



Connecting Human Potential

Interim Results

Six months ended
31 August

2023

Years of resilience

35



Teamwork



Respect



Customer centricity



Agility



Diversity and inclusion

The statements contained here in 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.

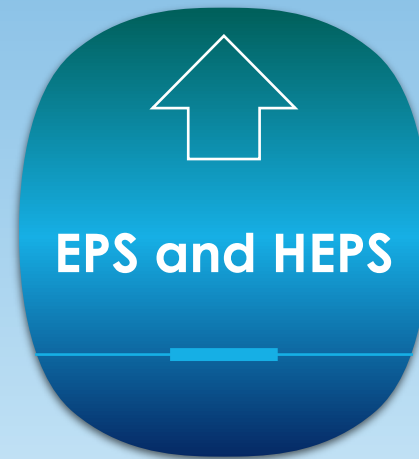
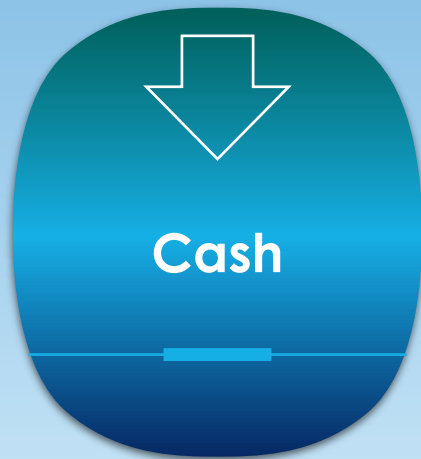
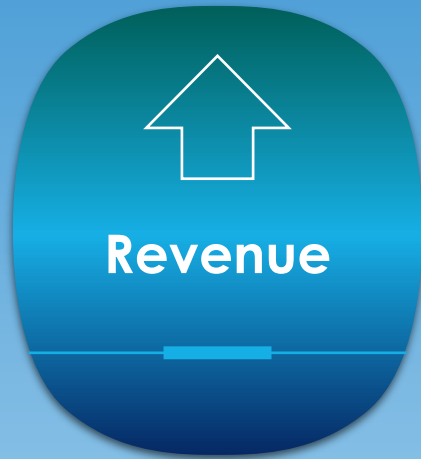
Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those 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.



Welcome

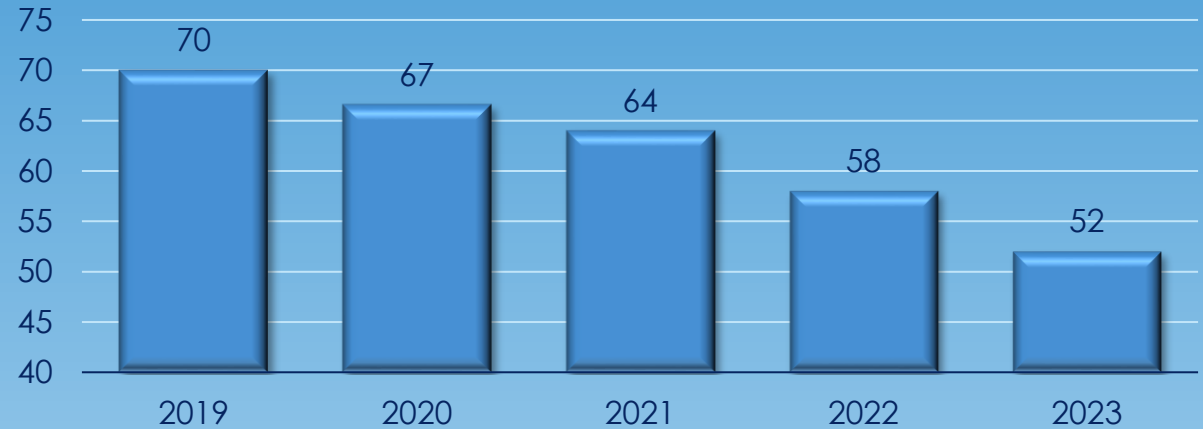
Dr John Wentzel

Chief Executive Officer



- Record load shedding
- High inflation but easing
- Low growth
- Unemployment and a glimmer of hope
- Contingent staffing demand remained robust

Electricity availability factor

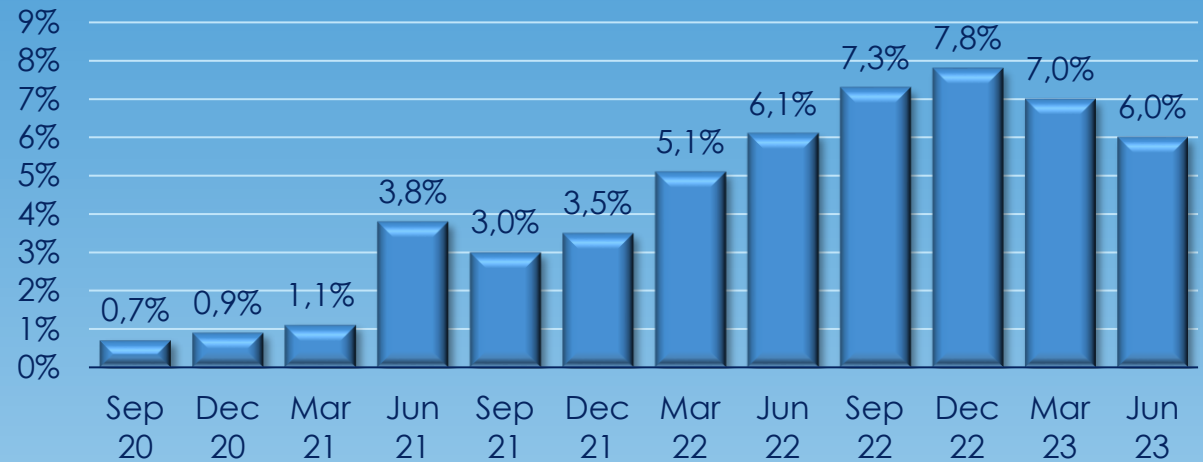


Inflation rate

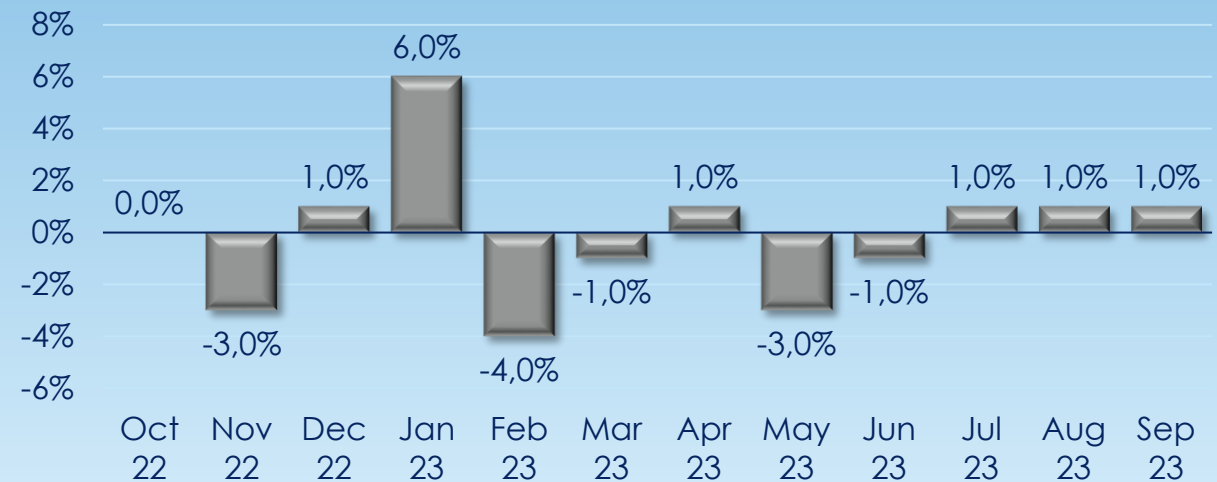


- Softening in labour markets, but stabilising
- High inflation
- Slowing growth, but still growth
- Strong contingent staffing demand
- Services sector demand picking up

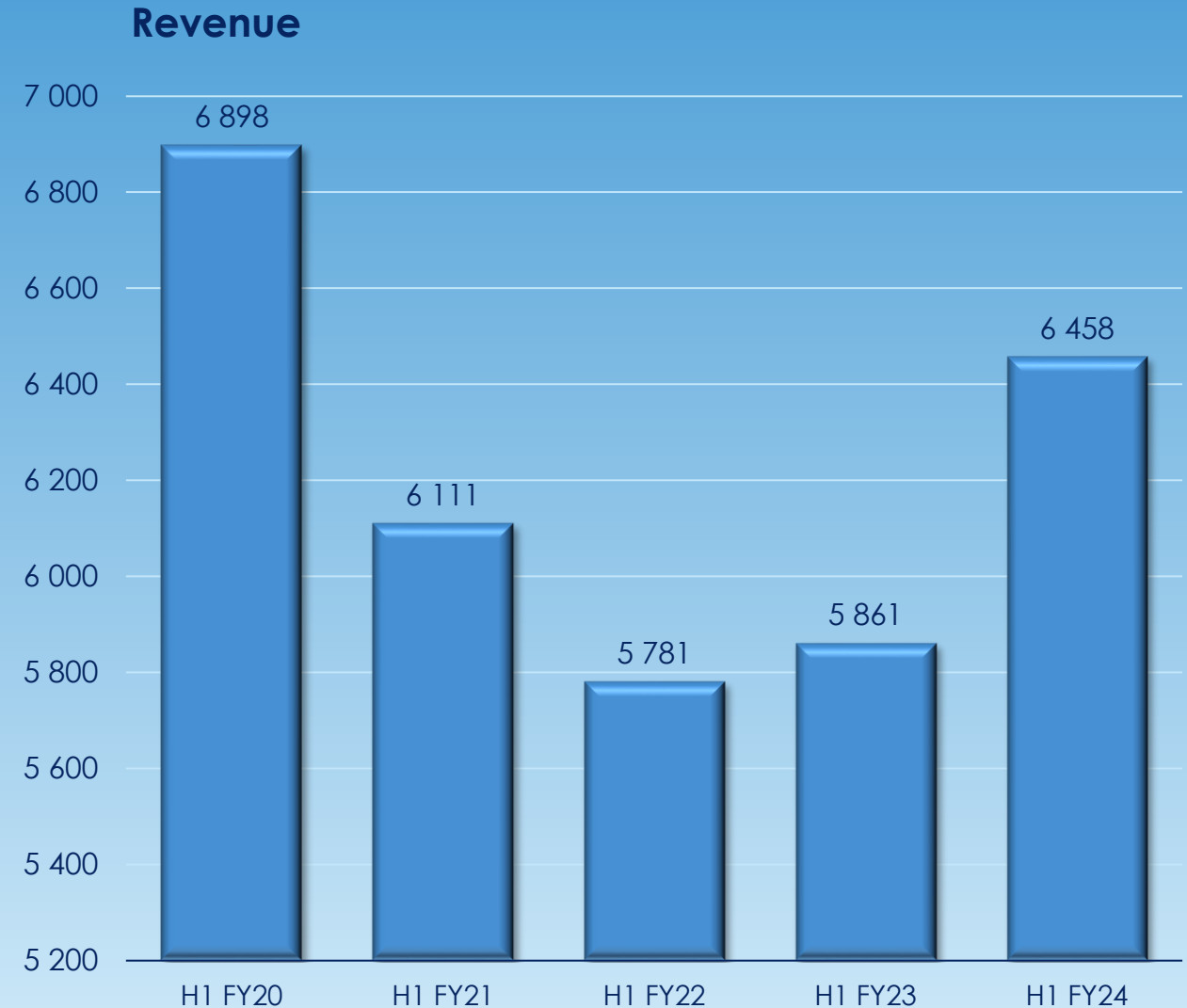
Australian inflation



Australia's NAB business confidence index



- Lifted revenue
- Costs remain well controlled
- Pivoted the business
- Resolution of the aaX matter
- Customer satisfaction reached new highs



- Constrained ability to achieve price increases
- Gross margin pressure
- Slow pipeline conversion
- Changes in demand mix
- Balancing investment and cost control



16.1
cents per share

Financial and Operational Overview

Noel Prendergast
Chief Financial Officer



Revenue
from continuing operations

R **6,5** bn

2022 | R5,9bn

↑
+10.2%

Gross profit
from continuing operations

R **627,7** m

2022 | R626,8m

↑
+0.2%

Profit after tax from
continuing operations

R **35,3** m

2022 | R26,9m

↑
+31.6%

Unrestricted cash and
cash equivalents

R **81,8** m

2022 | R144,7m

↓
-43.5%

Dividend paid

R **111,1** m

2022 | R49,2m

↑
125.8%

Dividend per share

16,1 cents

2022 | 12,2
cents

↑
32.0%

Total earnings per share
- continuing operations

33,1 cents

2022 | 24,6
cents

↑
+34.6%

Total headline earnings per
share - continuing operations

33,1 cents

2022 | 24,6
cents

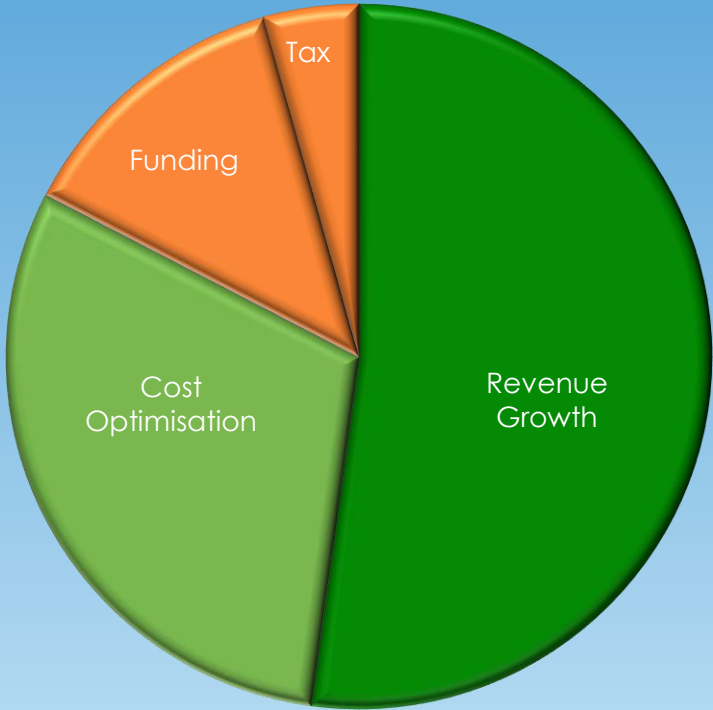
↑
+34.6%

Summarised consolidated statement of profit and loss

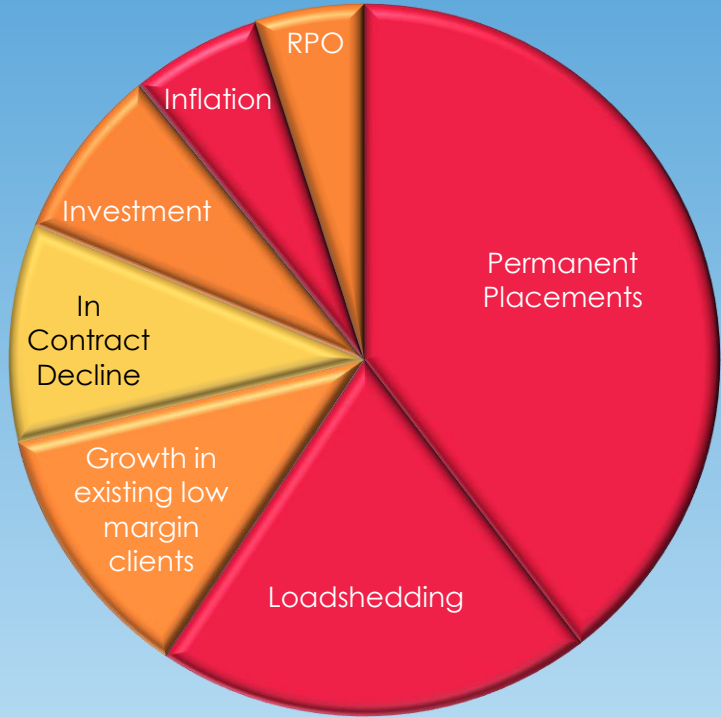
	Unaudited Aug 23 R'000	Unaudited Aug 22 R'000	Var %
Revenue	6 458 108	5 860 947	10.2%
Cost of sales	(5 830 389)	(5 234 175)	(11.4%)
Gross profit	627 719	626 772	0.2%
Gross profit %	9.7%	10.7%	
Other income	9 999	9 667	3.4%
Operating expenses	(538 450)	(523 695)	(2.8%)
EBITDA	99 268	112 744	(12.0%)
EBITDA %	1.5%	1.9%	
Depreciation and amortisation	(39 760)	(43 539)	8.7%
Depreciation of PPE and amortisation	(12 908)	(15 872)	18.7%
Depreciation of right of use assets (IFRS 16)	(26 852)	(27 667)	2.9%
Net cost of funding	(18 114)	(23 817)	23.9%
Net cost of loan funding	3 414	(1 575)	316.8%
Lease liability interest (IFRS 16)	(21 528)	(22 242)	3.2%
Profit before taxation	41 394	45 388	(8.8%)
	0.6%	0.8%	
Taxation expense	(6 052)	(18 525)	67.3%
Profit for the period	35 342	26 863	31.6%
Continuing operations	35 342	26 863	31.6%
Discontinued operations	-	(13 663)	
Profit for the period - all operations	35 342	13 200	167.7%

- Revenue improvement of 10.2%
 - Growth in Contingent Staffing businesses in SA and Aus
- Gross profit marginal increase of 0.2%
 - Margin pressure
 - Product mix
- Gross profit margin down 100 basis points
- Operating expenses increase by 2.8%, below inflation
- Net finance costs lower by 23.9% due to improved leverage
- Profit after tax up 31.6%
- Effective tax rate of 14.6%

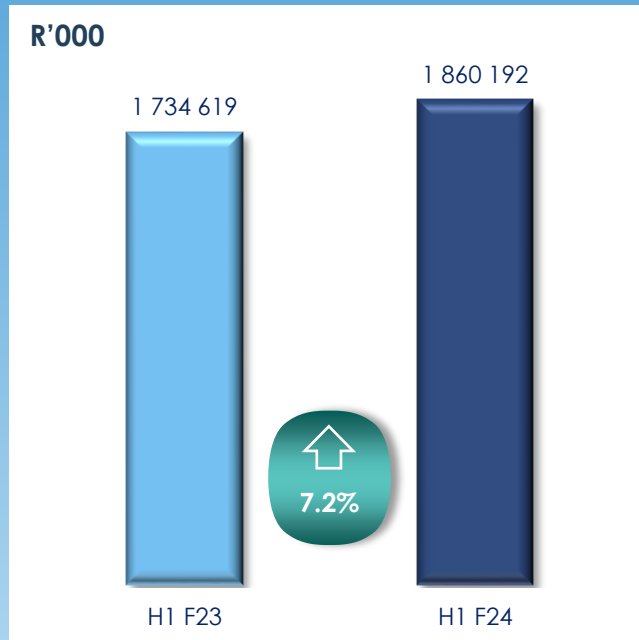
Positive



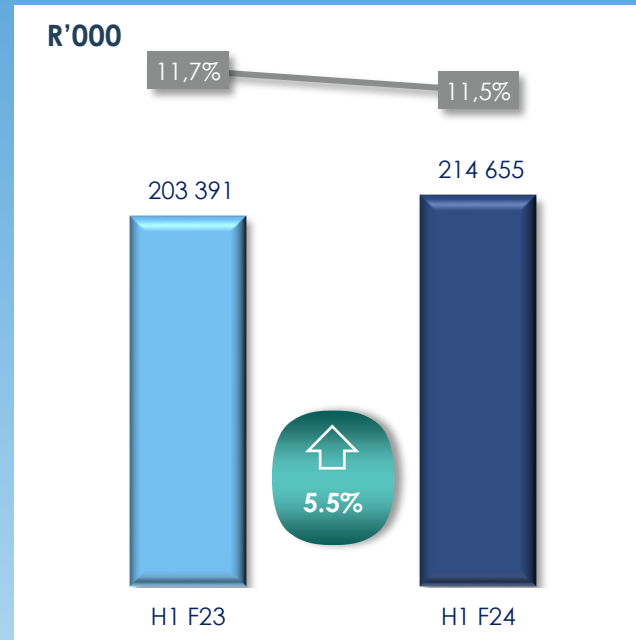
Negative



Revenue



Gross profit



- Robust revenue growth in BLU
- Pivot of the PMI brand
- Expansion of industry coverage to include mining, renewable energy and hospitality
- Loadshedding

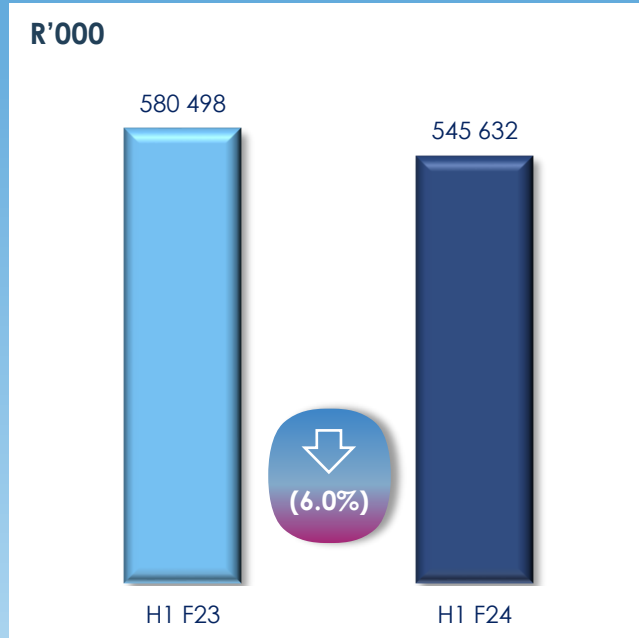
BLU.TM

PMI

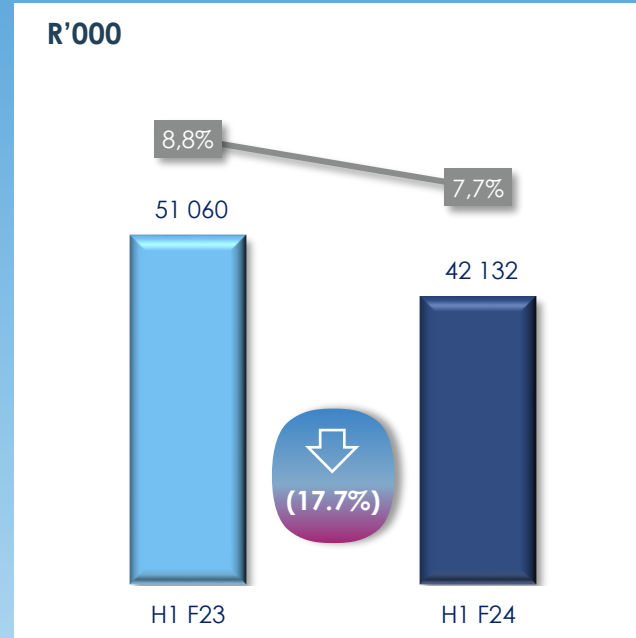
liCAN

zest
HOSPITALITY

Revenue



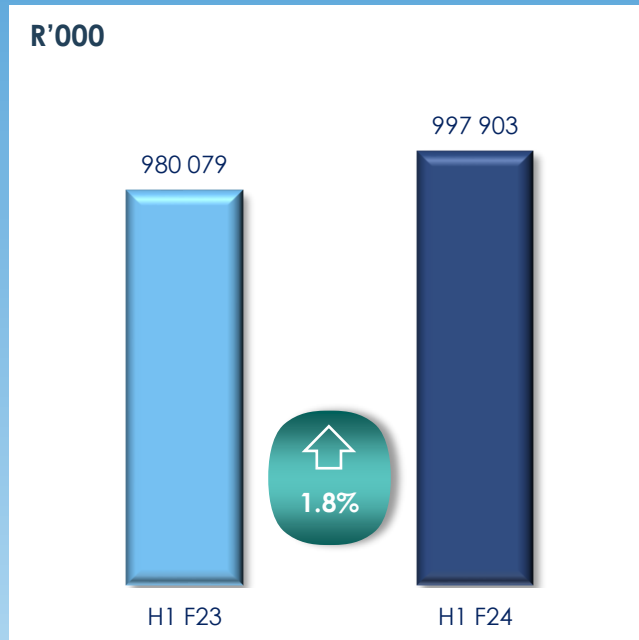
Gross profit



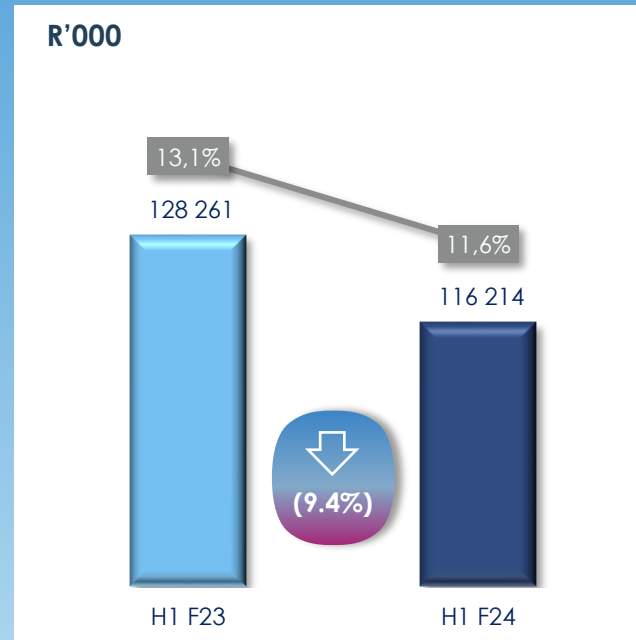
- Softer revenue
 - Delayed contract starts
 - Impact of load shedding on clients
- Slow conversion of pipeline



Revenue



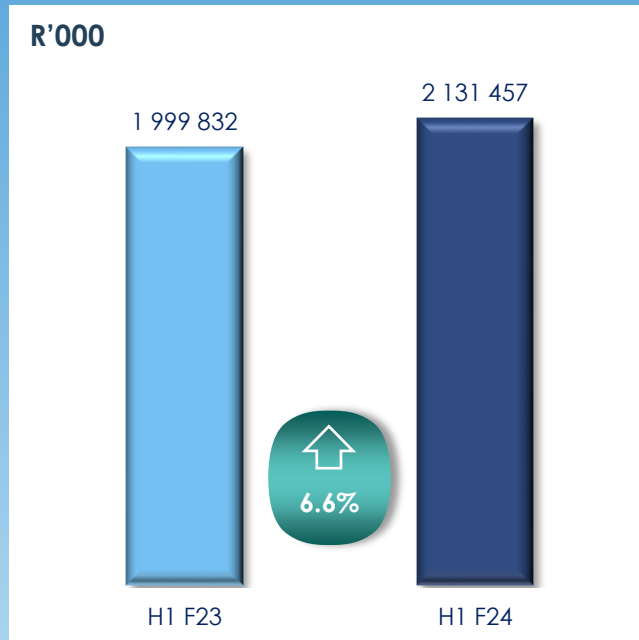
Gross profit



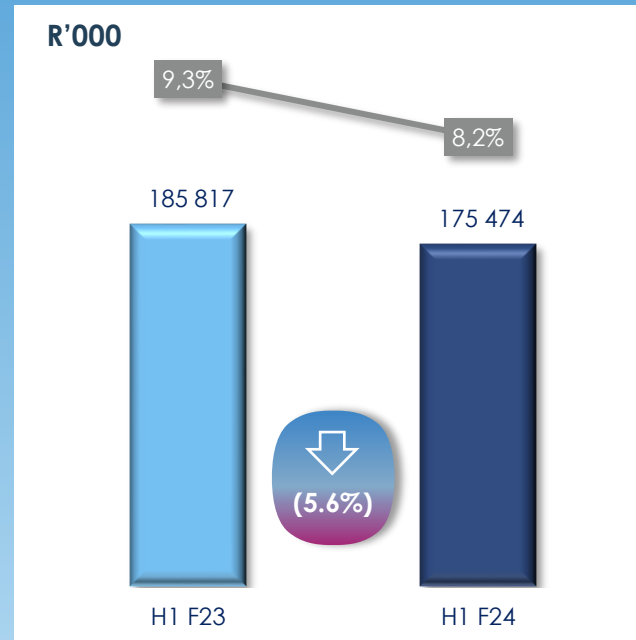
- Overall top-line performance up
- Increased revenue in most brands
- Compressed margins
- Constrained demand for perm placements and RPO business
- Inclusion of Torque IT



Revenue



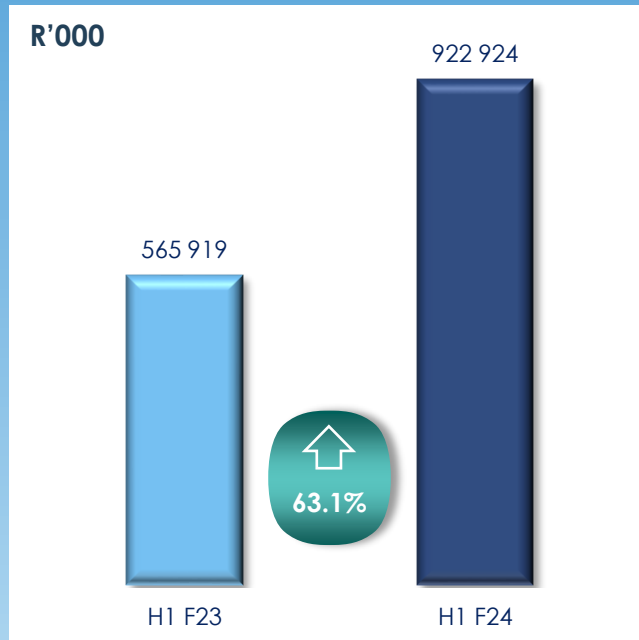
Gross profit



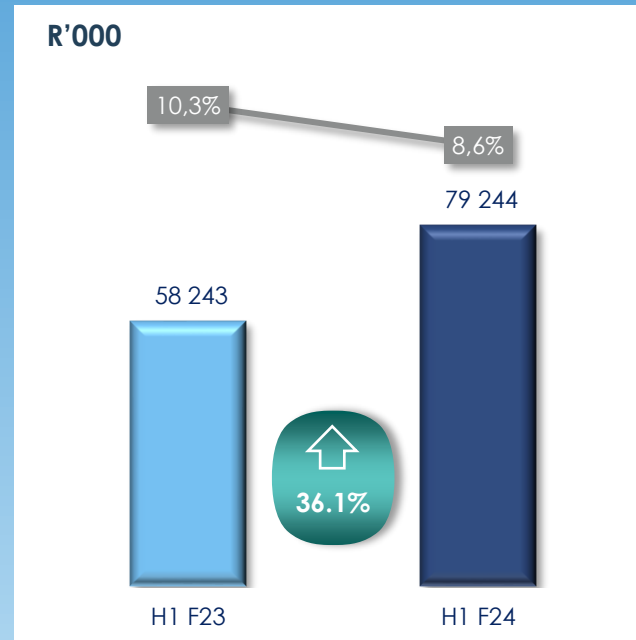
- Paxus revenue slightly lower than prior period (AUS\$)
- Contraction of perm placement market
- Contractor margin tightening

paxus

Revenue



Gross profit



- Significant revenue growth (PALM)
- Considerable underlying investment in working capital

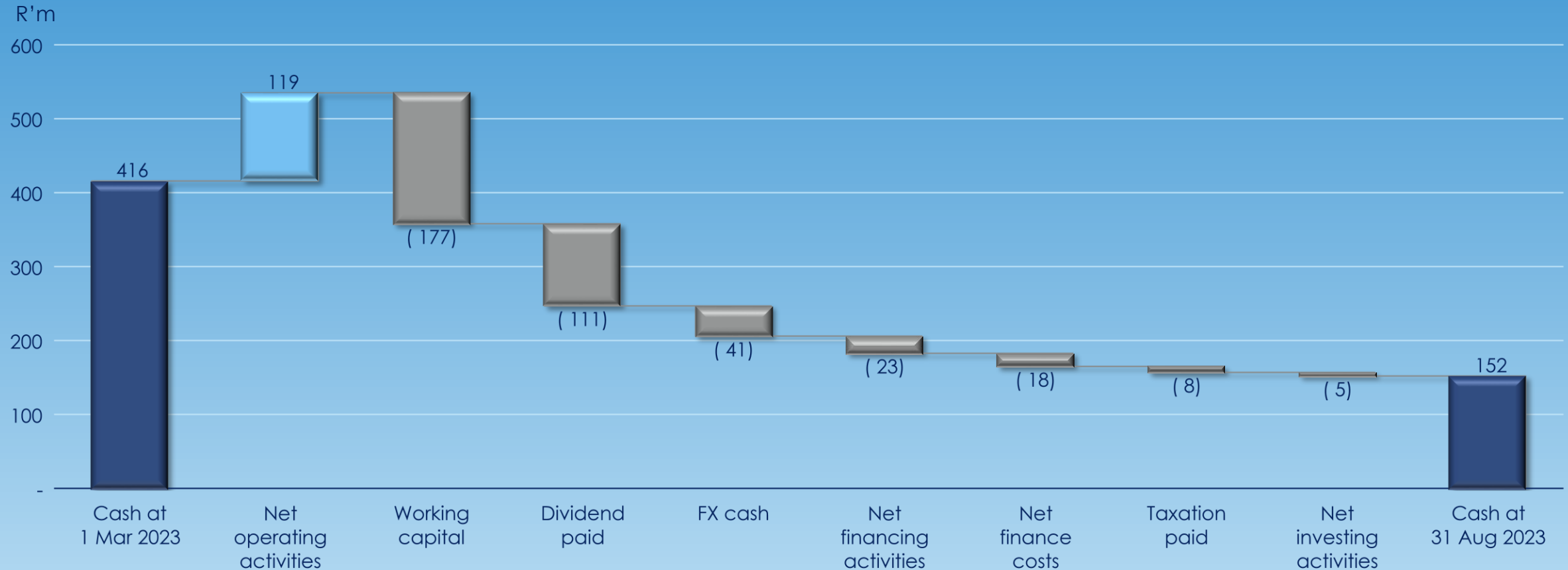
Summarised consolidated statement of financial position

adcorp

	Unaudited Interim Aug 23 R'000	Unaudited Interim Aug 22 R'000	Audited Year end Feb 23 R'000	Var %
Assets				
Property and equipment	27 740	34 081	30 811	(10.0%)
Right-of-use lease assets	269 675	304 222	291 785	(7.6%)
Intangible assets and goodwill	622 724	649 205	636 379	(2.1%)
Investment and other financial assets	21 706	20 126	21 074	3.0%
Tax and deferred tax asset	250 361	214 154	248 790	0.6%
Trade and other receivables	1 647 568	1 553 139	1 517 278	8.6%
Cash and cash equivalents	151 790	284 065	415 548	(63.5%)
	2 991 564	3 058 992	3 161 665	(5.4%)
Non-current assets held for sale	-	81 222	-	
Total assets	2 991 564	3 140 214	3 161 665	(5.4%)
Equity and liabilities				
Capital and reserves	1 410 632	1 474 070	1 534 677	(8.1%)
Interest-bearing borrowings	-	23 358	-	
Lease liabilities	393 380	413 916	409 410	(3.9%)
Tax and deferred tax liability	84 751	146 157	83 834	1.1%
Provisions, trade and other payables	1 102 801	1 053 630	1 133 744	(2.7%)
	2 991 564	3 111 131	3 161 665	(5.4%)
Held for sale liabilities	-	29 083	-	
Total equity and liabilities	2 991 564	3 140 214	3 161 665	(5.4%)

- Movement in property & equipment and ROU assets mainly relates to depreciation for the period
- No goodwill impairments noted in the current period
- Investment in working capital
- Reduced cash position due to dividend payout

Cash flow movements



- Significant investment in working capital
- Dividend payout of R111 million including special dividend
- Devaluation of the Angolan Kwanza (AOA) against all major currencies
- DSO improved to 35 days

Net cash/(debt) trend

adcorp





Closing

Dr John Wentzel

Chief Executive Officer

- Margin uplift
- Continuing to drive profitable growth
- Cost containment
- Moving up the customer value chain
- Portfolio optimisation approach will be completed

- South Africa: Cautious optimism or bearish realism?
- Australia: Steady progress
- Margins: Continued focus
- Balance sheet: Lever for value creation
- Capital allocation: Testament to our confidence

