



CLICKS GROUP
LIMITED

INTERIM GROUP RESULTS
for the six months ended 29 February 2012



Group turnover up
6.8%

Diluted headline
EPS up
7.6%

Interim dividend
up
19.2%

Return on equity increases to
60.7%

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FINANCIAL SUMMARY

		Six months to 29 February 2012	Six months to 28 February 2011	% change	Year to 31 August 2011
Consolidated statement of comprehensive income					
Turnover*	R'000	7 657 499	7 166 768	6.8%	14 135 948
Gross profit*	R'000	1 783 575	1 681 326	6.1%	3 256 775
Total income*	R'000	2 144 775	2 005 592	6.9%	3 945 710
Headline earnings	R'000	332 942	322 669	3.2%	655 432
Net interest charge	R'000	(25 108)	(17 213)	45.9%	(33 626)
Consolidated statement of financial position					
Equity	R'000	1 082 755	1 015 933	6.6%	965 187
Interest-bearing borrowings	R'000	545 603	184 874	195.1%	375 236
Total assets	R'000	4 630 527	4 003 530	15.7%	4 254 783
Consolidated statement of cash flows					
Net cash effects of operating activities	R'000	(11 191)	197 214	(105.7%)	381 564
Capital expenditure	R'000	99 672	119 495	(16.6%)	225 296
Depreciation and amortisation	R'000	87 354	76 789	13.8%	158 285
Performance					
Turnover growth*	%	6.8	8.9		6.2
Comparable stores turnover growth	%	4.8	10.8		6.9
Gross profit growth*	%	6.1	14.2		10.9
Gross profit margin*	%	23.3	23.5		23.0
Total income growth*	%	6.9	13.8		10.7
Total income margin*	%	28.0	28.0		27.9
Operating margin	%	6.4	6.5		6.6
Inventory days		66	59		60.0
Current ratio	:1	1.0	1.0		0.9
Return on total assets	%	14.0	14.8		15.7
Return on shareholders' interest	%	60.7	55.8		62.3
Shareholders' interest to total assets	%	23.4	25.4		22.7
Interest-bearing debt to shareholders' interest at period-end	%	50.4	18.2		38.9
Interest-bearing debt, including cash, to shareholders' interest at period-end	%	42.3	14.2		37.1
Statistics					
Number of permanent employees		8 079	8 218	(1.7%)	8 309
Number of stores		594	575	3.3%	590
Weighted retail trading area	m ²	232 741	220 803	5.4%	224 000
Share statistics					
Number of ordinary shares in issue (gross)	'000	276 123	268 303	2.9%	270 652
Number of ordinary shares in issue (net of treasury shares)	'000	253 259	260 518	(2.8%)	252 959
Weighted average number of shares in issue (net of treasury shares)	'000	253 063	263 522	(4.0%)	262 118
Weighted average diluted number of shares in issue (net of treasury shares)	'000	253 191	263 945	(4.1%)	262 515
Headline earnings per share – basic	cents	131.6	122.4	7.5%	250.1
– diluted	cents	131.5	122.2	7.6%	249.7
Distribution per share – interim	cents	44.1	37.0	19.2%	37.0
– final	cents	–	–		88.0
Distribution cover	times	3.0	3.3		2.0
Share price – closing	cents	4 390	3 850	14.0%	4 170
– high	cents	4 800	4 706		4 706
– low	cents	3 659	3 625		3 500
Net asset value per share	cents	428	390	9.7%	382
Net tangible asset value per share	cents	268	232	15.5%	221
Market capitalisation (gross)	R'000	12 121 800	10 329 666	17.3%	11 286 188
Market capitalisation (net of treasury shares)	R'000	11 118 070	10 029 943	10.8%	10 548 390
Price earnings ratio	times	17.9	16.9		16.7
Volume of ordinary shares traded	'000	208 746	253 828		466 251
Percentage of ordinary shares traded	%	82.5	96.3		177.9
Free float	%	91.5	96.8		93.2
Shareholders' return	cents	264	137		545
Increase in share price	cents	220	100		420
Distribution per share	cents	44	37		125
Other information					
Inflation rate					
CPI	%	6.1	3.7		5.3
Internal selling price inflation	%	(0.2)	2.1		1.6
Interest rates					
Prime overdraft rate – closing	%	9.0	9.0		9.0
– average	%	9.0	9.2		9.1
FTSE/JSE Africa share indices					
All Share Index		34 296	32 272	6.3%	31 006
General Retailers Index		52 486	38 743	35.5%	45 547
Food and Drug Retailers Index		70 954	55 063	28.9%	58 993
Exchange rate					
Rand/US dollar – closing	R/US\$	7.47	6.96	7.3%	7.07
– average	R/US\$	7.92	6.96	13.8%	6.91

* Refer to the business unit segmental analysis note

COMMENTARY

Distribution cover
reduced to

1.8 times



Trading environment

The six month period to 29 February 2012 was characterised by tough trading conditions.

The retail trading environment has been highly competitive, with increased promotional activity to attract value conscious consumers. Low or negative selling price inflation has also led to a slowdown in the growth of the health and beauty market.

In this challenging climate the group has nevertheless increased its volumes and share of the total health and beauty market, thereby maintaining its competitive advantage.

Financial performance

Group turnover increased by 6.8% to R7.7 billion, with selling price deflation of 0.2% for the period. Retail turnover grew by 8.3% with price inflation of 0.1%, while UPD increased turnover by 5.0% as price deflation averaged 0.5%. In this low inflationary environment all the group's businesses showed real growth in sales.

Total income, comprising gross profit and other income, increased by 6.9% and the total income margin at 28% was consistent with the comparable period.

The group has focused on cost management and operating expense growth was well contained at 7.3%. Retail costs increased by 7.4% (comparable costs up 2.7%) despite the opening of 30 new Clicks stores and 29 dispensaries in the past 12 months. UPD's cost growth of 10.2% includes further investment in distribution capacity, while comparable costs grew by 5.0%.

Operating profit increased by 5.8% for the period and the group's operating margin declined slightly from 6.5% to 6.4%.

Headline earnings increased by 3.2% to R333 million. Diluted headline earnings per share benefited from the group's share buy-back programme and grew by 7.6% to 131.5 cents.

The interim dividend was increased by 19.2% to 44.1 cents per share. As previously advised to shareholders, the board has reduced the distribution cover from 2.0 times to 1.8 times for the 2012 financial year, in line with the commitment to return surplus cash to shareholders.

Inventory days in stock moved from 59 to 66 days. Inventory levels were 20.4% higher at the end of the period as Clicks and UPD bought additional stock ahead of supplier price increases. Stock levels are expected to normalise by year-end.

The group remains strongly cash generative with cash inflow from operations totalling R214 million.

Return on shareholders' equity (ROE) increased to 60.7% from 55.8% in 2011.

Trading performance

The Clicks chain grew turnover by 9.6% and benefited from new store openings during the period. Comparable store sales increased by 5.5%. The store base increased to 412 following the addition of 12 new stores in the past six months, while the pharmacy footprint was expanded by 12 to 295. Clicks increased its retail pharmacy market share to 16.1% (2011: 14.5%). The operating margin came under pressure from an aggressive promotional programme and changed sales mix, with operating profit increasing by 5.7%.

Musica performed well in a declining market and was impacted by industry deflation and continued store closures. The brand increased market share in CDs, DVDs and gaming and grew operating profit by 11.7%. The Body Shop posted a strong performance for the first half, with turnover increasing by 14.5% and operating profit by 18.4%.

UPD grew wholesale turnover by 5.0% and increased its share of the private pharmaceutical market to 23.2% (2011: 22.9%). Four new distribution agency contracts were taken on during the period. Operating profit increased by 3.3%.



“The group has increased its share of the total health and beauty market.”

Prospects

The health and beauty markets are expected to remain highly competitive. Selling price inflation is anticipated to be less than 2% for the full year.

In these market conditions, the group's focus will be on driving volume growth and containing costs. Management is committed to maintaining the investment in the longer term growth of the business, with capital expenditure of R183 million committed for the second half of the year.

The group remains well positioned in the medium-term through the market leadership and growth potential of both Clicks and UPD.

Full-year earnings forecast

The group currently anticipates that diluted headline earnings per share for the year to 31 August 2012 will increase by between 6% and 11% over the previous financial year.

This forecast is based on the following assumptions: The health and beauty markets will remain highly competitive; selling price inflation will be below 2% for the financial year; further organic growth will be generated from store expansion, the opening of additional pharmacies and the benefit of distribution agency contracts; and there will be no marked changes in trading conditions, the regulatory environment and in the macro-economy that will impact on consumer spending.

Shareholders are advised that this forecast has not been reviewed or reported on by the group's independent auditor.

Interim dividend

The board of directors has approved and declared a gross interim ordinary dividend of 44.1 cents per share (2011: 37.0 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

In determining the Dividends Tax (“DT”) to withhold in terms of the Income Tax Act, Secondary Tax on Companies (“STC”) Credits amounting to 44.1 cents per share, utilised by the company should be taken into account. Shareholders will therefore receive a dividend of 44.1 cents net of DT. The company has 276 123 498 ordinary shares in issue and its income tax reference number is 9061/745/71/8.

Shareholders are advised of the following salient dates in respect of the interim dividend:

	2012
Last day to trade “cum” the dividend	Friday, 22 June
Shares trade “ex” the dividend	Monday, 25 June
Record date	Friday, 29 June
Payment to shareholders	Monday, 2 July

Share certificates may not be dematerialised or rematerialised between Monday, 25 June 2012 and Friday, 29 June 2012, 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, 22 June 2012, 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
26 April 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 29 February 2012	Six months to 28 February 2011 (restated)*	% change	Year to 31 August 2011 (restated)*
Revenue	8 022 039	7 495 901		14 833 118
Turnover	7 657 499	7 166 768	6.8%	14 135 948
Cost of merchandise sold	(5 873 924)	(5 485 442)	7.1%	(10 879 173)
Gross profit	1 783 575	1 681 326	6.1%	3 256 775
Other income	361 200	324 266	11.4%	688 935
Total income	2 144 775	2 005 592	6.9%	3 945 710
Expenses	(1 655 839)	(1 543 291)	7.3%	(3 008 120)
Depreciation and amortisation	(83 309)	(72 401)	15.1%	(149 714)
Occupancy costs	(229 697)	(208 434)	10.2%	(422 596)
Employment costs	(817 255)	(768 469)	6.3%	(1 496 491)
Other costs	(525 578)	(493 987)	6.4%	(939 319)
Operating profit	488 936	462 301	5.8%	937 590
Loss on disposal of property, plant and equipment	(2 579)	(2 509)		(6 250)
Profit before financing costs	486 357	459 792	5.8%	931 340
Net financing costs	(25 108)	(17 213)	45.9%	(33 626)
Financial income	3 340	4 867	(31.4%)	8 235
Financial expense	(28 448)	(22 080)	28.8%	(41 861)
Profit before taxation	461 249	442 579	4.2%	897 714
Income tax expense	(130 078)	(121 690)	6.9%	(246 749)
Profit for the period	331 171	320 889	3.2%	650 965
Other comprehensive (loss)/income:				
Exchange differences on translation of foreign subsidiaries	(93)	66		(220)
Cash flow hedges	(3 003)	–		2 105
Change in fair value of effective portion	(4 171)	–		2 924
Deferred tax on movement of effective portion	1 168	–		(819)
Other comprehensive (loss)/income for the period, net of tax	(3 096)	66		1 885
Total comprehensive income for the period	328 075	320 955		652 850
Profit attributable to:				
Equity holders of the parent	331 085	320 863		650 932
Non-controlling interest	86	26		33
	331 171	320 889		650 965
Total comprehensive income attributable to:				
Equity holders of the parent	327 989	320 929		652 817
Non-controlling interest	86	26		33
	328 075	320 955		652 850
Reconciliation of headline earnings				
Total profit for the period attributable to equity holders of the parent	331 085	320 863		650 932
Adjusted for:				
Loss on disposal of property, plant and equipment	1 857	1 806		4 500
Headline earnings	332 942	322 669	3.2%	655 432
Headline earnings per share (cents)				
– basic	131.6	122.4	7.5%	250.1
– diluted	131.5	122.2	7.6%	249.7
Earnings per share (cents)				
– basic	130.8	121.8	7.4%	248.3
– diluted	130.8	121.6	7.6%	248.0
Weighted average number of shares in issue (net of treasury shares)	253 063	263 522	(4.0%)	262 118
Weighted average diluted number of shares in issue (net of treasury shares)	253 191	263 945	(4.1%)	262 515

* Refer to the business unit segmental analysis note.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 29 February 2012	As at 28 February 2011	As at 31 August 2011
ASSETS			
Non-current assets	1 413 884	1 378 980	1 414 484
Property, plant and equipment	959 216	924 052	949 906
Intangible assets	301 510	307 032	301 579
Goodwill	103 510	103 510	103 510
Deferred tax assets	43 870	28 201	53 756
Loans receivable	5 778	16 185	5 733
Current assets	3 216 643	2 624 550	2 840 299
Inventories	2 060 097	1 710 711	1 802 557
Trade and other receivables	1 053 883	848 621	998 944
Loans receivable	9 181	15 745	17 901
Cash and cash equivalents	88 401	40 324	17 790
Derivative financial assets	5 081	9 149	3 107
Total assets	4 630 527	4 003 530	4 254 783
EQUITY AND LIABILITIES			
Equity	1 082 755	1 015 933	965 187
Share capital	3 054	2 975	2 999
Share option reserve	54 079	26 882	40 943
Cashflow hedge reserve	(898)	–	2 105
Treasury shares	(925 673)	(306 845)	(703 070)
Non-distributable reserves	(1 927)	(1 548)	(1 834)
Distributable reserve	1 953 319	1 293 761	1 623 329
Equity attributable to equity holders of the parent	1 081 954	1 015 225	964 472
Non-controlling interest	801	708	715
Non-current liabilities	254 031	254 043	264 829
Interest-bearing borrowings	–	10 046	19
Employee benefits	83 675	80 172	92 473
Deferred tax liabilities	38 254	42 047	46 695
Operating lease liability	132 102	121 778	125 642
Current liabilities	3 293 741	2 733 554	3 024 767
Trade and other payables	2 567 899	2 353 250	2 431 756
Employee benefits	124 637	155 678	164 669
Provisions	2 167	5 375	5 217
Interest-bearing borrowings	545 603	174 828	375 217
Income tax payable	47 718	38 583	44 489
Derivative financial liabilities	5 717	5 840	3 419
Total equity and liabilities	4 630 527	4 003 530	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	4 640	46	199 547
Employee share ownership plan shares issued	29 153	291	–
Distributions to shareholders	–	–	(199 547)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(203)	–
Net cost of own shares purchased	(39 558)	–	–
Treasury shares purchased	(39 816)	–	–
Disposal of treasury shares	258	–	–
Total transactions with owners	(5 765)	134	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 28 February 2011	260 518	2 975	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Additional shares issued	2 348	24	100 110
Distributions to shareholders	–	–	(100 110)
Share-based payment reserve movement	–	–	–
Net cost of own shares purchased	(9 907)	–	–
Treasury shares purchased	(9 990)	–	–
Disposal of treasury shares	83	–	–
Total transactions with owners	(7 559)	24	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
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 distributions to owners			
Additional shares issued	–	55	246 486
Distributions to shareholders	–	–	(246 486)
Share-based payment reserve movement	–	–	–
Net cost of own shares purchased	300	–	–
Treasury shares purchased	–	–	–
Disposal of treasury shares	300	–	–
Total transactions with owners	300	55	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
Cash flow hedge reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 29 February 2012	253 259	3 054	–

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
-	(199 593)	-	-	-	-	-	-
-	(291)	-	-	-	-	-	-
-	481	-	-	(46)	(199 112)	-	(199 112)
2 282	-	-	-	-	2 282	-	2 282
-	651 652	-	-	(651 449)	-	-	-
-	(248 244)	-	-	(1 276)	(249 520)	-	(249 520)
-	(251 483)	-	-	-	(251 483)	-	(251 483)
-	3 239	-	-	(1 276)	1 963	-	1 963
2 282	204 005	-	-	(652 771)	(446 350)	-	(446 350)
-	-	66	-	320 863	320 929	26	320 955
-	-	-	-	320 863	320 863	26	320 889
-	-	66	-	-	66	-	66
26 882	(306 845)	(1 548)	-	1 293 761	1 015 225	708	1 015 933
-	(100 134)	-	-	-	-	-	-
-	3 739	-	-	(24)	(96 395)	-	(96 395)
14 061	-	-	-	-	14 061	-	14 061
-	(299 830)	-	-	(477)	(300 307)	-	(300 307)
-	(300 923)	-	-	-	(300 923)	-	(300 923)
-	1 093	-	-	(477)	616	-	616
14 061	(396 225)	-	-	(501)	(382 641)	-	(382 641)
-	-	(286)	2 105	330 069	331 888	7	331 895
-	-	-	-	330 069	330 069	7	330 076
-	-	-	2 105	-	2 105	-	2 105
-	-	(286)	-	-	(286)	-	(286)
40 943	(703 070)	(1 834)	2 105	1 623 329	964 472	715	965 187
-	(246 541)	-	-	-	-	-	-
-	20 218	-	-	652	(225 616)	-	(225 616)
13 136	-	-	-	-	13 136	-	13 136
-	3 720	-	-	(1 747)	1 973	-	1 973
-	-	-	-	-	-	-	-
-	3 720	-	-	(1 747)	1 973	-	1 973
13 136	(222 603)	-	-	(1 095)	(210 507)	-	(210 507)
-	-	(93)	(3 003)	331 085	327 989	86	328 075
-	-	-	-	331 085	331 085	86	331 171
-	-	-	(3 003)	-	(3 003)	-	(3 003)
-	-	(93)	-	-	(93)	-	(93)
54 079	(925 673)	(1 927)	(898)	1 953 319	1 081 954	801	1 082 755

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 29 February 2012	Six months to 28 February 2011	Year to 31 August 2011
Cash effects of operating activities			
Operating profit before working capital changes (refer note 1)	591 237	503 774	1 075 227
Working capital changes (refer note 2)	(235 462)	35 495	(105 055)
Cash generated by operations	355 775	539 269	970 172
Interest received	3 298	4 829	8 156
Interest paid	(20 605)	(15 862)	(29 269)
Taxation paid	(124 043)	(131 910)	(271 988)
Cash inflow from operating activities before distributions	214 425	396 326	677 071
Distributions paid to shareholders	(225 616)	(199 112)	(295 507)
Net cash effects of operating activities	(11 191)	197 214	381 564
Cash effects of investing activities			
Investment in property, plant and equipment and intangibles to maintain operations	(45 047)	(34 260)	(70 160)
Investment in property, plant and equipment and intangibles to expand operations	(54 625)	(75 010)	(145 541)
Acquisition of business, net of cash acquired	–	(10 225)	(10 225)
Proceeds from disposal of property, plant and equipment	498	619	1 572
Decrease in loans receivable	8 717	6 664	15 001
Net cash effects of investing activities	(90 457)	(112 212)	(209 353)
Cash effects of financing activities			
Purchase of treasury shares	–	(251 483)	(552 406)
Proceeds from disposal of treasury shares	1 973	1 963	2 579
Interest-bearing borrowings raised	170 286	52 790	243 354
Net cash effects of financing activities	172 259	(196 730)	(306 473)
Net increase/(decrease) in cash and cash equivalents	70 611	(111 728)	(134 262)
Cash and cash equivalents at the beginning of the period	17 790	152 052	152 052
Cash and cash equivalents at the end of the period	88 401	40 324	17 790

NOTES TO THE STATEMENT OF CASH FLOWS

R'000	Six months to 29 February 2012	Six months to 28 February 2011	Year to 31 August 2011
Cash flow information			
1 Profit before working capital changes			
Profit before tax	461 249	442 579	897 714
Adjustment for:			
Depreciation and amortisation	87 354	76 789	158 285
Reversal of previous unrealised foreign exchange differences	(3 237)	(7 745)	(7 745)
Unrealised foreign exchange (gain)/loss	(1 412)	4 878	3 237
Operating lease accrual	6 460	6 467	10 331
Loss on disposal of property, plant and equipment	2 579	2 509	6 250
Fair value adjustment – derivatives	–	(41 198)	(41 797)
Equity-settled share option costs	13 136	2 282	15 326
Net financing cost	25 108	17 213	33 626
	591 237	503 774	1 075 227
2 Working capital changes			
Increase in inventories	(257 540)	(139 463)	(231 309)
(Increase)/decrease in trade and other receivables	(55 229)	20 136	(130 302)
Disposal of derivative financial instruments	–	151 284	161 032
Increase in trade and other payables	136 950	73 865	152 256
Decrease in employee benefits	(56 593)	(69 458)	(55 705)
Decrease in provisions	(3 050)	(869)	(1 027)
	(235 462)	35 495	(105 055)

OPERATIONAL SEGMENTAL STATEMENT OF INCOME

R'000	Retail		
	Six months to 29 February 2012	Six months to 28 February 2011 (restated)*	% change
Segment revenue	6 152 068	5 662 889	
Turnover	5 954 055	5 498 405	8.3%
Cost of merchandise sold	(4 224 362)	(3 865 422)	9.3%
Gross profit	1 729 693	1 632 983	5.9%
Other income	198 013	164 484	20.4%
Total income	1 927 706	1 797 467	7.2%
Segment expenses	(1 512 575)	(1 408 030)	7.4%
Depreciation and amortisation	(76 022)	(65 679)	15.7%
Occupancy costs	(229 380)	(207 445)	10.6%
Employment costs	(753 475)	(701 566)	7.4%
Other operating costs	(453 698)	(433 340)	4.7%
Operating profit	415 131	389 437	6.6%
(Loss)/profit on disposal of property, plant and equipment	(2 707)	(2 601)	
Segment result	412 424	386 836	6.6%

* Refer to business unit segmental analysis note

ANALYSIS OF SHAREHOLDERS

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

Major fund managers	Feb 2012 Percentage of shares	Feb 2011 Percentage of shares
Public Investment Corporation (SA)	10.9%	16.6%
Baillie Gifford (UK)	8.0%	4.5%
Coronation Fund Managers (SA)	5.7%	0.5%
Morgan Stanley Investment Management (UK)	3.8%	5.5%
Oasis Asset Management (SA)	3.5%	4.2%

Geographic distribution of shareholders	Feb 2012 Percentage of shares	Feb 2011 Percentage of shares
South Africa and Africa	44.7%	44.8%
Offshore holdings	55.3%	55.2%
USA and Canada	29.0%	32.4%
United Kingdom, Ireland and Channel Islands	11.6%	10.1%
Europe	6.9%	7.8%
Other countries	7.8%	4.9%

	UPD			Intragroup elimination		Total		
	Six months to 29 February 2012	Six months to 28 February 2011 (restated)*	% change	Six months to 29 February 2012	Six months to 28 February 2011 (restated)*	Six months to 29 February 2012	Six months to 28 February 2011 (restated)*	% change
	3 051 041	2 904 179		(1 184 410)	(1 076 034)	8 018 699	7 491 034	
	2 866 016	2 729 818	5.0%	(1 162 572)	(1 061 455)	7 657 499	7 166 768	6.8%
	(2 811 308)	(2 682 076)	4.8%	1 161 746	1 062 056	(5 873 924)	(5 485 442)	7.1%
	54 708	47 742	14.6%	(826)	601	1 783 575	1 681 326	6.1%
	185 025	174 361	6.1%	(21 838)	(14 579)	361 200	324 266	11.4%
	239 733	222 103	7.9%	(22 664)	(13 978)	2 144 775	2 005 592	6.9%
	(165 102)	(149 840)	10.2%	21 838	14 579	(1 655 839)	(1 543 291)	7.3%
	(7 287)	(6 722)	8.4%	–	–	(83 309)	(72 401)	15.1%
	(880)	(1 528)	(42.4%)	563	539	(229 697)	(208 434)	10.2%
	(63 780)	(66 903)	(4.7%)	–	–	(817 255)	(768 469)	6.3%
	(93 155)	(74 687)	24.7%	21 275	14 040	(525 578)	(493 987)	6.4%
	74 631	72 263	3.3%	(826)	601	488 936	462 301	5.8%
	128	92		–	–	(2 579)	(2 509)	
	74 759	72 355	3.3%	(826)	601	486 357	459 792	5.8%

OPERATIONAL SEGMENTAL STATEMENT OF FINANCIAL POSITION

R'000	Retail	
	As at 29 February 2012	As at 28 February 2011
SEGMENT ASSETS		
Segment non-current assets	1 181 119	1 141 078
Property, plant and equipment	813 114	773 293
Intangible assets	298 491	304 868
Goodwill	18 855	18 855
Deferred tax assets	43 545	27 877
Intragroup loans	1 336	–
Loans receivable	5 778	16 185
Segment current assets	2 213 031	1 906 759
Inventories	1 534 622	1 289 821
Trade and other receivables	197 886	179 529
Intragroup loans	390 452	390 452
Loans receivable	9 181	15 745
Cash and cash equivalents	75 809	22 063
Derivative financial assets	5 081	9 149
Total segment assets	3 394 150	3 047 837
SEGMENT EQUITY AND LIABILITIES		
Segment equity	715 867	784 365
Share capital	3 054	2 975
Share option reserve	53 493	26 730
Cash flow hedge reserve	(898)	–
Treasury shares	(925 673)	(306 845)
Non-distributable reserve	(490)	(391)
Distributable reserve	1 586 381	1 061 896
Equity attributable to equity holders of the parent	715 867	784 365
Non-controlling interest	–	–
Segment non-current liabilities	485 373	525 867
Interest-bearing borrowings	–	10 000
Intragroup loans	236 716	279 114
Employee benefits	78 301	72 928
Deferred tax liabilities	38 254	42 047
Operating lease liability	132 102	121 778
Segment current liabilities	2 192 910	1 737 605
Trade and other payables	1 474 307	1 371 973
Intragroup loans	–	–
Employee benefits	117 699	141 077
Provisions	2 167	5 375
Interest-bearing borrowings	545 603	174 775
Income tax payable	47 417	38 565
Derivative financial liabilities	5 717	5 840
Total segment equity and liabilities	3 394 150	3 047 837

	UPD		Intragroup elimination		Group	
	As at 29 February 2012	As at 28 February 2011	As at 29 February 2012	As at 28 February 2011	As at 29 February 2012	As at 28 February 2011
	470 817	517 016	(238 052)	(279 114)	1 413 884	1 378 980
	146 102	150 759	-	-	959 216	924 052
	3 019	2 164	-	-	301 510	307 032
	84 655	84 655	-	-	103 510	103 510
	325	324	-	-	43 870	28 201
	236 716	279 114	(238 052)	(279 114)	-	-
	-	-	-	-	5 778	16 185
	1 652 546	1 370 366	(648 934)	(652 575)	3 216 643	2 624 550
	537 202	435 143	(11 727)	(14 253)	2 060 097	1 710 711
	1 102 752	916 962	(246 755)	(247 870)	1 053 883	848 621
	-	-	(390 452)	(390 452)	-	-
	-	-	-	-	9 181	15 745
	12 592	18 261	-	-	88 401	40 324
	-	-	-	-	5 081	9 149
	2 123 363	1 887 382	(886 986)	(931 689)	4 630 527	4 003 530
	378 615	245 821	(11 727)	(14 253)	1 082 755	1 015 933
	-	-	-	-	3 054	2 975
	586	152	-	-	54 079	26 882
	-	-	-	-	(898)	-
	-	-	-	-	(925 673)	(306 845)
	(1 437)	(1 157)	-	-	(1 927)	(1 548)
	378 665	246 118	(11 727)	(14 253)	1 953 319	1 293 761
	377 814	245 113	(11 727)	(14 253)	1 081 954	1 015 225
	801	708	-	-	801	708
	6 710	7 290	(238 052)	(279 114)	254 031	254 043
	-	46	-	-	-	10 046
	1 336	-	(238 052)	(279 114)	-	-
	5 374	7 244	-	-	83 675	80 172
	-	-	-	-	38 254	42 047
	-	-	-	-	132 102	121 778
	1 738 038	1 634 271	(637 207)	(638 322)	3 293 741	2 733 554
	1 340 347	1 229 147	(246 755)	(247 870)	2 567 899	2 353 250
	390 452	390 452	(390 452)	(390 452)	-	-
	6 938	14 601	-	-	124 637	155 678
	-	-	-	-	2 167	5 375
	-	53	-	-	545 603	174 828
	301	18	-	-	47 718	38 583
	-	-	-	-	5 717	5 840
	2 123 363	1 887 382	(886 986)	(931 689)	4 630 527	4 003 530

BUSINESS UNIT SEGMENTAL ANALYSIS

for the six months to 29 February 2012

R'000	Clicks		Musica		The Body Shop		
	29 Feb 2012	28 Feb 2011*	29 Feb 2012	28 Feb 2011	29 Feb 2012	28 Feb 2011	
Statement of financial position							
Property, plant and equipment	569 566	509 230	45 619	56 134	10 233	11 357	
Intangible assets	288 402	290 396	1 568	2 209	2	5	
Goodwill	18 855	18 855	–	–	–	–	
Inventories	1 352 666	1 084 694	165 381	189 985	16 575	15 142	
Trade and other receivables	178 492	151 058	13 560	13 075	86	190	
Cash and cash equivalents	6 099	3 840	133	124	61	58	
Other assets	4 581	3 103	1	–	1	–	
Total assets	2 418 661	2 061 176	226 262	261 527	26 958	26 752	
Employee benefits – non-current	8 212	5 045	2 169	144	69	–	
Operating lease liability	117 113	107 118	13 250	12 660	1 739	2 000	
Trade and other payables	1 147 886	1 053 902	159 130	94 090	11 444	7 238	
Employee benefits – current	74 635	77 960	8 420	10 987	686	1 268	
Other liabilities	10 688	4 826	1 186	1 469	1	–	
Total liabilities	1 358 534	1 248 851	184 155	119 350	13 939	10 506	
Net assets	1 060 127	812 325	42 107	142 177	13 019	16 246	
Statement of comprehensive income							
Turnover*	5 381 727	4 912 245	504 913	527 292	67 415	58 868	
Gross profit*	1 514 139	1 418 060	172 342	174 930	43 212	39 993	
Other income*	185 178	148 485	11 871	15 062	964	937	
Total Income*	1 699 317	1 566 545	184 213	189 992	44 176	40 930	
Expenses*	(1 336 413)	(1 223 096)	(147 370)	(156 998)	(28 792)	(27 936)	
Operating profit	362 904	343 449	36 843	32 994	15 384	12 994	
Ratios							
Increase in turnover	%	9.6	15.8	(4.2)	(2.5)	14.5	(5.2)
Selling price inflation	%	0.5	1.1	(4.5)	0.2	(0.7)	(10.0)
Comparable stores' turnover growth	%	5.5	12.6	(3.3)	(1.9)	14.2	(5.7)
Gross profit margin	%	28.1	28.9	34.1	33.2	64.1	67.9
Total income margin	%	31.6	31.9	36.5	36.0	65.5	69.5
Operating expenses as a percentage of turnover	%	24.8	24.9	29.2	29.8	42.7	47.5
Increase in operating expenses	%	9.3	16.6	(6.1)	(2.2)	3.1	5.0
Increase in operating profit	%	5.7	23.5	11.7	(9.4)	18.4	2.8
Operating profit margin	%	6.7	7.0	7.3	6.3	22.8	22.1
Inventory days		68	61	97	105	134	157
Trade debtor days		9	13	–	–	–	–
Trade creditor days		46	47	70	35	13	14
Number of stores		412	382	140	151	42	42
as at 31 August 2011/2010		400	369	148	152	42	40
opened		15	14	–	3	–	2
closed		(3)	(1)	(8)	(4)	–	–
Number of pharmacies		295	266	–	–	–	–
as at 31 August 2011/2010		283	251	–	–	–	–
new/converted		13	20	–	–	–	–
closed		(1)	(5)	–	–	–	–
Total leased area	m ²	267 360	252 489	29 546	30 907	2 892	2 892
Weighted retail trading area	m ²	204 368	191 718	26 170	26 908	2 203	2 177
Weighted annual sales per m ²	R	47 830	46 530	36 015	36 580	57 130	50 476
Number of permanent employees		6 515	6 510	676	795	120	117

* The statement of comprehensive income as at 28 February 2011 and 31 August 2011 have been restated for the reclassification of income and expenses between turnover, cost of sales, other income and other operating expenses. This has resulted in an increase in cost of sales in Clicks of R13.4 million (28 February 2011) and R49.9 million (31 August 2011) with a corresponding increase in other income. Within UPD turnover has increased by R29.2 million (28 February 2011) and R82.9 million (31 August 2011) with a corresponding increase in other operating expenses. The inter-segmental elimination increased by R13.4 million (28 February 2011) and R49.9 million (31 August 2011) relating to turnover and cost of sales with a corresponding increase in the elimination relating to other income and other operating expenses of a similar amount. There has been no impact on profit, statement of financial position, statement of changes in equity or statement of cash flows.

Group Services		Total retail operations		UPD		Intragroup elimination		Total operations	
29 Feb 2012	28 Feb 2011	29 Feb 2012	28 Feb 2011*	29 Feb 2012	28 Feb 2011*	29 Feb 2012	28 Feb 2011*	29 Feb 2012	28 Feb 2011*
187 696	196 572	813 114	773 293	146 102	150 759	-	-	959 216	924 052
8 519	12 258	298 491	304 868	3 019	2 164	-	-	301 510	307 032
-	-	18 855	18 855	84 655	84 655	-	-	103 510	103 510
-	-	1 534 622	1 289 821	537 202	435 143	(11 727)	(14 253)	2 060 097	1 710 711
5 748	15 206	197 886	179 529	1 102 752	916 962	(246 755)	(247 870)	1 053 883	848 621
69 516	18 041	75 809	22 063	12 592	18 261	-	-	88 401	40 324
450 790	456 305	455 373	459 408	237 041	279 438	(628 504)	(669 566)	63 910	69 280
722 269	698 382	3 394 150	3 047 837	2 123 363	1 887 382	(886 986)	(931 689)	4 630 527	4 003 530
67 851	67 739	78 301	72 928	5 374	7 244	-	-	83 675	80 172
-	-	132 102	121 778	-	-	-	-	132 102	121 778
155 847	216 743	1 474 307	1 371 973	1 340 347	1 229 147	(246 755)	(247 870)	2 567 899	2 353 250
33 958	50 862	117 699	141 077	6 938	14 601	-	-	124 637	155 678
863 999	549 421	875 874	555 716	392 089	390 569	(628 504)	(669 566)	639 459	276 719
1 121 655	884 765	2 678 283	2 263 472	1 744 748	1 641 561	(875 259)	(917 436)	3 547 772	2 987 597
(399 386)	(186 383)	715 867	784 365	378 615	245 821	(11 727)	(14 253)	1 082 755	1 015 933
-	-	5 954 055	5 498 405	2 866 016	2 729 818	(1 162 572)	(1 061 455)	7 657 499	7 166 768
-	-	1 729 693	1 632 983	54 708	47 742	(826)	601	1 783 575	1 681 326
-	-	198 013	164 484	185 025	174 361	(21 838)	(14 579)	361 200	324 266
-	-	1 927 706	1 797 467	239 733	222 103	(22 664)	(13 978)	2 144 775	2 005 592
-	-	(1 512 575)	(1 408 030)	(165 102)	(149 840)	21 838	14 579	(1 655 839)	(1 543 291)
-	-	415 131	389 437	74 631	72 263	(826)	601	488 936	462 301
-	-	8.3	13.5	5.0	7.3	9.5	31.3	6.8	8.9
-	-	0.1	0.9	(0.5)	4.4	-	-	(0.2)	2.1
-	-	4.8	10.8	-	-	-	-	4.8	10.8
-	-	29.1	29.7	1.9	1.7	-	-	23.3	23.5
-	-	32.4	32.7	8.4	8.1	-	-	28.0	28.0
-	-	25.4	25.6	5.8	5.5	-	-	21.6	21.5
-	-	7.4	13.9	10.2	1.4	-	-	7.3	13.0
-	-	6.6	19.0	3.3	1.2	-	-	5.8	16.5
-	-	7.0	7.1	2.6	2.6	-	-	6.4	6.5
-	-	71	65	35	30	-	-	66	59
-	-	9	13	63	56	-	-	48	42
-	-	47	45	75	73	-	-	63	60
-	-	594	575	-	-	-	-	594	575
-	-	590	561	-	-	-	-	590	561
-	-	15	19	-	-	-	-	15	19
-	-	(11)	(5)	-	-	-	-	(11)	(5)
-	-	295	266	-	-	-	-	295	266
-	-	283	251	-	-	-	-	283	251
-	-	13	20	-	-	-	-	13	20
-	-	(1)	(5)	-	-	-	-	(1)	(5)
-	-	299 798	286 288	-	-	-	-	299 798	286 288
-	-	232 741	220 803	-	-	-	-	232 741	220 803
-	-	46 590	45 356	-	-	-	-	46 590	45 356
383	376	7 694	7 798	385	420	-	-	8 079	8 218

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 periods.

Current ratio

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

Distribution cover

Undiluted headline earnings per share 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/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 period divided by the weighted average number of shares in issue for the period.

Diluted earnings per share

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

Headline earnings per share

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

Diluted headline earnings per share

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

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 period 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 period-end

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

Inventory days

Closing inventory at period-end divided by the cost of merchandise sold during the period, 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 period-end multiplied by the number of ordinary shares in issue at period-end.

Net asset value per share

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

Net tangible asset value per share

Net assets at period-end, less intangible assets (such as goodwill and trademarks), divided by the number of ordinary shares in issue at period-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 period as a percentage of the weighted average number of ordinary shares in issue.

Price earnings ratio

The closing 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 shareholders' interest for the period.

Return on total assets (ROA)

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

Segmental reporting

Operational segment

A distinguishable type of operation within the group.

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 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.

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 period-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 period-end (adjusted to exclude VAT), divided by the cost of merchandise sold during the period, multiplied by 365 days.

Trade debtor days

Closing trade debtors at period-end (adjusted to exclude VAT), divided by sales for the period, 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 or 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 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 shares.

PRESENTATION



PRESENTATION OUTLINE

- Review of the period David Kneale
- Financial results Michael Fleming
- Trading performance Mike Harvey and David Kneale
- Outlook David Kneale
- Questions

PRESENTATION



REVIEW OF THE PERIOD

DAVID KNEALE

REVIEW OF THE PERIOD

- Tough trading in a competitive environment
- Market slowdown due to lack of selling price inflation
- Pressure on margins
- Good cost management
- Benefit from capital management in prior year
- Real volume growth
- Health and beauty market share increased



FINANCIAL RESULTS

MICHAEL FLEMING

FINANCIAL HIGHLIGHTS

- Group turnover up **6.8%**
 - Selling price deflation of **0.2%**
 - Retail turnover up **8.3%**
 - UPD turnover up **5.0%**
- Operating margin down from 6.5% to **6.4%**
- Diluted headline EPS up **7.6%** to 131.5 cps
- Interim dividend of 44.1 cps, up **19.2%**
- ROE increases from 55.8% to **60.7%**

PRESENTATION

TURNOVER

R'm	Feb 2012	Feb 2011	% change	% same store growth	% inflation
Clicks	5 382	4 912	9.6	5.5	0.5
Musica	505	527	(4.2)	(3.3)	(4.5)
The Body Shop	67	59	14.5	14.2	(0.7)
Total retail	5 954	5 498	8.3	4.8	0.1
UPD	2 866	2 730	5.0		(0.5)
Intragroup turnover	(1 163)	(1 061)	9.5		
Total group	7 657	7 167	6.8		(0.2)

- Impact of low inflation
- Benefit from new stores in Clicks
- Real growth in all businesses

CLICKS GROUP FINANCIAL RESULTS 2012

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TOTAL INCOME

	Feb 2012 R'm	Feb 2011 R'm	% change	Feb 2012 % margin	Feb 2011 % margin
Clicks	1 699	1 567	8.5	31.6	31.9
Musica	184	190	(3.0)	36.5	36.0
The Body Shop	44	41	7.9	65.5	69.5
Total retail	1 927	1 798	7.2	32.4	32.7
UPD	240	222	7.9	8.4	8.1
Intragroup	(22)	(14)			
Total group	2 145	2 006	6.9	28.0	28.0

- Strong promotional campaigns and adverse mix impact in Clicks
- Renegotiated supplier terms in Musica
- Benefit from distribution agency business in UPD

CLICKS GROUP FINANCIAL RESULTS 2012

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OPERATING EXPENDITURE – RETAIL

R'm	Feb 2012	Feb 2011	% change
Depreciation and amortisation	76	66	15.7
Occupancy costs	229	207	10.6
Employment costs	754	702	7.4
Other operating costs	454	433	4.7
Total retail costs	1 513	1 408	7.4

- 30 new Clicks stores and 29 additional dispensaries since February 2011
- IFRS 2 charge of R12m for ESOP scheme (2011: R2m)
- Pharmacy professional costs up 8.4% in same stores
- Comparable costs up only 2.7%

CLICKS GROUP INTERIM RESULTS 2012 9

OPERATING EXPENDITURE – UPD

R'm	Feb 2012	Feb 2011	% change
Depreciation and amortisation	7	7	8.4
Occupancy costs	1	2	(42.4)
Employment costs	64	67	(4.7)
Other operating costs	93	74	24.7
Total UPD costs	165	150	10.2

- Other operating costs include investment of R4.5m in distribution capabilities
- Additional variable distribution costs of R3.2m
- Comparable costs up 5%

CLICKS GROUP INTERIM RESULTS 2012 10

PRESENTATION

OPERATING PROFIT

	Feb 2012 R'm	Feb 2011 R'm	% change	Feb 2012 % margin	Feb 2011 % margin
Clicks	363	343	5.7	6.7	7.0
Musica	37	33	11.7	7.3	6.3
The Body Shop	15	13	18.4	22.8	22.1
Total retail	415	389	6.6	7.0	7.1
UPD	75	72	3.3	2.6	2.6
Intragroup	(1)	1			
Total group	489	462	5.8	6.4	6.5

CLICKS GROUP FINANCIAL RESULTS 2012

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INVENTORY

	Days in stock*		Inventory (R'm)		
	Feb 2012	Feb 2011	Feb 2012	Feb 2011	% change
Clicks	68	61	1 353	1 085	24.7
Musica	97	105	165	190	(13.0)
The Body Shop	134	157	17	15	9.5
Total retail	71	65	1 535	1 290	19.0
UPD	35	30	537	435	23.5
Intragroup inventory			(12)	(14)	(17.7)
Total group	66	59	2 060	1 711	20.4

- Stock bought in ahead of price increases on selected lines

* At cost price

CLICKS GROUP FINANCIAL RESULTS 2012

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CASH GENERATION

R'm	Feb 2012	Feb 2011
Profit before tax	461	443
Non-cash adjustments	130	61
Operating profit before working capital changes	591	504
Working capital changes, excl derivative	(236)	(116)
Disposal of derivative hedge	-	151
Net interest and tax paid	(141)	(143)
Cash inflow from operations	214	396

- The group continues to be strongly cash generative

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CASH UTILISATION

R'm	Feb 2012	Feb 2011
Cash inflow from operations	214	396
Capital expenditure	(99)	(119)
Distributions paid	(225)	(199)
Share buy-backs	-	(251)
Other investing activities	9	7
Other financing activities	172	54
Net cash generated/(utilised)	71	(112)

- R282m capex planned for FY2012

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PRESENTATION

PLANS FOR THE NEXT 6 MONTHS

- Prudent cost and cash management
- Capex of R183m in second half
 - R95m stores
 - R41m IT systems
 - R37m UPD
 - R10m other
- Dividend cover reduced to 1.8 times



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TRADING PERFORMANCE

MIKE HARVEY
& DAVID KNEALE



OVERVIEW



- Pressure on top line growth
 - No selling price inflation
 - Highly competitive market
- Increased promotional activity to drive volume and traffic
- Slower sales growth in higher margin categories
- Tighter cost management
- New stores performing ahead of expectations




PRESENTATION

SALES PERFORMANCE		CLICKS+	
R'm	% change	% contribution	
Health			
Scheduled medicines	11.1	25.6	
Front shop health	14.5	27.9	
Beauty			
Beauty	7.1	24.4	
General merchandise	4.9	22.1	
Total turnover	9.6	100.0	

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HEALTH		CLICKS+	
<ul style="list-style-type: none"> ▪ Clicks dispensary sales +11.4% (value) and +12.3% (volume) <ul style="list-style-type: none"> ▪ Switch to generics ▪ Medical aid benefit changes and greater self-medication ▪ Good growth in other key categories <ul style="list-style-type: none"> ▪ Baby +29.9% ▪ Vitamins and supplements +11.8% ▪ Increased market share 			
%	Feb 2012	Feb 2011	
Retail pharmacy*	16.1	14.5	
Front shop health**	38.3	37.3	



* Per IMS ** Per AC Nielsen (restated)

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BEAUTY



- Insufficient premium ranges
 - Colour cosmetics +8.3%
 - Fragrance +7.6%
- New launches and aggressive promotions
 - Skincare +9.7%
 - Haircare +6.3%
- Mixed market share performance



%	Feb 2012	Feb 2011
Colour cosmetics**	28.1	29.2
Skincare***	33.7	33.8
Haircare***	29.7	28.9

** Per RLC *** Per AC Nielsen (restated)

GENERAL MERCHANDISE



- Lack of newness in homeware
 - Homeware -4.7%
- Good performance in other key categories
 - Confectionery +9.6%
 - Electrical and hi-tech +9.1%
- Stable market share



%	Feb 2012	Feb 2011
Small household appliances****	19.2	19.2

**** Per GfK

PRESENTATION

STORE AND PHARMACY PRESENCE



- 412 stores at February 2012
 - Opened net 12 stores in first half
 - Faster sales growth in convenience and regular formats
 - Significant centre upgrades impacting destination format
- 295 dispensaries at February 2012
 - Net 12 dispensaries opened in past six months
- Addressing pharmacist availability
 - 96 bursaries to pharmacy students
 - Increased pharmacy assistant learners from 160 to 241



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CUSTOMERS AND BRAND



- ClubCard membership now 3.6m
 - Net growth of 320 000 members since February 2011
 - 76.9% of sales (2011: 76.5%)
 - New affinity partners
 - 2.8m cardholders on pharmacy database
 - 95 000 members of Baby Club
- Private label down from 19.9% to 19.2% of sales
 - Front shop down from 25.9% to 24.7%
- Rated 1st for pricing and value in health & beauty*



* Per TNS Brand Tracker

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PLANS FOR THE NEXT 6 MONTHS



- Trading conditions expected to remain challenging
 - Aggressive promotional programme planned
 - Selling price inflation to average around 2% in H2
- Good pipeline of store openings
 - 20 - 30 new stores for the year
 - 30 - 40 new dispensaries in FY2012
- Improving our core offer
 - Innovation in front shop
 - Drive volume in pharmacy
 - Increasing loyalty and spend through ClubCard



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PRESENTATION

PERFORMANCE



- Market share increased from 22.9% to 23.2%*
- Scheduled medicines up 5.1%
 - Originators +0.3%
 - Generics +13.3%
- Front shop sales up 4.2%
 - Better range targeted at independent pharmacy
- Product availability maintained at 92%
- Successful take on of four distribution agency contracts

* MAT per IMS (restated)

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TURNOVER



	% change	% contribution
Clicks	9.4	40.5
Hospitals	5.8	28.0
Link pharmacy	(7.4)	15.7
Other independent pharmacy	4.0	9.9
Other	11.0	5.9
Total turnover	5.0	100.0

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PLANS FOR THE NEXT 6 MONTHS



- SEP increase of up to 2.14% to benefit H2
- Drive turnover growth
 - Preferred supply partner for Aspen from February 2012
- Settle in new distribution agency contracts
 - Expect R1.5bn notional turnover in FY2012
 - Pfizer contract commences July 2012
- Investment to increase distribution capacity and improve wholesaling efficiency
 - R17m in H2 and R28m in FY2013

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MUSICA
A WORLD AWAITS



PRESENTATION

PERFORMANCE AND OUTLOOK



	% change	% contribution	Market share*	
			Feb 2012	Feb 2011
CDs	(5.0)	47.3	44.7	41.6
DVDs	(13.3)	25.9	28.6	28.2
Gaming	(6.2)	17.7	10.3	9.8
Technology	30.2	9.1		

- Continued decline in traditional formats, partially offset by market share gains
- Net closure of 8 stores in the period
- Technology category to be extended to a further 24 stores
- Cost management will continue to improve efficiencies
 - Further 8 store closures planned in H2

* Per Aquidneck/GfK

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PERFORMANCE AND OUTLOOK

THE BODY SHOP.

- Strong first half performance
 - Good gifting range
 - Better availability
 - Strong promotions
- 117 000 "Love Your Body" cardholders
- Relaunch of The Body Shop brand internationally in May 2012
 - New store look
 - New products
 - New brand expression "Beauty with Heart"



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OUTLOOK

DAVID KNEALE

OUTLOOK

- Middle income consumers under the most pressure
- Health and beauty market will remain promotionally driven
- Anticipate minimal real growth in private pharmacy market
- Selling price inflation expected to be under 2% for the year
- Focus is on maintaining competitive position
 - Volume growth
 - Cost containment
- Maintaining investment for longer term growth
- Expect 6 – 11% growth in diluted HEPS for FY2012

PRESENTATION

MEDIUM-TERM POSITIONING

- Clicks is the market leading health and beauty retail brand, with scope to grow its footprint and market share
- UPD is the leading pharmaceutical wholesaler and is well positioned to grow its distribution agency business
- Strong cash generation ability
- Confident of achieving medium-term financial targets

2012 - 2014 targets	
ROE (%)	55 - 65
ROA (%)	14 - 18
Inventory days	55 - 60
Group operating margin (%)	6.0 - 7.0

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THANK YOU

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