



PHARMACISTS ASSISTANT

CLICKS
CLAIRE DE VOS
PHARMACIST ASSISTANT

CLICKS

CLICKS GROUP

LIMITED

ANNUAL GROUP RESULTS
for the year ended 31 August 2012

Group turnover up
9.2%

Diluted headline EPS up
9.5%

Total distribution up
21.6%

Return on equity of
59.9%

CONTENTS

Financial summary	1
Commentary	2
Consolidated statement of comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	8
Notes to the statement of cash flows	9
Analysis of shareholders	9
Business unit segmental analysis	10
Definitions	12
Presentation	14
Contact details	IBC



FINANCIAL SUMMARY

		Year to 31 August 2012	Year to 31 August 2011	% change
Consolidated statement of comprehensive income				
Turnover	R'000	15 436 947	14 135 948	9.2%
Gross profit	R'000	3 475 411	3 256 775	6.7%
Total income	R'000	4 275 965	3 945 710	8.4%
Headline earnings	R'000	692 405	655 432	5.6%
Net interest charge	R'000	(46 396)	(33 626)	38.0%
Consolidated statement of financial position				
Equity	R'000	1 348 904	965 187	39.8%
Interest-bearing borrowings	R'000	214 566	375 236	(42.8%)
Total assets	R'000	4 776 412	4 254 783	12.3%
Consolidated statement of cash flows				
Net cash effects from operating activities	R'000	426 320	381 564	11.7%
Capital expenditure	R'000	255 789	225 926	13.2%
Depreciation and amortisation	R'000	181 102	158 285	14.4%
Performance				
Turnover growth	%	9.2	6.2	
Comparable stores' turnover growth	%	5.5	6.9	
Gross profit growth	%	6.7	10.9	
Gross profit margin	%	22.5	23.0	
Total income growth	%	8.4	10.7	
Total income margin	%	27.7	27.9	
Operating margin	%	6.6	6.6	
Inventory days		63	60	
Current ratio	:1	1.0	0.9	
Return on total assets	%	15.3	15.7	
Return on shareholders' interest	%	59.9	62.2	
Shareholders' interest to total assets	%	28.2	22.7	
Interest-bearing debt to shareholders' interest at year-end	%	15.9	38.9	
Interest-bearing debt, including cash, to shareholders' interest at year-end	%	14.0	37.1	
Statistics				
Number of permanent employees		8 063	8 262	(2.4%)
Number of stores		595	590	0.8%
Weighted retail trading area	m ²	234 443	224 000	4.7%
Share statistics				
Number of ordinary shares in issue (gross), excluding "A" shares	'000	276 123	270 652	2.0%
Number of ordinary shares in issue (net of treasury shares)	'000	253 042	252 959	-
Weighted average number of shares in issue (net of treasury shares)	'000	253 154	262 118	(3.4%)
Weighted average diluted number of shares in issue (net of treasury shares)	'000	253 258	262 515	(3.5%)
Headline earnings per share – basic	cents	273.5	250.1	9.4%
– diluted	cents	273.4	249.7	9.5%
Distribution per share – interim	cents	44.1	37.0	19.2%
– final	cents	107.9	88.0	22.6%
Distribution cover	times	1.8	2.0	
Share price – closing	cents	5 750	4 170	37.9%
– high	cents	6 065	4 706	
– low	cents	3 659	3 500	
Net asset value per share	cents	533	382	39.5%
Net tangible asset value per share	cents	371	221	67.9%
Market capitalisation (gross)	R'000	15 877 073	11 286 188	40.7%
Market capitalisation (net of treasury shares)	R'000	14 549 915	10 548 390	37.9%
Price earnings ratio	times	21.0	16.7	
Volume of ordinary shares traded	'000	349 234	466 251	
Percentage of ordinary shares traded	%	138.0	177.9	
Free float	%	91.4	93.2	
Shareholders' return	cents	1 732	545	
Increase in share price	cents	1 580	420	
Distribution per share	cents	152	125	
Other information				
Inflation rate				
CPI	%	5.0	5.3	
Internal selling price inflation	%	0.5	1.6	
Interest rates				
Prime overdraft rate – closing	%	8.5	9.0	
– average	%	8.9	9.1	
FTSE/JSE Africa share indices				
All Share Index		35 389	31 006	14.1%
General Retailers Index		63 520	45 547	39.5%
Food and Drug Retailers Index		85 326	58 993	44.6%
Exchange rate				
Rand/US dollar – closing	R/US\$	8.48	7.07	19.9%
– average	R/US\$	8.00	6.91	15.8%

COMMENTARY



Trading environment

Middle income consumers in the Clicks target market have remained under financial pressure over the past year. The health and beauty markets in which the group operates have been reliant on promotional activity to sustain sales volumes and attract value-conscious consumers. As anticipated, selling price inflation has remained low.

In this environment the group has focused on staying competitive and maintaining tight expense control while continuing to invest for long-term growth.

Despite the trading challenges, the appeal of the Clicks brand remains strong and the chain gained market share in all key product categories. The Clicks ClubCard loyalty base grew by over 300 000 to 3.9 million active members.

Musica and The Body Shop both performed well.

UPD showed an improved performance as the distribution agency business gained further momentum. This assisted UPD in growing its share of the private pharmaceutical wholesale market from 23.1% to 24.3%.

Financial performance

Group turnover increased by 9.2% to R15.4 billion, with selling price inflation of 0.5% for the year. Retail turnover grew by 8.2% with inflation of 0.7%, while UPD increased turnover by 11.1% with price inflation averaging only 0.1%. All the group's businesses showed real sales growth in this low inflationary environment.

Total income increased by 8.4% and the total income margin was 20 basis points lower at 27.7%, reflecting the impact of the strong promotional programme in Clicks and the faster growth of UPD.

Operating expenses were 8.5% higher. Retail costs increased by 8.1% with the continued investment in new stores, pharmacies and IT systems. On a comparable basis, retail cost growth was contained to 5.0%. UPD's cost growth of 13.0% includes further

investment in distribution capacity, with comparable costs increasing by 6.7%.

Operating profit increased by 7.9% and exceeded R1 billion for the first time. The group's operating margin was maintained at 6.6% despite the trading pressures encountered during the year.

Headline earnings increased by 5.6% to R692 million. Diluted headline earnings per share grew by 9.5% to 273.4 cents, in line with the earnings growth forecast provided with the group's interim results in April 2012.

Inventory days in stock moved from 60 to 63 days. Inventory levels were 15.4% higher at year-end as Clicks increased stock levels to improve availability and introduce more new products. UPD stock levels were higher owing to the new distribution contracts taken on during the period.

Cash generated by operations (before interest and taxation) increased to R1.1 billion. The group returned R349 million to shareholders through distribution payments and share buy-backs while R256 million was invested in capital expenditure.

The total distribution to shareholders for the financial year was increased by 21.6% to 152.0 cents per share, based on a reduced distribution cover of 1.8 times.

Return on shareholders' equity (ROE) remains at an industry leading level of 59.9%.

Trading performance

Clicks increased turnover by 9.2% as inflation averaged only 1.2% for the year. Comparable store sales grew by 5.9%. The chain's store footprint was expanded to 420 following the opening of a net 20 new stores. The pharmacy base was extended by 23 to 306. Operating profit increased by 4.9% and the operating margin of 7.4% remains within the medium-term target range of 7% to 8%.

Musica gained market share in CDs, DVDs and gaming. The ongoing right-sizing of the brand which resulted in the net closure

Clicks has gained market share in all key product categories



UPD market share increased to **24.3%**

of a further 14 stores contributed to operating profit increasing by 36.3%. The Body Shop increased turnover by 14.1% with price deflation of 1.9%, and grew operating profit by 15.9%.

UPD increased wholesale turnover by 11.1%. Ten new agency distribution contracts were awarded during the year and this trebled the notional turnover of the distribution business to R1.7 billion. UPD increased its operating margin to 2.5% and lifted operating profit by 18.5%.

Prospects

Growth in consumer spending is expected to remain muted in the year ahead and the health and beauty markets will continue to be promotionally driven. Selling price inflation is currently anticipated to remain at low single-digit levels.

The group's focus in this trading environment will therefore be on growing sales volumes and containing costs.

Capital expenditure of R356 million has been committed for 2013 for new stores, new pharmacies, store revamps, IT systems and the expansion of UPD's distribution infrastructure. Trading space is planned to increase by 4% to 5%.

The group's brands are all leaders in their respective markets and have proven track records of gaining market share. Based on the growth potential of Clicks and UPD, together with the group's strong cash-generating ability, management is confident of achieving its medium-term financial targets.

Final dividend

The board of directors has approved a final ordinary dividend of 107.9 cents per share (2011: 88.0 cents per share) and a 15.2 cents per ordinary "A" share (2011: 12.5 cents per share). The source of the dividends will be from distributable reserves and paid in cash.

Additional information

No Secondary Tax on Companies ("STC") Credits have been utilised as part of these declarations.

Dividends Tax ("DT") amounting to 16.185 cents per ordinary share and 2.28 cents per ordinary "A" share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a dividend of 91.715 cents net of DT and ordinary "A" shareholders will receive a dividend of 12.92 cents net of DT.

The Company has 276 123 498 ordinary shares and 29 153 295 ordinary "A" shares in issue. Its income tax reference number is 9061/745/71/8.

Shareholders are advised of the following salient dates in respect of the final dividends:

Last day to trade "cum" the dividend	Friday, 18 January 2013
Shares trade "ex" the dividend	Monday, 21 January 2013
Record date	Friday, 25 January 2013
Payment to shareholders	Monday, 28 January 2013

Share certificates may not be dematerialised or re-materialised between Monday, 21 January 2013 and Friday, 25 January 2013, both days inclusive.

The directors of the company have determined that dividend cheques amounting to R50.00 or less due to any ordinary shareholder will not be paid unless a written request to the contrary is delivered to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, by no later than close of business on Friday, 18 January 2013, being the day the shares trade "cum" the dividend. Unpaid dividend cheques will be aggregated with other such amounts and donated to a charity to be nominated by the directors.

By order of the board

David Janks
Company Secretary

18 October 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Year to 31 August 2012	Year to 31 August 2011	% change
Revenue	16 243 377	14 833 118	
Turnover	15 436 947	14 135 948	9.2%
Cost of merchandise sold	(11 961 536)	(10 879 173)	9.9%
Gross profit	3 475 411	3 256 775	6.7%
Other income	800 554	688 935	16.2%
Total income	4 275 965	3 945 710	8.4%
Expenses	(3 264 637)	(3 008 120)	8.5%
Depreciation and amortisation	(171 535)	(149 714)	14.6%
Occupancy costs	(471 897)	(422 596)	11.7%
Employment costs	(1 582 459)	(1 496 491)	5.7%
Other costs	(1 038 746)	(939 319)	10.6%
Operating profit	1 011 328	937 590	7.9%
Loss on disposal of property, plant and equipment	(6 578)	(6 250)	
Profit before financing costs	1 004 750	931 340	7.9%
Net financing costs	(46 396)	(33 626)	38.0%
Financial income	5 876	8 235	(28.6%)
Financial expense	(52 272)	(41 861)	24.9%
Profit before taxation	958 354	897 714	6.8%
Income tax expense	(269 974)	(246 749)	9.4%
Profit for the year	688 380	650 965	5.7%
Other comprehensive income/(loss):			
Exchange differences on translation of foreign subsidiaries	1 615	(220)	
Cash flow hedges	1 485	2 105	
Change in fair value of effective portion	2 063	2 924	
Deferred tax on movement of effective portion	(578)	(819)	
Other comprehensive income for the year, net of tax	3 100	1 885	
Total comprehensive income for the year	691 480	652 850	
Profit attributable to:			
Equity holders of the parent	688 687	650 932	
Non-controlling interest	(307)	33	
	688 380	650 965	
Total comprehensive income attributable to:			
Equity holders of the parent	691 787	652 817	
Non-controlling interest	(307)	33	
	691 480	652 850	
Reconciliation of headline earnings			
Total profit for the year attributable to equity holders of the parent	688 687	650 932	
Adjusted for:			
Loss on disposal of property, plant and equipment	4 736	4 500	
Insurance recovery income	(1 018)	–	
Headline earnings	692 405	655 432	5.6%
Headline earnings per share (cents)			
– basic	273.5	250.1	9.4%
– diluted	273.4	249.7	9.5%
Earnings per share (cents)			
– basic	272.0	248.3	9.5%
– diluted	271.9	248.0	9.6%
Weighted average number of shares in issue (net of treasury shares)	253 154	262 118	(3.4%)
Weighted average diluted number of shares in issue (net of treasury shares)	253 258	262 515	(3.5%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2012	As at 31 August 2011
ASSETS		
Non-current assets	1 490 348	1 414 484
Property, plant and equipment	1 010 657	949 906
Intangible assets	306 286	301 579
Goodwill	103 510	103 510
Deferred tax assets	57 401	53 756
Loans receivable	12 494	5 733
Current assets	3 286 064	2 840 299
Inventories	2 080 375	1 802 557
Trade and other receivables	1 171 541	998 944
Loans receivable	3 710	17 901
Cash and cash equivalents	25 451	17 790
Derivative financial assets	4 987	3 107
Total assets	4 776 412	4 254 783
EQUITY AND LIABILITIES		
Equity	1 348 904	965 187
Share capital	3 054	2 999
Share premium	3 497	–
Share option reserve	55 905	40 943
Cash flow hedge reserve	3 590	2 105
Treasury shares	(927 963)	(703 070)
Non-distributable reserves	(219)	(1 834)
Distributable reserve	2 210 632	1 623 329
Equity attributable to equity holders of the parent	1 348 496	964 472
Non-controlling interest	408	715
Non-current liabilities	286 601	264 829
Interest-bearing borrowings	–	19
Employee benefits	105 989	92 473
Deferred tax liabilities	39 555	46 695
Operating lease liability	141 057	125 642
Current liabilities	3 140 907	3 024 767
Trade and other payables	2 768 759	2 431 756
Employee benefits	109 861	164 669
Provisions	8 828	5 217
Interest-bearing borrowings	214 566	375 217
Income tax payable	37 536	44 489
Derivative financial liabilities	1 357	3 419
Total equity and liabilities	4 776 412	4 254 783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2010	266 283	2 841	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Additional shares issued	6 988	70	299 657
Employee share ownership plan shares issued	29 153	291	–
Dividends to shareholders	–	–	(299 657)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(203)	–
Net cost of own shares purchased	(49 465)	–	–
Treasury shares purchased	(49 806)	–	–
Disposal of treasury shares	341	–	–
Total transactions with owners	(13 324)	158	–
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Cash flow hedge reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 31 August 2011	252 959	2 999	–
Transactions with owners, recorded directly in equity			
Contributions by and dividends/distributions to owners			
Additional shares issued	–	55	246 486
Dividends/distributions to shareholders	–	–	(242 989)
Share-based payment reserve movement	–	–	–
Transfer of share option reserve to distributable reserve	–	–	–
Net cost of own shares purchased	83	–	–
Treasury shares purchased	(217)	–	–
Disposal of treasury shares	300	–	–
Total transactions with owners	83	55	3 497
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Cash flow hedge reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 31 August 2012	253 042	3 054	3 497

Share option reserve	Treasury shares	Non-distributable reserve	Cash flow hedge reserve	Distributable reserve	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
24 600	(510 850)	(1 614)	-	1 625 669	1 140 646	682	1 141 328
-	(299 727)	-	-	-	-	-	-
-	(291)	-	-	-	-	-	-
-	4 220	-	-	(70)	(295 507)	-	(295 507)
16 343	-	-	-	-	16 343	-	16 343
-	651 652	-	-	(651 449)	-	-	-
-	(548 074)	-	-	(1 753)	(549 827)	-	(549 827)
-	(552 406)	-	-	-	(552 406)	-	(552 406)
-	4 332	-	-	(1 753)	2 579	-	2 579
16 343	(192 220)	-	-	(653 272)	(828 991)	-	(828 991)
-	-	(220)	2 105	650 932	652 817	33	652 850
-	-	-	-	650 932	650 932	33	650 965
-	-	-	2 105	-	2 105	-	2 105
-	-	(220)	-	-	(220)	-	(220)
40 943	(703 070)	(1 834)	2 105	1 623 329	964 472	715	965 187
-	(246 541)	-	-	-	-	-	-
-	30 322	-	-	(124 618)	(337 285)	-	(337 285)
39 562	-	-	-	-	39 562	-	39 562
(24 600)	-	-	-	24 600	-	-	-
-	(8 674)	-	-	(1 366)	(10 040)	-	(10 040)
-	(12 013)	-	-	-	(12 013)	-	(12 013)
-	3 339	-	-	(1 366)	1 973	-	1 973
14 962	(224 893)	-	-	(101 384)	(307 763)	-	(307 763)
-	-	1 615	1 485	688 687	691 787	(307)	691 480
-	-	-	-	688 687	688 687	(307)	688 380
-	-	-	1 485	-	1 485	-	1 485
-	-	1 615	-	-	1 615	-	1 615
55 905	(927 963)	(219)	3 590	2 210 632	1 348 496	408	1 348 904

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2012	Year to 31 August 2011
Cash effects from operating activities		
Operating profit before working capital changes (refer note 1)	1 235 114	1 075 227
Working capital changes (refer note 2)	(161 586)	(105 055)
Cash generated by operations	1 073 528	970 172
Interest received	5 787	8 156
Interest paid	(39 252)	(29 269)
Taxation paid	(276 458)	(271 988)
Cash inflow from operating activities before distributions	763 605	677 071
Dividends/distributions paid to shareholders	(337 285)	(295 507)
Net cash effects from operating activities	426 320	381 564
Cash effects from investing activities		
Investment in property, plant and equipment and intangibles to maintain operations	(84 322)	(70 160)
Investment in property, plant and equipment and intangibles to expand operations	(171 467)	(145 541)
Acquisition of business, net of cash acquired	–	(10 225)
Proceeds from disposal of property, plant and equipment	2 651	1 572
Decrease in loan receivables	5 189	15 001
Net cash effects from investing activities	(247 949)	(209 353)
Cash effects from financing activities		
Purchase of treasury shares	(12 013)	(552 406)
Proceeds from disposal of treasury shares	1 973	2 579
Interest-bearing borrowings (repaid)/raised	(160 670)	243 354
Net cash effects from financing activities	(170 710)	(306 473)
Net increase/(decrease) in cash and cash equivalents	7 661	(134 262)
Cash and cash equivalents at the beginning of the period	17 790	152 052
Cash and cash equivalents at the end of the period	25 451	17 790

NOTES TO THE STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2012	Year to 31 August 2011
Cash flow information		
1 Profit before working capital changes		
Profit before tax	958 354	897 714
Adjustment for:		
Depreciation and amortisation	181 102	158 285
Reversal of previous unrealised foreign exchange differences	(3 237)	(7 745)
Unrealised foreign exchange loss	–	3 237
Operating lease accrual	15 415	10 331
Loss on disposal of property, plant and equipment	6 578	6 250
Impairment of financial assets	2 330	–
Fair value adjustment – derivatives	–	(41 797)
Equity-settled share option costs	28 176	15 326
Net financing cost	46 396	33 626
	1 235 114	1 075 227
2 Working capital changes		
Increase in inventories	(277 818)	(231 309)
Increase in trade and other receivables	(171 427)	(130 302)
Increase in trade and other payables	338 360	152 256
Decrease in employee benefits	(54 312)	(55 705)
Increase/(decrease) in provisions	3 611	(1 027)
Disposal of derivative financial instruments	–	161 032
	(161 586)	(105 055)

ANALYSIS OF SHAREHOLDERS

Fund managers or shareholders managing 3% or more of the issued share capital:

Major fund managers	August 2012 Percentage of shares	August 2011 Percentage of shares	Geographic distribution of shareholders	August 2012 Percentage of shares	August 2011 Percentage of shares
Public Investment Corporation (SA)	12.2%	12.1%	South Africa and Africa	41.6%	39.4%
Baillie Gifford & Co (UK)	9.1%	5.8%	Offshore holdings	58.4%	60.6%
Coronation Fund Managers (SA)	7.4%	2.1%	USA and Canada	29.5%	35.0%
Aberdeen Asset Managers (UK)	3.7%	2.2%	United Kingdom and Ireland	13.2%	10.9%
Morgan Stanley Investment Management (UK)	3.7%	5.6%	Europe	5.8%	7.7%
JPMorgan Asset Management (US, UK and Asia)	3.6%	2.0%	Other countries	9.9%	7.0%
Mondrian Investment Partners (UK)	3.2%	1.8%			
Government of Singapore Investment Corporation (Singapore)	3.0%	2.5%			
Fidelity Management & Research (US)/International (UK)	3.0%	3.6%			

BUSINESS UNIT SEGMENTAL ANALYSIS

R'000	Clicks		Musica		The Body Shop		
	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011	
Statement of financial position							
Property, plant and equipment	589 508	537 557	46 295	51 139	11 040	10 518	
Intangible assets	287 660	289 258	1 285	1 888	956	4	
Goodwill	18 855	18 855	–	–	–	–	
Inventories	1 394 408	1 203 108	116 537	135 541	17 640	11 918	
Trade and other receivables	171 603	174 473	13 644	13 377	2 281	1 593	
Cash and cash equivalents	3 495	7 457	–	129	61	57	
Other assets	13 257	3 369	–	–	–	–	
Total assets	2 478 786	2 234 077	177 761	202 074	31 978	24 090	
Employee benefits – non-current	15 170	13 108	686	1 645	169	–	
Operating lease liability	126 024	110 580	13 486	13 179	1 547	1 883	
Trade and other payables	1 258 042	1 168 222	110 128	72 329	10 222	9 815	
Employee benefits – current	71 437	90 896	5 802	9 907	856	1 441	
Other liabilities	2 660	3 079	1 522	1 783	–	–	
Total liabilities	1 473 333	1 385 885	131 624	98 843	12 794	13 139	
Net assets	1 005 453	848 192	46 137	103 231	19 184	10 951	
Statement of comprehensive income							
Turnover	10 685 592	9 789 459	871 515	895 600	122 972	107 786	
Gross profit	2 983 059	2 778 398	294 837	299 099	78 200	73 109	
Other income	437 827	367 707	17 808	20 379	2 040	1 556	
Total income	3 420 886	3 146 105	312 645	319 478	80 240	74 665	
Expenses	(2 633 020)	(2 395 269)	(269 835)	(288 060)	(56 403)	(54 090)	
Operating profit	787 866	750 836	42 810	31 418	23 837	20 575	
Ratios							
Increase in turnover	%	9.2	13.0	(2.7)	(5.9)	14.1	(2.8)
Selling price inflation	%	1.2	1.0	(4.9)	(2.4)	(1.9)	(6.6)
Comparable stores' turnover growth	%	5.9	8.5	–	(6.2)	13.8	(3.3)
Gross profit margin	%	27.9	28.4	33.8	33.4	63.6	67.8
Total income margin	%	32.0	32.1	35.9	35.7	65.3	69.3
Operating expenses as a percentage of turnover	%	24.6	24.5	31.0	32.2	45.9	50.2
Increase in operating expenses	%	9.9	12.5	(6.3)	(0.8)	4.3	6.7
Increase in operating profit	%	4.9	25.8	36.3	(40.2)	15.9	3.5
Operating profit margin	%	7.4	7.7	4.9	3.5	19.4	19.1
Inventory days		66	63	74	83	144	125
Trade debtor days		8	11	–	–	–	–
Trade creditor days		46	45	49	24	22	37
Number of stores		420	400	134	148	41	42
as at 31 August 2012/2011		400	369	148	152	42	40
opened		27	32	2	5	2	2
closed		(7)	(1)	(16)	(9)	(3)	–
Number of pharmacies		306	283	–	–	–	–
as at 31 August 2012/2011		283	251	–	–	–	–
new / converted		26	32	–	–	–	–
closed		(3)	–	–	–	–	–
Total leased area	m ²	272 708	261 363	27 328	30 780	2 850	2 892
Weighted retail trading area	m ²	206 299	194 887	25 910	26 923	2 234	2 190
Weighted annual sales per m ²	R	50 418	48 770	33 637	33 265	55 046	49 217
Number of permanent employees		6 562	6 642	653	773	119	122

Group Services		Total retail operations		UPD		Intragroup elimination		Total operations	
31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011
203 694	201 186	850 537	800 400	160 120	149 506	-	-	1 010 657	949 906
8 450	8 472	298 351	299 622	7 935	1 957	-	-	306 286	301 579
-	-	18 855	18 855	84 655	84 655	-	-	103 510	103 510
-	-	1 528 585	1 350 567	560 928	462 891	(9 138)	(10 901)	2 080 375	1 802 557
201	5 105	187 729	194 548	1 302 335	1 050 514	(318 523)	(246 118)	1 171 541	998 944
21 892	(5 374)	25 448	2 269	33 957	15 521	(33 954)	-	25 451	17 790
460 539	468 596	473 796	471 965	281 031	186 795	(676 235)	(578 263)	78 592	80 497
694 776	677 985	3 383 301	3 138 226	2 430 961	1 951 839	(1 037 850)	(835 282)	4 776 412	4 254 783
82 168	72 803	98 193	87 556	7 796	4 917	-	-	105 989	92 473
-	-	141 057	125 642	-	-	-	-	141 057	125 642
152 674	186 184	1 531 066	1 436 550	1 556 216	1 241 324	(318 523)	(246 118)	2 768 759	2 431 756
22 134	48 806	100 229	151 050	9 632	13 619	-	-	109 861	164 669
611 573	656 530	615 755	661 392	396 276	391 927	(710 189)	(578 263)	301 842	475 056
868 549	964 323	2 486 300	2 462 190	1 969 920	1 651 787	(1 028 712)	(824 381)	3 427 508	3 289 596
(173 773)	(286 338)	897 001	676 036	461 041	300 052	(9 138)	(10 901)	1 348 904	965 187
-	-	11 680 079	10 792 845	6 223 807	5 601 891	(2 466 939)	(2 258 788)	15 436 947	14 135 948
-	-	3 356 096	3 150 606	117 702	102 216	1 613	3 953	3 475 411	3 256 775
-	-	457 675	389 642	402 749	351 862	(59 870)	(52 569)	800 554	688 935
-	-	3 813 771	3 540 248	520 451	454 078	(58 257)	(48 616)	4 275 965	3 945 710
-	-	(2 959 258)	(2 737 419)	(365 399)	(323 270)	60 020	52 569	(3 264 637)	(3 008 120)
-	-	854 513	802 829	155 052	130 808	1 763	3 953	1 011 328	937 590
-	-	8.2	10.9	11.1	4.3	9.2	26.3	9.2	6.2
-	-	0.7	0.6	0.1	3.3	-	-	0.5	1.6
-	-	5.5	6.9	-	-	-	-	5.5	6.9
-	-	28.7	29.2	1.9	1.8	-	-	22.5	23.0
-	-	32.7	32.8	8.4	8.1	-	-	27.7	27.9
-	-	25.3	25.4	5.9	5.8	-	-	21.1	21.3
-	-	8.1	10.8	13.0	3.7	-	-	8.5	9.8
-	-	6.4	20.0	18.5	(19.4)	-	-	7.9	13.8
-	-	7.3	7.4	2.5	2.3	-	-	6.6	6.6
-	-	67	65	34	31	-	-	63	60
-	-	8	11	64	60	-	-	46	46
-	-	46	43	74	66	-	-	61	57
-	-	595	590	-	-	-	-	595	590
-	-	590	561	-	-	-	-	590	561
-	-	31	39	-	-	-	-	31	39
-	-	(26)	(10)	-	-	-	-	(26)	(10)
-	-	306	283	-	-	-	-	306	283
-	-	283	251	-	-	-	-	283	251
-	-	26	32	-	-	-	-	26	32
-	-	(3)	-	-	-	-	-	(3)	-
-	-	302 886	295 035	-	-	-	-	302 886	295 035
-	-	234 443	224 000	-	-	-	-	234 443	224 000
-	-	48 607	46 911	-	-	-	-	48 607	46 911
335	336	7 669	7 873	394	389	-	-	8 063	8 262

DEFINITIONS

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital expenditure or capital expenditure with a return below the group's required return.

Growth capital expenditure

Capital expenditure that is not maintenance capital expenditure.

Cash flow

Financing activities

Activities that result in changes to the capital and funding structure of the group.

Investing activities

Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.

Operating activities

Activities that are not financing or investing activities that arise from the operations conducted by the group.

Comparable stores' turnover growth

Sales growth expressed as a percentage of growth for stores that have been operating for the full period during the current and previous financial years.

Current ratio

Current assets at year-end divided by current liabilities at year-end.

Distribution cover

Undiluted headline earnings per share for the year divided by the ordinary distribution per share for the year.

Distribution per share

Distribution per share is the actual interim cash dividend and/or capital distribution paid and the final cash dividend and/or capital distribution declared, expressed as cents per share.

Earnings per share

Earnings per share

Profit for the year divided by the weighted average number of shares in issue for the year.

Diluted earnings per share

Profit for the year divided by the weighted average diluted number of shares in issue for the year.

Headline earnings per share

Headline earnings divided by the weighted average number of shares in issue for the year.

Diluted headline earnings per share

Headline earnings divided by the weighted average diluted number of shares in issue for the year.

Effective tax rate

The tax charge in the income statement as a percentage of profit before tax.

Free float

The number of ordinary shares that are freely tradable on the JSE Limited, excluding treasury shares and shares held by directors and employee share schemes.

Gross profit margin

Gross profit expressed as a percentage of turnover.

Headline earnings

Profit for the year adjusted for the after-tax effect of goodwill impairment and certain other capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

Clicks Group's consolidated financial statements are prepared in accordance with IFRS.

Interest-bearing debt, including cash, to shareholders' interest at year-end

Interest-bearing debt (including bank overdraft), net of cash balances, at the end of the year divided by shareholders' interest at the end of the year.

Inventory days

Closing inventory at year-end divided by the cost of merchandise sold during the year, multiplied by 365 days.

Issued shares

Ordinary shares and unlisted "A" shares having a par value of one cent each in the authorised share capital of Clicks Group Limited.

Market capitalisation

The closing market price per share at year-end multiplied by the number of ordinary shares in issue at year-end.

Net asset value per share

Net assets at year-end divided by the number of ordinary shares in issue at year-end (net of treasury shares).

Net tangible asset value per share

Net assets at year-end, less intangible assets (such as goodwill and trademarks), divided by the number of ordinary shares in issue at year-end (net of treasury shares).

Operating profit

Operating profit before financing costs, as reported in the group consolidated statement of comprehensive income, adjusted to exclude goodwill impairment, impairment of property, plant and equipment, profit on disposal of businesses and profit/loss on disposal of property, plant and equipment.

Operating profit margin

Operating profit expressed as a percentage of turnover.

Percentage of ordinary shares traded

The number of ordinary shares traded on the JSE Limited during the year as a percentage of the weighted average number of ordinary shares in issue (net of treasury shares).

Price earnings ratio

The closing market price per share at year-end divided by diluted headline earnings per share for the year.

Return on shareholders' interest (ROE)

Headline earnings expressed as a percentage of the average shareholders' interest for the year.

Return on total assets (ROA)

Headline earnings expressed as a percentage of the average total assets for the year.

Segmental reporting

Business unit segment

A distinguishable trading brand or component of the group.

Selling price inflation

The change in the weighted average selling price of a sample of products for the year relative to the previous year expressed as a percentage of the weighted average selling price of the same sample of products for the previous year. Only products sold in both the current and previous years are included in the sample.

Shareholders' interest

Share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

Shareholders' interest to total assets

The shareholders' interest divided by the total assets at the year-end.

Total income

Gross profit plus other income.

Total income margin

Total income expressed as a percentage of turnover.

Trade creditor days

Closing trade creditors at year-end (adjusted to exclude VAT) divided by the cost of merchandise sold during the year, multiplied by 365 days.

Trade debtor days

Closing trade debtors at year-end (adjusted to exclude VAT) divided by sales for the year, multiplied by 365 days.

Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme, the New Clicks Holdings Share Trust and the Clicks Group Employee Share Ownership Trust.

Weighted average number of shares

The number of ordinary shares in issue, increased by shares issued during the year and reduced by treasury shares purchased or shares cancelled during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Weighted average diluted number of shares

The weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares.

PRESENTATION



CLICKS GROUP
LIMITED

ANNUAL RESULTS
FOR THE YEAR ENDED
31 AUGUST 2012

PRESENTATION OUTLINE

- Review of the year
- Financial results
- Trading performance
- Outlook
- Questions





REVIEW OF THE YEAR

DAVID KNEALE

REVIEW OF THE YEAR

- Middle income consumers under pressure
- Health and beauty markets driven by promotions
- Minimal real growth in private healthcare market
- Low selling price inflation
- Diluted headline earnings per share up 9.5%

PRESENTATION

REVIEW OF THE YEAR continued

- Retail
 - Margin under pressure in Clicks
 - Costs contained but pharmacist retention impacted
 - Market share gains in all key markets
 - Continued benefit from customer loyalty
 - Musica and The Body Shop both performed well
- UPD
 - Tripled distribution agency contracts to R1.7bn
 - Wholesale market share increased to 24%

CLICKS GROUP ANNUAL RESULTS 2012 5



FINANCIAL RESULTS

MICHAEL FLEMING

FINANCIAL HIGHLIGHTS

- Group turnover up **9.2%**
 - Retail turnover up **8.2%**
 - UPD turnover up **11.1%**
 - Selling price inflation of **0.5%**
- Operating margin maintained at **6.6%**
- Diluted headline EPS up **9.5%** to 273.4 cps
- Cash generated by operations **R1.1 billion**
- Total distribution of 152.0 cps, up **21.6%**
- Return on equity of **59.9%**

CLICKS GROUP ANNUAL RESULTS 2012 7

TURNOVER

R' m	2012	2011	% change	% same store growth	% inflation
Clicks	10 686	9 789	9.2	5.9	1.2
Musica	871	896	(2.7)	0.0	(4.9)
The Body Shop	123	108	14.1	13.8	(1.9)
Total retail	11 680	10 793	8.2	5.5	0.7
UPD	6 224	5 602	11.1		0.1
Intragroup turnover	(2 467)	(2 259)	9.2		
Total group	15 437	14 136	9.2		0.5

- Real volume growth in all businesses

CLICKS GROUP ANNUAL RESULTS 2012 8

PRESENTATION

TOTAL INCOME

	2012 R' m	2011 R' m	% change	2012 % margin	2011 % margin
Clicks	3 421	3 146	8.7	32.0	32.1
Musica	313	319	(2.1)	35.9	35.7
The Body Shop	80	75	7.5	65.3	69.3
Total retail	3 814	3 540	7.7	32.7	32.8
UPD	520	454	14.6	8.4	8.1
Intragroup	(58)	(48)			
Total group	4 276	3 946	8.4	27.7	27.9

- Impact of strong promotional campaigns in Clicks
- Benefit from SEP increase and distribution agency business in UPD

CLICKS GROUP ANNUAL RESULTS 2012 9

OPERATING EXPENDITURE - RETAIL

R' m	2012	2011	% change
Depreciation and amortisation	156	136	14.6
Occupancy costs	470	421	11.6
Employment costs	1 448	1 375	5.3
Other operating costs	885	805	10.0
Total retail costs	2 959	2 737	8.1

- Comparable retail costs up 5.0%
- Depreciation and occupancy costs - Continuing investment in stores and IT
- Employment costs - Clicks same store employment costs up 2.6%
- Pharmacy professional costs up 7.5%
- Other operating costs - Water and electricity up 23.6%

CLICKS GROUP ANNUAL RESULTS 2012 10

OPERATING EXPENDITURE - UPD

R' m	2012	2011	% change
Depreciation and amortisation	15	14	14.2
Occupancy costs	3	3	15.9
Employment costs	135	121	11.1
Other operating costs	212	185	14.2
Total UPD costs	365	323	13.0

- Comparable costs up 6.7%
- Additional variable distribution costs of R9.3m
- Other operating costs include investment of R11.0m in distribution capabilities

CLICKS GROUP ANNUAL RESULTS 2012 11

OPERATING PROFIT

	2012 R' m	2011 R' m	% change	2012 % margin	2011 % margin
Clicks	788	751	4.9	7.4	7.7
Musica	42	31	36.3	4.9	3.5
The Body Shop	24	21	15.9	19.4	19.1
Total retail	854	803	6.4	7.3	7.4
UPD	155	131	18.5	2.5	2.3
Intragroup	2	4			
Total group	1 011	938	7.9	6.6	6.6

CLICKS GROUP ANNUAL RESULTS 2012 12

PRESENTATION

INVENTORY

	<u>Days in stock*</u>		<u>Inventory (R' m)</u>		
	2012	2011	2012	2011	% change
Clicks	66	63	1 394	1 203	15.9
Musica	74	83	116	136	(14.0)
The Body Shop	144	125	18	12	48.0
Total retail	67	65	1 528	1 351	13.2
UPD	34	31	561	463	21.2
Intragroup inventory			(9)	(11)	
Total group	63	60	2 080	1 803	15.4

- Clicks investing in newness and availability of stock
- UPD stock impacted by new contracts

* At cost price

CLICKS GROUP ANNUAL RESULTS 2012 13

CASH GENERATION

R' m	2012	2011
Profit before tax	958	898
Non-cash adjustments	277	177
Operating profit before working capital changes	1 235	1 075
Working capital changes, excl derivative	(161)	(266)
Disposal of derivative hedge	-	161
Net interest and tax paid	(310)	(293)
Cash inflow from operations	764	677

CLICKS GROUP ANNUAL RESULTS 2012 14

CASH UTILISATION

R' m	2012	2011
Cash inflow from operations	764	677
Capital expenditure	(256)	(226)
Distributions paid	(337)	(296)
Share buy-backs	(12)	(552)
Other investing activities	8	17
Other financing activities	(159)	246
Net cash generated/(utilised)	8	(134)

CLICKS GROUP ANNUAL RESULTS 2012 15

CAPITAL MANAGEMENT

- Group will remain cash generative
- Investing in the business – R356m capex planned in FY2013
 - R161m stores
 - R85m IT systems
 - R67m UPD
 - R43m other
- Return balance of cash to shareholders
 - Dividend cover 1.8 times
 - Continued share buybacks

CLICKS GROUP ANNUAL RESULTS 2012 16

PRESENTATION

MEDIUM-TERM FINANCIAL TARGETS

	2012 – 2014 target	Achieved in 2012	2013 – 2015 target
ROE (%)	55 – 65	59.9	55 – 65
ROA (%)	14 – 18	15.3	14 – 18
Inventory days	55 – 60	63	55 – 60
Group operating margin (%)	6.0 – 7.0	6.6	6.0 – 7.0

Operating margin (%)			
Clicks	7.0 – 8.0	7.4	7.0 – 8.0
UPD	2.5 – 3.0	2.5	2.2 – 2.7
Musica	3.0 – 4.0	4.9	3.0 – 4.0
The Body Shop	18.0 – 20.0	19.4	18.0 – 20.0

CLICKS GROUP ANNUAL RESULTS 2012 17



TRADING PERFORMANCE

DAVID KNEALE



SALES PERFORMANCE

	% change	% contribution
Health		
Scheduled medicines	8.4	27.3
Front shop health	15.1	28.7
Beauty	7.9	23.4
General merchandise	4.0	20.6
Total turnover	9.2	100.0

PRESENTATION

HEALTH



- Dispensary sales +9.4% (value) and +9.9% (volume)
 - Genericisation and more self-medication
- 109 000 Discovery MedSaver/HealthyCare members
 - MedSaver basket 40% higher
- Good growth in other key categories
 - Vitamins and supplements +9.9%
 - Baby +37.0%
- Increased market share



%	2012	2011
Retail pharmacy*	16.2	15.4
Front shop health**	38.7	37.5
Baby**	8.5	6.9

* Per IMS ** Per AC Nielsen (restated)

BEAUTY



- Consistent performance
 - Skincare +10.1%
 - Colour cosmetics +8.9%
 - Fragrance +8.6%
 - Haircare +6.7%
- Stronger second half performance
 - Strong promotions
 - More innovation
- Increased market share



%	2012	2011
Skincare**	33.8	33.4
Haircare**	30.4	29.5

** Per AC Nielsen

GENERAL MERCHANDISE



- Impact of underperformance of homeware
 - Up 1.3% in second half
 - Ranges being refreshed
- Good performance in other key categories
 - Confectionery +8.0%
 - Electrical and hi-tech +9.0%
- Good market share growth



%	2012	2011
Small household appliances***	19.3	18.2

*** Per GfK (restated)

STORES



- 420 stores at August 2012
- Slower growth in destination stores
 - Impact of centre upgrades and economic climate
- Action plans
 - New development programme for top 40 managers
 - Improving depth of management
 - Broadening product offer
- Investing in existing store base
 - 20 revamps in FY2013
 - 11 space extensions



PRESENTATION

GATEWAY STORE

CLICKS GROUP ANNUAL RESULTS 2012 25

PHARMACY

- 306 dispensaries at August 2012
- Costs contained too tightly
 - Staff costs +7.5%
 - Pharmacy staff turnover of 37%
- Action plans
 - Greater management support for pharmacies
 - Streamlined recruitment process
 - Improved salaries for pharmacist assistants
 - Extra 200 pharmacist assistants being trained
- Anticipated R40m investment

CLICKS GROUP ANNUAL RESULTS 2012 26

CUSTOMERS AND BRAND



- ClubCard membership now 3.9m
 - Net growth of 300 000 members
 - 77.1% of sales (2011: 76.7%)
 - Basket value still double non-ClubCard
 - 9 affinity partners
 - 154 000 members of Baby Club
- Private label up from 18.2% to 18.4% of sales
 - Front shop at 24.2%
 - 39 private label medicines on shelf
- Rated 1st in health and beauty*



* Per TNS Brand Tracker

CLICKS GROUP ANNUAL RESULTS 2012 27




MUSICA
A WORLD AWAITS



PRESENTATION

PERFORMANCE



	% change	% contribution	Market share*	
			2012	2011
CDs	(5.1)	47	44%	41%
DVDs	(9.8)	26	28%	27%
Gaming	(3.4)	17	10%	9%
Technology	31.6	10		

- Good second half performance
- Continued growth in market shares despite net closure of 14 stores
- Cost management will continue to improve efficiencies
 - Further 14 store closures planned in FY2013
- Technology category to be extended to a further 25 stores

* Per Aquidneck/GfK

CLICKS GROUP ANNUAL RESULTS 2012 29

PERFORMANCE

THE BODY SHOP.

- Good sales performance
 - Unit sales up 11.9%
 - Good gifting range and better availability
- 158 000 “Love Your Body” cardholders
 - 55% of sales
- Capsules in 44 Clicks stores and 5 store-in-store concepts
- 2 stores revamped with the new look
- 3 new stores planned in FY2013

CLICKS GROUP ANNUAL RESULTS 2012 30



TURNOVER



	% change	% contribution
Clicks	9.2	39.3
Hospitals	11.2	28.2
Link pharmacy	(7.6)	14.0
Other independent pharmacy	5.1	9.3
Other	101.3	9.2
Total turnover	11.1	100.0

PRESENTATION

PERFORMANCE



- Market share increased from 23.1% to 24.3%*
- Scheduled medicines up 11.5%
 - Originators +4.7%
 - Generics +23.1%, driven by preferred supplier contract
 - 0.1% inflation
- Front shop sales up 6.2%
- Product availability improved to 93%
- Successful take on of 10 distribution agency contracts
 - R1.7bn notional turnover in total

* MAT per IMS

CLICKS GROUP ANNUAL RESULTS 2012 33



OUTLOOK

DAVID KNEALE

HEALTHCARE REGULATIONS

- Dispensing fees
 - No increase, but pushing for deregulation of Schedule 1 and 2
- SEP increase
 - Increase of up to 6% proposed for 2013
- Logistics fees
 - Support capping of the fee
 - Still not at an appropriate level
 - Definitions need to be clarified
 - Administratively burdensome
 - Doesn't address the policing of quasi-wholesalers

CLICKS GROUP ANNUAL RESULTS 2012 35

OUTLOOK

- Clicks
 - Upweighting management depth and calibre in top stores
 - Focus on improving pharmacy service
 - Stronger product offer for Christmas
 - Continue to invest in store revamps, new stores and new pharmacies
 - 4 – 5% retail trading space growth
- UPD
 - Drive wholesale turnover growth
 - Maintain high levels of service to distribution agency clients
 - GSK contract commences January 2013
 - Expect R3.3bn notional turnover in FY2013
 - Grow distribution infrastructure capacity by 50%

CLICKS GROUP ANNUAL RESULTS 2012 36

PRESENTATION

OUTLOOK continued

- Muted consumer spending growth anticipated
- Health and beauty market will remain promotionally driven
- Selling price inflation in low single digits
- All our businesses are market leaders
- Demonstrated capability to gain market share
- Confident of achieving medium-term financial targets
- Sustained growth for stakeholders

CLICKS GROUP ANNUAL RESULTS 2012 37

DISCLAIMER

Clicks Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Clicks Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.

Clicks Group does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

CONTACT DETAILS

Registered address:

Cnr Searle and Pontac Streets, Cape Town 8001 PO Box 5142, Cape Town 8000

Directors:

DM Nurek* (Chairman), F Abrahams*, JA Bester*, BD Engelbrecht, M Fleming (Chief Financial Officer), F Jakoet*, DA Kneale# (Chief Executive Officer), N Matlala*, M Rosen*

* Independent non-executive # British

Company secretary:

DW Janks

Transfer secretaries:

Computershare Investor Services (Proprietary) Limited 70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown 2107

Sponsor:

Investec Bank Limited

Registration number: 1996/000645/06 **Share code:** CLS **ISIN:** ZAE000134854

Tier 1 Investor Relations:

	Tel:	Cell:	E-mail:
Sue Hemp	+27 (0)21 702 3102	+27 (0)83 703 3131	sue@tier1ir.co.za
Graeme Lillie	+27 (0)21 702 3102	+27 (0)82 468 1507	graeme@tier1ir.co.za

