



NEW  
CLICKS HOLDINGS  
LIMITED

interim group results

for the six months ended 29 February 2008



## highlights

- Turnover – continuing operations up **13.1%**
- Diluted headline earnings per share up **25.8%**
- Distribution per share up **25.3%**
- ROE increases from 22.4% to **32.7%**

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# financial highlights



		Six months to 29 February 2008	Six months to 28 February 2007	Year to 31 August 2007
<b>Income Statement</b>				
Turnover	R'000	5 640 981	4 989 120	10 051 373
Gross profit	R'000	1 122 568	950 788	1 898 324
Headline earnings	R'000	209 981	187 547	356 922
Net interest charge	R'000	16 406	22 216	38 827
<b>Balance Sheet</b>				
Ordinary shareholders' interest	R'000	1 103 513	1 528 003	1 296 188
Interest-bearing borrowings	R'000	144 181	209 178	281 131
Total assets	R'000	3 490 883	3 736 781	4 010 379
<b>Cash Flow</b>				
Net cash effects of operating activities	R'000	(74 568)	454 039	1 023 011
Capital expenditure	R'000	64 791	88 229	154 622
Depreciation and amortisation	R'000	49 687	49 630	104 401
<b>Performance</b>				
Turnover growth – continuing operations	%	13.1	12.0	12.6
Comparable stores turnover growth – continuing operations	%	8.5	14.3	13.7
Gross profit growth – continuing operations	%	18.1	8.7	14.6
Gross profit margin – continuing operations	%	19.9	19.1	18.9
Operating margin – continuing operations	%	5.3	5.2	4.9
Inventory days – continuing operations		55	56	53
Current ratio		1.1	1.3	1.1
Return on total assets	%	10.5	9.4	9.3
Return on shareholders' interest	%	32.7	22.4	24.7
Interest-bearing debt to shareholders' interest at period end	%	13.1	13.7	21.7
Interest-bearing debt, including cash, to shareholders' interest at period end	%	(0.3)	0.9	(10.2)
<b>Statistics</b>				
Number of permanent employees		7 289	8 896	9 076
Number of stores				
	– company-owned	509	664	665
	– franchised	16	17	17
Weighted retail trading area	– company-owned	m <sup>2</sup>	193 040	247 755
			247 755	245 679
<b>Share Statistics</b>				
Number of shares in issue (gross)	'000	325 957	355 957	335 957
Number of shares in issue (net of treasury shares)	'000	295 491	337 651	316 115
Weighted average number of shares in issue (net of treasury shares)	'000	306 053	342 642	336 266
Weighted average diluted number of shares in issue (net of treasury shares)	'000	309 581	347 803	346 372
Headline earnings per share				
	– undiluted	cents	68.6	54.7
	– diluted	cents	67.8	53.9
Distribution per share				
	– proposed/interim	cents	18.8	15.0
	– final	cents		33.2
Distribution cover		times	3.6	3.6
Share price		cents		
	– closing	cents	1 500	1 305
	– high	cents	1 799	1 350
	– low	cents	1 305	984
Net asset value per share		cents	373	453
Net tangible asset value per share		cents	247	311
Market capitalisation (gross)	R'000	4 889 355	4 645 239	5 123 344
Market capitalisation (net of treasury shares)	R'000	4 432 365	4 406 346	4 820 754
Price earnings ratio	times	11.9	13.0	14.0
Volume of shares traded	'000	159 150	176 723	316 074
Percentage of shares traded	%	52.0	51.6	94.1
Free float	%	90.6	94.8	96.7
Shareholders' return	cents	(6)	285	538
(Decrease)/increase in share price	cents	(25)	270	490
Distribution per share	cents	19	15	48
<b>Other Information</b>				
Inflation rate (CPI)	%	9.8	5.7	6.7
Interest rates				
Prime overdraft rate	– closing	%	14.5	12.5
	– average	%	14.2	12.2
R153	– closing	%	9.6	8.0
	– average	%	9.2	8.3
FTSE/JSE Africa share indices				
All Share Index		30 674	25 796	28 660
General Retailers Index		24 117	34 009	31 715
Exchange rate				
Rand/US dollar	– average	R/US\$	6.97	7.24
	– closing	R/US\$	7.59	7.26

## Overview

New Clicks showed the resilient nature of its business by posting a pleasing level of real sales growth in the first six months of the 2008 financial year, despite an overall slowdown in consumer spending in the country. The group has benefited from this good trading and its ongoing focus on efficient cash and capital management to exceed its medium-term ROE target of 30% in the period. At the same time the group continued to invest in people, processes and stores for the long-term growth of the business.

### Financial performance

Group turnover from continuing operations increased by 13.1% to R5.64 billion (2007: R4.98 billion), with selling price inflation measured at 3.4% for the six month period. Retail turnover increased by 10.7% and 8.5% on a comparable store basis, against inflation of 3.7%. UPD increased turnover by 13.6% and experienced inflation of 3.1% for the period.

Retail total income (comprising gross profit and other income) grew by 16.7% to R1.16 billion, with UPD's total income up 5.3% to R185 million.

The retail operating margin improved from 5.9% to 6.3%, while UPD's margin declined from 3.2% to 2.8%.

The 15.2% increase in group operating expenditure from continuing operations includes a provision for the employee incentive schemes which reflect the current performance of the group, set-up costs for the Blueprint retail programme and Musica store opening costs. Management expects cost growth to be contained below the level of turnover growth for the full year.

Operating profit increased 15.2% as a result of higher turnover and the improved retail margin.

The group's headline earnings increased 12.0% from R188 million to R210 million, with the results of the Discom business included in the comparative period.

Diluted headline earnings per share benefited from the share buy-back programme and grew 25.8% to 67.8 cents per share. Diluted earnings per share increased 54.0% to 82.4 cents per share, lifted by profit from the disposal of Discom, Style Studio and land adjacent to the group's head office during the period.

Inventory continued to be well managed, with stock levels increasing by only 4.9% against turnover growth of 13.1%.

During the period the group repurchased 8.8% of its issued share capital, partly funded by the proceeds of the Discom sale.

Cash flow for the period was impacted by timing differences in working capital and the group moving into a net tax cash paying position.

### Trading performance

Clicks increased turnover by 11.1%, showing real sales growth of 7.4%. The performance was attributable to the growth of 16.8% in the health category and 13.5% in beauty, highlighting the defensive nature of Clicks in a tightening economy. These categories now account for 73% of total turnover in Clicks. Operating profit increased 22.6% owing to lower shrinkage and wastage, increased private label sales and further efficiencies in the supply chain.

UPD grew turnover by 13.6%, boosted by increased sales to independent pharmacies owing to the success of the Link initiative as well as benefiting from new distribution contracts. Operating profit increased 1.7%. Management anticipates that the business



turnover up  
**13.1%**

diluted headline  
EPS up

**25.8%**

distribution per  
share up

**25.3%**

ROE increases  
from 22.4% to

**32.7%**

will show a recovery in the second half through improved operating efficiencies and increases in logistics fees.

Strong growth in DVD and gaming sales in Musica contributed to an 8.5% increase in turnover. CD sales declined owing to a lack of popular new local releases, although Musica continued to gain market share. While operating profit for the period was flat, Musica performed in line with budget and was impacted by the opening of 11 new stores. The business is expected to show double digit profit growth for the full year.

The Body Shop grew turnover by 19.8%, supported by the success of the Love Your Body loyalty programme and new store openings. Operating profit increased by 30.4%.

### Prospects

The group has clearly defined operational plans to deliver on its strategy and achieve its medium-term targets.

While the trading environment is expected to become more challenging with increasing pressures on consumer expenditure, New Clicks is a largely defensive business which is proving fairly resilient in the current economic climate. Sales for March and April have continued in line with the performance for the first half.

### Full-year earnings forecast

In the absence of any unforeseen factors in the macro-economy and any marked deterioration in the trading environment, the board

and management expect diluted headline earnings per share to increase by between 20% and 30% for the year to 31 August 2008. Diluted earnings per share are forecast to grow by between 30% and 40%. These forecasts have not been audited or reviewed by the company's auditors.

### Distribution

The board of directors has approved an interim distribution of 18.8 cents per share (2007: 15.0 cents), comprising a cash dividend of 3.7 cents per share and a distribution out of share premium of 15.1 cents per share in lieu of a dividend (collectively "the distribution").

Shareholders are advised of the following salient dates relating to the distribution:

Last day to trade cum the distribution	Thursday, 12 June 2008
Shares trade ex the distribution	Friday, 13 June 2008
Record date	Friday, 20 June 2008
Payment to shareholders	Monday, 23 June 2008

Share certificates may not be dematerialised or rematerialised between Friday, 13 June 2008 and Friday, 20 June 2008, both days inclusive.

By order of the Board

ALLAN SCOTT

Company Secretary

24 April 2008



# consolidated balance sheet

R'000	As at 29 February 2008	As at 28 February 2007	As at 31 August 2007
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 168 726</b>	1 301 579	1 188 408
Property, plant and equipment	711 322	731 901	698 964
Investment property	–	6 900	–
Intangible assets	289 174	394 395	291 339
Goodwill	83 950	83 950	83 950
Deferred tax assets	26 468	23 489	45 404
Loans receivable	57 812	60 944	68 751
<b>Current assets</b>	<b>2 322 157</b>	2 435 202	2 821 971
Inventories	1 316 347	1 460 912	1 191 847
Trade and other receivables	774 861	713 909	792 126
Income tax receivable	1 576	20 634	2 446
Loans receivable	6 722	3 184	4 616
Cash and cash equivalents	147 159	195 446	413 275
Derivative financial assets	75 492	41 117	59 391
Assets held for sale	–	–	358 270
<b>Total assets</b>	<b>3 490 883</b>	3 736 781	4 010 379
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1 103 513</b>	1 528 003	1 296 188
Share capital	3 260	3 560	3 360
Share premium	194 467	765 253	435 991
Share option reserve	26 152	22 328	23 786
Treasury shares	(427 703)	(201 947)	(258 548)
Foreign currency translation reserve	89	638	(11)
Distributable reserve	1 307 248	938 171	1 091 610
<b>Non-current liabilities</b>	<b>326 424</b>	353 138	331 676
Interest-bearing borrowings	72 901	113 256	77 681
Employee benefits	103 460	53 398	64 943
Deferred tax liabilities	50 181	86 281	91 692
Operating lease liability	99 882	100 203	97 360
<b>Current liabilities</b>	<b>2 060 946</b>	1 855 640	2 382 515
Bank overdraft	–	20 442	–
Trade and other payables	1 740 778	1 612 301	1 902 313
Employee benefits	92 516	71 481	127 383
Provisions	41 776	42 550	47 610
Interest-bearing borrowings	71 280	75 480	203 450
Income tax payable	114 596	33 386	86 755
Liabilities held for sale	–	–	15 004
<b>Total equity and liabilities</b>	<b>3 490 883</b>	3 736 781	4 010 379

# consolidated income statement



R'000	Six months to 29 February 2008	Six months to 28 February 2007	% change	Year to 31 August 2007
<b>Continuing operations</b>				
Revenue	5 878 718	5 214 863		10 529 632
Turnover	5 640 981	4 989 120	13.1%	10 051 373
Cost of merchandise sold	(4 518 413)	(4 038 332)	11.9%	(8 153 049)
<b>Gross profit</b>	<b>1 122 568</b>	950 788	18.1%	1 898 324
Other income	226 634	220 657	2.7%	462 393
Expenses	(1 049 267)	(911 029)	15.2%	(1 866 889)
Depreciation and amortisation	(46 410)	(38 620)	20.2%	(81 587)
Occupancy costs	(152 091)	(138 978)	9.4%	(284 605)
Employment costs	(490 060)	(421 789)	16.2%	(891 262)
Other costs	(360 706)	(311 642)	15.7%	(609 435)
Profit/(loss) on disposal of property, plant and equipment	18 806	(812)		29 402
Profit on disposal of business	1 244	–		–
Goodwill impairment	–	–		(250)
<b>Operating profit before financing costs</b>	<b>319 985</b>	259 604	23.3%	522 980
Net financing costs	(16 406)	(22 216)	(26.2%)	(38 827)
Financial income	11 103	5 086		15 866
Financial expense	(27 509)	(27 302)		(54 693)
<b>Profit before tax</b>	<b>303 579</b>	237 388	27.9%	484 153
Income tax expense	(82 300)	(64 825)	27.0%	(129 965)
<b>Profit for the period from continuing operations</b>	<b>221 279</b>	172 563	28.2%	354 188
<b>Discontinued operations</b>				
<b>Profit for the period from discontinued operations</b>	<b>33 681</b>	13 601		26 320
<b>Total profit for the period</b>	<b>254 960</b>	186 164	37.0%	380 508
Adjustment for:				
(Profit)/loss on disposal of property, plant and equipment	(16 237)	1 383		(23 836)
Profit on disposal of businesses	(28 742)	–		–
Goodwill impairment	–	–		250
Headline earnings	209 981	187 547	12.0%	356 922
Undiluted basic earnings per share (cents)				
– continuing operations	72.3	50.3	43.7%	105.4
– discontinued operations	11.0	4.0	175.0%	7.8
	83.3	54.3	53.4%	113.2
Diluted basic earnings per share (cents)				
– continuing operations	71.5	49.6	44.2%	102.3
– discontinued operations	10.9	3.9	179.5%	7.6
	82.4	53.5	54.0%	109.9
Headline earnings per share (cents)				
– undiluted	68.6	54.7	25.4%	106.1
– diluted	67.8	53.9	25.8%	103.0
Shares in issue ('000)	325 957	355 957	(8.4%)	335 957
Weighted average number of shares in issue ('000)	306 053	342 642	(10.7%)	336 266
Weighted average diluted number of shares in issue ('000)	309 581	347 803	(11.0%)	346 372

## consolidated statement of changes in equity

R'000	Number of shares ('000)	Share capital	Share premium	Share option reserve
Balance at 31 August 2006	347 613	3 555	815 791	20 037
Shares issued in respect of options	469	5	3 123	–
Share issue expenses written off	–	–	(9)	–
Net cost of own shares purchased	(10 431)	–	–	–
Treasury shares purchased	(22 226)	–	–	–
Loss on disposal of treasury shares	11 795	–	–	–
Total recognised income and expenses for the period	–	–	–	2 291
Foreign currency translation reserve	–	–	–	–
Share option reserve	–	–	–	2 291
Profit for the period	–	–	–	–
Distributions to shareholders	–	–	(53 652)	–
Balance at 28 February 2007	337 651	3 560	765 253	22 328
Share issue expenses written off	–	–	(717)	–
Treasury shares cancelled	–	(200)	(286 800)	–
Net cost of own shares purchased	(21 536)	–	–	–
Treasury shares purchased	(27 722)	–	–	–
Loss on disposal of treasury shares	6 186	–	–	–
Total recognised income and expenses for the period	–	–	–	1 458
Foreign currency translation reserve	–	–	–	–
Share option reserve	–	–	–	1 458
Profit for the period	–	–	–	–
Distributions to shareholders	–	–	(41 745)	–
Balance at 31 August 2007	316 115	3 360	435 991	23 786
Treasury shares cancelled	–	(100)	(141 755)	–
Share cancellation expenses written off	–	–	(325)	–
Net cost of own shares purchased	(20 624)	–	–	–
Treasury shares purchased	(23 970)	–	–	–
Loss on disposal of treasury shares	3 346	–	–	–
Total recognised income and expenses for the period	–	–	–	2 366
Foreign currency translation reserve	–	–	–	–
Share option reserve	–	–	–	2 366
Profit for the period	–	–	–	–
Distributions to shareholders	–	–	(99 444)	–
<b>Balance at 29 February 2008</b>	<b>295 491</b>	<b>3 260</b>	<b>194 467</b>	<b>26 152</b>





Treasury shares	Foreign currency translation reserve	Distributable reserve	Total
(69 624)	618	823 572	<b>1 593 949</b>
-	-	-	<b>3 128</b>
-	-	-	<b>(9)</b>
(132 323)	-	(47 525)	<b>(179 848)</b>
(256 091)	-	-	<b>(256 091)</b>
123 768	-	(47 525)	<b>76 243</b>
-	20	186 164	<b>188 475</b>
-	20	-	<b>20</b>
-	-	-	<b>2 291</b>
-	-	186 164	<b>186 164</b>
-	-	(24 040)	<b>(77 692)</b>
(201 947)	638	938 171	<b>1 528 003</b>
-	-	-	<b>(717)</b>
287 000	-	-	<b>-</b>
(343 601)	-	(39 056)	<b>(382 657)</b>
(427 344)	-	-	<b>(427 344)</b>
83 743	-	(39 056)	<b>44 687</b>
-	(649)	194 344	<b>195 153</b>
-	(649)	-	<b>(649)</b>
-	-	-	<b>1 458</b>
-	-	194 344	<b>194 344</b>
-	-	(1 849)	<b>(43 594)</b>
(258 548)	(11)	1 091 610	<b>1 296 188</b>
141 855	-	-	<b>-</b>
-	-	-	<b>(325)</b>
(316 414)	-	(21 824)	<b>(338 238)</b>
(366 215)	-	-	<b>(366 215)</b>
49 801	-	(21 824)	<b>27 977</b>
-	100	254 960	<b>257 426</b>
-	100	-	<b>100</b>
-	-	-	<b>2 366</b>
-	-	254 960	<b>254 960</b>
5 404	-	(17 498)	<b>(111 538)</b>
(427 703)	89	1 307 248	<b>1 103 513</b>

## consolidated statement of cash flows

R'000	Six months to 29 February 2008	Six months to 28 February 2007	Year to 31 August 2007
<b>Cash effects of operating activities</b>			
Operating profit before working capital changes (refer note 1)	367 040	326 140	622 366
Working capital changes (refer note 2)	(242 056)	175 254	520 810
Cash generated by operations	124 984	501 394	1 143 176
Interest received	9 134	5 086	15 187
Interest paid	(22 912)	(27 302)	(51 570)
Taxation (paid)/received	(74 236)	52 553	37 504
Cash inflow from operating activities before distributions	36 970	531 731	1 144 297
Distributions paid to shareholders	(111 538)	(77 692)	(121 286)
Net cash effects of operating activities	(74 568)	454 039	1 023 011
<b>Cash effects of investing activities</b>			
Investment in property, plant and equipment to maintain and expand operations	(64 791)	(88 229)	(154 622)
Investment in intangible assets	(905)	-	-
Acquisition of additional goodwill	-	-	(250)
Proceeds from disposal of business	316 356	-	-
Proceeds on disposal of property, plant and equipment	20 582	5 106	47 453
Decrease in loan receivables	11 242	12 676	3 437
Net cash effects of investing activities	282 484	(70 447)	(103 982)
<b>Cash effects of financing activities</b>			
Proceeds from the issue of share capital	-	3 128	3 128
Share issue expenses	-	(9)	(726)
Share cancellation expenses	(325)	-	-
Purchase of treasury shares	(492 074)	(256 091)	(557 576)
Proceeds from disposal of treasury shares	27 977	76 243	120 930
Interest-bearing borrowings repaid	(9 610)	(24 970)	(64 621)
Net cash effects of financing activities	(474 032)	(201 699)	(498 865)
Net (decrease)/increase in cash and cash equivalents	(266 116)	181 893	420 164
Cash and cash equivalents at beginning of period	413 275	(6 889)	(6 889)
<b>Cash and cash equivalents at end of period</b>	<b>147 159</b>	<b>175 004</b>	<b>413 275</b>

## notes to the cash flow statement



R'000	Six months to 29 February 2008	Six months to 28 February 2007	Year to 31 August 2007
1 Operating profit before working capital changes			
Operating profit before financing costs	<b>351 738</b>	278 994	560 051
Adjustment for:			
Depreciation and amortisation	<b>49 687</b>	49 630	104 401
Reversal of previous unrealised foreign exchange differences	<b>1 349</b>	–	6 080
Unrealised foreign exchange gain	<b>(7 228)</b>	(520)	(1 349)
Goodwill impairment	<b>–</b>	–	250
Operating lease accrual	<b>(3 785)</b>	(942)	2 522
(Profit)/loss on disposal of property, plant and equipment	<b>(18 802)</b>	1 383	(26 512)
Profit on disposal of businesses	<b>(24 893)</b>	–	–
Fair value adjustment – derivatives	<b>16 608</b>	(4 696)	(26 826)
Equity-settled share option costs	<b>2 366</b>	2 291	3 749
	<b>367 040</b>	326 140	622 366
2 Working capital changes			
(Increase)/decrease in inventories	<b>(63 932)</b>	(17 751)	40 047
Decrease/(increase) in trade and other receivables	<b>18 118</b>	78 648	(272)
Acquisition of derivative financial instruments	<b>(26 415)</b>	–	–
(Decrease)/increase in trade and other payables	<b>(161 535)</b>	121 935	411 613
(Decrease)/increase in employee benefits	<b>(2 458)</b>	(8 712)	63 228
(Decrease)/increase in provisions	<b>(5 834)</b>	1 134	6 194
	<b>(242 056)</b>	175 254	520 810



## operational segmental balance sheet

	Retail		Distribution	
	29 February 2008 R'000	28 February 2007 R'000	29 February 2008 R'000	28 February 2007 R'000
<b>SEGMENT ASSETS</b>				
<b>Non-current assets</b>	<b>1 007 983</b>	1 356 963	<b>160 743</b>	(55 384)
Property, plant and equipment	592 411	633 642	118 911	98 259
Investment property	–	–	–	6 900
Intangible assets	287 519	392 090	1 655	2 305
Goodwill	–	–	83 950	83 950
Deferred tax assets	26 468	22 452	–	1 037
Intragroup loans	43 773	247 835	(43 773)	(247 835)
Loans receivable	57 812	60 944	–	–
<b>Current assets</b>	<b>1 403 098</b>	1 606 654	<b>1 006 860</b>	981 553
Inventories	1 043 843	1 191 158	273 939	274 349
Trade and other receivables	157 074	183 182	704 153	679 137
Income tax receivable	1 576	20 634	–	–
Loans receivable	6 722	3 184	–	–
Cash and cash equivalents	118 391	167 379	28 768	28 067
Derivative financial assets	75 492	41 117	–	–
<b>Total segment assets</b>	<b>2 411 081</b>	2 963 617	<b>1 167 603</b>	926 169
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>925 084</b>	1 408 966	<b>179 864</b>	123 632
Share capital	3 260	3 560	–	–
Share premium	194 467	765 253	–	–
Share option reserve	26 152	22 328	–	–
Treasury shares	(427 703)	(201 947)	–	–
Foreign currency translation reserve	89	638	–	–
Distributable reserve	1 128 819	819 134	179 864	123 632
<b>Segment non-current liabilities</b>	<b>314 548</b>	340 582	<b>11 876</b>	12 556
Interest-bearing borrowings	72 076	107 050	825	6 206
Employee benefits	95 783	53 398	7 677	–
Deferred tax liabilities	46 807	79 931	3 374	6 350
Operating lease liability	99 882	100 203	–	–
<b>Segment current liabilities</b>	<b>1 171 449</b>	1 214 069	<b>975 863</b>	789 981
Bank overdraft	–	20 442	–	–
Trade and other payables	889 510	995 479	937 634	765 232
Employee benefits	86 418	65 398	6 098	6 083
Provisions	41 776	42 550	–	–
Interest-bearing borrowings	69 732	73 070	1 548	2 410
Income tax payable	84 013	17 130	30 583	16 256
<b>Total segment equity and liabilities</b>	<b>2 411 081</b>	2 963 617	<b>1 167 603</b>	926 169



Intragroup elimination		Group	
29 February 2008 R'000	28 February 2007 R'000	29 February 2008 R'000	28 February 2007 R'000
-	-	1 168 726	1 301 579
-	-	711 322	731 901
-	-	-	6 900
-	-	289 174	394 395
-	-	83 950	83 950
-	-	26 468	23 489
-	-	-	-
-	-	57 812	60 944
(87 801)	(153 005)	2 322 157	2 435 202
(1 435)	(4 595)	1 316 347	1 460 912
(86 366)	(148 410)	774 861	713 909
-	-	1 576	20 634
-	-	6 722	3 184
-	-	147 159	195 446
-	-	75 492	41 117
(87 801)	(153 005)	3 490 883	3 736 781
(1 435)	(4 595)	1 103 513	1 528 003
-	-	3 260	3 560
-	-	194 467	765 253
-	-	26 152	22 328
-	-	(427 703)	(201 947)
-	-	89	638
(1 435)	(4 595)	1 307 248	938 171
-	-	326 424	353 138
-	-	72 901	113 256
-	-	103 460	53 398
-	-	50 181	86 281
-	-	99 882	100 203
(86 366)	(148 410)	2 060 946	1 855 640
-	-	-	20 442
(86 366)	(148 410)	1 740 778	1 612 301
-	-	92 516	71 481
-	-	41 776	42 550
-	-	71 280	75 480
-	-	114 596	33 386
(87 801)	(153 005)	3 490 883	3 736 781

## operational segmental income statement

R'000	Retail			Distribution		
	Six months to 29 February 2008	Six months to 28 February 2007	% change	Six months to 29 February 2008	Six months to 28 February 2007	% change
Segment revenue	<b>3 810 469</b>	3 440 121		<b>2 445 336</b>	2 165 428	
Turnover	<b>3 697 248</b>	3 339 162	10.7	<b>2 323 219</b>	2 045 730	13.6
Cost of merchandise sold	<b>(2 646 928)</b>	(2 443 292)	8.3	<b>(2 260 097)</b>	(1 989 568)	13.6
Gross profit	<b>1 050 320</b>	895 870	17.2	<b>63 122</b>	56 162	12.4
Other income	<b>113 221</b>	100 959	12.1	<b>122 117</b>	119 698	2.0
Segment expenses	<b>(930 035)</b>	(800 071)	16.2	<b>(119 232)</b>	(110 958)	7.5
Depreciation and amortisation	<b>(41 262)</b>	(36 070)	14.4	<b>(5 148)</b>	(2 550)	101.9
Occupancy costs	<b>(143 474)</b>	(132 668)	8.1	<b>(8 617)</b>	(6 310)	36.6
Employment costs	<b>(429 730)</b>	(365 500)	17.6	<b>(60 330)</b>	(56 289)	7.2
Other costs	<b>(315 569)</b>	(265 833)	18.7	<b>(45 137)</b>	(45 809)	(1.5)
Profit/(loss) on disposal of property, plant and equipment	<b>18 822</b>	(812)		<b>(16)</b>	–	
Profit on disposal of business	<b>1 244</b>	–		<b>–</b>	–	
Segment result from continuing operations	<b>253 572</b>	195 946	29.4	<b>65 991</b>	64 902	1.7
Discontinued operations						
Net financing costs						
Financial income						
Financial expenses						
Profit before taxation						
Income tax expense						
Total profit for the period						



Intragroup elimination		Total		% change
Six months to 29 February 2008	Six months to 28 February 2007	Six months to 29 February 2008	Six months to 28 February 2007	
(388 190)	(395 772)	<b>5 878 718</b>	5 214 863	
(379 486)	(395 772)	<b>5 640 981</b>	4 989 120	13.1
<b>388 612</b>	394 528	<b>(4 518 413)</b>	(4 038 332)	11.9
<b>9 126</b>	(1 244)	<b>1 122 568</b>	950 788	18.1
(8 704)	–	<b>226 634</b>	220 657	2.7
–	–	<b>(1 049 267)</b>	(911 029)	15.2
–	–	<b>(46 410)</b>	(38 620)	20.2
–	–	<b>(152 091)</b>	(138 978)	9.4
–	–	<b>(490 060)</b>	(421 789)	16.2
–	–	<b>(360 706)</b>	(311 642)	15.7
–	–	<b>18 806</b>	(812)	
–	–	<b>1 244</b>	–	
<b>422</b>	(1 244)	<b>319 985</b>	259 604	23.3
		<b>31 753</b>	19 390	63.8
		<b>(16 406)</b>	(22 216)	(26.2)
		<b>11 103</b>	5 086	
		<b>(27 509)</b>	(27 302)	
		<b>335 332</b>	256 778	30.6
		<b>(80 372)</b>	(70 614)	13.8
		<b>254 960</b>	186 164	37.0



## business unit segmental analysis

For the six months to 29 February 2008  
R'000

	Group		Clicks		UPD		Musica	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Balance sheet</b>								
Property, plant and equipment	* 711 322	738 801	239 220	182 671	118 911	105 159	46 291	46 641
Intangible assets	373 124	478 345	272 000	272 000	85 605	86 255	–	–
Inventories	1 316 347	1 460 912	873 423	827 072	273 939	274 349	166 228	149 976
Other assets	1 090 090	1 058 723	35 792	26 472	689 148	460 406	–	–
<b>Total assets</b>	<b>3 490 883</b>	<b>3 736 781</b>	<b>1 420 435</b>	<b>1 308 215</b>	<b>1 167 603</b>	<b>926 169</b>	<b>212 519</b>	<b>196 617</b>
<b>Income statement</b>								
Turnover	5 691 121	5 601 363	3 123 305	2 810 631	2 323 219	2 045 730	521 157	480 175
Operating profit	** 308 043	280 377	186 551	152 174	66 007	64 902	36 915	36 661
<b>Ratios</b>								
Increase in turnover	% 1.6	12.1	11.1	14.1	13.6	11.3	8.5	14.8
Selling price inflation	% 3.4	1.0	3.7	1.9	3.1	0.5	3.4	(2.6)
Increase in operating profit	% 9.9	23.7	22.6	31.0	1.7	23.6	0.7	18.4
Operating profit margin	% 5.4	5.0	6.0	5.4	2.8	3.2	7.1	7.6
Inventory days	55	57	75	77	22	25	90	88
Number of stores								
– company-owned	509	664	318	314	–	–	156	143
as at 31 Aug 2007/2006	665	664	320	308	–	–	147	145
opened	15	15	2	8	–	–	11	2
closed	(6)	(15)	(4)	(2)	–	–	(2)	(4)
sale of businesses	(165)	–	–	–	–	–	–	–
– franchised	16	17	16	16	–	–	–	–
Total leased area	m <sup>2</sup> 254 817	320 132	222 826	218 605	–	–	29 537	25 053
Weighted retail trading area	m <sup>2</sup> 193 040	247 755	167 231	165 488	–	–	23 993	22 342
Weighted annual sales per m <sup>2</sup>	R 35 752	29 771	34 863	31 703	–	–	40 546	40 118
Number of permanent employees	7 289	8 896	5 596	5 178	482	500	776	682

\* Property, plant and equipment includes investment property

\*\* Operating profit is operating profit before financing costs as reported in the consolidated income statement adjusted to exclude goodwill impairment, impairment of property, plant and equipment, profit on disposal of businesses and profit on disposal of property, plant and equipment

\*\*\* Disclosed as discontinued operations in consolidated income statement

\*\*\*\* Business disposed with effect from 3 September 2007





	The Body Shop		Discom***		Style Studio****		Group Services		Intragroup elimination	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	<b>12 241</b>	11 313	-	53 740	-	1 045	<b>294 659</b>	338 232	-	-
	-	-	-	-	-	-	<b>15 519</b>	120 090	-	-
	<b>4 192</b>	7 964	-	204 648	-	1 498	-	-	<b>(1 435)</b>	(4 595)
	-	-	-	-	-	-	<b>451 516</b>	720 255	<b>(86 366)</b>	(148 410)
	<b>16 433</b>	19 277	-	258 388	-	2 543	<b>761 694</b>	1 178 577	<b>(87 801)</b>	(153 005)
	<b>52 786</b>	44 057	<b>50 140</b>	612 243	-	4 299	-	-	<b>(379 486)</b>	(395 772)
	<b>9 683</b>	7 425	<b>8 108</b>	19 961	<b>357</b>	498	-	-	<b>422</b>	(1 244)
	<b>19.8</b>	27.0	-	13.2	-	21.0	-	-	<b>(4.1)</b>	31.6
	<b>3.5</b>	3.9	-	1.0	-	-	-	-	-	-
	<b>30.4</b>	23.5	-	(2.5)	-	(20.8)	-	-	-	-
	<b>18.3</b>	16.9	-	3.3	-	11.6	-	-	-	-
	<b>36</b>	84	-	89	-	140	-	-	-	-
	<b>35</b>	29	-	175	-	3	-	-	-	-
	<b>33</b>	29	<b>162</b>	179	<b>3</b>	3	-	-	-	-
	<b>2</b>	-	-	5	-	-	-	-	-	-
	-	-	-	(9)	-	-	-	-	-	-
	-	-	<b>(162)</b>	-	<b>(3)</b>	-	-	-	-	-
	-	-	-	1	-	-	-	-	-	-
	<b>2 454</b>	2 076	-	74 133	-	265	-	-	-	-
	<b>1 816</b>	1 584	-	58 076	-	265	-	-	-	-
	<b>54 259</b>	51 919	-	19 679	-	30 282	-	-	-	-
	<b>98</b>	84	-	1 735	-	8	<b>337</b>	709	-	-

## definitions

**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 periods.

**Continuing operations** – The operations of the group excluding the discontinued operations.

**Diluted headline earnings per share** – Headline earnings divided by the weighted average diluted number of shares in issue for the period.

**Discontinued operations** – A component of the group that either has been disposed of or is classified as held for sale and represents a separate major line of business. In the comparable period, this comprises the Discom business unit, which was disposed of during the 2008 financial year.

**Distribution cover** – Undiluted headline earnings for the period divided by the distribution per share for the period.

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

**Gross profit margin** – Gross profit expressed as a percentage of turnover.

**Headline earnings** – Profit for the period adjusted for the after tax effect of goodwill impairment and certain other capital items.

**Headline earnings per share** – Headline earnings divided by the weighted average number of shares in issue for the period.

**Interest-bearing debt to shareholders' interest at period end** – Interest-bearing debt (including bank overdraft) at the end of the period divided by the ordinary shareholders' interest at the end of the period.

**Inventory days** – Cost of sales for the period divided by the closing inventory at period end.

**Market capitalisation** – The market price per share at period end multiplied by the number of shares in issue at period end.

**Net asset value per share** – Net assets at period end divided by the number of shares in issue at period end.

**Net tangible asset value per share** – Net assets at period end, less intangible assets such as goodwill and trademarks, divided by the number of shares in issue at period end.

**Operating profit** – Operating profit before financing costs, as reported in the consolidated income statement, 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.

**Ordinary shareholders' interest** – Ordinary share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

**Price earnings ratio** – The market price per share at period end divided by diluted headline earnings per share for the period.

**Return on shareholders' interest (ROE)** – Headline earnings expressed as a percentage of the average ordinary shareholders' interest for the period.

**Return on total assets (ROA)** – Headline earnings expressed as a percentage of the average total assets for the period.

**Selling price inflation** – The change in weighted average selling price of a sample of products for the period relative to the previous period expressed as a percentage of the weighted average selling price of the same sample of products for the previous period. Only products sold in both the current and previous periods are included in the sample.

**Treasury shares** – Ordinary shares in New Clicks Holdings Limited held by a group company in terms of an approved share repurchase programme or by the New Clicks Holdings Share Trust.

**Weighted average number of shares** – The number of shares in issue, increased by shares issued during the period and reduced by treasury shares purchased or shares cancelled during the period, 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 shares adjusted for the effects of all dilutive potential ordinary shares.

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## presentation outline

- § review of the period David Kneale
- § financial results Keith Warburton
- § trading performance Michael Harvey & David Kneale
- § prospects David Kneale
- § questions

## review of the period



David Kneale

## review of the period

resilient trading in a tougher environment

- § turnover up **13.2%\***
- § operating profit up **15.3%\***
- § operating margin **5.3%\***
  - § retail margin up from 5.9% to **6.3%\***
  - § distribution margin moved from 3.2% to **2.8%**

\* continuing operations

*... investing for growth*

New Clicks Holdings 2008 interim results  3

## review of the period (continued)

managing cash & capital effectively

- § inventory at **55** days
- § **R492m** buybacks, using net R216m from Discom sale
- § diluted headline EPS up **25.8%** to **67.8** cps
- § interim distribution of **18.8** cps, up **25.3%**
- § ROE increases from 22.4% to **32.7%**

*... 30% ROE target achieved*

New Clicks Holdings 2008 interim results  4

## financial results



Keith Warburton

New Clicks Holdings 2008 interim results 5

## turnover

R'm	Feb 2008	Feb 2007	% change	same store % growth	% inflation
Clicks	3 123	2 811	11.1	9.3	3.7
Musica	521	480	8.5	3.6	3.4
The Body Shop	53	44	19.8	8.6	3.5
<b>continuing retail ops</b>	<b>3 697</b>	<b>3 335</b>	<b>10.9</b>	<b>8.5</b>	<b>3.7</b>
UPD	2 323	2 046	13.6		3.1
intragroup turnover	(379)	(396)	(4.1)		
<b>total continuing ops</b>	<b>5 641</b>	<b>4 985</b>	<b>13.2</b>		<b>3.4</b>
Discom & Style Studio	50	616			
<b>total group</b>	<b>5 691</b>	<b>5 601</b>	<b>1.6</b>		

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## retail income

R'm	Feb 2008	Feb 2007	% change
<b>continuing retail operations</b>			
gross profit	1 050	894	17.5
other income	113	101	12.1
<b>total income</b>	<b>1 163</b>	<b>995</b>	<b>16.9</b>
% of turnover	31.5%	29.8%	

- ⌘ better control of shrink & waste
- ⌘ benefit of centralising Clicks distribution
- ⌘ increased contribution from private label

New Clicks Holdings 2008 interim results ■ ■ ■ ■ 7

## distribution income

R'm	Feb 2008	Feb 2007	% change
<b>UPD</b>			
gross profit	63	56	12.4
other income	122	120	2.0
<b>total income</b>	<b>185</b>	<b>176</b>	<b>5.3</b>
% of turnover	8.0%	8.6%	

- ⌘ pressure on logistics fees from manufacturers in H1
- ⌘ some fee increases expected in H2

New Clicks Holdings 2008 interim results ■ ■ ■ ■ 8

## retail operating expenditure

R'm	Feb 2008	Feb 2007	% change
depreciation & amortisation	41	36	14.7
occupancy costs	143	132	8.5
employment costs	430	365	17.8
other operating costs	316	265	18.8
<b>total continuing retail ops</b>	<b>930</b>	<b>798</b>	<b>16.5</b>

§ set up costs for Clicks Blueprint retail

§ new store costs in Musica

§ provision for employee incentives

*... cost growth for full year to be below turnover growth*

New Clicks Holdings 2008 interim results  9

## group operating expenditure

R'm	Feb 2008	Feb 2007	% change
Clicks	770	657	17.1
Musica	140	123	13.8
The Body Shop	20	18	12.5
UPD	119	111	7.5
<b>total continuing operations</b>	<b>1 049</b>	<b>909</b>	<b>15.4</b>
Discom & Style Studio	8	163	
<b>total group</b>	<b>1 057</b>	<b>1 072</b>	<b>(1.4)</b>

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## operating profit

R'm	Feb 2008	Feb 2007	% change
Clicks	187	152	22.6
Musica	37	37	0.7
The Body Shop	10	7	30.4
UPD	66	65	1.7
intragroup	-	(1)	
<b>total continuing operations</b>	<b>300</b>	<b>260</b>	<b>15.3</b>
Discom & Style Studio	8	20	
<b>total group</b>	<b>308</b>	<b>280</b>	<b>9.9</b>

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## inventory

	days in stock*		inventory (R'm)		
	Feb 2008	Feb 2007	Feb 2008	Feb 2007	% change
Clicks	75	77	873	827	5.6
Musica	90	88	166	150	10.8
The Body Shop	36	84	4	8	(47.4)
<b>total retail</b>	<b>77</b>	<b>79</b>	<b>1 043</b>	<b>985</b>	<b>6.0</b>
UPD	22	25	274	274	(0.1)
intragroup inventory	-	-	(1)	(4)	
<b>total continuing ops</b>	<b>55</b>	<b>56</b>	<b>1 316</b>	<b>1 255</b>	<b>4.9</b>
Discom & Style Studio		89	-	206	
<b>total group</b>	<b>55</b>	<b>57</b>	<b>1 316</b>	<b>1 461</b>	<b>(9.9)</b>

\* at cost price

New Clicks Holdings 2008 interim results 12



## cash generation & utilisation

R'm	Feb 2008	Feb 2007
cash equivalents at beginning of period	413	(7)
cash (utilised)/generated	(266)	182
cash generated before capex, distributions & buybacks	187	604
net proceeds from sale of Discom	216	-
capital expenditure	(65)	(88)
distributions paid	(112)	(78)
share buybacks	(492)	(256)
<b>cash equivalents at end of period</b>	<b>147</b>	<b>175</b>

New Clicks Holdings 2008 interim results 13

## capital management

- § buyback programme commenced May 2006
  - § R1 171m repurchased to date - average price R13.84
- § 8.8% of shares repurchased during the period
- § shareholders' funds to total assets 31.6%

*... uplift of 11% on diluted HEPS this period*

New Clicks Holdings 2008 interim results 14

## outlook

- § ongoing focus on working capital
- § capex of R100m planned for H2
- § distributions from share premium while still favourable

*... good progress towards medium-term targets*

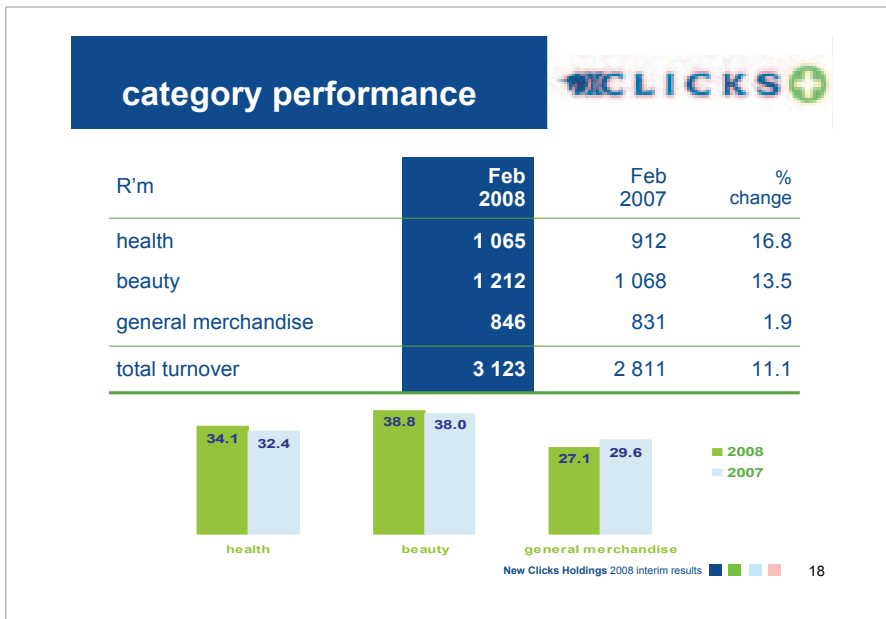
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## trading performance



Michael Harvey  
& David Kneale

New Clicks Holdings 2008 interim results  16



## health



- § 132 dispensaries at end February
  - § 7 opened during period
- § sales uplift from pharmacy
  - § existing stores with dispensaries +12.4%
  - § existing stores without dispensaries +4.7%
- § sub-categories:
  - § prescription +23.2%
  - § OTC +21.8%
  - § baby +22.7%
  - § front shop health +8.1%



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## health (continued)



- § front shop health market share maintained at 37%\*
- § 9.3%\*\* of retail pharmaceutical market
- § 62% of prescription sales from ClubCard holders
- § 620 240 customers on centralised patient database
- § establishing private label - now 3.1% of sales

\* per AC Nielsen

\*\* size of retail pharmaceutical market supplied by IMS



New Clicks Holdings 2008 interim results 20

## beauty



- § skin & bath +15.1%
- § cosmetics +13.9%
- § ethnic hair +70.0%
- § private label & exclusive brands now 20.3% of sales
- § market share maintained at 26%\*



\* per AC Nielsen

New Clicks Holdings 2008 interim results  21

## general merchandise



- § confectionery +10.5%
- § homewares +5.9%
- § electrical +0.3%
  - § 23% market share in small household appliances\*
- § private label & exclusive brands now 32.2% of sales
- § maintained market share overall



\* per GfK

New Clicks Holdings 2008 interim results  22



## store performance



- § 2.4m active ClubCard customers
  - § 183 000 new ClubCard holders in H1
    - 129 000 from emerging market
  - § average spend R96.50 vs R49.55 for other customers
- § front shop availability at 92.3% (vs 86.5% at Feb '07)
- § dispensary availability over 95%
- § 82% of goods from central distribution
  - § complete other than cosmetics (early 2009)



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## outlook



- § 10 new stores opening in H2
- § 24 new pharmacies planned for H2
- § Blueprint store design
  - § 31 stores completed at end February
  - § on target for 80 by August
- § private label & exclusive brands up from 16.3% to 17.6% of sales



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## outlook (continued)

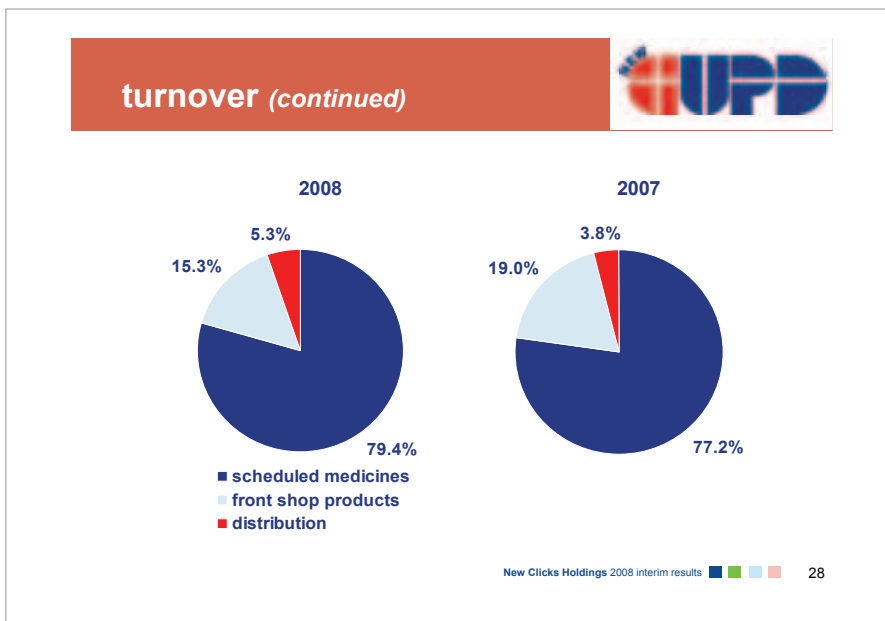
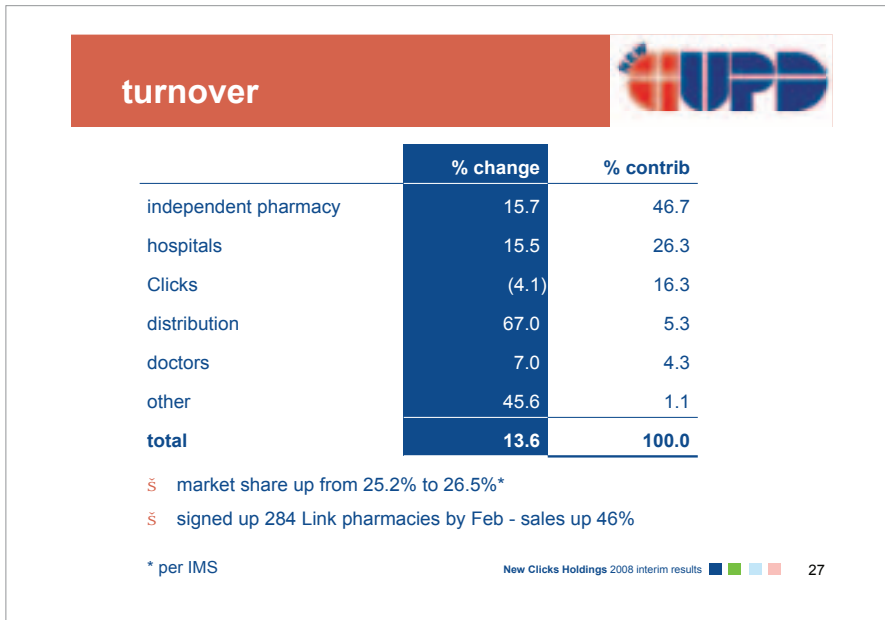


- § stable staff environment
  - § good morale
  - § training & development
  - § 2 year wage agreement in 2007
- § focus on operating efficiencies
  - § Blueprint retail
  - § supply chain management



*... strong brand supported by improved processes*







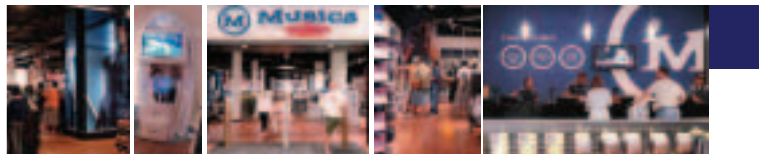
## outlook



- § consolidate the Link initiative
- § growth in H2 from distribution clients gained in H1
  - § acquisition of pharmaceutical wholesaler in Botswana
- § continue to drive efficiencies
  - § work on route optimisation
  - § benefits from automated pharma DC in H2

*... focus on profitable volume & efficiency*

New Clicks Holdings 2008 interim results  29



New Clicks Holdings 2008 interim results  30



## performance



- § turnover growth of 8.5%
  - § CD -1.7% - new release impact in February
  - § DVD +21.5% - driven by TV series & box sets
  - § gaming +30.9% - Nintendo Wii & DS formats launched
- § 45% of sales now non-music (2007: 40%)
- § performed in line with budget
  - § gross margin stable
  - § opened 11 stores & relocated 3

New Clicks Holdings 2008 interim results  31

## outlook




- § entertainment market share up from 22.0% to 23.2%\*
- § plan to open 9 new stores in H2
- § extend gaming software to all stores
  - § in 128 stores at February
- § expect stronger performance in second half

\* based on supplier data

New Clicks Holdings 2008 interim results  32

**THE BODY SHOP.**



New Clicks Holdings 2008 interim results

**performance** **THE BODY SHOP.**

- § turnover up 19.8%; comparable stores up 8.6%
- § gifting +35%
- § bath & body +29%
- § 'Love Your Body' loyalty programme supporting growth
  - § 40% of sales
  - § average basket value R250 vs R150
- § 1 new store planned for H2
- § strong new product pipeline

New Clicks Holdings 2008 interim results



## prospects



David Kneale

New Clicks Holdings 2008 interim results  35

## strategic objectives on track

- § continue transition of **Clicks** to health & beauty specialist
  - § 73% health & beauty / new store look & feel
- § build **UPD & Clicks** pre-eminence in healthcare & pharmacy management
  - § 150 – 160 Clicks pharmacies / UPD market share gains
- § transition **Musica** to entertainment & widen access
  - § 20 new stores / share gains in all categories
- § build **organisational capability** to deliver sustained performance
  - § stronger HR processes / reduced staff turnover
- § efficient **capital & cash** management
  - § 55 days stock cover / share buyback programme

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## trading environment

- § trading environment more challenging
  - § increasing pressures on consumer expenditure
- § higher inflation, but still single digit
  - § competitive pressure
  - § healthcare regulation
- § regulatory environment unchanged

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## prospects

- § resilient businesses in the markets they operate
  - § over 60% of group's turnover is defensive
- § gross margins stable
- § maintain focus on operating efficiencies
- § trading continues in line with first half
- § diluted headline earnings per share expected to increase by 20% - 30% for the full year

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thank you



## disclaimer

New Clicks Holdings 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'.

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