



ABRIDGED PRELIMINARY AUDITED GROUP RESULTS

for the year ended 30 September 2013



adcock ingram

Heritage | Quality | Integrity

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Corporate Activities - Shareholder Update

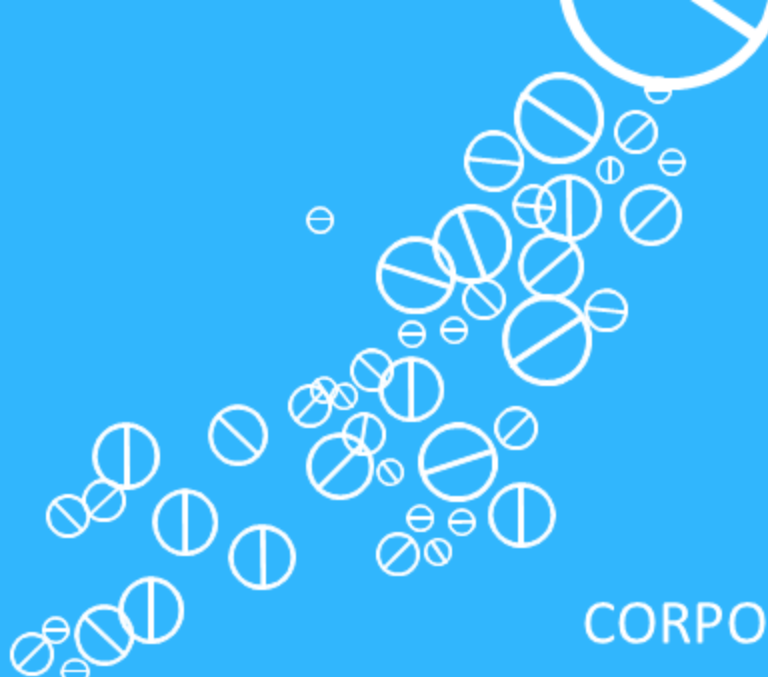
Financial Results

Operating Environment

Business Performance

- Southern Africa
- Rest of Africa
- India

Outlook



CORPORATE ACTIVITIES - SHAREHOLDER UPDATE

Dr Khotso DK Mokhele



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- Adcock Ingram and CFR published a **joint firm intention announcement** on 15 November
 - ✓ **Final binding offer from CFR** to be implemented via a **scheme of arrangement**
 - ✓ **R73.51** offer price, a 31% premium to the unaffected share price
 - ✓ Total scheme consideration of **R12.6 billion** to be settled through a combination of cash and CFR shares
- Adcock Ingram Board is **recommending the CFR offer**
- JP Morgan has opined that the CFR offer is **fair and reasonable**
- **Significant shareholder support** received
 - ✓ Shareholder meetings on **18 December 2013**
 - ✓ CFR offer subject to shareholder and regulatory approval
- **Engagement with PIC on-going**
 - ✓ Comprehensive response sent to PIC letter



Pharmaceuticals.
Bringing new science to life

The rationale for the combination of Adcock Ingram and CFR is compelling

- a uniquely diversified **emerging markets pharmaceuticals group**
- a presence in **more than 23 countries** and employing **more than 10 000 people**
- access to **high-growth markets**
- an **expanded geographical and manufacturing footprint**
- **a complementary product portfolio**
- well positioned to **explore other emerging markets** and **consolidation opportunities** across **Latin America, Africa, South East Asia and India**
- CFR estimated **total synergies of at least R4,5 billion (about US\$440m)**



Pharmaceuticals
Bringing new science to life

Compelling rationale for the combination of Adcock Ingram and CFR



Step1: Extensive modernisation of manufacturing facilities

- World-class standards are demanded of a pharmaceutical sector that is global in nature
- Modernisation significantly increased production capacity and positioned Adcock Ingram for growth
- Created operational efficiencies to compete in a global market

Step 2: Access to new markets and geographic diversification

- Adcock is growth constrained as a single country operator
 - Evaluated transformational acquisitions
 - Settled for smaller acquisitions in Ghana and India which were non-transformational

A combination with CFR provides Adcock Ingram with the scale and reach to accelerate its growth strategy

- Creates access to new growth markets (Latin America & South East Asia)
- Generates operational efficiencies through transfer of manufacturing and additional investment
- Complementary product lines make Adcock Ingram a much stronger competitor in its existing markets



Pharmaceuticals
Bringing new science to life

Enhanced competitive capability for Adcock Ingram

CFR PHARMACEUTICALS

Adcock Ingram joining leading companies in the global pharma sector



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Attributes of leading companies in the global pharmaceutical sector <i>Emerging market leaders either have, or are developing, these capabilities (Aspen, Hikma, Sun and Lupin)</i>	Adcock + CFR
Operating efficiencies through economies of scale	✓
Access to and ability to serve multiple markets	✓
R&D spend leveraged by formulating products once to sell across multiple markets	✓
Speed to market and therefore ability to compete in markets when generics first enter	✓
Broad portfolio of differentiated products and therefore more important to key customers	✓



Pharmaceuticals.
Bringing new science to life

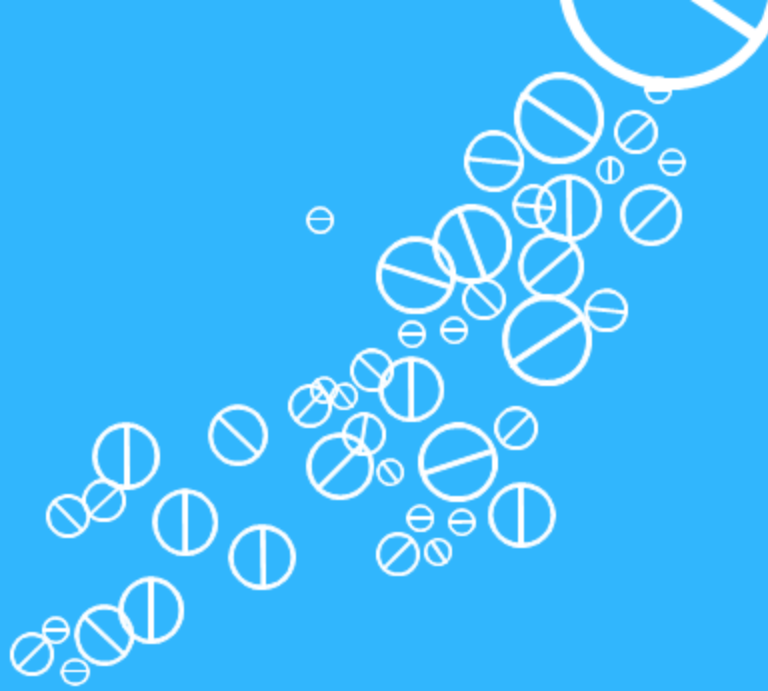
Enhanced competitive capability for Adcock Ingram

- One of the **largest FDI investments** in recent years
 - Consistent with NDP and national strategic objectives
 - 40% of SA's total annual cash FDI requirement
- **Investment in manufacturing** and **export-driven growth**
 - Additional investment in manufacturing, including R&D
 - Transfer of manufacturing to SA
 - Increase in exports from SA to Latin America and South East Asia
- Preserve and **grow jobs** in SA
- Maintain and **enhance existing B-BBEE relationships**
- **Retain and enhance** Adcock Ingram's proudly **South African roots**



Pharmaceuticals.
Bringing new science to life

Adding value to South Africa



FINANCIAL RESULTS

Andy Hall



FINANCIAL RESULTS

Income Statement



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	2013 R'm	2012 R'm	+/- %
Turnover	5,445.6	4,599.2	18.4
Gross profit	2,236.8	2,094.0	6.8
<i>Gross profit %</i>	41%	45%	
Operating profit	890.8	868.8	2.5
Equity accounted earnings	2.7	-	
Income from investments	12.6	26.9	
Net financing costs	(58.0)	(8.4)	
Profit before tax	848.1	887.3	(4.4)
Income tax expense	(246.9)	(168.2)	
Profit after tax	601.2	719.1	(16.4)
Non-controlling interests	(13.4)	(13.5)	
Net profit	587.8	705.6	(16.7)
HEPS (cents)	350.5	422.4	(17.0)

FINANCIAL RESULTS

Operating expenses



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	2013 R'm	2012 R'm	+/- %
Selling and distribution	699.6	571.5	22.4
Marketing	211.9	208.6	1.6
Research and development	104.9	81.6	28.6
Fixed and administration	410.9	363.5	13.0
Foreign exchange gain	(42.4)	-	
Gain on fair valuation of investment	(38.9)	-	
Total	1,346.0	1,225.2	9.9

FINANCIAL RESULTS

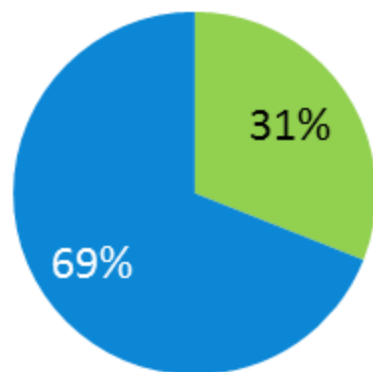
Segmental Analysis



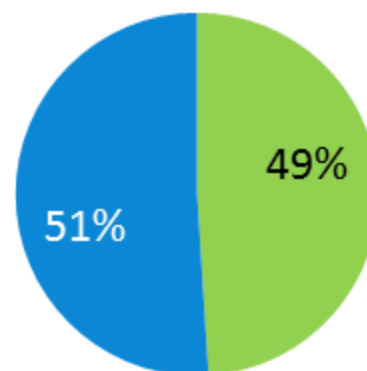
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		2013 R'm	+/- %	2012 R'm
OTC	Turnover	2,002.3	11.7	1,791.9
	Gross Profit	1,058.0	6.2	995.8
	GP%	52.8%		55.6%
	Contribution after marketing (CAM)	707.4	7.1	660.5
	CAM%	35.3%		36.9%

2013 TURNOVER



■ FMCG
■ Pharmacy



■ Non-SEP
■ SEP

FINANCIAL RESULTS

Segmental Analysis



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		2013 R'm	+/- %	2012 R'm
PRESCRIPTION	Turnover	1,852.8	21.9	1,520.2
	Gross Profit	608.2	(5.1)	641.0
	GP%	32.8%		42.2%
	Contribution after marketing (CAM)	321.7	(13.5)	371.8
	CAM%	17.4%		24.5%



FINANCIAL RESULTS

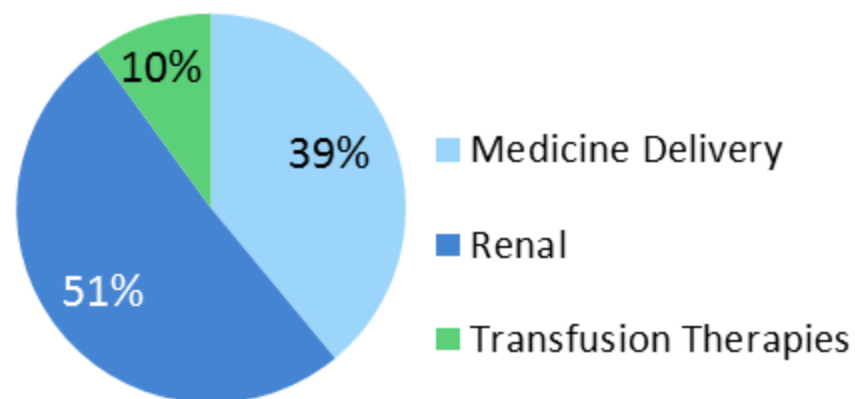
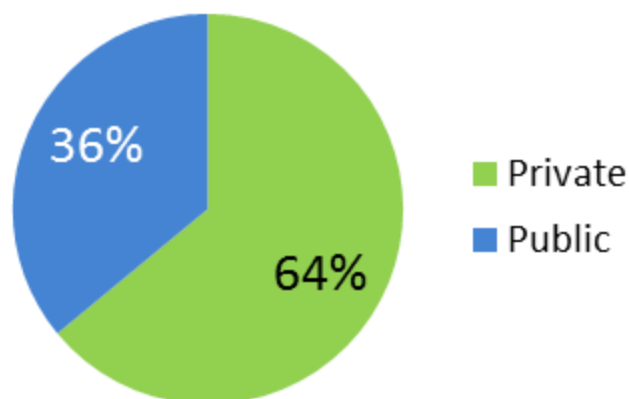
Segmental Analysis



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		2013 R'm	+/- %	2012 R'm
HOSPITAL	Turnover	1,175.7	4.6	1,123.8
	Gross Profit	303.0	(13.8)	351.5
	GP%	25.8%		31.3%
	Contribution after marketing (CAM)	148.1	(30.6)	213.4
	CAM%	12.6%		19.0%

2013 TURNOVER



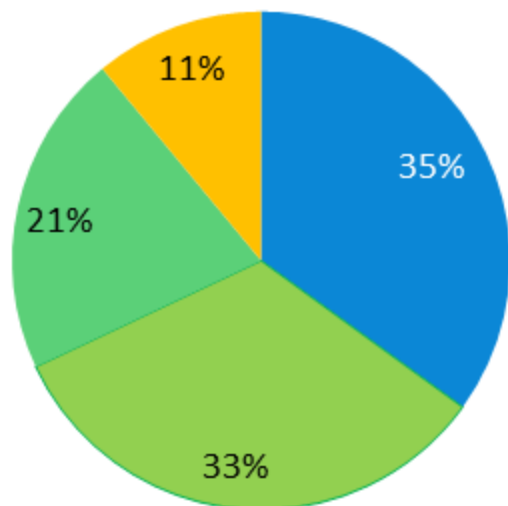
FINANCIAL RESULTS

Geographical split



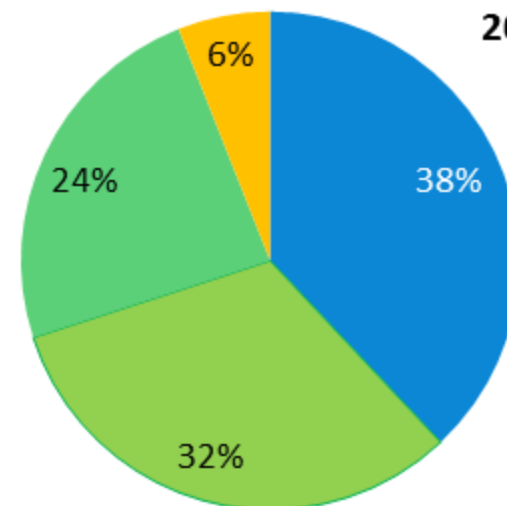
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2013

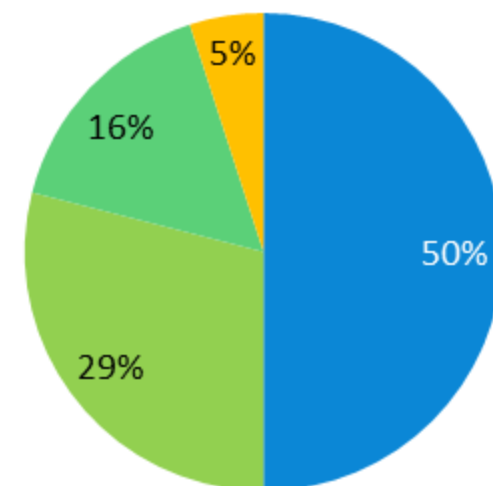
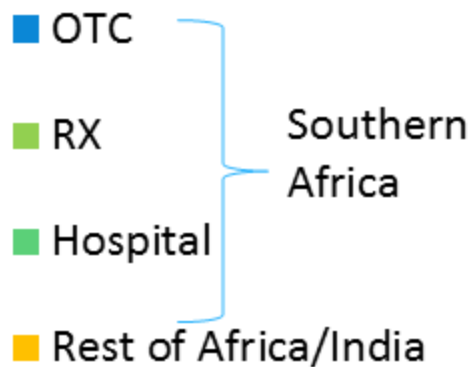
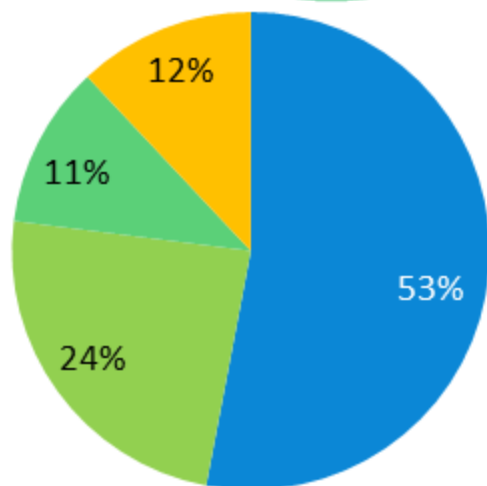


REVENUE

2012



CAM



Contribution after marketing expenses

FINANCIAL RESULTS

Statement of Financial Position



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	2013	2012
	R'm	R'm
Non-current assets	3,412	2,443
Property, plant & equipment	1,766	1,560
Intangible assets	1,435	711
Investments & loan receivable	193	167
Investment in associates	3	-
Deferred taxation	15	5
Net current assets	528	1,340
Current assets	3,406	2,839
Inventories	1,558	956
Trade receivables & other receivables	1,619	1,320
Cash and cash equivalents	163	493
Taxation	66	70
Current liabilities	2,878	1,499
Bank overdraft	1,308	-
Trade accounts payable	806	634
Other payables and provisions	628	434
Short-term borrowings	136	431
Total	3,940	3,783

FINANCIAL RESULTS

Borrowings



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	2013 R'm	2012 R'm
Loans	141	536
Less: Short-term	(136)	(431)
Long-term	5	105
Loans	141	536
Net overdraft/(cash)	1,145	(493)
Total net debt	1,286	43

FINANCIAL RESULTS

Statement of Cash Flows



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	2013 R'm	2012 R'm
Operating profit	891	869
Adjusted for:		
Non cash flow items	314	208
Cash operating profit	1,205	1,077
Working capital changes	(631)	(292)
Interest, dividends and taxation	(602)	(327)
Net cash (outflow)/inflow from operating activities	(28)	458

FINANCIAL RESULTS

Statement of Cash Flows – Investing Activities



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	2013 R'm	2012 R'm
Cash flows from investing activities	(1,165)	(534)
Cost of business acquired	(822)	-
Purchase of property, plant and equipment		
– Expansion	(65)	(277)
– Replacement	(279)	(235)
Purchase of intangible assets	-	(13)
Proceeds on disposal of property, plant and equipment	-	2
Increase in loans receivable	-	(11)

FINANCIAL RESULTS

Statement of Cash Flows – Financing Activities



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	2013 R'm	2012 R'm
Cash flows from financing activities	(443)	(534)
Acquisition of non-controlling interests	-	(11)
Proceeds from issue of share capital	5	7
Purchase of treasury shares	(48)	(46)
Distribution out of share premium	-	(179)
Share issue expenses incurred by subsidiary	(4)	-
Net decrease in borrowings	(396)	(305)



OPERATING ENVIRONMENT
Dr Jonathan Louw



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Single Exit Price (SEP)

- DoH model renders an 8.9% increase
- Implementation estimated to be April 2014

International Benchmark Pricing (IBP)

- Mainly affects products under patent
- DoH/Pricing Committee to determine how to progress in 2014
- Potential impact on Adcock Ingram cannot be determined

Logistics Fees

- Discussions with DoH ongoing
- Potential impact on Adcock Ingram is uncertain

No progress made on pricing regulations

Product Registrations

- Adcock Ingram continues to work with the MCC to reduce backlog
- Amendment Bill to enable SAHPRA: progress not anticipated before May 2014
- e-CTD pilot phase underway to establish faster registration process: Adcock Ingram participating

Complementary and Alternative Medicines Regulations (CAMS)

- Guidelines have been published
- Current requirements of safety, efficacy and quality as per the Medicine Act are now applicable

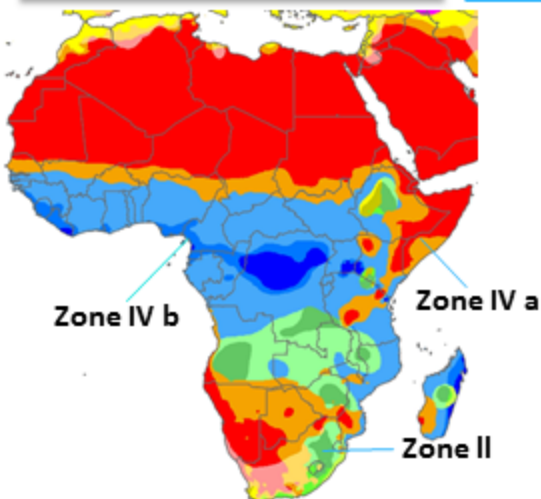
Draft Policy on Intellectual Property

- Draft IP Policy aims to create a common policy across government's departments
- Seeks to implement parallel importation and compulsory licensing
- Policy focuses on pharmaceuticals
- Impact uncertain without greater detail

Improvement in speed of product registrations

Rest of Africa

- Evolving regulatory framework aligned to stringent regulatory bodies e.g. WHO
- Progress on regulatory harmonisation slow with some advance in East and West Africa
- Adcock Ingram has specific capability for Zone IV b stability testing



New Stability Suite

India

- National List of Essential Medicines (NLEM) and Drug Price Control Order 2013
- Additional warning to be added to antibiotic labels
- Highly fragmented regulatory process

Significant capability for Zone IV b stability testing

OPERATING ENVIRONMENT

Level 3 B-BBEE contributor



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Key Challenges

Planned Actions

Sub-minimum 40%

Ownership

Maintain 10% subminimum for black shareholding

Enterprise Supplier Development

- Combination of Procurement and Enterprise Development

- Increased focus on spend with black owned (51%) and black women suppliers (31%)

Management Control

- Combination of Management Control and Employment Equity

- Align recruitment and retention of African, Coloured and Indian staff to Employee Active Population

Skills Development

- Spending on black employees is now 6% versus 3% of payroll
- Only accredited training conferences; seminars do not qualify as training

- Increase number of disabled learners
- Retain graduates, apprentices and disabled learners

Social Economic Development Programmes

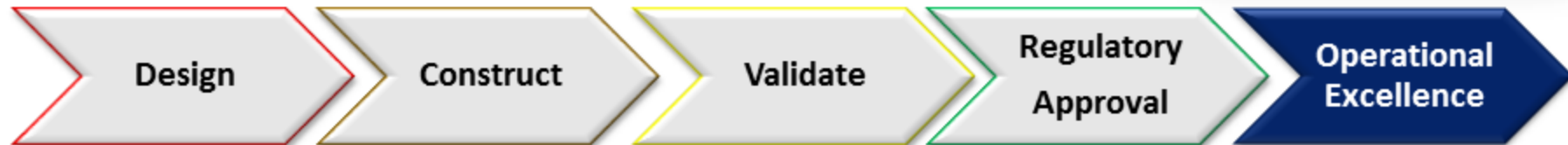
- Focus should be on Health and *not Education*

- Community development initiatives to focus on Health

A leading empowerment player in the healthcare industry

Leverage Capital Investments

- **Supply chain integration** across Adcock Ingram's value chain
- Increased **management accounting capability** across all operational units
- Upgrade **technical transfer** skills
- **Build leadership capacity**
- Procurement centralisation synergies
- Oracle alignment



Improve margins by reducing costs

Implementation of new technology and introduction of efficiencies

- Introduction of high speed automated systems
- Utility saving projects
- Eleven major continuous improvement projects
- Information and planning system upgrades from BPCS to Oracle 12



Improving Critical Care profitability

Improve capacity utilisation

- Leverage capacity to lower unit cost of production
- Focus on equipment and labour efficiency
- Centralisation at Clayville of all the South African laboratories
- Contract manufacturing



Striving for greater efficiencies

Expansion and refinement

- Leverage ARV tender volumes to reduce production costs
- Oral solid dosage capacity to be increased from 2 billion to 3 billion tablets/capsules
- Capacity will be increased further
- Two granulation suites
 - Two tableting machines
 - Three packing lines
- Transfer of liquid volumes to Clayville progressing
- Maintain FDA acceptance



Striving for greater efficiencies



BUSINESS PERFORMANCE



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PORTFOLIO of BRANDS



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Catering to an economically diverse customer base

MARKET LEADERS

7 of top 10 brands



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Sales Revenue

R50m – R99m

R100m – R149m

R150m+

Position in Market

No 1

allergex[®]

CITRO-SODA[®]

Corenza

BIOPLUS

ProbiFlora[™]

Panado[®]



No 2

Alcophyllex

GUARD

No 4

Compral

Source: IMS TPM-MAT Sept 2013. Panado measured in Paracetamol-only market

Source: Aztec MAT Sept2013,

Driving Category Leadership in our top brands

#1

Pharmacy Performance

- Category leadership in Pain, Colds & Flu, Allergy, Digestive Wellbeing and Feminine

Health



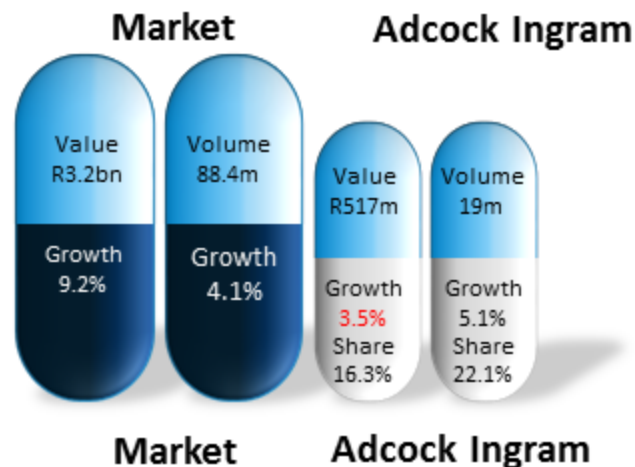
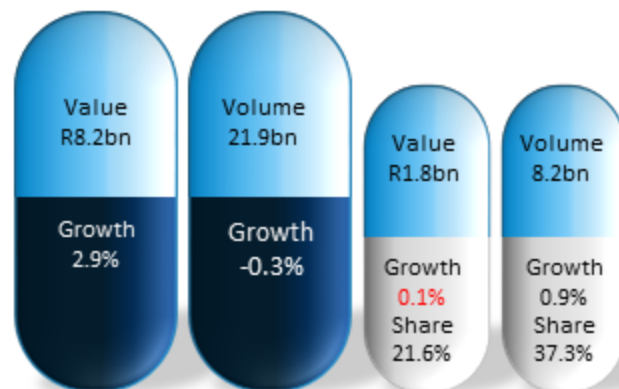
#2

FMCG Performance

- Category leadership in Supplements, Feminine Health, Digestive Wellbeing and #2 in Pain

OTC growth driven by mix

- Economy portfolio
- Single dose packs



Source: IMS TPM-MAT Sept 2013
Source: Aztec MAT Sept 2013

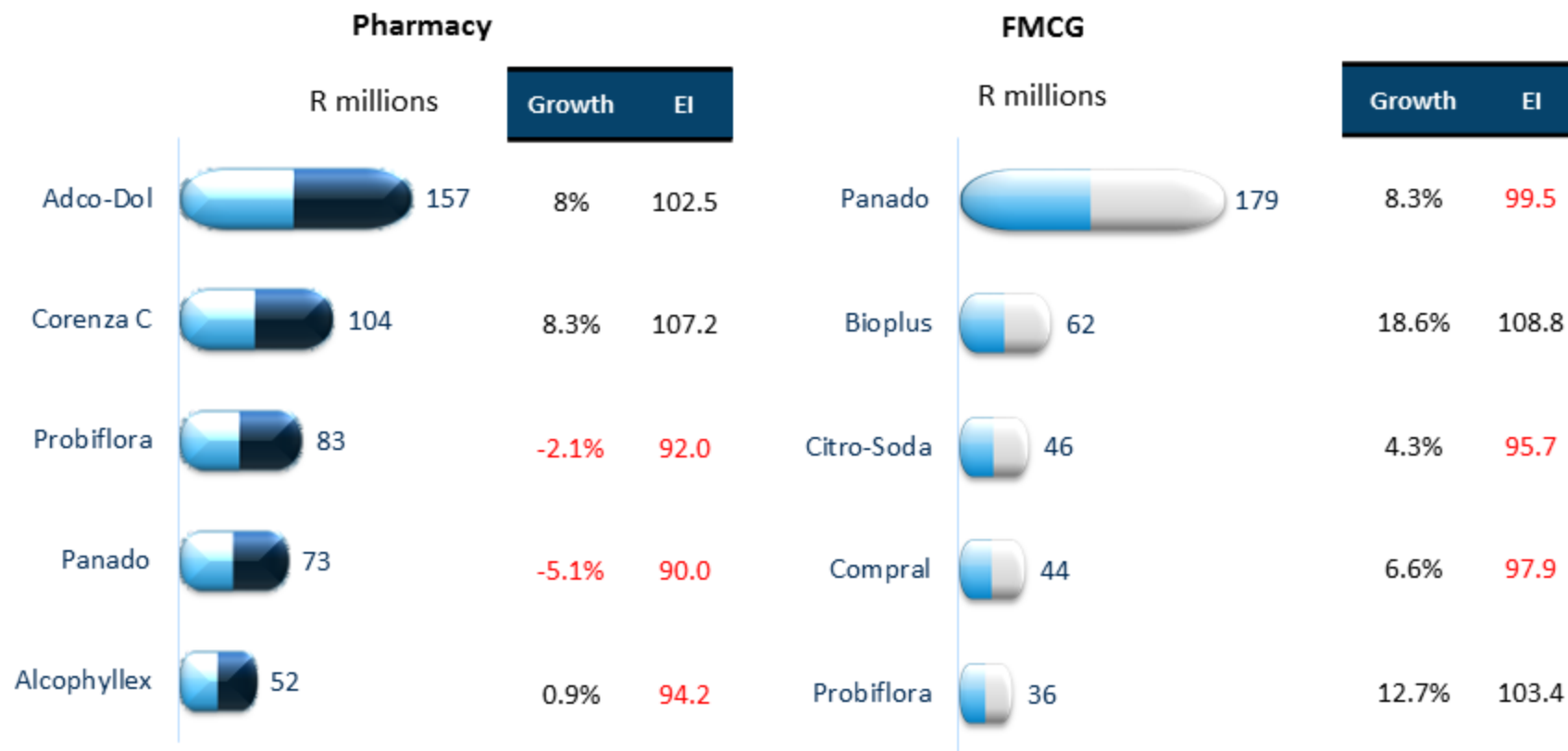
Adcock Ingram is the Number 1 Player in the OTC Market

PHARMACY and FMCG BRANDS

Performance



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Strategy focused on our top brands

Source: IMS TPM-MAT Sept 2013,
Source: Aztec MAT Sep 2013

STRATEGY IMPLEMENTATION

Pharmacy



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Defend and Grow the Core



Growth of Complementary



Market Leadership



Differentiation and Innovation



Consumer insights unlock brand growth



Relevant brand extensions



Umbrella branding



Market penetration strategy



Brand re-launches and renovation



Leverage basket to drive high visibility



Consumer insights unlock brand growth

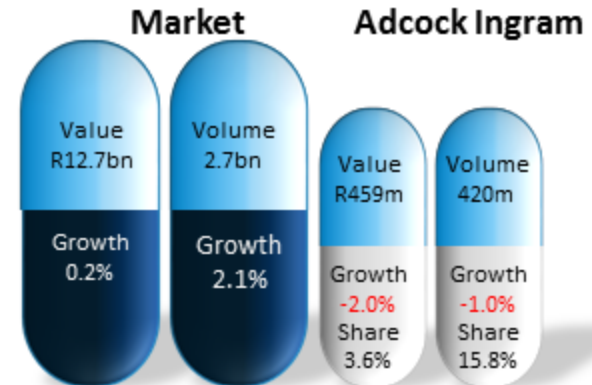
SPECIALISED HEALTHCARE

Delivering performance through collaboration



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- Largely dominated by multinationals
- Primarily competing with originator prescription medicines
- Category mostly higher priced, lower volume
- Funding pressure remains as funders continually squeeze costs
- Risk of generic and therapeutic substitution
- MNC data not reflected in IMS under Adcock Ingram



Includes MNC sales where Adcock Ingram does marketing, sales and distribution

Excludes brands where Adcock Ingram does **distribution only**

Excludes Renal business



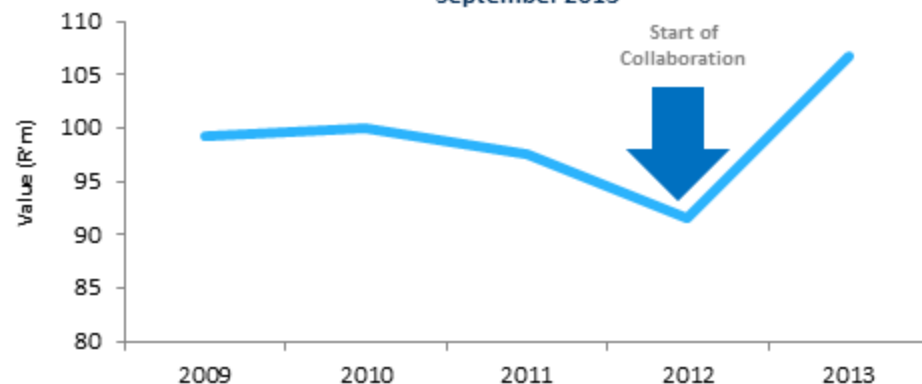
MNC COLLABORATIONS

Lundbeck



adcock Ingram

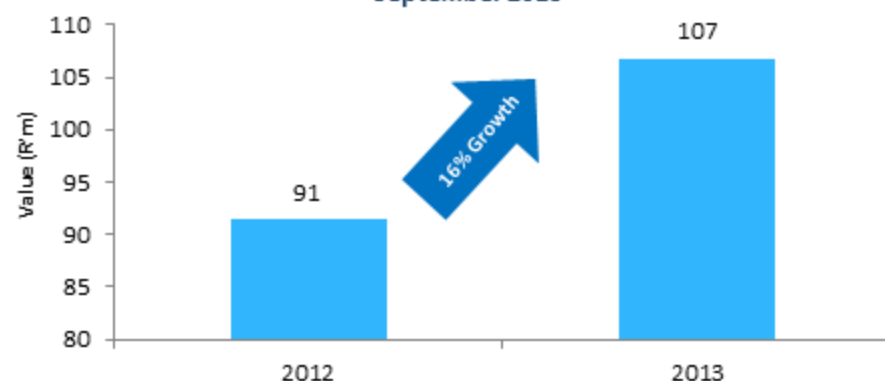
TOTAL LUNDBECK PORTFOLIO IMS MAT SALES September 2009 to September 2013



Immediate growth achieved at start of collaboration

- Double digit value growth attained on all brands
- Growth attained through:
 - Targeted promotional campaigns
 - Effective key account management
 - Marketing and sales effectiveness
 - Thought leader development
 - Collaboration partner support

TOTAL LUNDBECK PORTFOLIO IMS MAT SALES September 2012 vs. September 2013



Focused campaigns resulting in increased market shares

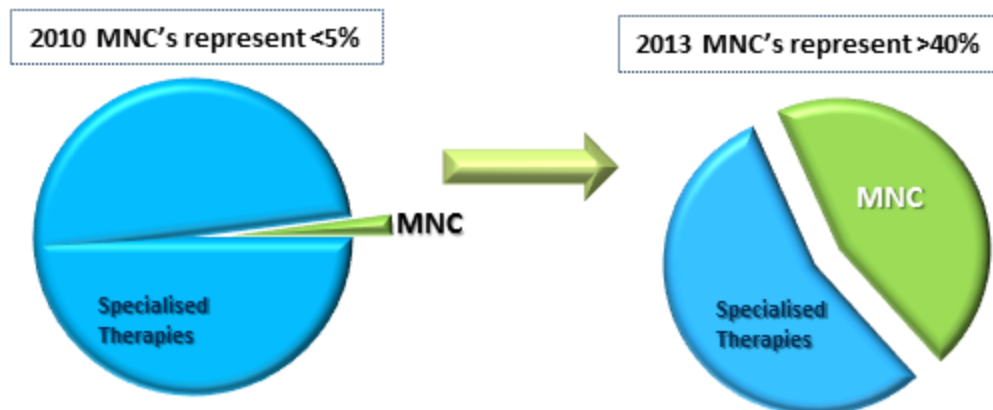


SPECIALISED THERAPIES

Strategic alliances



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Source: Pie Charts – IMS TPM Mat Sept 2010, 2013
Products and Alliances – Internal AI Information

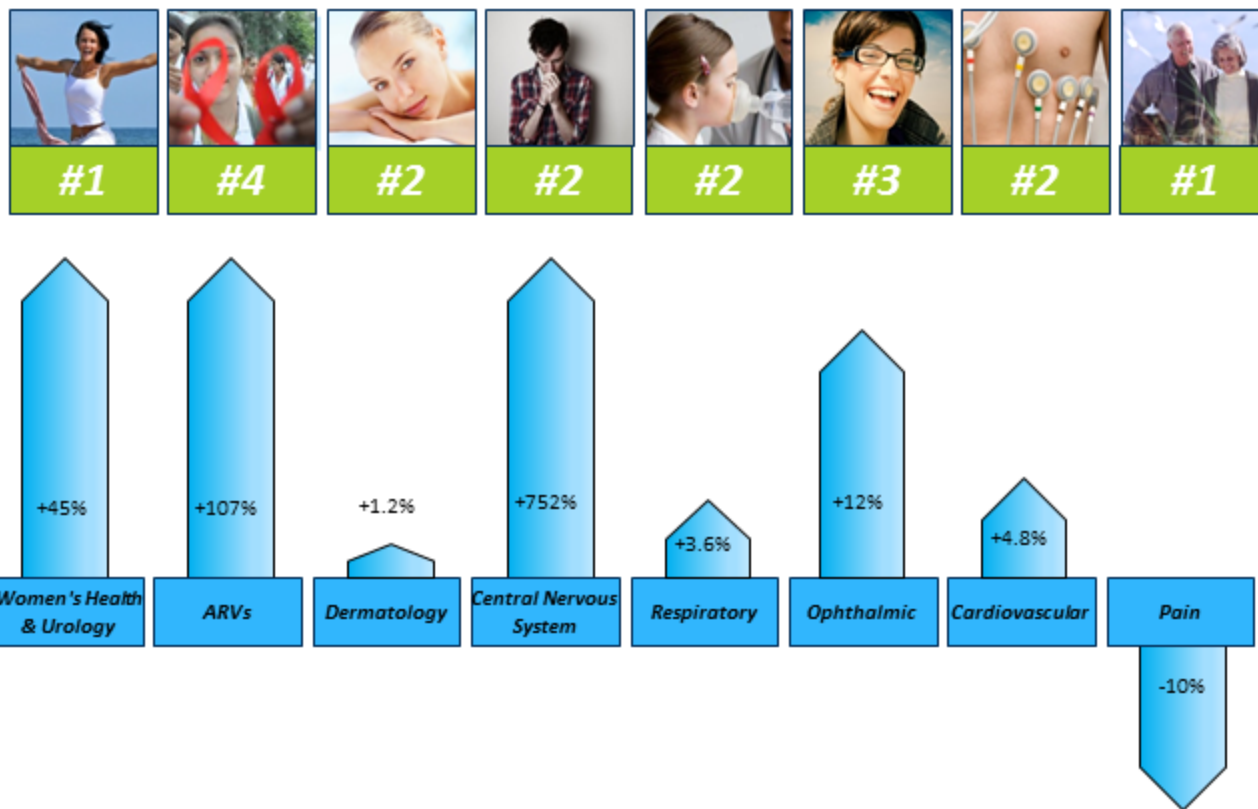
Expanding potential and reducing risk through Multinational Collaboration

SPECIALISED THERAPIES

Critical mass in therapeutic categories of choice



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Leadership positions created through successful strategies and execution

SPECIALISED THERAPIES

ARV franchise performance



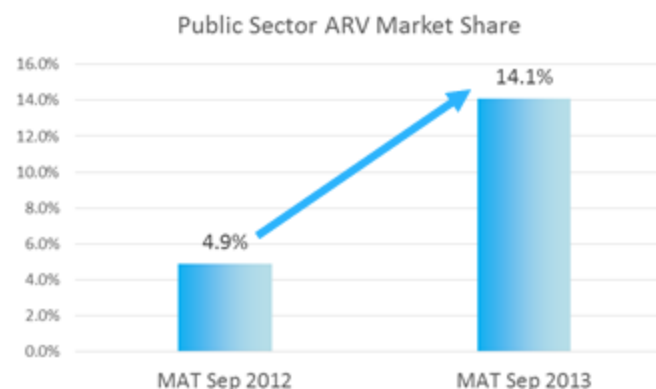
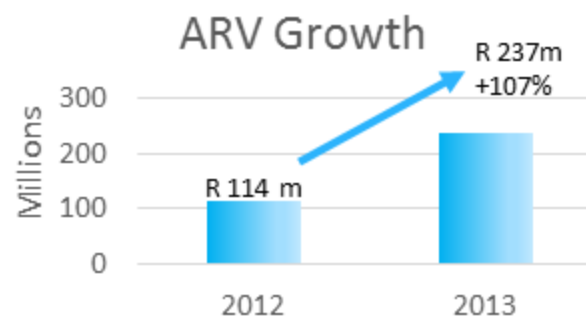
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Efficiency

- Enhancing our understanding of the complexity of diverse product manufacture
- Managing major ARV manufacturing growth
- Price increases being applied
- Managing cost

Relationship

- Building understanding of primary customer (DOH) through engagement and dedicated resources



Adcock Ingram ARV business has doubled

GENERICS

Pharmacy performance

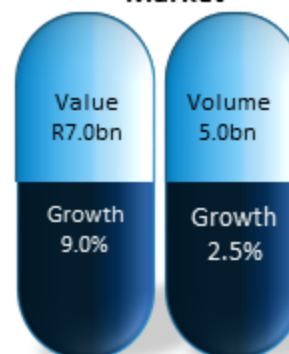


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Top 5 Brands

	Value Rm	Growth	EI
GEN-PAYNE	83.8	14.4	109.5
ADCO-ZOLPIDEM	59.9	-1.7	91.9
ADCO-SIMVASTATIN	55.4	5.7	109.5
ADCO-AMOCCLAV	23.5	-34.0	66.1
ZETOMAX	23.1	21.4	120.7

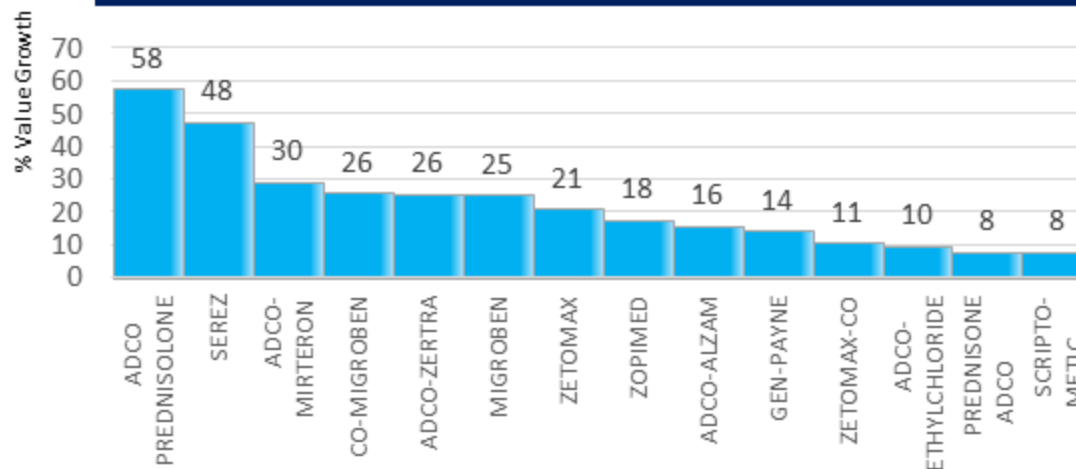
Market



Adcock Ingram



Growth in Focus Basket



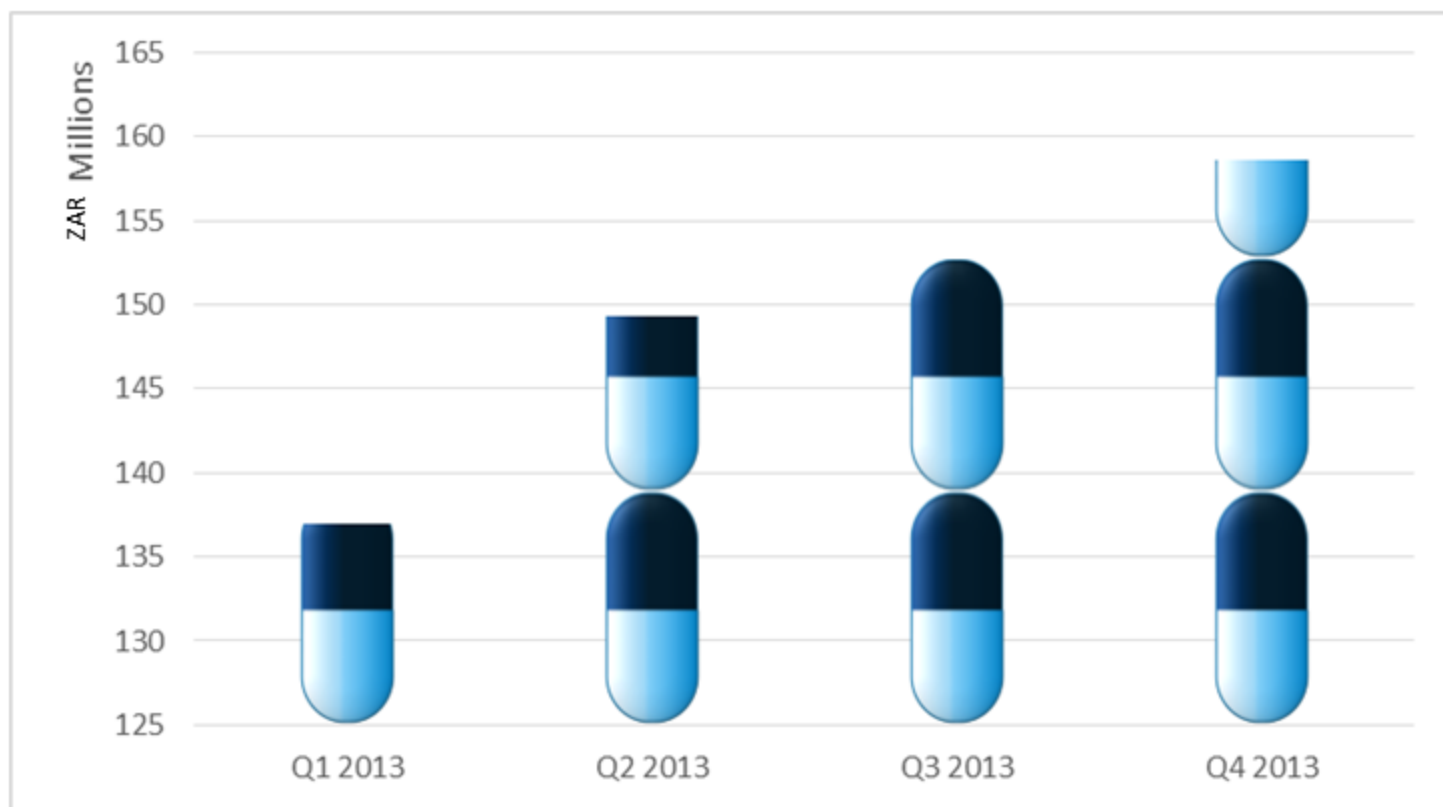
Adcock Ingram is ranked 2nd in Volume in the Generics Market

SUSTAINED GROWTH

Throughout the year



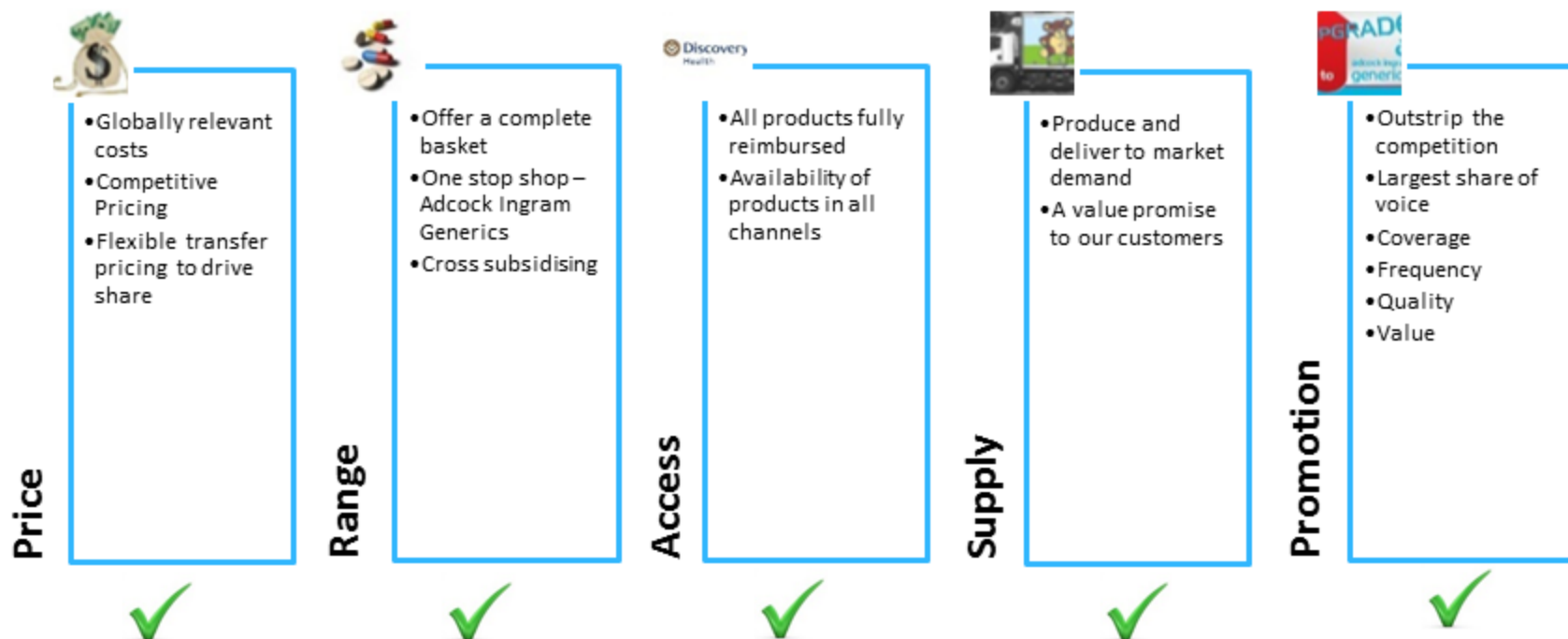
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Generics maintain consistent growth throughout 2013

Source: IMS TPM Quarterly 2013

ENSURING STRATEGIC LEVERAGE



Range
New molecules launched

Allopurinol
Terbinafine
Irbesartan
Metformin
Venlafaxine

Driving innovation to unlock growth

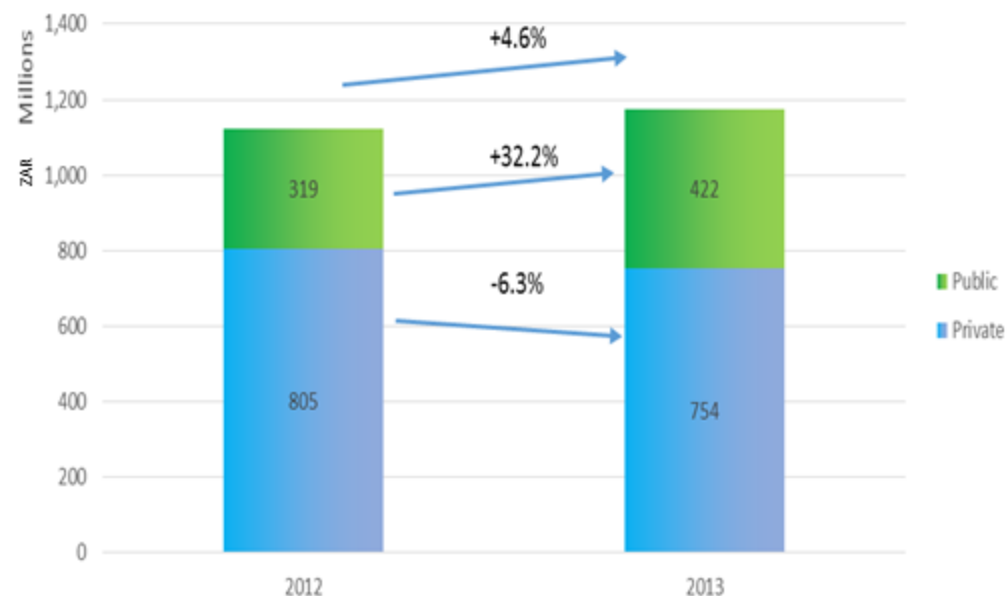
Market

- Operating environment remains challenging
- Adcock Ingram and the market continue to grow as private and public sectors increase capacity

However margins are under pressure

- Price deflation
- Exchange rate decline
- Input cost inflation
- Private/Public Sector sales mix

Adcock Ingram Hospital Sales Grow



Source: Internal Adcock Ingram Sales Data


Source – IMS TPM (Public Sector) - Quarterly MAT MAT Sep 2013

DIVERSIFICATION

Grow into adjacent categories




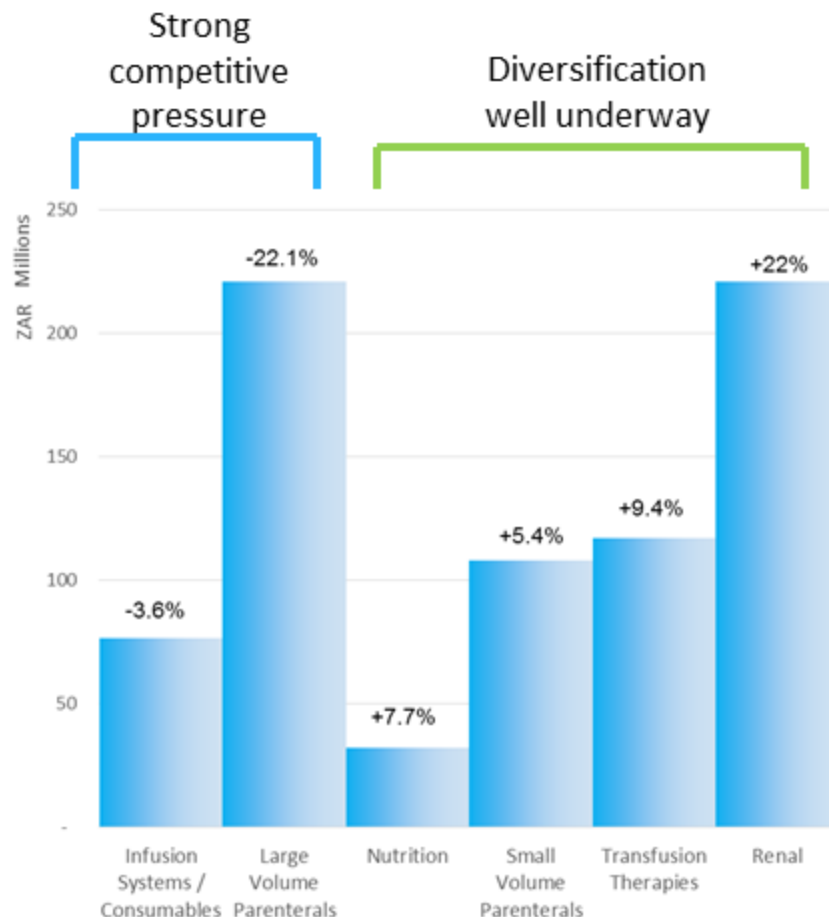
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Historical Portfolio

- Large volume parenterals
- Renal products
- Blood blags
- Limited consumables range


Critical Care



Portfolio additions

- IV Antibiotics
- Premixes
- Nutrition
- Biosciences
- Volume expanders
- TPN filter sets
- SVPs
- Nebulising solutions
- Blood filters
- Alyx

OliClinomel



Renal Portfolio

- NRC Relationship
- CRRT
- Haemodialysis
- Peritoneal Dialysis
- Renal Pharmaceuticals

Renal

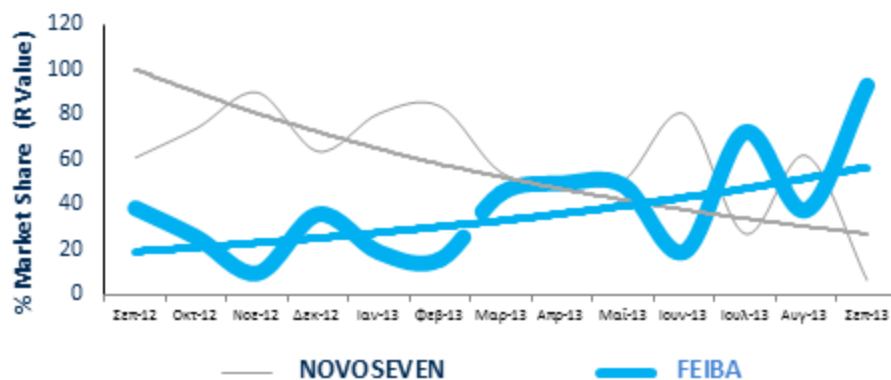
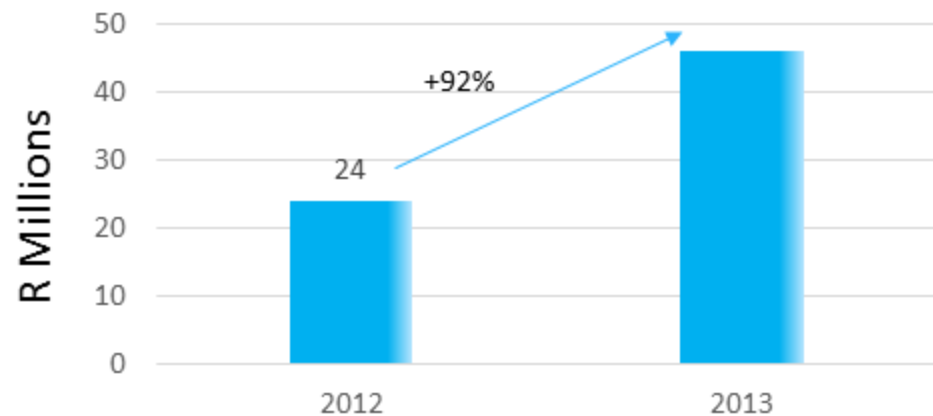
Innovation assisting the core business to grow

MARKET LEADERSHIP

Haemophilia



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Source : Adcock Ingram SalesData Sept 2013,
IMS TPM MAT September 2013

Revised strategies lead to unprecedented success



REST of AFRICA



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Heritage | Quality | Integrity

REST of AFRICA

A heterogeneous group of markets



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Ghana:

- Shareholding in Ayrton – 78.3%

Kenya:

- 100% owned subsidiary

Zimbabwe:

- Datlabs, a 100% owned subsidiary
- Manufacturing and distribution capabilities



Expanding footprint in Sub-Saharan Africa

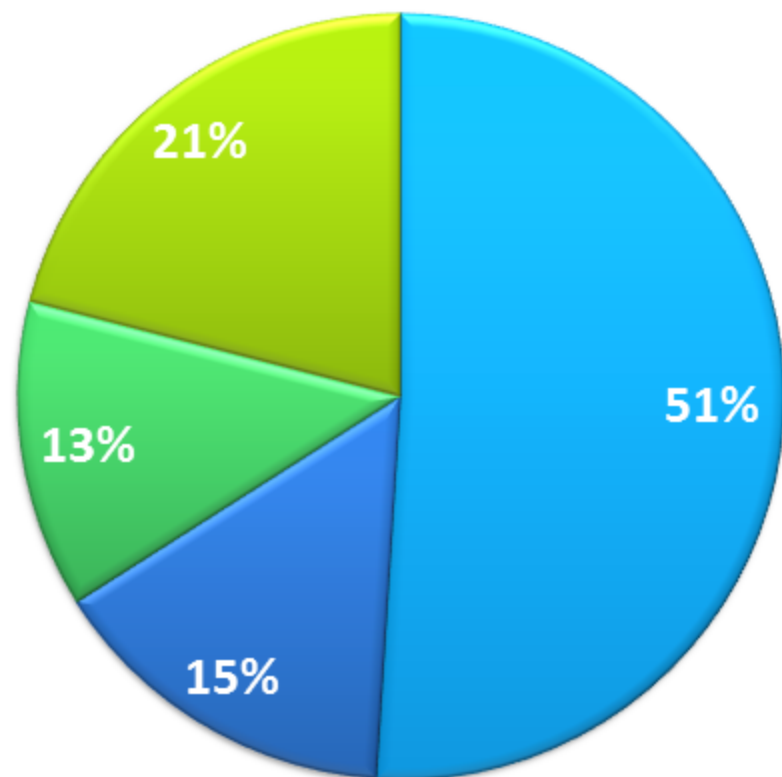
REST of AFRICA

Sales contribution



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- Ghana
- Kenya
- SADC (Exports)
- Zimbabwe



42% Growth 2013 versus 2012

REST of AFRICA

Market dynamics



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Affordability

Combining quality, convenience and an affordable price point

Diversity of markets

Small fragmented markets with disparate regulatory regimes

Growth of middle class diseases

Shifting disease profile from infectious to cardiovascular diseases

Access to healthcare

Poor healthcare infrastructure, under-diagnosis and under-treatment

Competition

Increasingly competitive environment



Tailor product offerings for diverse markets

REST of AFRICA

Innovation will drive growth



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- Build Adcock Ingram brand awareness
- Market-tailored formulations and flavours
- Leverage formulations into FMCG
- New packaging to increase appeal to a growing middle class



Establish one brand, one promise



INDIA



Heritage | Quality | Integrity

Current year performance

- Turnover of R 169 million in 8.5 months
- Investment criteria met

Integration

- Successful resolution of labour issues
- Smooth transition of the supply chain from Cosme to Adcock Ingram

Challenges

- GDP growth in India slows to 5%
- Pharma market growth in single digits
- New Pricing Policy

2014 Priorities

- Employee retention measures to control attrition
- Sales force effectiveness training to improve doctor call rate outcome
- Distribution & IT system will be given high priority

Established footprint in India

Iret Capsules: Acne
Launched: July 2013

Ferose XT Iron: Severe anaemia
Launched: July 2013

Densical Tablet: Calcium supplement
Launched: August 2013

Chymogram Plus: Mild to moderate pain
Launched: September 2013



Innovation contributes R3 million in three months

- CFR's offer is attractive as an emerging market company
- Portfolio and geographic expansion and diversification
- Adcock Ingram manufacturing capacity key to the merger

- Current economic climate of concern
- Risk of further margin compression remains due to depreciating Rand
- Potential of increased volumes for the public sector

- The multinational partner of choice strategy delivers attractive value
- New product launches in Africa and India



Adding value to life



APPENDIX



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TOTAL MARKET BREAKDOWN

South Africa MAT



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Market	Adcock Ingram
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Source: IMS TPM Sept 2012

Total Market	
Market	Adcock Ingram
Value: R 32.4 bn	Value: R 3.0bn *[9.4%]
Growth: 2.3%	Growth: 1.2%
CU: 44.0bn	CU: 11.3bn [25.8%]
Growth: -1.6%	Growth: 6.5%

Private Sector	
Market	Adcock Ingram
Value: R 28.0 bn	Value: R 2.9bn *[10.2%]
Growth: 3.1%	Growth: 0%
CU: 29.6bn	CU: 9.5bn [32.2%]
Growth: 0.4%	Growth: 1.3%

Public Sector	
Market	Adcock Ingram
Value: R 4.2 bn	Value: R 185m [4.3%]
Growth: -2.7%	Growth: 25.4%
CU: 14.5bn	CU: 1.8bn 12.7%
Growth: -5.4%	Growth: 45.1%

Prescription	
Market	Adcock Ingram
Value: R 19.7 bn	Value: R 1.1bn *[5.5%]
Growth: 3.1%	Growth: 0%
CU: 7.6bn	CU: 1.3bn [18%]
Growth: 2.4%	Growth: 3.5%

OTC (over the Counter)	
Market	Adcock Ingram
Value: R 8.4 bn	Value: R 1.8bn *[21.6%]
Growth: 2.9%	Growth: 0.1%
CU: 22.0bn	CU: 8.2bn [37.3%]
Growth: -0.3%	Growth: 0.9%

Original R&D products- (Patented & Non-patented original branded)	
Market	Adcock Ingram
Value: R 12.7 bn	Value: R 459m *[3.6%]
Growth: 0.2%	Growth: -2.0%
CU: 2.7bn	CU: 420m [15.8%]
Growth: 2.1%	Growth: -1.0%

Generics Off Patent >Schedule 3	
Market	Adcock Ingram
Value: R 7.0bn	Value: R 598m *[8.5%]
Growth: 9%	Growth: 0.8%
CU: 5.0bn	CU: 908m [18.1%]
Growth: 2.5%	Growth: 5.8%