

ANNUAL RESULTS  
Year ended 29 February

2024

adcorp

Connecting Human Potential

The statements contained herein may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements, include without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to operations, margins, overall market trends, risk management and exchange rates. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements apply only as of the date on which they are made, and Adcorp undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.



# Agenda

## Overview

- Key indicators
- General business environment
- Business model
- Performance overview
- Dividend declaration

Dr John Wentzel

Chief Executive Officer

## Financial and Operational Overview

- Income statement
- Segmental overview
- Balance sheet
- Cash flow

Noel Prendergast

Chief Financial Officer

## Closing

- Investment Case
- Outlook

Dr John Wentzel

Chief Executive Officer



# Overview

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Dr John Wentzel  
Chief Executive Officer







Revenue  
growth



Margins  
down



Debt  
free



Csat  
scores up



Employee  
engagement  
up



Total HEPS &  
EPS up



Continuing  
HEPS & EPS  
down



Dividend  
declared



## Weak Economy

South Africa experienced anemic economic growth, with GDP growth below 1%

## High inflation

The country faced high inflation, particularly affecting fuel and food prices

## Interest Rate Increases

In response to inflation, the South African Reserve Bank continued to raise interest rates

## Political Uncertainty

The upcoming elections introduced additional uncertainty

## Energy Supply Issues

Persistent energy supply constraints, notably load shedding, significantly affected client operations

## Labour Market Challenges

High unemployment rates continued to challenge the job market

## Economic Recovery

Australia's economy continued to recover from the pandemic, and the impact of Russia's invasion of Ukraine

## Low Unemployment

The country maintained relatively low unemployment rates

## Interest Rates Stable

Unlike South Africa, Australia experienced stable or slightly reduced interest rates

## Sector-Specific Demands

There was significant demand in blue collar and healthcare sectors

## Migration Policies

Changes in migration policies affected the availability of skilled labour

## Impact of Government Policies

National government has placed significant emphasis on enhancing job security





## Diverse Service Offerings

Adcorp provides a broad range of staffing services including contingent staffing, professional services, and functional outsourcing.



## Geographical Diversification

The company operates in two major markets: South Africa and Australia. This geographical spread helps mitigate risks associated with economic fluctuations.



## Client-Centric and Brand-Focused Approach

Adcorp's strategy emphasises brand-centric customer service and decentralised operations.



## Sector Specialisation

Developed expertise in specific sectors such as technology, outsourcing, and industrial staffing.



## Flexibility and Adaptability

Adcorp's ability to provide a broad spectrum of employment types, from full-time roles to gig and freelance opportunities, underscores its commitment to flexibility.



1

## Robust Revenue Growth

Achieved a 7.7% increase in revenue, marking consecutive years of growth despite a challenging global staffing market

2

## Financial Health

Remained debt-free with strong management of working capital, although faced margin contraction and a decrease in gross profit margin

3

## Operational Resilience

Demonstrated strong performance in the Contingent Staffing division across both geographies

4

## Strategic Initiatives

Advanced the Brandshift strategy focusing on decentralisation and brand-centric customer service

5

## Challenges and Adaptations

Addressed significant market and economic challenges with strategic restructuring, including brand optimisation and leadership changes



## FINAL DIVIDEND DECLARED

**24,2** cps

2023 16,5 cps



46.7%

## TOTAL NORMAL DIVIDEND DECLARED

**40,3** cps

2023 28,7 cps



40.4%

Through share buybacks, ordinary and special dividends, Adcorp has returned R248m to shareholders since 2021



# Financial and Operational Overview

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Noel Prendergast  
Chief Financial Officer



## REVENUE from continuing operations

**R13,0<sup>bn</sup>**  7.7%

2023 R12,0bn

## GROSS PROFIT

**R1,26<sup>bn</sup>**  (2.0%)

2023 R1,28bn

## PROFIT AFTER TAX from continuing operations

**R88,0<sup>m</sup>**  (27.1%)

2023 R120,8m

## TOTAL PROFIT AFTER TAX

**R88,0<sup>m</sup>**  115.9%

2023 R40,8m

## CASH GENERATED FROM OPERATIONS\*

**R248<sup>m</sup>**

prior to investment in  
working capital of R124m

## NET CASH POSITION OF

**R204<sup>m</sup>**

excluding restricted cash

## FINAL DIVIDEND DECLARED

**24,2<sup>cps</sup>**

2023 16,5 cps  46.7%

## EARNINGS PER SHARE from continuing operations

**83,8<sup>cents</sup>**  (26.9%)

2023 114,7 cents

## TOTAL EARNINGS PER SHARE

**83,8<sup>cents</sup>**  124.7%

2023 37,3 cents

## HEADLINE EARNINGS PER SHARE from continuing operations

**83,8<sup>cents</sup>**  (43.3%)

2023 147,8 cents

## TOTAL HEADLINE EARNINGS PER SHARE

**83,8<sup>cents</sup>**  37.2%

2023 61,1 cents



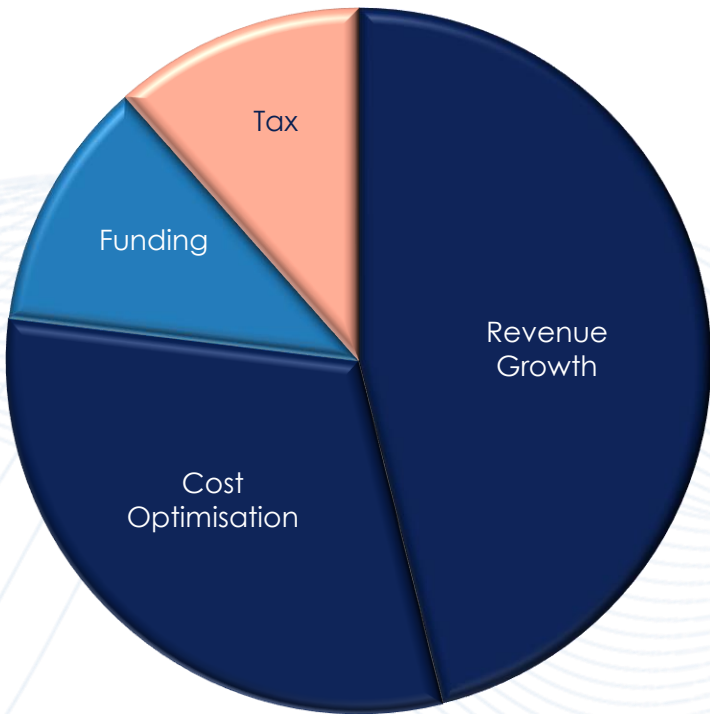
# Summarised consolidated statement of profit and loss

adcorp

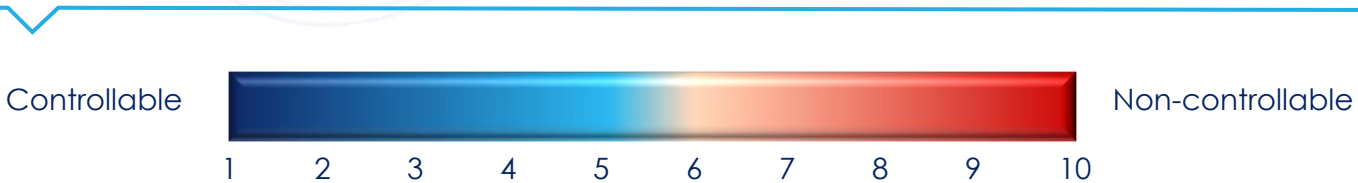
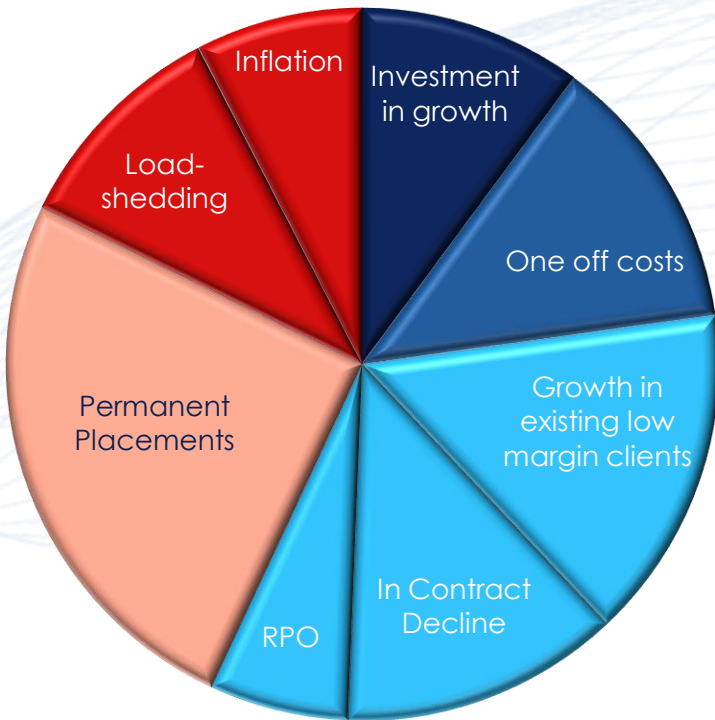
R'000	Audited Year end Feb 2024	Audited Year end Feb 2023	Var %
Revenue	12 982 141	12 048 951	7.7%
Cost of sales	(11 725 110)	(10 766 543)	8.9%
Gross profit	1 257 031	1 282 408	(2.0%)
Gross profit %	9.7%	10.6%	
Other income	24 857	19 743	25.9%
Operating expenses	(1 073 451)	(1 018 583)	5.4%
EBITDA	208 437	283 568	(26.5%)
EBITDA %	1.6%	2.4%	
Depreciation and amortisation	(79 947)	(85 491)	(6.5%)
Depreciation of PPE and amortisation	(26 431)	(30 957)	(14.6%)
Depreciation of right of use assets (IFRS 16)	(53 516)	(54 534)	(1.9%)
Operating profit	128 490	198 077	(35.1%)
Operating profit margin %	1.0%	1.6%	
Net cost of funding	(38 770)	(45 392)	(14.6%)
Net cost of loan funding	3 845	(1 302)	(395.3%)
Lease liability interest (IFRS 16)	(42 615)	(44 090)	(3.3%)
Impairments, derecognition of lease liabilities & ROUA and profits/(losses) on the disposal of businesses	216	(34 172)	(100.6%)
Profit before taxation	89 936	118 513	(24.1%)
Taxation expense	(1 894)	2 241	(184.5%)
Profit for the year	88 042	120 754	(27.1%)
<b>Continuing operations</b>	<b>88 042</b>	<b>120 754</b>	<b>(27.1%)</b>
<b>Discontinued operations</b>	<b>-</b>	<b>(79 980)</b>	<b>(100.0%)</b>
	<b>88 042</b>	<b>40 774</b>	<b>115.9%</b>

- Revenue increased by 7.7%
- Gross profit reduced by 2.0%
- Operating expenses increased by 5.4% including once-off costs of R26 million
- EBITDA margin lower by 0.8%
- Funding costs (excl lease liability interest) in a net positive position (income)
- Effective tax rate of 2.1%

Positive impact on income statement

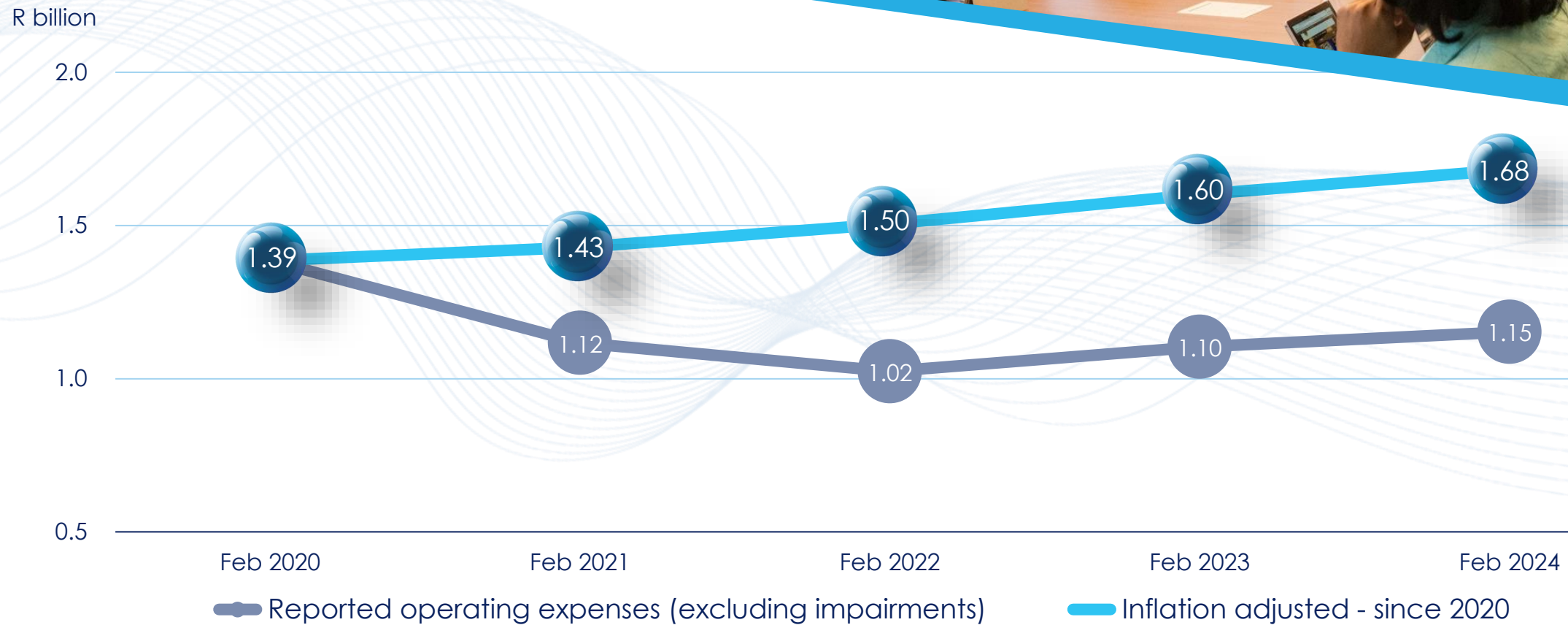


Negative impact on income statement





# Operating expenses



# Segmental performance

R'000	Revenue		Gross profit		EBITDA	
	Audited Year end Feb 2024	Audited Year end Feb 2023	Audited Year end Feb 2024	Audited Year end Feb 2023	Audited Year end Feb 2024	Audited Year end Feb 2023
<b>Total South Africa</b>	<b>6 870 829</b>	6 668 343	<b>734 574</b>	784 016	<b>101 892</b>	156 106
Contingent Staffing - South Africa	<b>3 788 111</b>	3 591 607	<b>431 566</b>	432 628	<b>288 884</b>	295 236
Functional Outsourcing - South Africa	<b>1 136 882</b>	1 129 795	<b>81 714</b>	81 714	<b>47 593</b>	61 247
Professional Services - South Africa	<b>1 945 836</b>	1 946 941	<b>221 294</b>	260 428	<b>108 395</b>	155 461
Business Support - South Africa	-	-	-	-	<b>(342 980)</b>	(355 838)
<b>Total Australia</b>	<b>6 111 312</b>	5 380 608	<b>522 457</b>	498 392	<b>106 545</b>	127 462
Contingent Staffing - Australia	<b>1 900 714</b>	1 408 709	<b>169 604</b>	127 775	<b>46 396</b>	41 363
Professional Services - Australia	<b>4 210 598</b>	3 971 899	<b>352 853</b>	370 617	<b>113 742</b>	119 346
Business Support - Australia	-	-	-	-	<b>(53 593)</b>	(33 247)
<b>Total Group</b>	<b>12 982 141</b>	12 048 951	<b>1 257 031</b>	1 282 408	<b>208 437</b>	283 568





Offering tailored workforce solutions across Australia specialising in blue-collar, industrial and food processing recruitment, striving to match the right candidates with the right jobs.

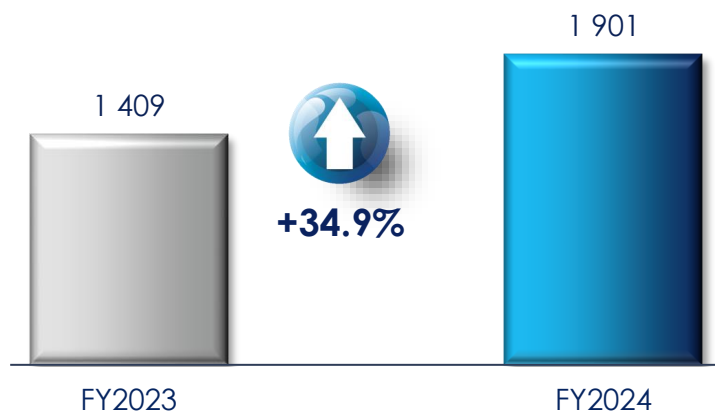
[www.laboursolutions.com.au](http://www.laboursolutions.com.au)



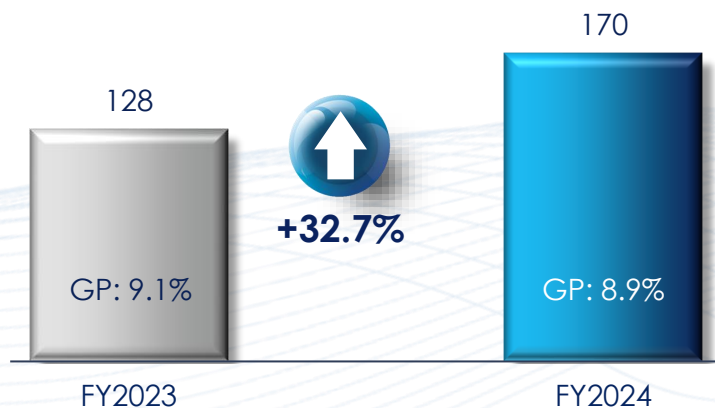
Operating in Australia's healthcare sector providing reliable, compliant, and suitably qualified healthcare professionals. Offering specialised recruitment services including allied health, aged care and hospital staffing.

[www.laboursolutions.com.au/employers/healthcare-recruitment](http://www.laboursolutions.com.au/employers/healthcare-recruitment)

## Revenue – Rm



## Gross profit – Rm



- Stellar top-line and gross profit growth
- Numerous significant wins, including new contracts with major clients in the manufacturing, industrial, and healthcare sectors
- Demand for agricultural and protein products driven by increased exports underpinned the growth in demand for LSA services, especially utilising the PALM scheme
- Gross margins remained robust with minimal margin erosion experienced
- Continued to invest heavily in working capital to drive the growth
- Launched LSA Health with good traction in the market as the demand for aged care workers persisted
- Australian market continues to grapple with blue collar labour shortages. This shortage is expected to persist and worsen in the short and medium term
- Strategically positioned to capitalise on existing and new opportunities



A leading provider of flexible staffing solutions, specialising in blue-collar temporary staffing across major industries. BLU offers a comprehensive range of services including workforce sourcing, screening, management, payroll and HR administration.

[www.blubyadcorp.com](http://www.blubyadcorp.com)



A private higher education institution that specialises in vocational and higher education, focusing on upskilling, re-skilling, and future-skilling across various sectors.

[www.pmi-sa.co.za](http://www.pmi-sa.co.za)



Specialises in providing front and back of house staffing solutions for the hospitality industry. Zest focusses on recruiting, developing, and managing staff to deliver exceptional customer experiences.

[www.zesthospitality.co.za](http://www.zesthospitality.co.za)

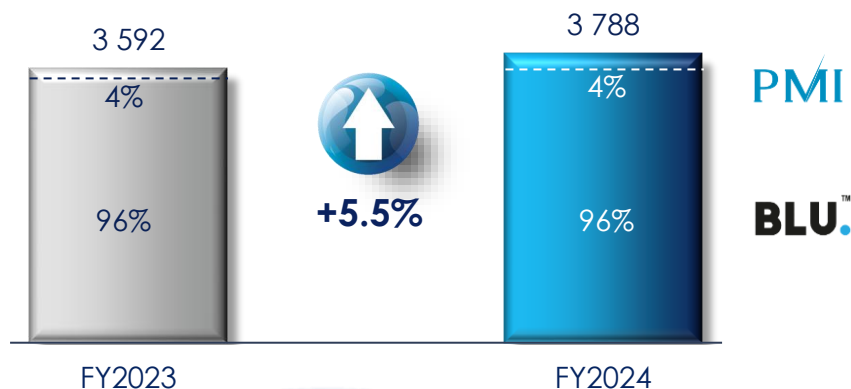


Specialises in providing disability placement services and disability training solutions. Also manage learnerships providing opportunities for employers to engage with persons with a disability.

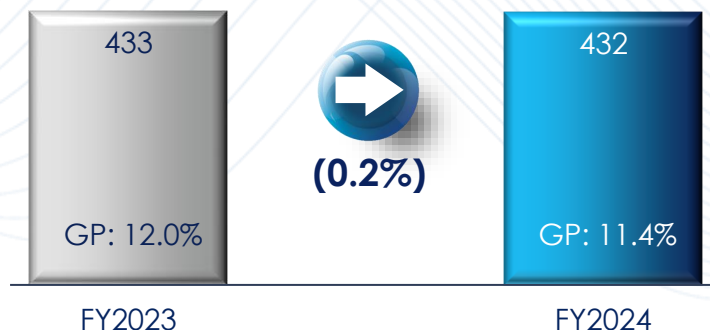
[www.ican-sa.co.za](http://www.ican-sa.co.za)



## Revenue – Rm



## Gross profit – Rm



- Robust demand for contingent staffing despite the significant challenges South Africa faced
- Companies seek more flexible solutions due to persistent load shedding and other infrastructure challenges in the country
- Incorporation of PMI yielded dividends
- Division faced significant margin pressures. Clients seek cost savings to deal with their own challenges in their core business and the resultant product mix has moved toward lower margin services
- Costs were well contained, but cost savings were unable to offset the margin pressure the division endured
- Re-entered the hospitality sector with the relaunch of the Zest brand
- Lateral expansion into occupational health

BLU™

PMI

zest  
HOSPITALITY

liCAN



Specialising in outsourced business solutions that leverage technology to enhance operational efficiency and productivity. FunxionO offers a range of services including process automation, data analytics, and workforce planning.

[www.funxiono.co.za](http://www.funxiono.co.za)



A Business Process Outsourcing provider offering customised solutions to enhance customer service and support. Telvuka provides comprehensive services, including inbound and outbound customer interactions.

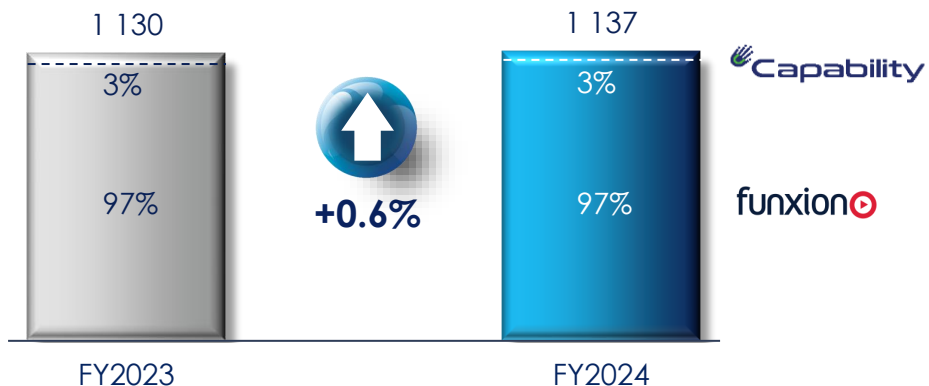
[www.telvuka.com](http://www.telvuka.com)



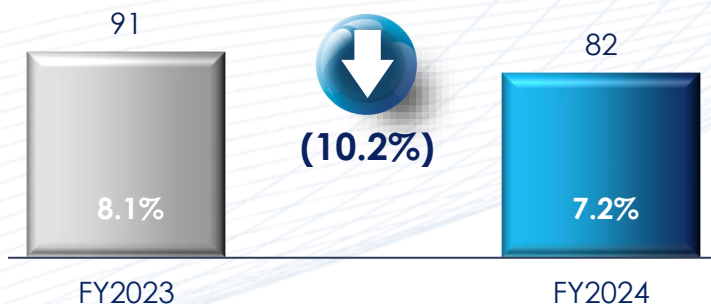
Specialises in high-performance, specialised cleaning services tailored to meet the stringent requirements of industries such as food processing, manufacturing, and distribution centres.

[www.capabilitycleaning.co.za](http://www.capabilitycleaning.co.za)

## Revenue – Rm



## Gross profit – Rm



- Strong new sales growth was achieved but offset by a revenue decline with a major client
- Decision-making by clients on significant outsourcing opportunities slowed
- Margins came under pressure for the majority of the year, in particular with FMCG clients
- Logistics clients also saw a fall in demand as domestic growth in South Africa stalled
- Expanded into the BPO sector via Telvuka, BPO remains one of the few staffing growth areas in South Africa
- Core FunxionO brand delivered double-digit revenue growth as a focus on more specialised offerings delivered results



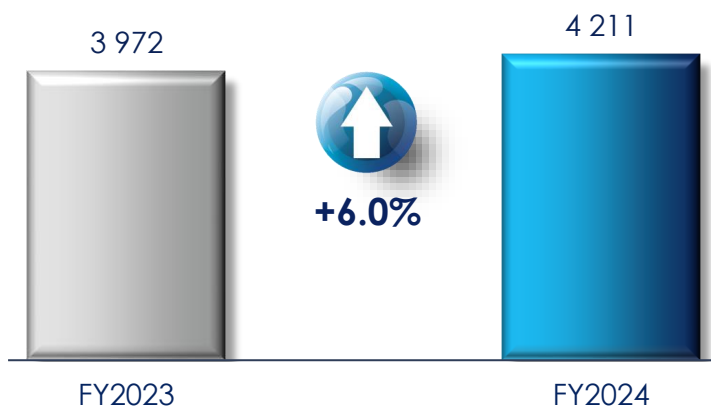
## paxus

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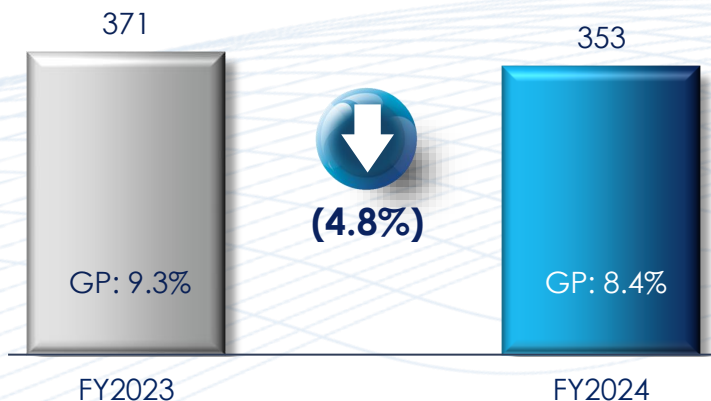
A leading IT recruitment agency, providing extensive services in IT contract recruitment, permanent staffing, and talent solutions. They offer specialised services across various sectors including AI, cybersecurity, and software development.

[www.paxus.com.au](http://www.paxus.com.au)

## Revenue – Rm



## Gross profit – Rm



- Demonstrated agility through a continued focus on new business expansion
- Several large customers secured across Banking & Finance, State and Federal Government, and the Digital sector
- Technology and digital sector faced numerous headwinds, similar to global trends
- Product mix also changed with clients moving to cheaper resources with lower margins
- Early optimism that the high margin permanent placement business would return did not materialise and had a significant impact on gross margin
- Strategically expanded into RPO and have gained initial wins in this space



A leading IT staffing specialising in technology solutions and staffing services across various industries. Paracon empowers businesses through innovative IT strategies and a robust talent pool, aiming to enhance operational efficiencies.

[www.paracon.co.za](http://www.paracon.co.za)



A premier South African recruitment agency specializing in the placement of scarce and specialized skills across various sectors including finance, IT, engineering, and supply chain management.

[www.dav.co.za](http://www.dav.co.za)



Focused on connecting top talent with leading employers. It offers temporary, permanent, and project staffing solutions into white collar professional sectors.

[www.quest.co.za](http://www.quest.co.za)



Charisma Healthcare specializes in recruiting and staffing nurses and healthcare workers for both private and public healthcare sectors in South Africa. Charisma provides highly trained and reliable nursing professionals.

[www.charismahealthcare.co.za](http://www.charismahealthcare.co.za)



Kelly provides comprehensive recruitment solutions from general admin to executive levels, emphasizing rapid, personalized service and strong client relationships.

[www.kelly.co.za](http://www.kelly.co.za)



Is an online job portal that connects job seekers with employment opportunities across various industries. Jobvine also supports freelancers by providing a community and marketplace for freelance work.

[www.jobvine.co.za](http://www.jobvine.co.za)



TalentCRU specialises in tailored recruitment solutions, including Recruitment Process Outsourcing and Managed Services Provider programs. TalentCRU specialises in providing scalable, bespoke services that meet the specific needs of their clients.

[www.talentcru.co.za](http://www.talentcru.co.za)

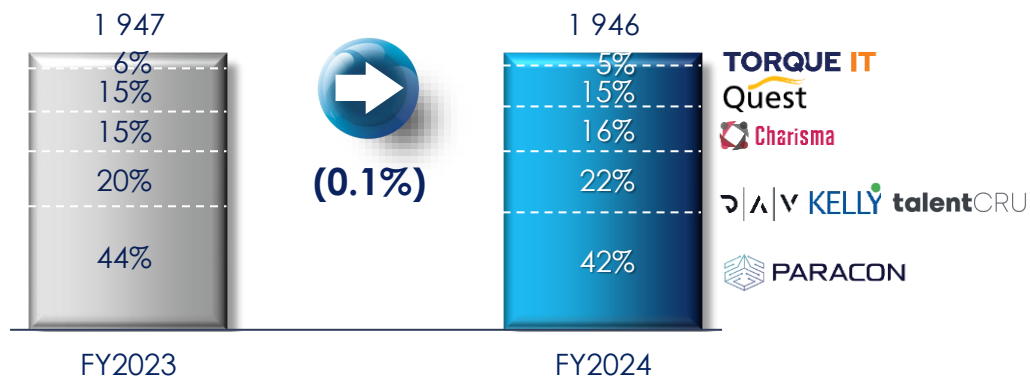


A premier IT training and certification academy in South Africa, specializing in vendor-authorized, instructor-led training aimed at enhancing IT skills across various technologies.

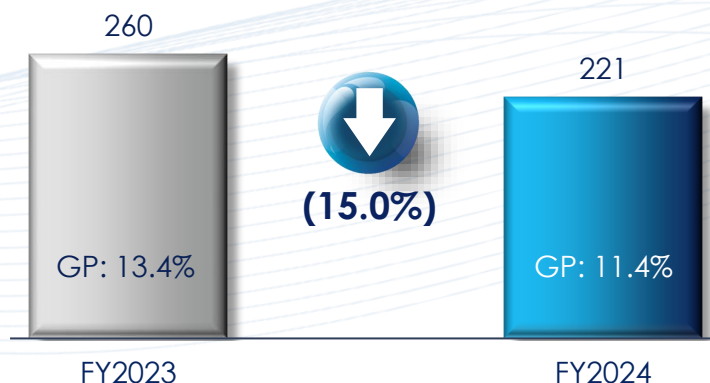
[www.torque-it.com](http://www.torque-it.com)



## Revenue – Rm



## Gross profit – Rm



- Paracon achieved revenue growth for the first time in six years
- Strategic acquisition of Jobvine
- Revitalised iconic brands Kelly and DAV
- Recovery in permanent placements has not yet materialised
- MSP and RPO did not experience similar demand to prior year
- Charisma continues to be impacted by a shortage of nurses
- Torque IT delivered satisfactory results
- Quest delivered similar revenue
- Challenging year for the professional services division
- Margin compression most acutely felt in this division
- Strong foundation for the future

PARACON

Quest

KELLY

talentCRU

K|A|V

Charisma

JOBVINE

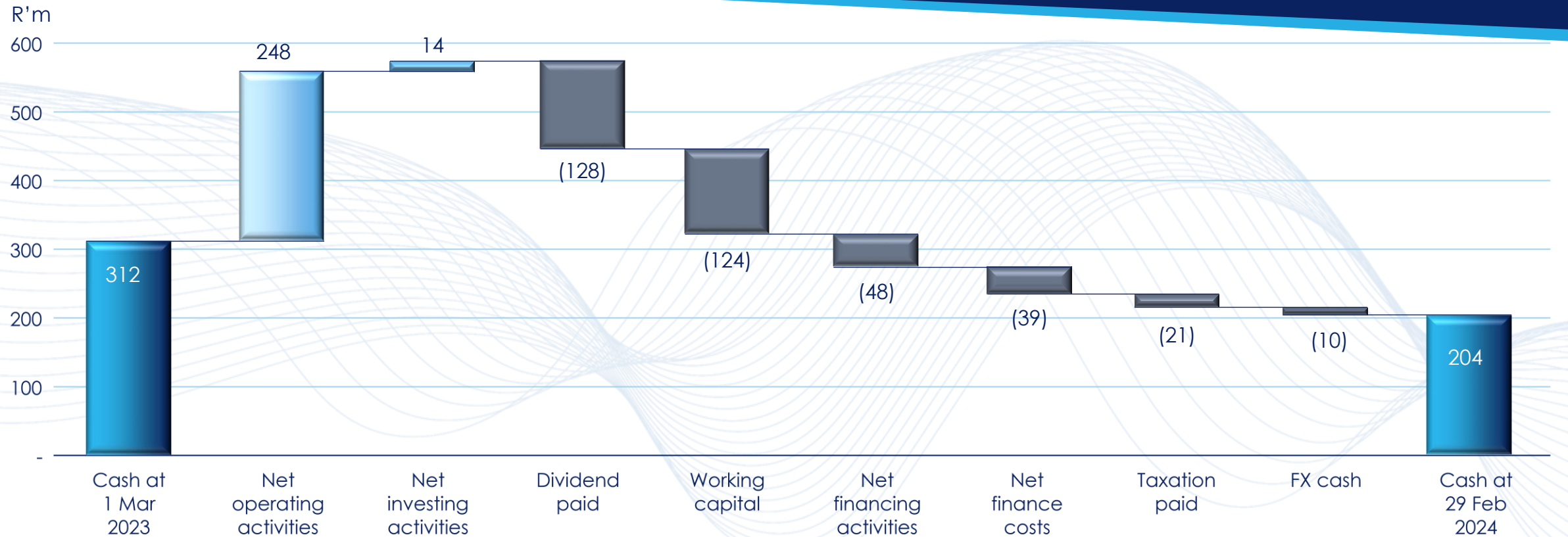
TORQUE IT

# Summarised statement of financial position

R'000	Audited Year end Feb 2024	Audited Year end Feb 2023
<b>Assets</b>		
Property and equipment	24 678	30 811
Right-of-use lease assets	249 800	291 785
Intangible assets and Goodwill	624 829	636 379
Investment and other financial assets	-	21 074
Tax and deferred tax asset	251 629	248 790
Trade and other receivables	1 696 577	1 517 278
Cash and cash equivalents	275 249	415 548
<b>Total assets</b>	<b>3 122 762</b>	<b>3 161 665</b>
<b>Equity and liabilities</b>		
Capital and reserves	1 459 705	1 534 677
Lease liabilities	379 140	409 410
Tax and deferred tax liability	66 487	83 834
Provisions, trade and other payables	1 217 430	1 133 744
<b>Total equity and liabilities</b>	<b>3 122 762</b>	<b>3 161 665</b>

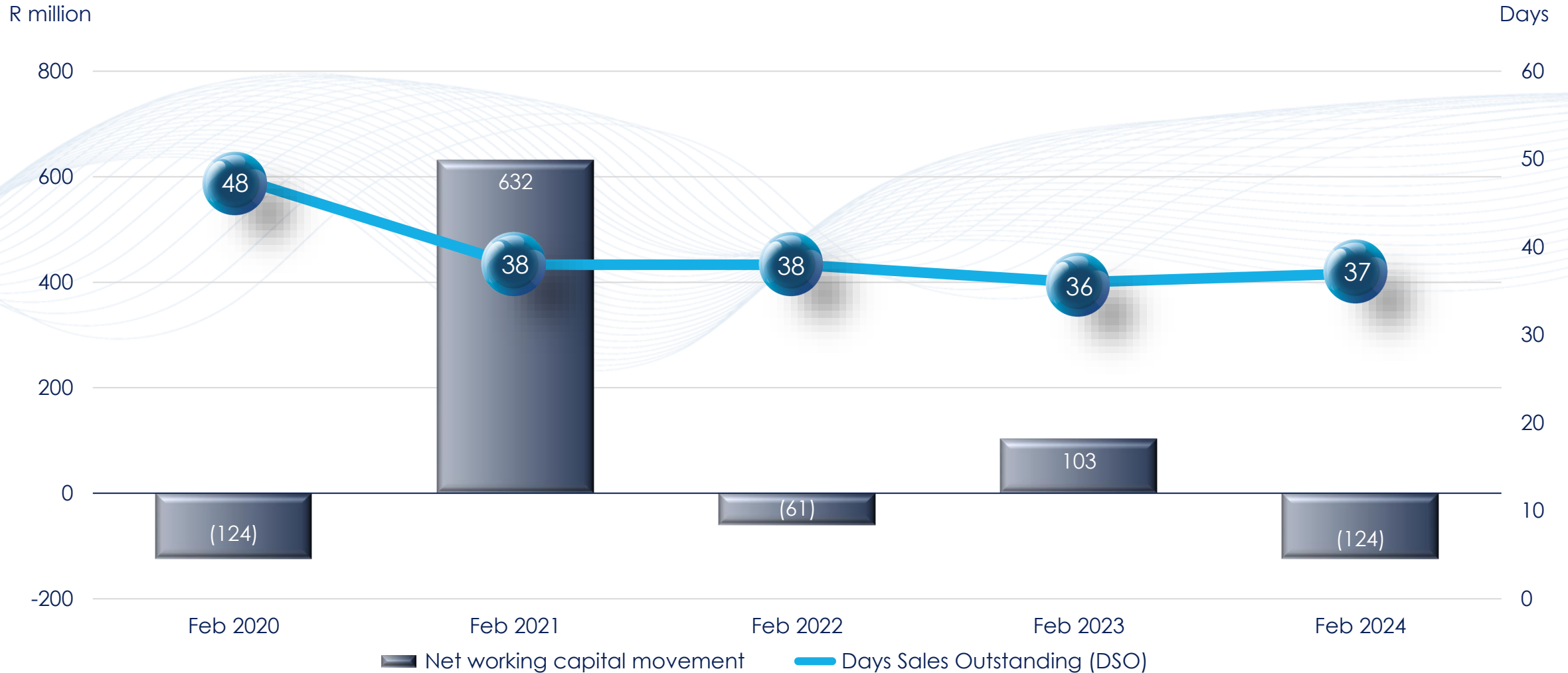
- No significant investment in PPE and ROUA assets, movement mainly due to depreciation
- Goodwill and intangible assets remained flat, no impairments were noted in the current year
- Investment - liquidation of cell captive
- Significant and well managed investment in working capital
- Maintained healthy net cash position despite strategic investment in NWC Investment in WC and devaluation of the Angolan Kwanza (circa R32 million impact)

# Cash flow movements

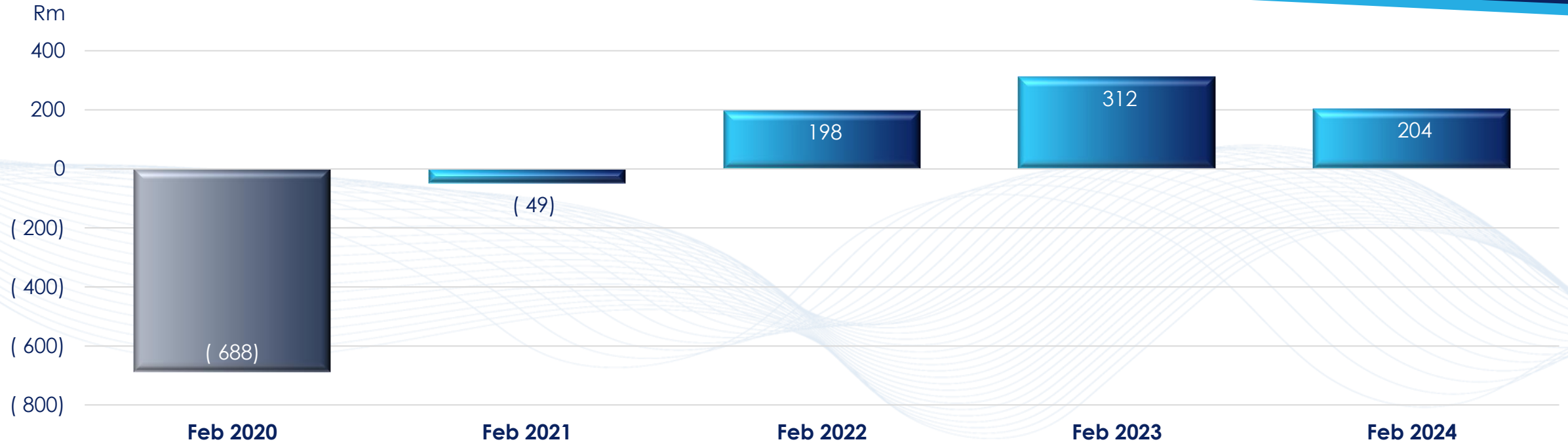


- Ordinary dividend of R27.4 million and special dividend of R100.4 million
- Continued investment in working capital in both geographies
- Excludes restricted cash of R71 million in Angola





# Net cash/(debt) trend



	Feb 2020	Feb 2021	Feb 2022	Feb 2023	Feb 2024
Dividend paid	R106m	Nil	Nil	R62m	R128m
Share buy-back	R30m	Nil	R4m	R20m	R7m



# Closing

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Dr John Wentzel  
Chief Executive Officer





## Strategic Positioning in Market

As the largest staffing company on the African continent and a significant player in Australia, Adcorp benefits from a diverse geographical footprint that mitigates regional economic risks.

## Strong Financial Position

Adcorp remains debt-free, underscoring its conservative financial strategy and low financial risk profile.

## Effective Working Capital Management

The company has managed its working capital efficiently with Days Sales Outstanding (DSO) at 37 days.

## Consistent Revenue Growth

Adcorp reported a significant revenue increase to R13 billion this year, marking sustained top-line growth.

## Demonstrated Financial Resilience and Return to Shareholders

Over the past three years, Adcorp has demonstrated its commitment to shareholder value through the return of over R248 million via ordinary dividends, special dividends, and share buybacks.

## Investment in Contingent Staffing and Outsourcing

With a growing shortage of blue-collar workers in Australia and continuing demand for flexible staffing solutions in South Africa, Adcorp is well-positioned to capitalize on these trends.

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## Continued Geographic Diversification

Adcorp will leverage its geographic diversification to mitigate risks associated with regional economic fluctuations.

## Economic Recovery and Strategic Adaptation

Anticipated improvements in the economic landscape, particularly in Australia, where reduced inflation and falling interest rates are expected to drive demand for staffing services.

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## Operational Efficiency and Cost Control

Adcorp will continue its focus on cost control and reduction, aiming for specific targets in cost savings.

## Focus on High-Growth Areas

There is a strategic emphasis on pursuing growth in high-margin and emerging sectors, such as BPO.



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Connecting Human Potential

Q&A

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