

Adcorp Holdings Limited
Incorporated in the Republic of South Africa)
Registration number 1974/001804/06)
Share code: ADR
ISIN: ZAE000000139
("Adcorp" or "Adcorp Group" or "the Group")



UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

Salient features

- Earnings per share increased to 40,8 cents per share (2019: 413,3 cents loss per share)
- Headline earnings per share increased to 41,9 cents (2019: 5,1 cents headline earnings per share)
- Revenue from continuing operations decreased by 11% to R6,1 billion (2019: R6,9 billion restated*)
- Operating profit from continuing operations increased by 30% to R71 million (2019: R54 million restated*)
- Profit after tax from continuing operations increased to R17 million (2019: R470 million loss after tax restated*)
- Cash generated by operations increased to R861 million (2019: R110 million)
- Days Sales Outstanding (DSO) decreased to 46 days (2019: 51 days)
- Gearing ratio decreased to 45% (2019: 53%)

** Restated to classify Dare Holdings Proprietary Limited – Australia and Adcorp Support Services Proprietary Limited (Adcorp Financial Services segment) as assets held for sale.*

Overview

Adcorp's financial results for the six months ended 31 August 2020 were significantly improved notwithstanding the impact of the economic slowdown and continued trading limitations related to COVID-19. The COVID-19 lockdown trading restrictions have had a severe effect on revenues across all industries with a concomitant effect on the global staffing industry.

The preservation of revenue and margin under these abnormal circumstances has been challenging. Adcorp responded appropriately by curtailing costs, significantly increasing cash collections and extending credit terms. Resultantly, the Group's profits are higher than in the first half of the prior year largely due to rigorous management of operating costs to mitigate the impact of COVID-19. In addition, shareholders are reminded that the results for the FY2020 half year period were impacted by significant impairment of the goodwill in some of the Group's resourcing businesses. In the current financial year, none of the companies where goodwill exists have been found to be impaired in the first half of the year.

The liquidity management measures and interventions introduced to mitigate the impact of COVID-19 continue to remain firmly in place. Particularly pleasing was the impact of improved collections on accounts receivable in South Africa, which resulted in cash generated from operations for the period of R861 million (R110 million for the six months to 31 August 2019), largely driven by a decrease in trade and other receivables of approximately R513 million. The improved collections and reduction in the accounts receivable book has also significantly reduced the credit risk for the remaining book. Australia net debt has improved in the last six months to a credit position of R5 million, raising the possibility of intercompany loan repayments to the South African operations going forward.

Prospects

The operational outlook for Adcorp is promising notwithstanding the precarious market conditions. Certain parts of our business are ideally suited to a flexible staffing solution amidst market volatility. The

global staffing industry expects to see reliance on project-based terms and short-term contracts creating market opportunities over the next few years.

The Adcorp Group remains a going concern with sufficient liquidity to continue with all operating activities for the foreseeable future.

This short form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. The full announcement is available on the JSE website <https://senspdf.jse.co.za/documents/2020/jse/isse/ADR/int2020.pdf> and on the Group's website at <https://www.adcorpgroup.com/interimresultsbooklet2020>. Copies of the full announcement may also be requested from the Group's registered office and at the office of the Group's sponsors during office hours 8:00 - 16:00, Monday - Friday at no cost at the contact details below. Any investment decision should be based on the contents of the full announcement available on the JSE's website and the Group's website.

These interim results have not been audited or reviewed by the Group's auditors.

On behalf of the Board

GT Serobe
Chairman

PM Roux
Chief Executive Officer

N Prendergast
Chief Financial Officer

25 November 2020

Sponsor

PSG Capital



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