

Adcock Ingram Group year-end results reflect a satisfying trading performance and exceptional increase in trading profits – as at 30 June 2017

- Dividend of 76 cents declared

Midrand - 25 August 2017

Performance Highlights for Continuing Operations

- Increase of 7% in Turnover to R5,936 million
- Increase of 10% in Gross Profit to R2,242 million
- Increase of 20% in Trading Profit to R724 million
- Increase of 37% in HEPS from continuing operations
- Increase of 34% in total dividends declared to 139 cents per share
- Net cash position of R335 million

An exceptional increase in trading profit was the highlight announced by Adcock Ingram today when the Group's year-end results were published. Despite the continuing economic downturn and pressure on consumer spending, a satisfying trading performance was achieved with improved performances across all commercial divisions of the business.

"The positive results are a reflection of our continuing investment in sales, marketing and brand innovation and focus on customer service, complemented by production and operational efficiencies," said Andy Hall, Chief Executive Officer.

A 7% increase in turnover to R5,936 million rendered an improved gross profit which moved as a percentage of sales to 37.8% for the current year from 36.6% in 2016. An improved product sales mix, under a relatively stable Rand, good inventory management and factory efficiencies were the major contributors to this achievement. Well controlled operating expenses contributed to a 20% improvement in trading profit which increased to R724 million (2016: R606 million). All commercial divisions showed an improvement in trading profit, with the Prescription, Consumer and Hospital Divisions' growth all above 20%.

Headline earnings for the year from continuing operations increased to R513.7 million compared to R376.4 million in the previous year. This translates into headline earnings per share from continuing operations of 308.9 cents, an improvement of 36.6%.

“A very pleasing feature is the year-end net cash figure of R334.5 million compared to a net debt figure of R311.2 million at the end of the prior year, an improvement of R645.7 million,” Hall concluded.

A dividend of 76 cents per share was declared by the Board for the year ended 30 June 2017 out of income reserves. Total dividend distributions for the year amount to 139 cents per share, an increase of 34% over 2016.

The Group continues to focus on expanding its product portfolio, particularly in less-regulated areas, through acquisitions and partnerships, preferably without the immediate need for material capital expenditure and infrastructure.