PRESS RELEASE

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Adcock Ingram reports strong operational and financial performance for the six months to 31 December 2021

Johannesburg – Adcock Ingram today reported an increase in turnover of 16%, an exceptional increase of 25% in trading profit, and excellent cash generation for the first half of the financial year to 31 December 2021, driven mainly by improved demand for its over-the-counter (OTC) and consumer healthcare products.

Performance highlights:

- Turnover increased 16% to R4.3 billion
- Gross profit increased 17% to R1.5 billion
- Trading profit increased 25% to R543 million
- Headline earnings per share (HEPS) increased by 30% to 242.3 cents
- Interim dividend increased 30% to 104 cents per share
- Level 2 B-BBEE rating achieved

'Factors that have aided in the achievement of these results, outside of the improvement in the exchange rate, are innovative sales and marketing strategies deployed by each of the divisions and improved manufacturing output, particularly at the Clayville facility,' said Andy Hall, chief executive officer.

Turnover increased by 16% to R4.3 billion, driven by volume growth of 9%, and a mix benefit of 6% from new products, increased marketing activity on behalf of multinational partners and brand innovation.

Gross margin for the period improved from 34.5% to 35.0% due to the strengthening of the Rand, a more favourable product sales mix and a better factory performance at Clayville as a result of the increased demand for OTC products. Operating expenditure increased by 13%, due to the higher selling and distribution expenses as a consequence of the higher turnover, as well as investment in new launches and marketing of our core brands. This resulted in a 25% increase in trading profit to R543 million.

The commercial divisions all delivered a very satisfactory performance.

Epi-max was moved from the Prescription segment to the Consumer segment on 1 January 2021. On a like-for-like basis, adjusting for Epi-max, Consumer turnover and trading profit improved by 14% and 21% respectively, and Prescription turnover and trading profit by 11% and 12% respectively.

The Consumer division’s performance was very strong, showing growth across all its top brands, including Panado, the Company’s number one brand, which responded well to an innovative marketing campaign, linked to the COVID-19 vaccinations. The personal care portfolio was expanded by acquiring a number of brands from Peppina in December 2021.

The OTC division recovered in amazing fashion, aided by the increased demand for cold, cough and flu products. Certain of the flagship brands, including Citro-Soda, Allergex and Corenza-C achieved double digit growth.

The Prescription division’s strong performance was due to the increase in elective surgeries when COVID-19 restrictions were eased, as well as the launch of 11 new products in calendar 2021 across different therapeutic areas.

The Hospital division benefited from the on-boarding of the Roche renal portfolio in February 2021, the addition of rapid diagnostic tests kits on behalf of Abbott Diagnostics and an infant nutrition range in the public sector from Sanulac.

Headline earnings for the year increased 26% to R392 million, translating into HEPS of 242.3 cents, an improvement of 30%, including the effect of share repurchases by the Group in the previous year.

The Board has declared an interim dividend of 104 cents per share, an increase of 30% over the corresponding period, in line with the increase in earnings.

The exchange rate has had a favourable impact on the Group and the 2022 SEP increase of 3.5% will assist in protecting the gross margin.

We are pleased that in December 2021 the Group received approval from the South African Health Products Regulatory Authority for the sterile eye drops facility, based in Clayville. Production of commercial batches has commenced.

"*We are grateful that throughout the business, flexibility and innovating thinking, coupled with the Group's broad and affordable portfolio of well-known brands, assisted to withstand the macroeconomic challenges in South Africa, resulting in the strong operational and financial performance reported. The Company will continue to operate as an important essential service provider within the healthcare industry, providing life-saving medication, while continuing to expand its non price-regulated portfolio,"* 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 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.

www.adcock.com

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