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Adcock Ingram delivers healthy financial results

Johannesburg – The Adcock Ingram Group is pleased to report a 12% increase in headline earnings per share for the year ended 30 June 2023, in a challenging economic environment, characterised by currency weakness and volatility, poor economic growth and increasing pressure on consumer disposable income.

Performance highlights:

- Turnover increased 5% to R9.1 billion
- Headline earnings per share (HEPS) increased 12% to 561.3 cents
- Total dividend increased 17% to 250 cents per share
- Share buyback: 9.2 million shares
- B-BBEE level: 2

“The Group’s pleasing set of financial results can be attributed to our diverse and affordable portfolio of brands and our ability to adapt to changing market dynamics,” said Andy Hall, chief executive officer.

Turnover increased by 5% to R9.1 billion. New products, including E45 from Karo Pharma, contributed 4.2% to the increase. Overall price realisation of 3.4% was achieved. Organic volumes declined by 2.7%, due to lower demand for products used in the treatment of COVID-19, and lower ARV tender sales. Good demand in the OTC and Prescription portfolios mostly compensated for these declines. The gross margin declined only slightly from 35.1% to 34.9%. The significantly weaker exchange rate, increased production costs and significant cost push from suppliers were mostly compensated for by improved factory throughput and efficiencies, as well as selling price increases in the non-regulated portfolio. The strength in the margin, combined with just a 3.1% increase in operating expenditure, led to a trading profit increase of 6.1% to R1.18 billion.

Headline earnings per share improved 11.8% to 561.3 cents, assisted by the repurchase of 9.2 million Adcock Ingram shares. The Board resolved to pay a final dividend of 125 cents per share, resulting in the total dividend for the year improving by 17%.

“We are confident in the resilience of our portfolio of brands but remain cautious about the general state of our operating environment. We welcome the recent ‘top-up’ Single Exit Price adjustment of 1.73%, which will assist in alleviating the margin pressures on our price-regulated basket of products” concluded Hall.

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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