PRESS RELEASE

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Adcock Ingram reports resilient performance under COVID-19

Johannesburg – The Adcock Ingram Group delivered a healthy set of results in the year ended 30 June 2021, with turnover increasing by 6%, despite the effects of the COVID-19 pandemic.

Salient features:

- Turnover Increase of 6% to R7.8 billion
- Operating expenses decreased by 6% on a like-for-like basis
- Headline earnings per share decreased by 3% to 404.7 cents
- Cash on hand R48 million
- Level 3 B-BBEE rating
- Final dividend of 90 cents

'Adcock Ingram delivered these results under challenging trading and operating conditions due to the continued impact and uncertainty of the COVID-19 pandemic. Despite these complexities, the Group's people displayed adaptability and resilience, with agile supply chain, sales, marketing and innovation strategies to sustain and grow its diversified portfolio of products.' said Andy Hall, Chief Executive Officer.

Turnover increased by 6% to R7.8 billion, as all divisions, with the exception of the Over-the-Counter (OTC) business unit, which is the largest cough, colds and flu company in South Africa, posted good growth in sales. The Consumer division, which now includes a full year's contribution from the Plush shoe and household care business, increased its turnover by 42% to R1.3 billion. The Group experienced good demand for immune-boosting products, and certain small-volume parenterals and acute renal dialysis products associated with the treatment of COVID-19. The general absence of colds and flu, saw sales in the OTC business unit declining by 15%.

The gross margin decreased from 37% to 34%, driven by a 9% depreciation of the Rand against the US Dollar and Euro, directly affecting the cost of imported goods, and a higher proportion of antiretroviral products (ARV's) in the sales mix. Reduced demand in OTC products also resulted in lower factory recoveries at the Clayville factory.

Pro-active cost-saving initiatives implemented at the start of the COVID-19 pandemic resulted in the Group achieving a like-for-like reduction of 6% in operating expenses.

Headline earnings decreased by 5% to R671 million, which following the Group's share repurchases during the year, translated into a decrease of 3% in headline earnings per share.

The Board has declared a final dividend of 90 cents per share for the year ended 30 June 2021.

"*We are confident that the broad foundation of our business remains relevant in this uncertain economic environment. We will continue to strive for value-adding portfolio enhancements in each of our business units through acquisitions, partnerships and product innovation.* " Hall concluded.

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 and consumer products, and is a 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.

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