective in the change from a net finance cost of R17.7 million in the comparable prior period to net finance income of R0.3 million in the current period.

Headline earnings for the period under review from continuing operations, amounted to R320 million. This translates into headline earnings per share from continuing operations of 192.6 cents, an improvement of 33%.

“We are pleased with the quality of earnings, and the operational and strategic progress achieved. However, the operating environment remains challenging in South Africa, especially seen in the light of the recent disappointing SEP increase of 1.26% and ongoing financial pressure on consumers,” Hall continued. “Nonetheless, the Group remains competitively positioned to defend and grow its brands and the Board remains committed in pursuing its objective of ensuring long-term growth to create shareholder value by expanding the product portfolio through partnership arrangements and acquisitions” Hall concluded.

A dividend of 86 cents per share was declared by the Board for the six-month period ended 31 December 2017, an improvement of 37% when compared to the comparable prior period.

- *Ends* -

Notes to Editor:

Full results information can be found on the Adcock Ingram website at:
[www.adcock.com/Investors/Financial Results](http://www.adcock.com/Investors/Financial%20Results)

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