

PRESS RELEASE

29 August 2018

Adcock Ingram One

The Adcock Ingram Group reports a positive trading performance

Johannesburg – The Adcock Ingram Group is pleased to report a 20% increase in trading profit for the year ended 30 June 2018, particularly when considering the price-regulated environment in which it operates and the difficult economic conditions in South Africa.

Performance highlights from continuing operations

- Increase of 10% in Turnover to R6,5 billion
- Increase of 14% in Gross profit to R2,6 billion
- Increase of 20% in Trading profit to R866 million
- Increase of 26% in HEPS from continuing operations
- Total dividend increases 24% to 172 cents

“The positive results were achieved through continued investment in our well-established brands, improved factory efficiencies, and a relentless focus on customer service and product quality,” said Andy Hall, Chief Executive Officer.

A 10% increase in turnover to R6,5 billion rendered an improved gross profit which expanded as a percentage of sales to 39.2% from 37.8% in 2017. An improved product sales mix, a favourable exchange rate, and factory efficiencies, particularly in our Wadeville operation, were the major contributors to this achievement. Well controlled operating expenses (allowing for the additional expenditure consequent the Genop acquisition) contributed to a 20% improvement in trading profit which increased to R866 million (2017: R724 million). All commercial divisions showed an improvement in trading profit, with the Prescription, OTC and Hospital Divisions’ growth all above 15%. The Consumer division showed a muted trading profit growth of 2% which must be seen in the light of the challenging environment they’ve operated in, characterised by limited consumer discretionary spend.

Headline earnings for the year from continuing operations increased to R645 million compared to R514 million in the previous year. This translates into headline earnings per share from continuing operations of 387.7 cents, an improvement of 26%.

Adcock Ingram Last

A dividend of 86 cents per share was declared by the Board for the year ended 30 June 2018 out of income reserves. The total dividend distribution for the year amounts to 172 cents per share, an increase of 24% over 2017.

The Group remains committed in seeking additional affordable brands to augment its range of products and defend its position in the market, as well as expand on its non-regulated portfolio to limit the impact of the extremely volatile exchange rate and an unfavourable single exit price environment.

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 of the market. 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 that are served.

www.adcock.com

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