

# Unaudited Group Financial Results and Cash Dividend Declaration



adcock ingram

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2019

## Continuing operations

B-BBEE  
**Level 1**

REVENUE AND TRADING PROFIT INCREASES  
**1%**

OPERATING EXPENSES  
**flat**

CASH ON HAND  
**R363 million**

INTERIM DIVIDEND  
**100 cents**  
per share

## Introduction

On 29 July 2019, Adcock Ingram became a subsidiary of The Bidvest Group Limited, with minority shareholders owning 49% of the Company. Closer interactions are now taking place between Adcock Ingram and Bidvest, including the appointment of an additional Director to the Adcock Ingram Board of Directors to assist in exploring strategic possibilities for Adcock Ingram, to complement its range of trusted healthcare products.

In November, Adcock Ingram was certified as a B-BBEE level 1 provider, endorsing the Group's focus on Transformation as an imperative.

South African consumers remain under financial pressure, due to the country's low economic growth, high levels of unemployment and ongoing utility problems. The results for the six-month period ended 31 December 2019 reflect the difficult trading conditions and constrained consumer environment.

Against this background, the Board is satisfied with the profits for the half year under review, particularly that with strict cost control and a relentless focus on customer service, growth in both revenue and trading profit was achieved.

## Prospects

The effect of the current economic climate on consumer spending and behaviour remains concerning. In the absence of sustainable SEP increases, margins will continue to be under pressure from cost increases, particularly labour, transport and utilities, and active ingredient prices which are directly linked to currency fluctuations.

To attempt to protect margins, the Group has placed a heightened focus on driving productivity in the factories, strict cost control and expanding the Group's product portfolio, by acquisition or partnership, particularly in less regulated product classes.

## Dividend policy

Shareholders are advised that the Board has approved a change to the Company's dividend policy, from dividends covered 2 to 3 times by headline earnings, to 2 to 2.5 times.

Change %  
Unaudited Six months ended 31 December 2019  
Unaudited Six months ended 31 December 2018

			Unaudited Six months ended 31 December 2019	Unaudited Six months ended 31 December 2018
<b>Continuing operations</b>				
Revenue from contracts with customers	(R'000)	1	3 628 386	3 594 581
Gross profit	(R'000)	-	1 394 855	1 389 661
Trading profit	(R'000)	1	490 134	485 454
Operating profit	(R'000)	1	461 776	456 956
Headline earnings per share	(cents)	1	218,5	217,2
Basic earnings per share	(cents)	3	219,3	213,0
<b>Total operations</b>				
Revenue from contracts with customers	(R'000)	(1)	3 628 386	3 680 821
Gross profit	(R'000)	(1)	1 394 855	1 414 751
Trading profit	(R'000)	-	490 134	490 372
Operating profit	(R'000)	-	461 776	461 874
Headline earnings per share	(cents)	-	218,5	219,5
Basic earnings per share	(cents)	2	219,3	215,3
Total assets	(R'000)		6 850 967	6 416 768
Net asset value per share	(cents)		2 608,9	2 412,5
Dividend per share	(cents)		100	100,0

## Dividend distribution

The Board has declared an interim gross dividend out of income reserves of 100 cents per share in respect of the six months ended 31 December 2019. The South African dividend tax ("DT") rate is 20% and the net dividend payable to shareholders who are not exempt from DT is 80 cents per share. Adcock Ingram currently has 175,758,861 ordinary shares in issue and qualifying for ordinary dividends. The income tax reference number is 9528/919/15/3.

The salient dates for the distribution are detailed below:

Last date to trade cum distribution	Tuesday, 10 March 2020
Shares trade ex distribution	Wednesday, 11 March 2020
Record date	Friday, 13 March 2020
Payment date	Monday, 16 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 March 2020 and Friday, 13 March 2020, both dates inclusive.

**LP Ralphs** Chairman  
**AG Hall** Chief Executive Officer

Approved by the Board: 19 February 2020  
SENS release date: 20 February 2020

**Adcock Ingram Holdings Limited** (Incorporated in the Republic of South Africa) (Registration number 2007/016236/06) **Share code:** AIP **ISIN:** ZAE000123436 ("**Adcock Ingram**" or "**the Company**") **Company secretary** NE Simelane  
**Registered office** 1 New Road, Midrand, 1682 **Postal address** Private Bag X69, Bryanston, 2021 **Transfer secretaries** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196. PO Box 61051, Marshalltown, 2107 **Auditors** PricewaterhouseCoopers Inc, 4 Lisbon Lane, Waterfall, 2090 **Sponsor** Rand Merchant Bank (a division of FirstRand Bank Limited), 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196 **Bankers** Nedbank Limited, 135 Rivonia Road, Sandown, Sandton, 2146. Rand Merchant Bank, 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196. Investec Bank Limited, 100 Grayston Drive, Sandton, 2146

The full-long form announcement is available at <https://senspdf.jse.co.za/documents/2020/JSE/ISSE/AIP/AIP012020.pdf>. The contents of this short-form summary announcement are the responsibility of the Board of Directors. Any investment decision should be considered and based on the content of the information contained in the full announcement which will be published on the Company's website at [www.adcock.com/investors/financialreports](http://www.adcock.com/investors/financialreports). Copies of the full announcement are available for inspection at the registered office of the Company and may be requested without charge during office hours by phoning +27 11 635 0143.