

28 August 2019

The Adcock Ingram Group delivers a robust set of financial results

Johannesburg – The Adcock Ingram Group is pleased to report a 11% increase in headline earnings per share from continued operations for the year-ended 30 June 2019. These results were achieved despite challenging market trading conditions characterised by weak economic growth and high levels of unemployment which continue to impact consumer spend.

Performance highlights from continuing operations

- Increase of 11% in Turnover to R7 billion
- Increase of 12% in Trading profit to R955 million
- Increase of 11% in Headline Earnings Per Share (HEPS)
- Total dividend for the year - 200 cents per share
- Retained Level 3 B-BBEE rating

‘The Group’s pleasing set of financial results can be attributed to our well-diversified portfolio of trusted brands on customer service and product quality. The Prescription and Consumer Divisions both showed excellent growth and our Hospital Business made good gains in the private sector’ said Andy Hall, Chief Executive Officer.

Turnover increased by 11% to R7 billion, driven by a change in mix of 5%, of which Genop contributed the majority. Volumes increased by almost 4%, and price, mainly in the OTC and Consumer businesses, contributed the balance. The gross margin improved marginally from 39.3% to 39.4% despite the weak Rand and the sub-optimal annual single exit price increase. Operating expenditure increased by 5.1% excluding the impact of Genop, resulting in a 12% increase in trading profit to R955 million.

In challenging conditions, most of the commercial divisions showed an improvement in trading profit with the Prescription, Consumer and Hospital divisions all growing in double-digits. The OTC division struggled in the second half of the financial year, impacted by down-scheduling of certain analgesic products, and production inefficiencies in its high-volume liquids factory.

The Group’s Zimbabwean operation and its interest in a Ghanaian company were disposed of during the year, following through on our intention not to invest in fixed infrastructure outside of South Africa.

Headline earnings from continuing operations for the year increased to R701 million compared to R634 million in the previous year. This translates into headline earnings per share from continuing operations of 421.7 cents, an improvement of 11%.

A final dividend of 100 cents per share was declared by the Board for the year ended 30 June 2019, resulting in a total dividend for the year of 200 cents, an increase of 16%.

'The Bidvest Group's shareholding in Adcock Ingram recently increased to 50.1%. This will bring closer interactions between the entities in exploring strategic and operational possibilities for Adcock Ingram's operations and options for growth. Bidvest is supportive of Adcock Ingram's decentralised and autonomous business model and sees opportunity for the Company to grow. The Board expects that the current economic environment, the weak exchange rate and currency volatility, and constraints on consumer spending will not change in the short-term. The Group remains committed to the growth of our well-respected and diversified basket of brands, and seeking additional affordable brands to augment our portfolios across the business' Hall concluded.

The full results information can be accessed on the Adcock Ingram website at:
<http://www.adcock.co.za/Investors/FinancialReports>.

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About Adcock Ingram

Adcock Ingram is a leading South African pharmaceutical manufacturer, founded in 1891, and listed on the Johannesburg Stock Exchange. Adcock Ingram manufactures, markets and distributes a wide range of healthcare products. The Company is a leading supplier to both the private and public sectors in South Africa. As a leading healthcare provider, the Company's mission is to provide quality products that improve the health and lives of the people in the markets we serve.

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