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Adcock Ingram reports muted results

Johannesburg – The Adcock Ingram Group’s financial and operational performance ended below expectations, driven by several sector-specific factors, including constrained consumer spending within the lower LSMs and reduced inventory holdings in the pharmaceutical wholesale channel.

Performance indicators:

- Top ranked pharmaceutical company in the South African Private Market
- Turnover decreased 1% to R4.7 billion
- Headline earnings per share (HEPS) decreased 9% to 266 cents
- Interim dividend declared: 115 cents per share
- Level 1 B-BBEE rating

“Although the results fell short of expectations, the Company has retained its status as the Number 1 pharmaceutical player in the South African private Market. In the prevailing economic climate, our teams are focused on growing market share, excelling at customer service and exercising strict cost control” said Andy Hall, chief executive officer.

Turnover decreased by 1% to R4.7 billion, due to a slowdown in both the independent and pharmaceutical wholesale channels, the latter having reduced their average inventory holdings on several key brands.

The gross margin for the six months declined from 34% to 33%, impacted by an unfavourable sales mix with a lower proportion of branded and generic Prescription products, and reduced throughput in the pharmaceutical factories. Operating expenditure increased by just 3%, influenced by general inflation and salary increases.

Headline earnings per share of 266 cents declined by 9%. An interim dividend of 115 cents per share was declared.

“The Group remains focused on improving its operational efficiency and is committed to seeking additional affordable brands to expand the non-price-regulated portfolio and pursuing further partnerships with multinational pharmaceutical companies as they evaluate their front-end models in South Africa” 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 the 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 the private sector. 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

Media contact:

Aneleen van Zyl

Mobile: +27 82 221 5418

Email: Aneleen.vanzyl@adcock.com