



CLICKS GROUP
LIMITED

ANNUAL GROUP RESULTS
for the year ended 31 August 2013

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Group turnover
up
13.6%

Diluted headline EPS
up
9.2%

Total dividend
up
10.5%

Return on equity
of
55.6%



FINANCIAL SUMMARY

		Year to 31 August 2013	Year to 31 August 2012	% change
Consolidated statement of comprehensive income				
Turnover	R'000	17 543 301	15 436 947	13.6%
Gross profit	R'000	3 782 531	3 475 411	8.8%
Total income	R'000	4 695 962	4 275 965	9.8%
Headline earnings	R'000	756 826	692 405	9.3%
Net interest charge	R'000	(45 216)	(46 396)	(2.5%)
Consolidated statement of financial position				
Equity	R'000	1 376 838	1 348 904	2.1%
Interest-bearing borrowings	R'000	344 355	214 566	60.5%
Total assets	R'000	5 449 408	4 776 412	14.1%
Consolidated statement of cash flows				
Net cash effects from operating activities	R'000	618 810	426 320	45.2%
Capital expenditure	R'000	309 886	255 789	21.1%
Depreciation and amortisation	R'000	210 105	181 102	16.0%
Performance				
Turnover growth	%	13.6	9.2	
Comparable stores turnover growth	%	5.8	5.5	
Gross profit growth	%	8.8	6.7	
Gross profit margin	%	21.6	22.5	
Total income growth	%	9.8	8.4	
Total income margin	%	26.8	27.7	
Operating margin	%	6.3	6.6	
Inventory days		59	63	
Current ratio	:1	1.0	1.0	
Return on total assets	%	14.8	15.3	
Return on shareholders' interest	%	55.6	59.9	
Shareholders' interest to total assets	%	25.3	28.2	
Interest-bearing debt to shareholders' interest at year-end	%	25.0	15.9	
Interest-bearing debt, including cash, to shareholders' interest at year-end	%	16.6	14.0	
Statistics				
Number of permanent employees		8 385	8 063	4.0%
Number of stores		607	595	2.0%
Weighted retail trading area	m ²	242 070	234 443	3.3%
Share statistics				
Number of ordinary shares in issue (gross), excluding "A" shares	'000	268 323	276 123	(2.8%)
Number of ordinary shares in issue (net of treasury shares)	'000	246 880	253 042	(2.4%)
Weighted average number of shares in issue (net of treasury shares)	'000	250 297	253 154	(1.1%)
Weighted average diluted number of shares in issue (net of treasury shares)	'000	253 434	253 258	0.1%
Headline earnings per share – basic	cents	302.4	273.5	10.6%
– diluted	cents	298.6	273.4	9.2%
Dividend per share – interim	cents	48.5	44.1	10.0%
– final	cents	119.5	107.9	10.8%
Dividend cover	times	1.8	1.8	
Share price – closing	cents	5 483	5 750	(4.6%)
– high	cents	6 830	6 065	
– low	cents	5 269	3 659	
Net asset value per share	cents	558	533	4.7%
Net tangible asset value per share	cents	374	371	0.8%
Market capitalisation (gross)	R'000	14 712 150	15 877 073	(7.3%)
Market capitalisation (net of treasury shares)	R'000	13 536 430	14 549 915	(7.0%)
Price earnings ratio	times	18.4	21.0	
Volume of ordinary shares traded	'000	275 737	349 234	
Percentage of ordinary shares traded	%	110.2	138.0	
Free float	%	91.8	91.4	
Shareholders' return	cents	(99)	1 732	
Increase in share price	cents	(267)	1 580	
Dividend per share	cents	168	152	
Other information				
Inflation rate				
CPI	%	6.4	5.0	
Internal selling price inflation	%	2.6	0.5	
Interest rates				
Prime overdraft rate – closing	%	8.5	8.5	
– average	%	8.5	8.9	
FTSE/JSE Africa share indices				
All Share Index		42 228	35 389	19.3%
General Retailers Index		58 160	63 520	(8.4%)
Food and Drug Retailers Index		8 064	8 533	(5.5%)
Exchange rate				
Rand/US dollar – closing	R/US\$	10.34	8.48	21.9%
– average	R/US\$	9.15	8.00	14.4%



COMMENTARY

Overview and trading environment

Consumers in the middle income market, which represent the core customer in Clicks, have remained under pressure over the past year.

This pressure is evident in the low level of real growth in the private healthcare market and the continued reliance on promotional activity to drive volume in the health and beauty markets. These factors have also contributed to selling price inflation remaining constrained.

The Clicks chain reported improved sales growth in the second half of the year, despite the headwinds facing the consumer. Clicks has strengthened its competitive position and gained share in all of its core health and beauty markets.

UPD continues to achieve its strategic objectives and increased total managed turnover by 43.9% to R11.5 billion. This includes wholesale turnover and notional turnover managed on behalf of distribution agency clients.

The group's solid financial and operational performance for the year has resulted in the return on equity again being at a sector-leading 55.6%.

Financial performance

Group turnover increased by 13.6% to R17.5 billion, with continued low selling price inflation which averaged 2.6% for the year. Retail sales grew by 7.9% while UPD increased turnover by 22.8%. All the group's businesses recorded volume growth in the tough consumer economic climate.

Total income increased by 9.8%. The retail total income margin improved by 30 basis points to 33.3% driven by private label margin growth and well managed promotions in Clicks. UPD's margin was impacted by supplier mix and declined from 8.9% to 8.5%.

Operating expenses grew by 10.0%. Retail costs increased by 9.6% with continuing investment in pharmacy, stores and

IT systems. Comparable retail cost growth was contained to 7.8%. UPD's cost growth of 14.3% includes additional variable bulk distribution and temporary warehouse costs, with comparable costs increasing by 6.1%.

Operating profit increased by 9.1% to R1.1 billion and the group operating margin was 30 basis points lower at 6.3% as a result of the faster growth rate in the lower margin UPD business.

Diluted headline earnings per share grew by 9.2% to 298.6 cents, at the upper end of the earnings guidance range provided at the interim results in April.

The total dividend was increased by 10.5% to 168.0 cents per share.

Group inventory days improved from 63 to 59 days. Inventory levels were managed below turnover growth across all brands.

The group remains strongly cash generative with cash inflow from operations increasing 33% to R1 013 million, mainly through improved management of working capital. During the year R748 million was returned to shareholders through dividend payments and share buy-backs as part of the group's ongoing commitment to return excess cash to shareholders. Capital expenditure of R310 million was R54 million higher than the previous year owing mainly to the investment in UPD's infrastructure.

Trading performance

Retail sales growth was driven by the 8.6% sales increase in Clicks, with comparable store sales growing by 5.8%. Clicks opened a net 22 new stores to extend the footprint to 442, with 331 in-store pharmacies. Membership of the Clicks ClubCard loyalty programme has grown to 4.1 million.

Musica continued to gain market share in CDs and DVDs, despite the net closure of 14 stores. The brand's comparable store sales increased by 5.9%. The Body Shop increased



4.1m
Clicks ClubCard
active members

UPD market share
increased to
26.7%

turnover by 11.3%, benefiting from the opening of four new stores during the year.

UPD increased turnover by 22.8% and grew its share of the private pharmaceutical wholesale market from 24.3% to 26.7%. UPD has become an increasingly significant player in the bulk distribution market and now has 20 distribution agency clients.

Prospects

The group remains focused on delivering excellence in health and beauty retailing and healthcare supply management. The current weak consumer spending environment is anticipated to continue and trading over the important festive season period will be critical to performance in the year ahead. Selling price inflation is expected to be 4% – 5% for 2014.

The Clicks footprint will be expanded with the planned opening of 25 new stores and 20 – 25 dispensaries.

Capital expenditure of R338 million has been committed for 2014 for stores and pharmacies, IT systems and expanding distribution capacity in UPD.

Final dividend

The board of directors has approved a final gross ordinary dividend of 119.5 cents per share (2012: 107.9 cents per share) and a 16.8 cents per ordinary “A” share (2012: 15.2 cents per share). The source of the dividend 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 17.925 cents per ordinary share and 2.52 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 101.575 cents net of DT and ordinary “A” shareholders will receive a dividend of 14.28 cents net of DT.

The company has 29 153 295 ordinary “A” shares and 268 323 498 ordinary 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, 17 January 2014
Shares trade “ex” the dividend	Monday, 20 January 2014
Record date	Friday, 24 January 2014
Payment to shareholders	Monday, 27 January 2014

Share certificates may not be dematerialised or rematerialised between Monday, 20 January 2014 and Friday, 24 January 2014, 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, 17 January 2014, 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

24 October 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Year to 31 August 2013	Year to 31 August 2012	% change
Revenue	18 463 420	16 243 377	
Turnover	17 543 301	15 436 947	13.6%
Cost of merchandise sold	(13 760 770)	(11 961 536)	15.0%
Gross profit	3 782 531	3 475 411	8.8%
Other income	913 431	800 554	14.1%
Total income	4 695 962	4 275 965	9.8%
Expenses	(3 592 109)	(3 264 637)	10.0%
Depreciation and amortisation	(200 398)	(171 535)	16.8%
Occupancy costs	(500 992)	(471 897)	6.2%
Employment costs	(1 789 428)	(1 582 459)	13.1%
Other costs	(1 101 291)	(1 038 746)	6.0%
Operating profit	1 103 853	1 011 328	9.1%
Loss on disposal of property, plant and equipment	(7 854)	(6 578)	
Profit before financing costs	1 095 999	1 004 750	9.1%
Net financing costs	(45 216)	(46 396)	(2.5%)
Financial income	6 688	5 876	13.8%
Financial expense	(51 904)	(52 272)	(0.7%)
Profit before taxation	1 050 783	958 354	9.6%
Income tax expense	(299 215)	(269 974)	10.8%
Profit for the year	751 568	688 380	9.2%
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries	2 009	1 615	
Cash flow hedges	9 952	1 485	
Change in fair value of effective portion	13 822	2 063	
Deferred tax on movement of effective portion	(3 870)	(578)	
Other comprehensive income for the year, net of tax	11 961	3 100	
Total comprehensive income for the year	763 529	691 480	
Profit/(loss) attributable to:			
Equity holders of the parent	751 171	688 687	
Non-controlling interest	397	(307)	
	751 568	688 380	
Total comprehensive income attributable to:			
Equity holders of the parent	763 132	691 787	
Non-controlling interest	397	(307)	
	763 529	691 480	
Reconciliation of headline earnings			
Total profit for the year attributable to equity holders of the parent	751 171	688 687	
Adjusted for:			
Loss on disposal of property, plant and equipment	5 655	4 736	
Insurance recovery income	–	(1 018)	
Headline earnings	756 826	692 405	9.3%
Headline earnings per share (cents)			
– basic	302.4	273.5	10.6%
– diluted	298.6	273.4	9.2%
Earnings per share (cents)			
– basic	300.1	272.0	10.3%
– diluted	296.4	271.9	9.0%
Weighted average number of shares in issue (net of treasury shares, '000)	250 297	253 154	(1.1%)
Weighted average diluted number of shares in issue (net of treasury shares, '000)	253 434	253 258	0.1%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2013	As at 31 August 2012
ASSETS		
Non-current assets	1 582 698	1 490 348
Property, plant and equipment	1 058 967	1 010 657
Intangible assets	349 018	306 286
Goodwill	103 510	103 510
Deferred tax assets	59 098	57 401
Loans receivable	12 105	12 494
Current assets	3 866 710	3 286 064
Inventories	2 225 372	2 080 375
Trade and other receivables	1 507 766	1 171 541
Loans receivable	–	3 710
Cash and cash equivalents	115 559	25 451
Derivative financial assets	18 013	4 987
Total assets	5 449 408	4 776 412
EQUITY AND LIABILITIES		
Equity	1 376 838	1 348 904
Share capital	2 976	3 054
Share premium	3 497	3 497
Share option reserve	79 549	55 905
Cash flow hedge reserve	13 542	3 590
Treasury shares	(954 553)	(927 963)
Non-distributable reserves	1 790	(219)
Distributable reserve	2 229 232	2 210 632
Equity attributable to equity holders of the parent	1 376 033	1 348 496
Non-controlling interest	805	408
Non-current liabilities	252 305	286 601
Employee benefits	91 489	105 989
Deferred tax liabilities	9 208	39 555
Operating lease liability	151 608	141 057
Current liabilities	3 820 265	3 140 907
Trade and other payables	3 260 197	2 768 759
Employee benefits	148 402	109 861
Provisions	6 596	8 828
Interest-bearing borrowings	344 355	214 566
Income tax payable	58 605	37 536
Derivative financial liabilities	2 110	1 357
Total equity and liabilities	5 449 408	4 776 412

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2011	252 959	2 999	-
Transactions with owners, recorded directly in equity			
Contributions by and dividends paid to owners			
Additional shares issued	-	55	246 486
Dividends paid 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
Transactions with owners, recorded directly in equity			
Contributions by and dividends paid to owners			
Dividends paid to shareholders	-	-	-
Withholding tax on dividend*	-	-	-
Share-based payment reserve movement	-	-	-
Treasury shares cancelled and related costs	-	(78)	-
Net cost of own shares purchased	(6 162)	-	-
Treasury shares purchased	(6 187)	-	-
Disposal of treasury shares	25	-	-
Total transactions with owners	(6 162)	(78)	-
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 2013	246 880	2 976	3 497

* Relating to retrospective withholding tax on 2012 interim dividend.

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
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
-	-	-	-	(394 005)	(394 005)	-	(394 005)
-	-	-	-	(11 234)	(11 234)	-	(11 234)
23 644	-	-	-	-	23 644	-	23 644
-	327 318	-	-	(327 240)	-	-	-
-	(353 908)	-	-	(92)	(354 000)	-	(354 000)
-	(354 158)	-	-	-	(354 158)	-	(354 158)
-	250	-	-	(92)	158	-	158
23 644	(26 590)	-	-	(732 571)	(735 595)	-	(735 595)
-	-	2 009	9 952	751 171	763 132	397	763 529
-	-	-	-	751 171	751 171	397	751 568
-	-	-	9 952	-	9 952	-	9 952
-	-	2 009	-	-	2 009	-	2 009
79 549	(954 553)	1 790	13 542	2 229 232	1 376 033	805	1 376 838

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2013	Year to 31 August 2012
Cash effects from operating activities		
Operating profit before working capital changes (refer note 1)	1 350 885	1 235 114
Working capital changes (refer note 2)	25 718	(161 586)
Cash generated by operations	1 376 603	1 073 528
Interest received	6 277	5 787
Interest paid	(41 418)	(39 252)
Taxation paid	(328 647)	(276 458)
Cash inflow from operating activities before dividends	1 012 815	763 605
Dividends paid to shareholders	(394 005)	(337 285)
Net cash effects from operating activities	618 810	426 320
Cash effects from investing activities		
Investment in property, plant and equipment and intangibles to maintain operations	(103 400)	(84 322)
Investment in property, plant and equipment and intangibles to expand operations	(206 486)	(171 467)
Proceeds from disposal of property, plant and equipment	885	2 651
Decrease in loan receivables	4 510	5 189
Net cash effects from investing activities	(304 491)	(247 949)
Cash effects from financing activities		
Purchase of treasury shares	(354 158)	(12 013)
Proceeds from disposal of treasury shares	158	1 973
Interest-bearing borrowings raised/(repaid)	129 789	(160 670)
Net cash effects from financing activities	(224 211)	(170 710)
Net increase in cash and cash equivalents	90 108	7 661
Cash and cash equivalents at the beginning of the year	25 451	17 790
Cash and cash equivalents at the end of the year	115 559	25 451

STORE FOOTPRINT

	Clicks	Musica	The Body Shop	Total retail
Number of stores at 31 August 2013	442	120	45	607
as at 31 August 2012	420	134	41	595
opened	24	2	4	30
closed	(2)	(16)	-	(18)
Number of pharmacies at 31 August 2013	331			331
as at 31 August 2012	306			306
new/converted	26			26
closed	(1)			(1)

NOTES TO THE CASH FLOW STATEMENT

R'000	Year to 31 August 2013	Year to 31 August 2012
Cash flow information		
1 Profit before working capital changes		
Profit before tax	1 050 783	958 354
Adjustment for:		
Depreciation and amortisation	210 105	181 102
Reversal of previous unrealised foreign exchange differences	–	(3 237)
Operating lease accrual	10 551	15 415
Loss on disposal of property, plant and equipment	7 854	6 578
Impairment of financial assets	–	2 330
Equity-settled share option costs	26 376	28 176
Net financing cost	45 216	46 396
	1 350 885	1 235 114
2 Working capital changes		
Increase in inventories	(144 997)	(277 818)
Increase in trade and other receivables	(335 603)	(171 427)
Increase in trade and other payables	493 451	338 360
Increase/(decrease) in employee benefits	15 099	(54 312)
(Decrease)/increase in provisions	(2 232)	3 611
	25 718	(161 586)

ANALYSIS OF SHAREHOLDERS

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

Major fund managers	Percentage of shares		Geographic distribution of shareholders	Percentage of shares	
	Aug 2013	Aug 2012		Aug 2013	Aug 2012
Public Investment Corporation (SA)*	11.8%	12.2%	South Africa and Africa	35.9%	41.6%
Baillie Gifford & Co (UK)*	10.4%	9.1%	Offshore holdings	64.1%	58.4%
Coronation Fund Managers (SA)*	7.7%	7.4%	USA and Canada	31.8%	29.5%
Aberdeen Asset Managers (UK)	7.0%	3.7%	United Kingdom, Ireland and Channel Islands	13.1%	13.2%
Fidelity Management & Research (US)/International (UK)	6.1%	3.0%	Europe	10.2%	5.8%
JPMorgan Asset Management (US, UK and Asia)	5.3%	3.6%	Other countries	9.0%	9.9%
GIC (Singapore)	4.2%	3.0%			
Mondrian Investment Partners (UK)	2.9%	3.2%			

* Subsequent to year-end, Public Investment Corporation disclosed an increase in their holding to 15.2%, Coronation Fund Managers disclosed an increase in their holding to 16.5% and Baillie Gifford & Co disclosed a reduction in their holding to 2.4%.

SEGMENTAL ANALYSIS

For the year to 31 August 2013
R'000

	Retail	
	31 Aug 2013	31 Aug 2012*
Statement of financial position		
Property, plant and equipment	862 958	848 774
Intangible assets	337 008	297 797
Goodwill	6 529	6 529
Inventories	1 613 406	1 521 949
Trade and other receivables	249 379	167 923
Cash and cash equivalents	143 990	21 953
Other assets	483 288	470 933
Total assets	3 696 558	3 335 858
Employee benefits – non-current	86 638	98 193
Operating lease liability	151 608	141 057
Trade and other payables	1 719 457	1 494 466
Employee benefits – current	128 664	99 676
Other liabilities	846 325	617 129
Total liabilities	2 932 692	2 450 521
Net assets	763 866	885 337
Statement of comprehensive income		
Turnover	12 292 106	11 395 623
Gross profit	3 623 003	3 330 496
Other income	474 410	433 274
Total income	4 097 413	3 763 770
Expenses	(3 190 814)	(2 911 124)
Operating profit	906 599	852 646
Ratios		
Increase in turnover	7.9	8.4
Selling price inflation	3.1	0.7
Comparable stores turnover growth	5.8	5.5
Gross profit margin	29.5	29.2
Total income margin	33.3	33.0
Operating expenses as a percentage of turnover	26.0	25.5
Increase in operating expenses	9.6	8.3
Increase in operating profit	6.3	5.9
Operating profit margin	7.4	7.5
Inventory days	68	69
Trade debtor days	9	7
Trade creditor days	51	46
Number of stores	607	595
as at 31 August 2012/2011		
opened	30	31
closed	(18)	(26)
Number of pharmacies	331	306
as at 31 August 2012/2011		
new/converted	26	26
closed	(1)	(3)
Total leased area	313 193	302 886
Weighted retail trading area	242 070	234 443
Weighted annual sales per m ²	50 760	48 607
Number of permanent employees	7 868	7 564

* The segmental analysis for the year to 31 August 2013 has been consolidated due to a change in the composition of its reportable segments. Clicks, Musica and Body Shop are reported as part of the Retail reportable segment. In addition, in the current financial year Clicks Direct Medicines has been included in the Distribution business which now comprises UPD and Clicks Direct Medicines. This change was made due to a change in management reporting lines as the business has been incorporated within the Distribution business. In the prior year, the business was reported as part of Retail. This has resulted in a decrease in total assets in Retail of R47.4 million, a decrease in total liabilities of R35.8 million and a decrease in operating profit of R1.9 million for 2012. Within Distribution, total assets increased by R21.2 million, total liabilities increased by R9.6 million and operating profit increased by R1.9 million for 2012.

Distribution		Intragroup elimination		Total operations	
31 Aug 2013	31 Aug 2012*	31 Aug 2013	31 Aug 2012*	31 Aug 2013	31 Aug 2012
196 009	161 883	-	-	1 058 967	1 010 657
12 010	8 489	-	-	349 018	306 286
96 981	96 981	-	-	103 510	103 510
618 797	567 564	(6 831)	(9 138)	2 225 372	2 080 375
1 587 825	1 322 141	(329 438)	(318 523)	1 507 766	1 171 541
44 214	37 452	(72 645)	(33 954)	115 559	25 451
358 942	257 739	(753 014)	(650 080)	89 216	78 592
2 914 778	2 452 249	(1 161 928)	(1 011 695)	5 449 408	4 776 412
4 851	7 796	-	-	91 489	105 989
-	-	-	-	151 608	141 057
1 872 366	1 592 816	(331 626)	(318 523)	3 260 197	2 768 759
19 738	10 185	-	-	148 402	109 861
398 020	368 747	(823 471)	(684 034)	420 874	301 842
2 294 975	1 979 544	(1 155 097)	(1 002 557)	4 072 570	3 427 508
619 803	472 705	(6 831)	(9 138)	1 376 838	1 348 904
7 710 270	6 277 104	(2 459 075)	(2 235 780)	17 543 301	15 436 947
157 221	143 302	2 307	1 613	3 782 531	3 475 411
497 921	416 303	(58 900)	(49 023)	913 431	800 554
655 142	559 605	(56 593)	(47 410)	4 695 962	4 275 965
(460 195)	(402 686)	58 900	49 173	(3 592 109)	(3 264 637)
194 947	156 919	2 307	1 763	1 103 853	1 011 328
22.8	10.7	10.0	9.6	13.6	9.2
1.8	0.1			2.6	0.5
				5.8	5.5
2.0	2.3			21.6	22.5
8.5	8.9			26.8	27.7
6.0	6.4			20.5	21.1
14.3	11.4			10.0	8.5
24.2	22.4			9.1	7.9
2.5	2.5			6.3	6.6
30	34			59	63
62	64			48	46
72	76			64	61
				607	595
				595	590
				30	31
				(18)	(26)
				331	306
				306	283
				26	26
				(1)	(3)
				313 193	302 886
				242 070	234 443
				50 760	48 607
517	499			8 385	8 063

DEFINITIONS

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital 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

Turnover 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.

Dividend cover

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

Dividend per share

Dividend per share is the actual interim cash dividend paid and the final cash dividend 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.

Return on net assets (RONA)

Operating profit as defined for RONA divided by average net assets for the year as defined for RONA.

Operating profit as defined for RONA is the reported operating profit for the group inclusive of capital gains and losses relating to continuing operations of the business and excluding the employee short-term bonus.

Net assets as defined for RONA are the average assets less liabilities for the year excluding taxation and financial-related assets and liabilities (cash, overdrafts, loans receivable, interest-bearing borrowings, deferred tax and taxation payable).

Segmental reporting

The group has two reportable segments, being the retail division and the distribution division.

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 OUTLINE

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



CLICKS GROUP ANNUAL RESULTS 2013 2



REVIEW OF THE YEAR

- Middle income consumers remain under pressure
- Minimal real growth in private healthcare market
- Health and beauty markets continue to be promotionally driven
- Selling price inflation constrained
- Better second half performance in Clicks
- UPD total turnover managed up 43.9% to R11.5 billion
- Diluted headline earnings per share up 9.2%



FINANCIAL RESULTS

MICHAEL FLEMING

FINANCIAL HIGHLIGHTS

- **Group turnover up 13.6%**
 - Clicks turnover up **8.6%**
 - UPD turnover up **22.8%**
 - Selling price inflation of **2.6%**
- **Operating margin down from 6.6% to 6.3%**
- **Diluted headline EPS up 9.2% to 298.6 cps**
- **Cash generated by operations R1.4 billion**
- **Total dividend of 168.0 cps, up 10.5%**
- **Return on equity of 55.6%**

CLICKS GROUP ANNUAL RESULTS 2013 6

TURNOVER

R' m	2013	2012	% change	% same store growth	% inflation
Clicks	11 293	10 401	8.6	5.8	3.1
Musica	862	872	(1.0)	5.9	2.6
The Body Shop	137	123	11.3	6.3	2.2
Total retail	12 292	11 396	7.9	5.8	3.1
UPD	7 710	6 277	22.8		1.8
Intragroup turnover	(2 459)	(2 236)	10.0		
Total group	17 543	15 437	13.6		2.6

- Volume growth in all businesses
- UPD benefited from new preferred supplier contracts

CLICKS GROUP ANNUAL RESULTS 2013 7

TOTAL INCOME

	2013 R' m	2012 R' m	% change	2013 % margin	2012 % margin
Retail	4 097	3 764	8.9	33.3	33.0
Distribution	655	559	17.1	8.5	8.9
Intragroup	(56)	(47)			
Total group	4 696	4 276	9.8	26.8	27.7

- Private label margin growth and well managed promotional activity in Clicks
- UPD margin impacted by supplier mix
- Group margin impacted by stronger growth in UPD

CLICKS GROUP ANNUAL RESULTS 2013 8

OPERATING EXPENDITURE - RETAIL

R' m	2013	2012	% change
Depreciation and amortisation	181	155	16.9
Occupancy costs	495	468	5.8
Employment costs	1 605	1 425	12.6
Other operating costs	910	863	5.5
Total retail costs	3 191	2 911	9.6

- Continuing investment in stores and IT
- Pharmacy professional costs up 25.8%
- Comparable retail costs up 7.8%

CLICKS GROUP ANNUAL RESULTS 2013 9

OPERATING EXPENDITURE - DISTRIBUTION

R' m	2013	2012	% change
Depreciation and amortisation	19	17	16.3
Occupancy costs	7	5	36.2
Employment costs	185	157	17.7
Other operating costs	249	224	11.2
Total distribution costs	460	403	14.3

- Additional variable bulk distribution costs
- Temporary warehouse costs
- Comparable costs up 6.1%

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OPERATING PROFIT

	2013 R' m	2012 R' m	% change	2013 % margin	2012 % margin
Retail	907	852	6.3	7.4	7.5
Distribution	195	157	24.2	2.5	2.5
Intragroup	2	2			
Total group	1 104	1 011	9.1	6.3	6.6

- Margins within target ranges, despite investment in pharmacy and UPD distribution
- Group margin impacted by mix

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INVENTORY

	<u>Days in stock*</u>		<u>Inventory (R' m)</u>		
	2013	2012	2013	2012	% change
Retail	68	69	1 613	1 522	6.0
Distribution	30	34	619	567	9.0
Intragroup inventory			(7)	(9)	
Total group	59	63	2 225	2 080	7.0

- UPD inventory normalised with annualisation of preferred supply contract
- Inventory growth contained below turnover growth

* At cost price

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CASH GENERATION

R' m	2013	2012
Profit before tax	1 051	958
Non-cash adjustments	300	277
Operating profit before working capital changes	1 351	1 235
Working capital changes	26	(161)
Net interest and tax paid	(364)	(310)
Cash inflow from operations	1 013	764

- 32.6% increase in cash from operations

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CASH UTILISATION

R' m	2013	2012
Cash inflow from operations	1 013	764
Capital expenditure	(310)	(256)
Dividends paid	(394)	(337)
Share buy-backs	(354)	(12)
Other investing activities	5	8
Other financing activities	130	(159)
Net cash generated	90	8

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CAPITAL MANAGEMENT

- Group will remain cash generative
- Investing in the business – R338m capex planned in FY2014
 - R182m stores
 - R88m IT systems
 - R38m UPD
 - R30m other
- Return balance of cash to shareholders
 - Dividend cover 1.8 times
 - Continued share buy-backs

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MEDIUM-TERM FINANCIAL TARGETS

	2013 – 2015 target	Achieved in 2013	2014 – 2016 target
ROE (%)	55 – 65	55.6	50 – 60
ROA (%)	14 – 18	14.8	14 – 18
Inventory days	55 – 60	59	55 – 60
Group operating margin (%)	6.0 – 7.0	6.3	6.0 – 7.0
Retail	7.0 – 8.0	7.4	7.0 – 8.0
UPD	2.2 – 2.7	2.5	2.2 – 2.7

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TRADING PERFORMANCE

DAVID KNEALE

SALES PERFORMANCE

	% change	% contribution
Pharmacy	10.8	25.9
Front shop health	15.9	21.7
Beauty and personal care	6.1	32.4
General merchandise	2.7	20.0
Total turnover	8.6	100.0

- Improved performance in second half – up 10%
- Promotional activity – increased from 23% to 26% of sales, with no margin impact

PHARMACY



- Continued switch to generics +16.1%
 - 40.3% of sales
- Trend to self-medication
 - OTC medicines +14.1%
 - 223 000 Discovery MedSaver/HealthyCare members
- Total volume growth +10.8%
- Pharmacy staff turnover down from 37% to 28%
- Market share



%	2013	2012
Retail pharmacy*	17.6	16.2

* Per IMS

FRONT SHOP HEALTH



- Good growth in key categories
 - Front shop medicines +12.1%
 - Vitamins and supplements +11.4%
 - Baby +27.6%
- Broadening product ranges
- Space increased by 9.6%
- Market share



%	2013	2012
Front shop health**	39.6	38.5
Baby**	9.9	8.4

** Per AC Nielsen (restated)

BEAUTY AND PERSONAL CARE



- Highly competitive markets
- Promotions key to driving sales
 - Fragrance +13.0%
 - Colour cosmetics +6.5%
 - Skincare +6.4%
- Slower growth in haircare +1.5%
 - Lack of product innovation in Caucasian haircare
- Market share



%	2013	2012
Skincare**	34.4	34.1
Haircare**	30.5	30.2

** Per AC Nielsen (restated)

GENERAL MERCHANDISE



- Improvement in homeware +1.5%
 - Up 3.9% in second half
 - Ranges being refreshed
- Good performance in convenience categories
 - Confectionery +9.6%
 - Domestic +16.4%
- Electrical -1.2% impacted by warm winter and focus on margin
- Market share



%	2013	2012
Small household appliances***	16.6	19.4

*** Per GfK (restated)

CUSTOMERS AND STORES



- ClubCard membership now 4.1m
 - 76.1% of sales
 - 225 000 members of Baby Club
- Private label maintained at 18.4% of sales
 - Front shop at 24.1%
 - 54 private label medicines on shelf
- 331 dispensaries in 442 stores at year end
 - 25 new stores in FY2014
 - 20 – 25 new pharmacies in FY2014
- Rated 1st in health and beauty*



* Per TNS Brand Tracker



MUSICA
A WORLD AWAITS



PERFORMANCE



	% change	% contribution	Market share*	
			2013	2012
CDs	(6.5)	44.3	46.2%	43.7%
DVDs	2.6	27.3	29.5%	27.7%
Gaming	(14.7)	14.5	7.3%	9.8%
Technology	38.5	13.9		

- Continued market share gains in CDs and DVDs
- Reduced focus on lower margin gaming category
- Good growth in technology
- Net closure of 14 stores – 3 more closures planned in FY2014
- Opportunity to gain further share and grow technology

* Per Aquidneck/GfK

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PERFORMANCE

THE BODY SHOP[®]

- Higher income customers proving more resilient
- Good sales performance
 - New skincare and make-up launches
 - Good gifting ranges
- “Love Your Body” sales up 16.9%
 - Now 58% of sales
- Capsules in 54 Clicks stores and 9 store-in-store concepts
- 4 new stores in FY2013, and a further 2 planned in FY2014



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TURNOVER		UPD WE DELIVER HEALTHCARE	
	% change	% contribution	
Clicks	9.8	32.0	
Hospitals	14.1	25.9	
Independent pharmacy	(5.6)	18.1	
Other channels	334.3	24.0	
Total turnover	22.8	100.0	

- Volume growth of 23.5%
- Generics +26.7%

PERFORMANCE



- UPD manages total turnover of R11.5 billion
 - 154 million units
- Significant player in the bulk distribution market
 - Portfolio of 20 distribution clients
 - R3.8bn notional turnover in FY2013
- Margin pressure from growth in generics
 - Generics now 36.9% of wholesale medicines
- Wholesale market share increased from 24.3% to 26.7%*

* MAT per IMS

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OUTLOOK

DAVID KNEALE

OUTLOOK

- Muted consumer spending growth to continue
- Selling price inflation expected to be 4% - 5%
- Clicks
 - Leverage investment in pharmacy
 - Optimise the ClubCard programme
 - Increase private label penetration
 - Continue to expand store footprint
- UPD
 - Leverage efficiencies from investment in wholesale automation
 - Increase distribution capacity to enable further growth from 2015

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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.

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