

21 February 2019

The Adcock Ingram Group reports sound financial performance for the six-months ended 31 December 2018

Johannesburg – The Adcock Ingram Group is pleased to report a 17% increase in trading profit for the six-month period ended 31 December 2018. These results were achieved against a background of a strictly price-regulated environment, coupled with tough trading conditions as a consequence of continued pressure on the consumer.

Performance highlights from continuing operations

- Increase of 16% in Turnover to R3.6 billion
- Increase of 17% in Trading profit to R485 million
- Increase of 16% in Headline Earnings Per Share (HEPS)
- Total dividend declared of 100 cents per share
- Retained Level 3 B-BBEE rating

'The Group's positive set of results can be attributed to the resilience within our diversified portfolio with growth in sales and market share, and continued focus on customer service and uncompromised product quality,' said Andy Hall, Chief Executive Officer.

Gross margin improved to 38.7%, driven by an advantageous sales mix and improved throughput at the Clayville factory.

Operating expenses increased by 6% on a like-for-like basis, resulting in a 17% improvement in trading profit to R485 million (2017: R416 million). All the commercial divisions recorded an increase in trading profit.

Headline earnings for the period under review from continuing operations increased to R361.2 million when compared to R310.3 million in the previous year. This translates into headline earnings per share from continuing operations of 217.2 cents, an increase of 16.4%.

An interim dividend of 100 cents per share was declared for the six months ended 31 December 2018, an improvement of 16% over the comparable period.

'The Group remains focused on improving its operational efficiency, growing the established brands and expanding its product range through the acquisition of non-regulated brands to defend its position in the market. The low Single Exit Price (SEP) increases granted to the industry in March 2018 of 1.26% and 3.78% in the current calendar year do not compensate for the above inflationary increases in salaries, wages and utilities' Hall continued.

Adcock Ingram is proud to be a leading South African manufacturer, which has been recognised as a partner of the State in the national fight against HIV and AIDS by winning a number of key products within the ARV tender. *"The 12% award of the overall tender reflects positively on our manufacturing capability, breadth of our product offering and our historical service delivery levels' concluded Hall.*

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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