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Adcock Ingram reports a healthy financial and operational performance for the six-months ended 31 December 2022

Johannesburg – The Adcock Ingram Group today reported an increase in turnover of 8%, with trading profit growth of 15%, for the six-month period ended 31 December 2022, attributed to its diverse and affordable portfolio of products, well-executed sales and marketing strategies, and a continued focus on customer service.

Performance highlights:

- Turnover increased 8% to R4.7 billion
- Gross profit increased 8% to R1.6 billion
- Trading profit increased 15% to R623 million
- Headline earnings per share (HEPS) increased 20% to 290 cents
- Interim dividend declared increased 20% to 125 cents per share
- Level 2 B-BBEE rating

‘The healthy financial and operational performance was delivered against a backdrop of tight economic conditions, disruption to operations due to utility supply challenges, currency devaluation and high fuel prices,’ said Andy Hall, Chief Executive Officer.

Turnover increased by 8% to R4.7 billion, driven by a mix benefit of 4.3% which includes the onboarding of a range of ophthalmology products from Novartis. Average price realisation was 3.6%. Organic volumes declined marginally, due to the normalisation of Panado demand, following the exceptional sales generated in the comparative period from the COVID-19 vaccination campaigns, lower ARV tender sales and reduced demand for other products used in relation to COVID-19. In aggregate these declines were well compensated for by good demand in the OTC and Prescription portfolios.

The gross margin for the six-months remained relatively stable as a more favourable product sales mix and price increases realised in the non-SEP regulated portfolios, mitigated the cost impact arising from the weaker exchange rate, increased production costs and significant cost-push from suppliers, locally as well as from abroad. Operating expenditure has been well controlled and increased by just 3.9%. As a result, trading profit improved 14.8% to R623 million (December 2021: R543 million).

Headline earnings for the period increased by 19.5% to R468 million (December 2021: R392 million). This translates into headline earnings per share of 289.9 cents (December 2021: 242.3 cents), an improvement of 19.6%, including the effect of the Group having repurchased 1.5 million shares during the reporting period.

“Whilst we are confident that the strength of the Group’s broad and affordable portfolio of well-known brands, will continue to withstand many of the macroeconomic challenges in South Africa, the low Single Exit Price Adjustment (SEPA) of 3.28% granted to the industry in the current calendar year will not compensate for the abnormal cost increases in certain raw materials and packaging, the weak currency, and above inflationary increases in wages and utilities. The Group remains focused on improving its operational efficiency, growing the established brands and expanding its product range through the acquisition of non price-regulated products to defend its position in the market” Hall concluded.

The full results information can be accessed on the Adcock Ingram website at:
<http://www.adcock.com/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 and consumer products, and is the leading supplier to both the private and public sectors of the market. Adcock Ingram provides an extensive portfolio of branded and generic medicines. It also has a strong presence in over-the-counter brands, and is South Africa’s largest supplier of hospital and critical care products. The Company’s mission is to provide quality products that improve the health and lives of the people in the markets that we serve.

www.adcock.com

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