



**CLICKS GROUP**  
LIMITED

**ANNUAL GROUP  
RESULTS**  
FOR THE YEAR ENDED  
31 AUGUST 2020

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Group turnover up

**9.6%**

Retail health and beauty sales up

**8.4%**

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UPD turnover up

**11.2%**

Diluted HEPS up

**13.7%**

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Dividend per share

**450 cents**

Cash at year-end

**R2.2 billion**

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# FINANCIAL SUMMARY

		Year to 31 August 2020	Restated year to 31 August 2019	% change
<b>Consolidated statement of comprehensive income</b>				
Turnover	(R'000)	34 364 398	31 352 109	9.6
Gross profit	(R'000)	7 208 346	6 690 060	7.7
Total income	(R'000)	9 374 661	8 650 540	8.4
Headline earnings	(R'000)	1 887 374	1 682 080	12.2
Net financing cost	(R'000)	(175 450)	(175 754)	(0.2)
<b>Consolidated statement of financial position</b>				
Equity	(R'000)	5 193 951	4 786 987	8.5
Total assets	(R'000)	15 274 205	15 069 124	1.4
<b>Consolidated statement of cash flows</b>				
Net cash effects from operating activities	(R'000)	1 516 796	2 501 052	(39.4)
Capital expenditure	(R'000)	590 883	646 714	(8.6)
Depreciation and amortisation	(R'000)	1 177 144	1 036 325	13.6
<b>Performance</b>				
Turnover growth	(%)	9.6	7.2	
Comparable stores turnover growth	(%)	3.4	6.4	
Gross profit growth	(%)	7.7	8.5	
Gross profit margin	(%)	21.0	21.3	
Total income growth	(%)	8.4	9.7	
Total income margin	(%)	27.3	27.6	
Operating margin	(%)	8.1	8.0	
Net working capital days		37	34	
Inventory days		66	70	
Trade debtor days		31	37	
Trade creditor days		60	73	
Current ratio	(:1)	1.2	1.2	
Return on total assets	(%)	12.4	12.6	
Return on shareholders' interest	(%)	37.8	37.0	
Shareholders' interest to total assets	(%)	34.0	31.8	
Interest-bearing debt, including cash, to shareholders' interest at year-end	(%)	10.3	(5.7)	
<b>Statistics</b>				
Number of permanent employees		15 582	15 413	1.1
Number of stores		884	870	1.6
Weighted retail trading area	(m <sup>2</sup> )	370 353	347 566	6.6
<b>Share statistics</b>				
Number of ordinary shares in issue (gross)	('000)	248 663	262 083	(5.1)
Number of ordinary shares in issue (net of treasury shares)	('000)	248 663	251 525	(1.1)
Weighted average number of shares in issue (net of treasury shares)	('000)	250 212	249 125	0.4
Weighted average diluted number of shares in issue (net of treasury shares)	('000)	250 212	253 471	(1.3)
Headline earnings per share – basic	(cents)	754.3	675.2	11.7
– diluted	(cents)	754.3	663.6	13.7
Dividend per share – interim	(cents)	–	118.0	(100.0)
– final	(cents)	450.0	327.0	37.6
Dividend payout ratio	(%)	59.7	65.9	
Share price – closing	(cents)	23 000	19 900	15.6
– high	(cents)	27 289	21 822	
– low	(cents)	19 550	15 614	
Net asset value per share	(cents)	2 089	1 903	9.8
Net tangible asset value per share	(cents)	1 819	1 665	9.2
Market capitalisation (gross)	(R'000)	57 192 490	52 154 517	9.7
Market capitalisation (net of treasury shares)	(R'000)	57 192 490	50 053 475	14.3
Price earnings ratio	(times)	30.5	30.0	
Volume of ordinary shares traded	('000)	304 942	273 840	
Percentage of ordinary shares traded	(%)	121.9	109.9	
Free float	(%)	99.9	95.9	
Shareholders' return	(cents)	3 550	45	
Increase/(decrease) in share price	(cents)	3 100	(400)	
Dividend per share	(cents)	450	445	
<b>Other information</b>				
Inflation rate				
CPI	(%)	3.1	4.3	
Internal selling price inflation	(%)	2.4	1.2	
Interest rates				
Prime overdraft rate – closing	(%)	7.00	10.00	
– average	(%)	8.71	10.15	
FTSE/JSE Africa share indices				
All Share Index		51 225	55 260	(7.3)
General Retailers Index		3 459	5 700	(39.3)
Food and Drug Retailers Index		9 672	10 332	(6.4)
Exchange rate				
Rand/US dollar – closing	(R/US\$)	16.58	15.32	8.2
– average	(R/US\$)	16.08	14.34	12.1

# COMMENTARY

## Overview

Clicks Group delivered a strong and resilient performance against the background of a global humanitarian crisis and a deepening economic recession locally.

Retail health and beauty sales increased by 8.4% supported by strong front shop health sales growth during the pandemic. UPD reported robust growth of 11.2% and continued to gain market share after securing new wholesale and bulk distribution contracts.

Tight cost management, continued working capital efficiency, pleasing health and beauty sales and the strong performance of UPD were the main contributors to the group's diluted headline earnings per share increasing by 13.7% to 754 cents. This is in line with earnings guidance provided in the trading statement released on SENS on 12 August 2020.

The board has declared a dividend of 450 cents per share for the full year, based on a dividend payout ratio of 60%.

## Impact of Covid-19

As essential healthcare service providers Clicks and UPD traded throughout the national lockdown which started on 27 March 2020. Management responded decisively to the lockdown, immediately implementing measures to reduce the group's cost base to off-set the impact of slower sales, with cash preservation being a priority to protect shareholder value.

Trading patterns shifted as customer shopping behaviour changed in response to the various lockdown restrictions. Consumers chose to shop closer to home and shop less frequently, while many stayed home and shopped online to reduce the risk of contracting Covid-19.

The accessibility of the Clicks store network proved beneficial, with 74% of stores located in convenience and neighbourhood shopping centres. This largely negated the significant slowdown in footfall at super regional and regional malls across the country.

Online sales in Clicks increased by 361% off a relatively low base for the second half of the financial year, reaping the benefit of the investment in its e-commerce and digital platform over the past four years.

The absence of a traditional winter cold and flu season adversely impacted pharmacy sales. The incidence of colds and flu was

low as people wore face masks to avoid infection, travel and social interaction was limited, schooling restricted and many South Africans worked from home.

Clicks stores were restricted to shorter trading hours and limited to selling only essential products under lockdown level 5 until 30 April 2020. The group's other retail brand stores all closed from the start of the lockdown. The Body Shop reopened from 1 May 2020 while Musica and Claire's reopened from 1 June 2020 when the country moved to lockdown level 3. The group received some rental relief on stores which were closed due to the lockdown.

UPD's business to the private hospital and independent pharmacy channels grew strongly due to increased demand for medicines and healthcare products during the pandemic.

The group incurred Covid-19-related costs of R44 million. This was off-set by focused cost management, lower overtime payments owing to restricted trading hours, rental reductions due to store closures and government funding for employees unable to work during the lockdown.

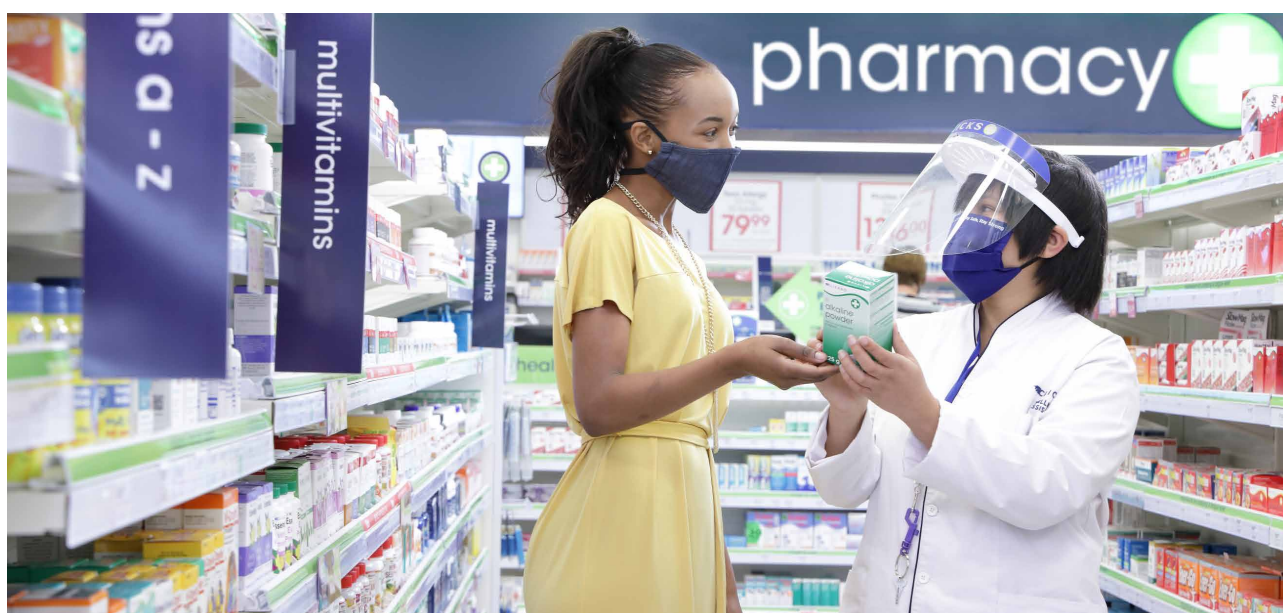
## Financial performance

Group turnover increased by 9.6% to R34.4 billion. Retail sales grew by 7.3% and by 3.4% in comparable stores, with selling price inflation of 2.2%. Distribution turnover increased by 11.2% with price inflation of 2.5% for the year.

Total income grew by 8.4% to R9.4 billion. The retail margin was maintained at 33.3% while the distribution margin strengthened by 30 basis points to 8.5% owing to the benefit of new contracts and the higher annual increase in the single exit price (SEP) of medicines. The faster growth of the distribution business resulted in a mix change which contributed to the group's total income margin declining by 30 basis points to 27.3%.

Retail expenses grew by 6.5% as the group continued to invest in new Clicks stores and pharmacies over the past year. UPD expenses, which include the costs related to the new wholesale and bulk distribution contracts, grew by 17.9%.

Group operating profit increased by 10.4% to R2.8 billion with the group's operating margin expanding by 10 basis points to 8.1%. The retail margin was well managed and increased by 20 basis points to 9.1% despite the impact of Covid-19 on the trading environment. The distribution margin was maintained at 3.3%.



Headline earnings grew by 12.2% to R1.9 billion. Earnings per share increased by 11.4% to 751 cents with headline earnings per share increasing by 11.7% to 754 cents. Diluted headline earnings per share grew by 13.7%.

Inventory days reduced from 70 to 66 days as stock levels were tightly managed in the second half of the year. Retail inventory levels increased by 5.5% and distribution by 2.4%.

Cash generated by operating activities before dividends paid totalled R2.3 billion. Capital expenditure of R591 million (2019: R647 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

The group returned R822 million to shareholders in dividend payments and R653 million in share buy-backs. At year-end the group held cash resources of R2.2 billion.

### Trading performance

Retail health and beauty sales, including Clicks and the international franchise brands GNC, The Body Shop and Claire's, increased by 8.4%, driven by competitive everyday pricing, differentiated product ranges, the Clicks ClubCard, new stores and online sales. Sales in comparable stores increased by 4.1%, with volume growth of 2.1% and inflation of 2.0%.

Clicks opened 39 stores to expand its retail footprint to 743 stores and increased its pharmacy network to 585 following the opening of 40 pharmacies. Clicks ClubCard active membership increased to 8.6 million and accounted for 78.2% of the brand's sales.

UPD grew wholesale turnover by 17.0% as the business gained new private hospital and buying group contracts. This contributed to UPD increasing its market share from 27.0% to 29.4% at August 2020 (source IQVIA). UPD's total managed turnover, combining wholesale turnover and turnover managed on behalf of bulk distribution clients, increased by 11.7% to R23.6 billion as the business gained two distribution contracts.

### Outlook

The performance of the past year has again demonstrated that the group's core health and beauty markets and business model are resilient.

The consumer environment is expected to be extremely constrained in the year ahead owing to the continuing impact of Covid-19 and

the socio-economic challenges arising from the lockdown. The first half of the new financial year was initially impacted by protest action at Clicks stores in early September and will be further affected by the widespread job losses expected in the aftermath of the pandemic.

The business has traded well in weak consumer markets over a sustained period and has adapted to the new market dynamics arising out of the Covid-19 crisis.

The group has a robust balance sheet, generates strong cash flows and the directors remain confident in the group's ability to deliver on its medium-term targets.

### Final dividend

The board of directors has approved a final gross ordinary dividend for the period ended 31 August 2020 of 450.0 cents per share (2019: 327.0 cents per share). The source of the dividend will be from distributable reserves and it will be paid in cash.

### Additional information

Dividends Tax (DT) of 20% amounting to 90.0 cents per ordinary 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 360.0 cents net of DT.

The Company has 248 662 647 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 dividend:

Last day of trade "cum" the dividend	Tuesday, 19 January 2021
Shares trade "ex" the dividend	Wednesday, 20 January 2021
Record date	Friday, 22 January 2021
Payment to shareholders	Monday, 25 January 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 January 2021 and Friday, 22 January 2021, both days inclusive.

<b>David Nurek</b> Chairman	<b>Vikesh Ramsunder</b> Chief executive officer	<b>Michael Fleming</b> Chief financial officer
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Cape Town  
22 October 2020



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Year to 31 August 2020	Restated year to <sup>1</sup> 31 August 2019	% change
Revenue	36 591 196	33 376 010	
<b>Turnover</b>	<b>34 364 398</b>	31 352 109	9.6%
Cost of merchandise sold	(27 156 052)	(24 662 049)	10.1%
<b>Gross profit</b>	<b>7 208 346</b>	6 690 060	7.7%
Other income	2 166 315	1 960 480	10.5%
<b>Total income</b>	<b>9 374 661</b>	8 650 540	8.4%
Expenses	(6 607 789)	(6 144 001)	7.5%
Depreciation and amortisation	(1 131 068)	(1 004 998)	12.5%
Occupancy costs	(184 834)	(190 119)	(2.8%)
Employment costs	(3 497 422)	(3 341 862)	4.7%
Other costs	(1 790 687)	(1 605 693)	11.5%
Impairment allowance	(3 778)	(1 329)	
<b>Operating profit</b>	<b>2 766 872</b>	2 506 539	10.4%
Loss on disposal of property, plant and equipment	(8 337)	(351)	
Loss on disposal of business	(1 196)	–	
<b>Profit before financing costs</b>	<b>2 757 339</b>	2 506 188	10.0%
Net financing expense	(175 450)	(175 754)	
Financial income	60 483	63 421	(4.6%)
Financial expense	(235 933)	(239 175)	(1.4%)
<b>Profit before earnings from associate</b>	<b>2 581 889</b>	2 330 434	10.8%
Share of profit of an associate	2 105	2 803	(24.9%)
<b>Profit before taxation</b>	<b>2 583 994</b>	2 333 237	10.7%
Income tax expense	(703 819)	(652 115)	7.9%
<b>Profit for the year</b>	<b>1 880 175</b>	1 681 122	11.8%
<b>Other comprehensive income/(loss):</b>			
Items that will not be subsequently reclassified to profit or loss	9 956	6 337	
Remeasurement of post-employment benefit obligations	13 828	8 801	
Deferred tax on remeasurement	(3 872)	(2 464)	
Items that may be subsequently reclassified to profit or loss	3 895	(2 222)	
Exchange differences on translation of foreign subsidiaries	60 461	(13 877)	
Cash flow hedges	83 973	(19 274)	
Change in fair value of effective portion	(23 512)	5 397	
Deferred tax on movement of effective portion	(18 890)	(15 827)	
Cost of hedging reserve	(26 236)	(21 982)	
Deferred tax on cost of hedging	7 346	6 155	
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>55 422</b>	(25 589)	
<b>Total comprehensive income for the year</b>	<b>1 935 597</b>	1 655 533	
<b>Reconciliation of headline earnings</b>			
Total profit for the year	1 880 175	1 681 122	
Adjusted for:			
Loss net of tax on disposal of property, plant and equipment	6 003	254	
Loss on disposal of business	1 196	–	
Goodwill impairment	–	704	
<b>Headline earnings</b>	<b>1 887 374</b>	1 682 080	12.2%
Headline earnings per share (cents)			
– basic	754.3	675.2	11.7%
– diluted	754.3	663.6	13.7%
Earnings per share (cents)			
– basic	751.4	674.8	11.4%
– diluted	751.4	663.2	13.3%
Weighted average number of shares in issue (net of treasury shares, '000)	250 212	249 125	0.4%
Weighted average diluted number of shares in issue (net of treasury shares, '000)	250 212	253 471	(1.3%)

<sup>1</sup> Retrospective adjustment relating to the adoption of IFRS 16. Refer to the preliminary reviewed condensed results.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2020	Restated as at <sup>1</sup> 31 August 2019	Restated as at <sup>1</sup> 1 September 2018
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>5 530 507</b>	5 045 548	5 069 238
Property, plant and equipment	2 120 674	2 067 036	1 843 402
Right-of-use asset	2 371 179	2 046 014	1 795 868
Intangible assets	568 700	497 078	476 761
Goodwill	102 806	102 806	103 510
Deferred tax assets	110 694	95 060	518 058
Investment in associate	20 062	20 091	20 044
Loans receivable	9 608	10 131	15 003
Financial assets at fair value through profit or loss	113 951	75 370	82 482
Derivative financial assets	112 833	131 962	214 110
<b>Current assets</b>	<b>9 743 698</b>	10 023 576	8 280 346
Inventories	4 920 919	4 710 169	4 250 907
Trade and other receivables	2 567 215	2 567 123	2 256 893
Income tax receivable	–	29 744	–
Loans receivable	1 339	611	9 675
Cash and cash equivalents	2 152 483	2 613 554	1 523 815
Derivative financial assets	101 742	102 375	239 056
<b>Total assets</b>	<b>15 274 205</b>	15 069 124	13 349 584
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>5 193 951</b>	4 786 987	4 321 043
Share capital	2 487	2 621	2 686
Share premium	1 064 953	1 064 953	513 848
Treasury shares	–	(913 194)	(702 703)
Share option reserve	–	–	578 184
Cash flow hedge reserve	11 686	23 195	73 536
Cost of hedging reserve	(5 968)	(6 267)	(4 482)
Foreign currency translation reserve	8 638	4 743	6 965
Distributable reserve	4 112 155	4 610 936	3 853 009
<b>Non-current liabilities</b>	<b>1 940 022</b>	1 688 563	1 502 168
Lease liability	1 795 306	1 489 563	1 256 761
Employee benefits	144 716	199 000	245 407
<b>Current liabilities</b>	<b>8 140 232</b>	8 593 574	7 526 373
Trade and other payables	6 746 977	7 303 492	6 227 123
Lease liability	890 411	852 702	814 015
Employee benefits	374 429	366 218	418 216
Income tax payable	126 045	71 162	67 019
Derivative financial liabilities	2 370	–	–
<b>Total equity and liabilities</b>	<b>15 274 205</b>	15 069 124	13 349 584

<sup>1</sup> Retrospective adjustment relating to the adoption of IFRS 16. Refer to the preliminary reviewed condensed results.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
<b>Balance at 1 September 2018</b>	244 505	2 686	513 848
Effect of adoption of IFRS 16 <sup>1</sup>	–	–	–
<b>Balance at 1 September 2018 (restated)</b>	244 505	2 686	513 848
<b>Transactions with owners, recorded directly in equity</b>			
Dividends paid to shareholders	–	–	–
Employee share option scheme vesting	8 135	(65)	551 105
Issue of ordinary shares from vesting of employee share scheme	8 135	81	551 404
“A” ordinary shares repurchased	–	(146)	–
Transaction costs on share issue	–	–	(299)
Share-based payment reserve movement	–	–	–
Shares repurchased	(1 115)	–	–
Net treasury share movement	–	–	–
Treasury shares acquired from vesting of employee share scheme	(261)	–	–
Disposal of treasury shares	261	–	–
<b>Total transactions with owners</b>	7 020	(65)	551 105
<b>Total comprehensive income for the year</b>	–	–	–
Profit for the year	–	–	–
Remeasurement of post-employment benefit obligations	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserves to inventory	–	–	–
<b>Balance at 31 August 2019</b>	<b>251 525</b>	<b>2 621</b>	<b>1 064 953</b>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends paid to shareholders	–	–	–
Treasury shares cancelled	–	(106)	–
Shares repurchased and cancelled	(2 862)	(28)	–
<b>Total transactions with owners</b>	<b>(2 862)</b>	<b>(134)</b>	<b>–</b>
<b>Total comprehensive income for the year</b>	–	–	–
Profit for the year	–	–	–
Remeasurement of post-employment benefit obligations	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserves to inventory	–	–	–
<b>Balance at 31 August 2020</b>	<b>248 663</b>	<b>2 487</b>	<b>1 064 953</b>

<sup>1</sup> Retrospective adjustment relating to the adoption of IFRS 16. Refer to the preliminary reviewed condensed results.



Treasury shares	Share option reserve	Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve	Distributable reserve	Total equity
(702 703)	578 184	73 536	(4 482)	8 486	3 954 452	4 424 007
-	-	-	-	(1 521)	(101 443)	(102 964)
(702 703)	578 184	73 536	(4 482)	6 965	3 853 009	4 321 043
-	-	-	-	-	(980 506)	(980 506)
146	(551 485)	-	-	-	-	(299)
-	(551 485)	-	-	-	-	-
146	-	-	-	-	-	-
-	-	-	-	-	-	(299)
-	(26 699)	-	-	-	-	(26 699)
(210 637)	-	-	-	-	-	(210 637)
-	-	-	-	-	50 974	50 974
(50 000)	-	-	-	-	50 000	-
50 000	-	-	-	-	974	50 974
(210 491)	(578 184)	-	-	-	(929 532)	(1 167 167)
-	-	(13 877)	(15 827)	(2 222)	1 687 459	1 655 533
-	-	-	-	-	1 681 122	1 681 122
-	-	-	-	-	6 337	6 337
-	-	(13 877)	-	-	-	(13 877)
-	-	-	(15 827)	-	-	(15 827)
-	-	-	-	(2 222)	-	(2 222)
-	-	(36 464)	14 042	-	-	(22 422)
<b>(913 194)</b>	<b>-</b>	<b>23 195</b>	<b>(6 267)</b>	<b>4 743</b>	<b>4 610 936</b>	<b>4 786 987</b>
-	-	-	-	-	(822 485)	(822 485)
<b>913 194</b>	-	-	-	-	(913 088)	-
-	-	-	-	-	(653 339)	(653 367)
<b>913 194</b>	-	-	-	-	(2 388 912)	(1 475 852)
-	-	<b>60 461</b>	<b>(18 890)</b>	<b>3 895</b>	<b>1 890 131</b>	<b>1 935 597</b>
-	-	-	-	-	<b>1 880 175</b>	<b>1 880 175</b>
-	-	-	-	-	<b>9 956</b>	<b>9 956</b>
-	-	<b>60 461</b>	-	-	-	<b>60 461</b>
-	-	-	<b>(18 890)</b>	-	-	<b>(18 890)</b>
-	-	-	-	<b>3 895</b>	-	<b>3 895</b>
-	-	<b>(71 970)</b>	<b>19 189</b>	-	-	<b>(52 781)</b>
-	-	<b>11 686</b>	<b>(5 968)</b>	<b>8 638</b>	<b>4 112 155</b>	<b>5 193 951</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2020	Restated year to <sup>1</sup> 31 August 2019
<b>Cash effects from operating activities</b>		
Operating profit before working capital changes (refer note 1)	3 884 623	3 563 332
Working capital changes (refer note 2)	(820 884)	203 429
Cash generated by operations	3 063 739	3 766 761
Interest received	60 483	63 421
Interest paid	(221 587)	(219 886)
Taxation paid	(634 200)	(262 241)
Acquisition of derivative financial asset used to hedge the long-term incentive scheme	(49 635)	(66 313)
Settlement of derivative financial asset used to hedge the long-term incentive scheme	120 481	199 816
Cash inflow from operating activities before dividends paid	2 339 281	3 481 558
Dividends paid to shareholders	(822 485)	(980 506)
Net cash effects from operating activities	1 516 796	2 501 052
<b>Cash effects from investing activities</b>		
Investment in property, plant and equipment and intangible assets to maintain operations	(242 093)	(215 701)
Investment in property, plant and equipment and intangible assets to expand operations	(348 790)	(431 013)
Proceeds from disposal of property, plant and equipment	968	2 220
Acquisition of investments	(41 833)	–
Decrease in loan receivables	–	9 000
Proceeds from disposal of investment in subsidiary (refer to note 3)	9 787	–
Net cash effects from investing activities	(621 961)	(635 494)
<b>Cash effects from financing activities</b>		
Purchase of treasury shares	(653 367)	(210 637)
Proceeds from sale of treasury shares	–	50 974
Transaction cost on the issue of shares	–	(299)
Repayment of lease liability	(702 539)	(615 857)
Net cash effects from financing activities	(1 355 906)	(775 819)
Net (decrease)/increase in cash and cash equivalents	(461 071)	1 089 739
Cash and cash equivalents at the beginning of the year	2 613 554	1 523 815
<b>Cash and cash equivalents at the end of the year</b>	<b>2 152 483</b>	<b>2 613 554</b>

<sup>1</sup> Retrospective adjustment relating to the adoption of IFRS 16. Refer to the preliminary reviewed condensed results.

## STORE FOOTPRINT

	Clicks*	Musica	The Body Shop	GNC	Claire's	Total retail
Number of stores at 31 August 2020	743	78	59	–	4	884
as at 31 August 2019	704	100	60	–	6	870
opened	43	1	1	–	–	45
closed	(4)	(23)	(2)	–	(2)	(31)
Presence in Clicks stores at 31 August 2020			222	562	169	
Number of pharmacies at 31 August 2020	585					585
as at 31 August 2019	545					545
opened	41					41
closed	(1)					(1)
Number of clinics at 31 August 2020	195					

\* Including 41 Netcare front shops and 35 Medicross pharmacies as at 31 August 2020.

## NOTES TO THE CASH FLOW STATEMENT

R'000	Year to 31 August 2020	Restated year to 31 August 2019
<b>Cash flow information</b>		
<b>1 Profit before working capital changes</b>		
Profit before tax	2 583 994	2 333 237
Adjustment for:		
Depreciation and amortisation	1 177 144	1 036 325
Loss on disposal of property, plant and equipment	8 337	351
Release of cash flow hedge to profit or loss	(64 779)	8 883
Decrease in financial assets at fair value through profit or loss	3 252	7 112
Impairment of goodwill	–	704
Impairment of loan	–	1 013
Loss on disposal of subsidiary	1 196	–
Net distributed/(undistributed) profits of an associate	29	(47)
Net financing expense	175 450	175 754
	<b>3 884 623</b>	<b>3 563 332</b>
<b>2 Working capital changes</b>		
Increase in inventories	(215 715)	(461 047)
Increase in trade and other receivables	(7 730)	(310 230)
(Decrease)/increase in trade and other payables	(550 848)	1 086 063
Decrease in employee benefits	(46 591)	(111 357)
	<b>(820 884)</b>	<b>203 429</b>
<b>3 Disposal of investment in subsidiary</b>		
The group disposed of its interest in Kalahari Medical Distributors Proprietary Limited during the financial year.		
Proceeds on disposal of subsidiary	9 787	–
Net asset value of subsidiary	10 983	–
Loss on disposal of subsidiary	(1 196)	–

## 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 2020	Aug 2019		Aug 2020	Aug 2019
Public Investment Corporation (SA)	13.7	12.4	South Africa and rest of Africa	27.9	28.3
BlackRock (US and UK)	6.1	4.1	Offshore holdings	72.1	71.7
JPMorgan Asset Management (UK and US)	6.1	5.1	USA and Canada	35.3	41.1
Fidelity Management & Research (US)	6.1	7.5	United Kingdom and Ireland	13.7	11.4
RBC Global Asset Management (UK)	5.8	5.0	Europe	11.0	8.9
GIC Asset Management (Singapore)	3.9	3.5	Other countries	12.1	10.3
BMO Financial Group (UK)	3.8	2.3			
The Vanguard Group (US)	3.7	3.8			
T Rowe Price (UK and US)	3.6	3.3			

## SEGMENTAL ANALYSIS

For the year ended 31 August 2020 R'000	Retail	
	31 Aug 2020	Restated <sup>1</sup> 31 Aug 2019
<b>Statement of financial position</b>		
Property, plant and equipment	1 858 141	1 806 121
Right-of-use asset	2 359 457	2 030 833
Intangible assets	538 256	471 115
Goodwill	6 529	6 529
Inventories	3 435 281	3 255 462
Trade and other receivables	505 626	565 977
Cash and cash equivalents	2 145 708	2 614 016
Other assets	872 254	893 752
<b>Total assets</b>	<b>11 721 252</b>	<b>11 643 805</b>
Lease liability	2 674 034	2 326 973
Employee benefits – non-current	129 141	181 124
Trade and other payables	3 643 654	3 602 726
Employee benefits – current	328 800	324 787
Other liabilities	2 498 222	2 681 636
<b>Total liabilities</b>	<b>9 273 851</b>	<b>9 117 246</b>
<b>Net assets</b>	<b>2 447 401</b>	<b>2 526 559</b>
<b>Statement of comprehensive income</b>		
Turnover	24 785 362	23 104 815
Gross profit	7 006 610	6 548 822
Other income	1 241 612	1 142 798
Total income	8 248 222	7 691 620
Expenses	(5 988 438)	(5 625 318)
Depreciation and amortisation	(1 090 762)	(966 638)
Occupancy costs	(183 687)	(189 024)
Employment costs	(3 208 548)	(3 071 902)
Other costs	(1 503 178)	(1 395 534)
Impairment allowance	(2 263)	(2 220)
Operating profit	2 259 784	2 066 302
<b>Ratios</b>		
Increase in turnover	(%) 7.3	9.7
Selling price inflation	(%) 2.2	1.5
Comparable stores turnover growth	(%) 3.4	6.4
Gross profit margin	(%) 28.3	28.3
Total income margin	(%) 33.3	33.3
Operating expenses as a percentage of turnover	(%) 24.2	24.3
Increase in operating expenses <sup>2</sup>	(%) 6.5	8.1
Increase in operating profit <sup>2</sup>	(%) 9.4	11.0
Operating profit margin	(%) 9.1	8.9
Inventory days	71	72
Trade debtor days	3	5
Trade creditor days	45	48
Number of stores	884	870
as at 31 August 2019/2018	870	837
opened	45	46
closed	(31)	(13)
Number of pharmacies	585	545
as at 31 August 2019/2018	545	510
new/converted	41	36
closed	(1)	(1)
Total leased area	(m <sup>2</sup> ) 467 340	444 010
Weighted retail trading area	(m <sup>2</sup> ) 370 353	347 566
Weighted annual sales per m <sup>2</sup>	(R) 66 733	65 935
Number of permanent employees	14 945	14 753

<sup>1</sup> Retrospective adjustment relating to the adoption of IFRS 16. Refer to the preliminary reviewed condensed results.

<sup>2</sup> Comparative growth not restated due to IFRS only requiring restatement of one year's comparative on the statement of comprehensive income. The August 2018 results were not restated.

Distribution		Intragroup elimination		Total operations	
31 Aug 2020	Restated <sup>1</sup> 31 Aug 2019	31 Aug 2020	Restated <sup>1</sup> 31 Aug 2019	31 Aug 2020	Restated <sup>1</sup> 31 Aug 2019
262 533	260 915	–	–	2 120 674	2 067 036
11 722	15 181	–	–	2 371 179	2 046 014
30 444	25 963	–	–	568 700	497 078
96 277	96 277	–	–	102 806	102 806
1 572 716	1 535 712	(87 078)	(81 005)	4 920 919	4 710 169
2 761 535	2 711 802	(699 946)	(710 656)	2 567 215	2 567 123
6 775	(462)	–	–	2 152 483	2 613 554
2 379 346	2 611 177	(2 781 371)	(3 039 585)	470 229	465 344
7 121 348	7 256 565	(3 568 395)	(3 831 246)	15 274 205	15 069 124
11 683	15 292	–	–	2 685 717	2 342 265
15 575	17 876	–	–	144 716	199 000
3 810 153	4 416 724	(706 830)	(715 958)	6 746 977	7 303 492
45 629	41 431	–	–	374 429	366 218
409 638	428 767	(2 779 445)	(3 039 241)	128 415	71 162
4 292 678	4 920 090	(3 486 275)	(3 755 199)	10 080 254	10 282 137
2 828 670	2 336 475	(82 120)	(76 047)	5 193 951	4 786 987
15 473 637	13 909 007	(5 894 601)	(5 661 713)	34 364 398	31 352 109
203 772	148 072	(2 036)	(6 834)	7 208 346	6 690 060
1 113 684	988 441	(188 981)	(170 759)	2 166 315	1 960 480
1 317 456	1 136 513	(191 017)	(177 593)	9 374 661	8 650 540
(804 294)	(682 239)	184 943	163 556	(6 607 789)	(6 144 001)
(40 306)	(38 360)	–	–	(1 131 068)	(1 004 998)
(2 714)	(3 440)	1 567	2 345	(184 834)	(190 119)
(288 874)	(269 960)	–	–	(3 497 422)	(3 341 862)
(470 885)	(371 370)	183 376	161 211	(1 790 687)	(1 605 693)
(1 515)	891	–	–	(3 778)	(1 329)
513 162	454 274	(6 074)	(14 037)	2 766 872	2 506 539
11.2	4.0	4.1	8.9	9.6	7.2
2.5	0.9	–	–	2.4	1.2
–	–	–	–	3.4	6.4
1.3	1.1	–	–	21.0	21.3
8.5	8.2	–	–	27.3	27.6
5.2	4.9	–	–	19.2	19.6
17.9	10.2	–	–	7.5	8.1
13.0	25.4	–	–	10.4	14.2
3.3	3.3	–	–	8.1	8.0
38	41	–	–	66	70
47	54	–	–	31	37
69	90	–	–	60	73
–	–	–	–	884	870
–	–	–	–	870	837
–	–	–	–	45	46
–	–	–	–	(31)	(13)
–	–	–	–	585	545
–	–	–	–	545	510
–	–	–	–	41	36
–	–	–	–	(1)	(1)
–	–	–	–	467 340	444 010
–	–	–	–	370 353	347 566
–	–	–	–	66 733	65 935
637	660	–	–	15 582	15 413

## 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 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 certain 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 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 invested capital (ROIC)**

Operating profit as reported in the group consolidated statement of comprehensive income adjusted for the group effective tax rate, expressed as a percentage of invested capital.

Invested capital comprises equity, non-current liabilities and the current portion of the lease liability.

### **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, derivative financial assets, financial assets/liabilities at fair value through profit or loss, 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 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 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



## PRESENTATION OUTLINE

- Review of the year
- Financial results
- Trading performance
- Strategy & outlook
- Questions

CLICKS GROUP ANNUAL RESULTS 2020 2

# PRESENTATION



## REVIEW OF THE YEAR

- Strong and resilient performance in a global humanitarian crisis and deepening local economic recession
  - Diluted headline earnings per share up **13.7%**
  - Declared dividend of 450 cents per share
- Impact of Covid-19 on trading
  - Structural shift in shopping with boost to healthcare, hygiene and homeware categories, but lower pharmacy and cosmetics sales
  - Significant move to online shopping – investment in platform rewarded
  - Customers choosing convenience over destination locations



## REVIEW OF THE YEAR

- Focus on protecting staff and customers
- Thank our people for their dedication and commitment in a significantly disrupted and stressful working environment
- Cash preservation a priority throughout the crisis
  - Took immediate measures to reduce cost base
  - Deferred interim dividend to ensure balance sheet flexibility
  - Sustained strong cash generation
  - Continued investment in new stores, pharmacies, supply chain and IT

CLICKS GROUP ANNUAL RESULTS 2020 5



# PRESENTATION

## FINANCIAL HIGHLIGHTS

- Group turnover up **9.6%**
  - Health & Beauty turnover up **8.4%**
  - UPD reported turnover up **11.2%**
- Operating margin up from 8.0% to **8.1%**
- Diluted HEPS up **13.7%** to 754.3 cps
- Cash balance of **R2.2 billion** at year end
- **R1.5bn** returned to shareholders
- Return on equity up from 37.0% to **37.8%**
- Dividend of 450 cps at **60%** payout ratio

CLICKS GROUP ANNUAL RESULTS 2020 7

## TURNOVER

R'm	2020	2019	% change	% same stores growth	% inflation
Retail	24 785	23 105	7.3	3.4	2.2
Health & Beauty			8.4		
Musica			(30.2)		
Distribution	15 474	13 909	11.2		2.5
Intragroup turnover	(5 895)	(5 662)	4.1		
<b>Total group</b>	<b>34 364</b>	<b>31 352</b>	<b>9.6</b>		<b>2.4</b>

- Impact of lockdown on Musica, The Body Shop and Claire's stores, and on certain categories in Clicks
- UPD benefited from new wholesale contracts

CLICKS GROUP ANNUAL RESULTS 2020 8

## TOTAL INCOME

	2020 R'm	2019 R'm	% change	2020 % margin	2019 % margin
Retail	8 248	7 692	7.2	33.3	33.3
Distribution	1 318	1 137	15.9	8.5	8.2
Intragroup	(191)	(178)			
<b>Total group</b>	<b>9 375</b>	<b>8 651</b>	<b>8.4</b>	<b>27.3</b>	<b>27.6</b>

- Retail margin maintained
- UPD benefited from new contracts and higher SEP increase (4.53% in February 2020 vs 3.78% in March 2019)

CLICKS GROUP ANNUAL RESULTS 2020 9

## OPERATING EXPENDITURE - RETAIL

R'm	2020	2019*	% change
Depreciation – PP&E	374	330	13.0
Depreciation – ROU asset	717	636	12.7
Occupancy costs	184	189	(2.8)
Employment costs	3 208	3 072	4.4
Other operating costs	1 505	1 398	7.7
<b>Total retail costs</b>	<b>5 988</b>	<b>5 625</b>	<b>6.5</b>
% of turnover	24.2%	24.3%	
Finance costs – lease liability	214	215	(0.7)

- Covid-19 impact: R36m additional costs offset by lower overtime payments, government support and rental reductions
- Comparable retail costs contained to **3.8%**

\* Restated for IFRS 16

CLICKS GROUP ANNUAL RESULTS 2020 10

# PRESENTATION

## OPERATING EXPENDITURE - DISTRIBUTION

R'm	2020	2019*	% change
Depreciation – PP&E	36	38	(4.7)
Depreciation – ROU asset	4	-	
Occupancy costs	3	4	(21.1)
Employment costs	289	270	7.0
Other operating costs	472	370	27.5
<b>Total distribution costs</b>	<b>804</b>	<b>682</b>	<b>17.9</b>

- Impact of costs related to new wholesale and bulk distribution clients
- Costs of R8m to comply with Covid-19 regulations and to protect staff

\* Restated for IFRS 16

CLICKS GROUP ANNUAL RESULTS 2020 11

## OPERATING PROFIT

	2020 R'm	2019* R'm	% change	2020 % margin	2019* % margin
Retail	2 260	2 066	9.4	9.1	8.9
Distribution	513	454	13.0	3.3	3.3
Intragroup	(6)	(14)			
<b>Total group</b>	<b>2 767</b>	<b>2 506</b>	<b>10.4</b>	<b>8.1</b>	<b>8.0</b>

- Well managed margin in Retail despite tough trading environment and Covid-19 impacts
- UPD maintained margin above medium-term target

\* Restated for IFRS 16

CLICKS GROUP ANNUAL RESULTS 2020 12

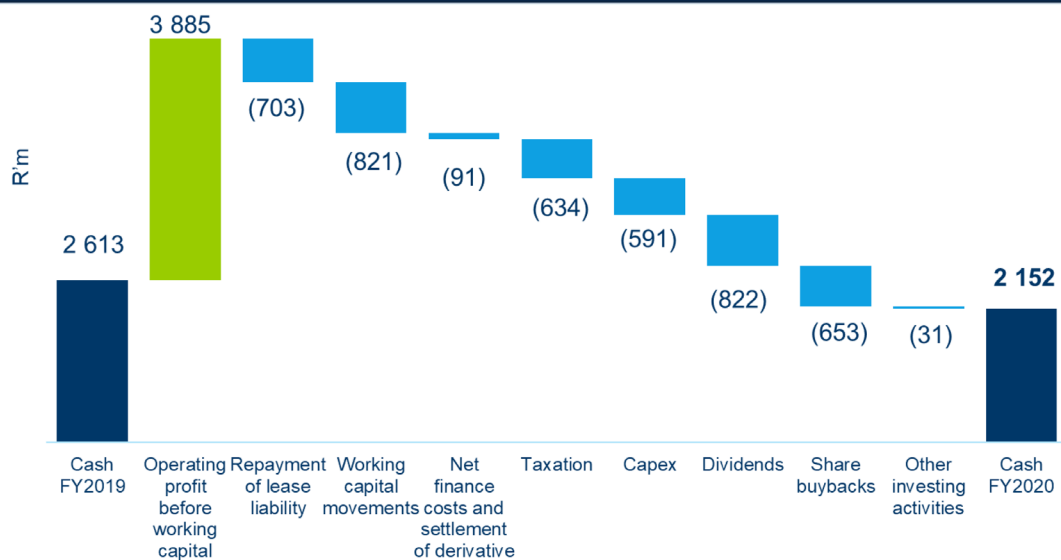
## INVENTORY

	Days in stock		Inventory (R'm)		
	2020	2019	2020	2019	% change
Retail	71	72	3 435	3 255	5.5
Distribution	38	41	1 573	1 536	2.4
Intragroup inventory			(87)	(81)	
<b>Total group</b>	<b>66</b>	<b>70</b>	<b>4 921</b>	<b>4 710</b>	<b>4.5</b>

- Stock levels well managed – clearance sale earlier than usual in Retail

CLICKS GROUP ANNUAL RESULTS 2020 13

## CASH MANAGEMENT



- Accounts payable only settled after year end in 2019
- R1.1 bn final dividend to be paid in January

CLICKS GROUP ANNUAL RESULTS 2020 14

# PRESENTATION

## CAPITAL EXPENDITURE

- R745m capex planned for FY2021, including R67m carried forward from FY2020
  - R317m on stores, including:
    - 25 – 30 new Clicks stores and 30 – 35 new pharmacies
    - 45 store refurbishments
  - R428m on infrastructure, including:
    - R49m on UPD IT and warehouse equipment
    - R379m on retail systems and infrastructure
- Approximately R670m and R630m capex expected for FY2022 and FY2023

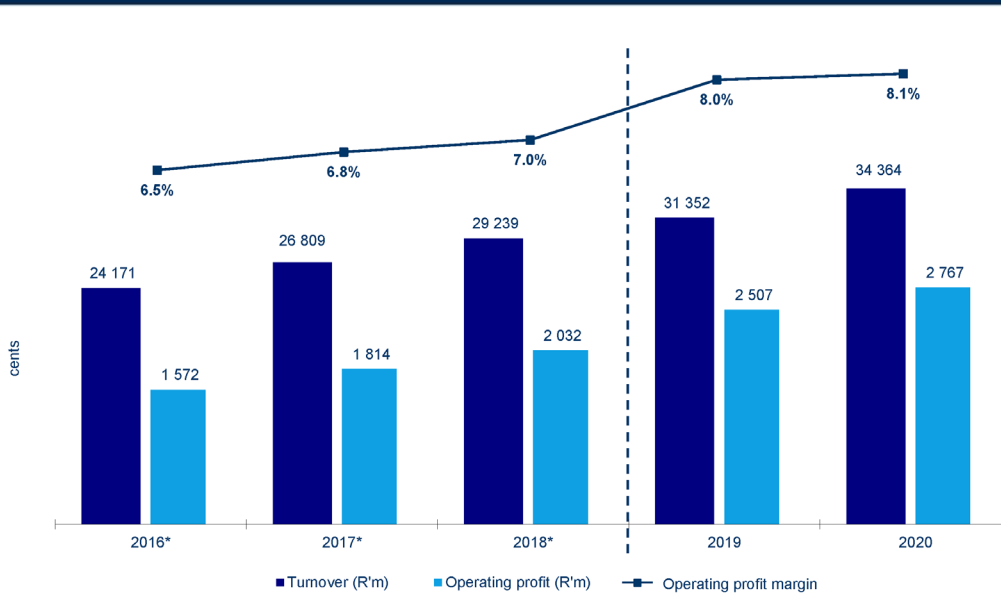
CLICKS GROUP ANNUAL RESULTS 2020 15

## MEDIUM-TERM FINANCIAL TARGETS

	Achieved in FY2020	Medium-term target
ROE (%)	37.8	40 – 50
ROIC (%)	25.1	20 – 30
ROA (%)	12.4	11 – 15
Net working capital days	37	30 – 35
Group operating margin (%)	8.1	7.5 – 8.5
Retail	9.1	8.5 – 9.5
Distribution	3.3	2.5 – 3.0
Dividend payout ratio (%)	60	60 – 65

CLICKS GROUP ANNUAL RESULTS 2020 16

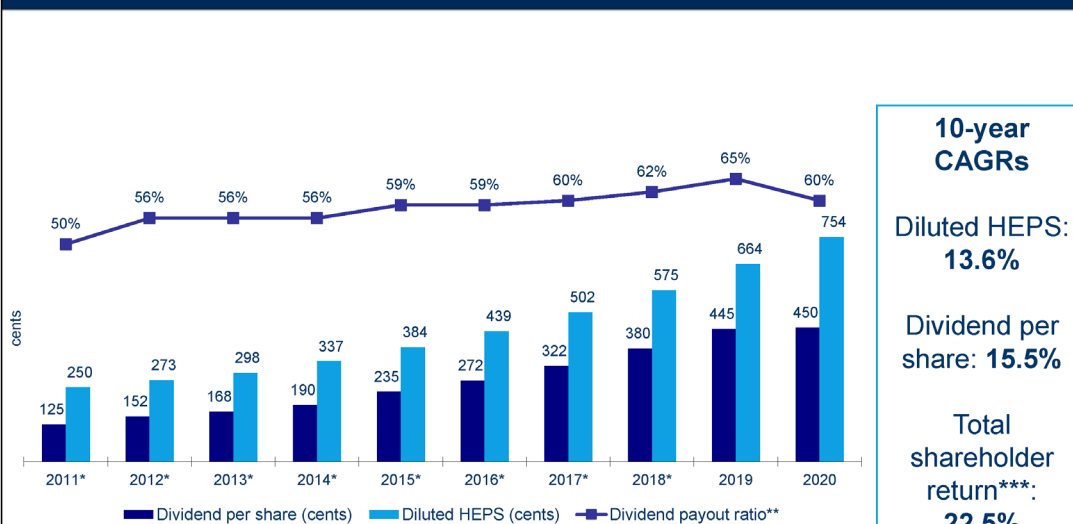
## GROWTH IN TURNOVER, PROFIT AND MARGIN



\* Pre-IFRS 16 operating profit and margin

CLICKS GROUP ANNUAL RESULTS 2020 17

## SUSTAINED FINANCIAL PERFORMANCE



**10-year CAGRs**

Diluted HEPS: **13.6%**

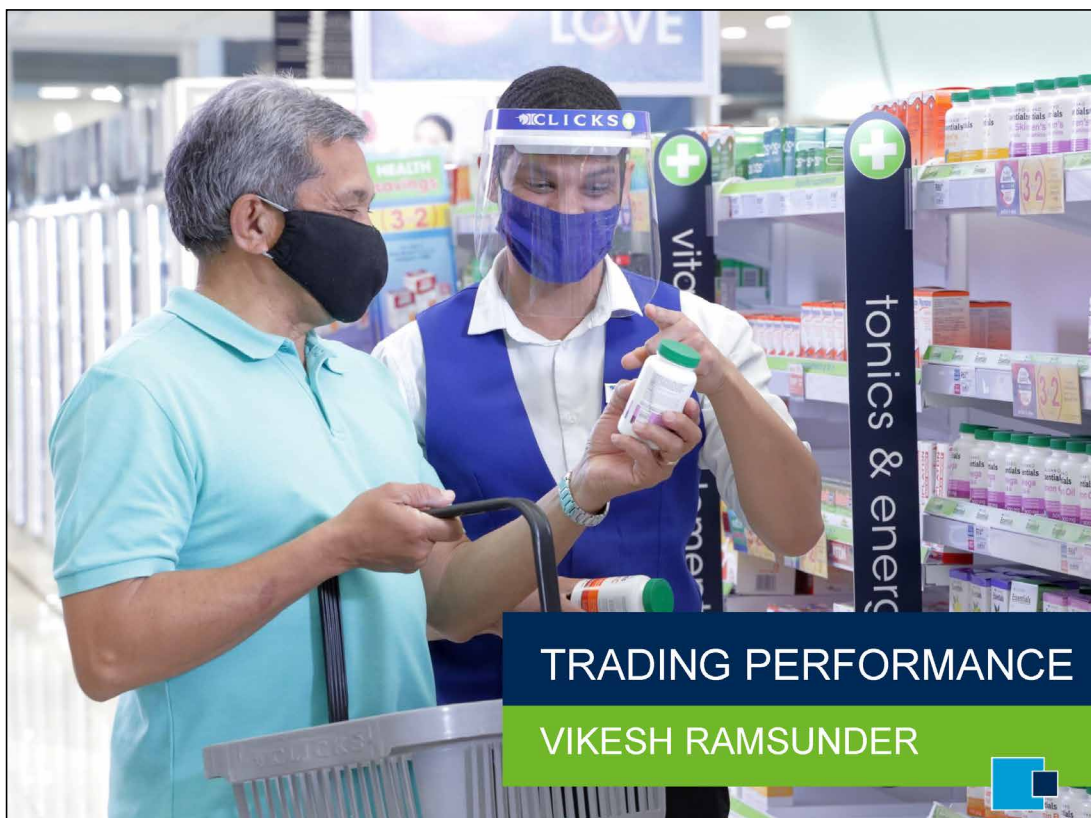
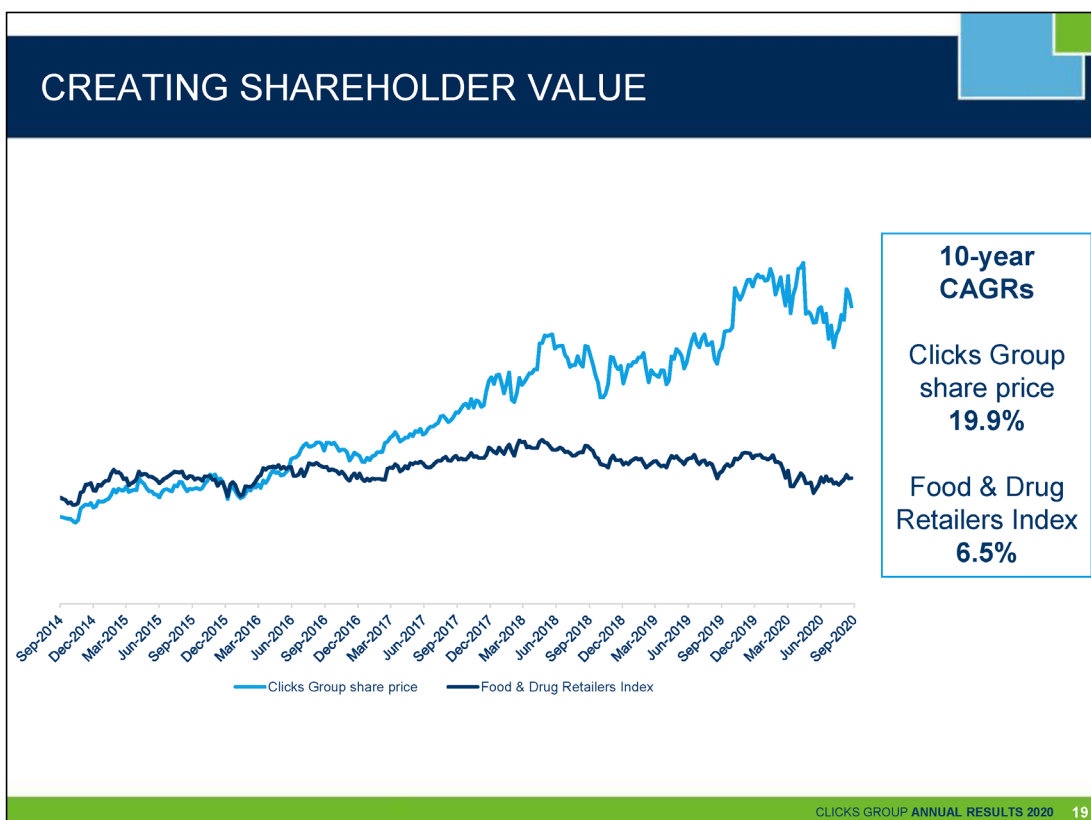
Dividend per share: **15.5%**

Total shareholder return\*\*\*: **22.5%**

\* Pre-IFRS 16 \*\* Based on HEPS \*\*\* Based on reinvestment of dividends paid and the closing share price

CLICKS GROUP ANNUAL RESULTS 2020 18

# PRESENTATION





## HEALTH & BEAUTY SALES PERFORMANCE

	% change	% contribution
Pharmacy	3.2	29.0
Front shop health	19.7	26.0
Beauty and personal care	4.7	29.0
General merchandise	8.8	16.0
<b>Total turnover</b>	<b>8.4</b>	<b>100.0</b>

- Comparable stores turnover growth of **4.1%**
  - Inflation 2.0%
  - Volume growth of 2.1%

CLICKS GROUP ANNUAL RESULTS 2020 21

## MARKET SHARES




%	Aug 2020	Aug 2019
<b>Health</b>		
Retail pharmacy*	23.8	24.1
Front shop health**	32.2	31.4
Baby**	19.7	17.0
<b>Beauty</b>		
Skincare**	39.2	37.6
Haircare**	30.3	29.6
Personal care**	18.2	18.0
<b>General merchandise</b>		
Small electrical appliances***	19.2	16.4

\* Per IQVIA (Private Retail Pharmacy S1-6) (restated) \*\* Per AC Nielsen (restated) \*\*\* Per GfK

CLICKS GROUP ANNUAL RESULTS 2020 22

# PRESENTATION

## PERFORMANCE AND STRATEGY





- **Maintaining value**
  - Price competitive with all national retailers
  - Promotional sales +14.7% to 40.2% of turnover
  - R504 million cashback paid to ClubCard members
  - In pharmacy, generics +7.8% to 56% of sales and 68% of volume

Clicks price index* vs:	
Retailer A	<b>98.4%</b>
Retailer B	<b>95.6%</b>
Retailer C	<b>95.6%</b>
Retailer D	<b>100.0%</b>

\* Excluding 3 for 2 promotions

CLICKS GROUP ANNUAL RESULTS 2020 23

## PERFORMANCE AND STRATEGY



- **Differentiating our product offer**
  - Expanding higher tier Clicks Expert private label range to more categories
  - Private label up from 22% to 23% of sales (front shop 29.2%, pharmacy 8.6%)
  - GNC sales +18.9%
  - The Body Shop sales in Clicks +9.7% despite restrictions, but standalone stores -15.6% due to lockdown closure
  - Launch of My Earth eco-friendly range







CLICKS GROUP ANNUAL RESULTS 2020 24

## PERFORMANCE AND STRATEGY



### Engaging customers through personalisation

- 8.6m active ClubCard members, 78.2% of sales
- Voted best loyalty programme<sup>1</sup>
- Cooldest health and beauty brand<sup>2</sup>
- New partnerships with Engen and eBucks
- Clicks app downloaded by 1.1m customers
- Launched myClubCard personalised deals in March



<sup>1</sup> South African Loyalty Awards  
<sup>2</sup> Sunday Times Generation Next Awards

## PERFORMANCE AND STRATEGY



### Extending convenience

- 743 Clicks stores with 585 pharmacies\*
- 50% of population < 6km of a pharmacy
- Online sales grew 191%, but still only 1% of front shop sales
- Lower frequency of visits offset by 10.8% higher basket value
- 980 000 medicine parcels dispensed on behalf of the Department of Health
- Expanding pharmacy delivery out of individual stores in SA from November

Format	Total
Convenience	549
Destination	194
<b>Total</b>	<b>743</b>

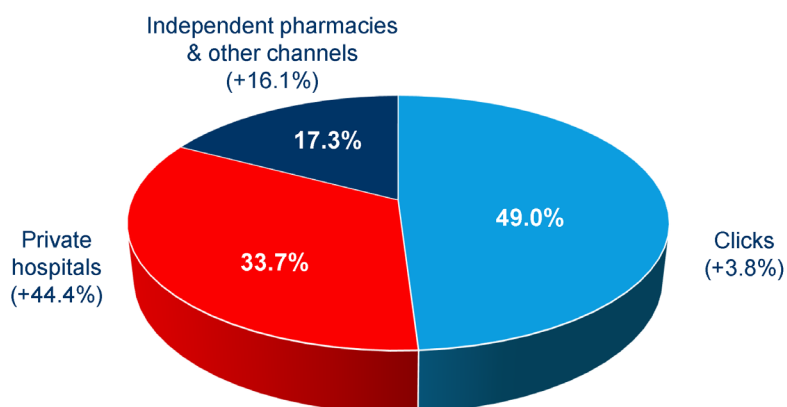


\* 76 SA stores still to get a dispensary

# PRESENTATION



## FINE WHOLESALE TURNOVER



- Wholesale turnover up 17.0%
  - Two new wholesale buying groups
  - Independent pharmacies benefited from lockdown shopping trends
- Wholesale market share up from 27.0% to 29.4%\*

\* MAT per IQVIA

## REVIEW OF THE YEAR



- Total managed turnover +11.7% to R23.6bn
  - Two new bulk distribution clients
- Generic medicines +16.3% (70% of volume)
- Impact of lack of cold and flu season and restriction in elective procedures at hospitals
- Strong growth in front shop products due to Covid-19
- Sold Kalahari Distributors in Botswana
- Commencing ERP implementation



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## COMMITMENT TO ESG & TRANSFORMATION

- Included in FTSE4Good Index for last four years
- Founding signatory of the SA Plastics Pact
- Workforce comprises 93% black and 64% female employees
- 56% black and 33% female representation on the board
- R140 million invested in employee training and development
- Recognised as Top Employer\* in retail sector for 4<sup>th</sup> year
- 112 bursaries awarded to pharmacy students
- R19 million invested in socio-economic development projects aligned to the group's focus on health and well-being

\* Top Employers Institute

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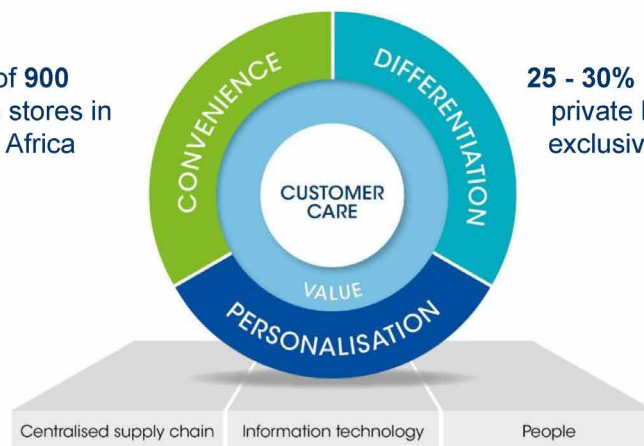
# PRESENTATION



## GROUP STRATEGY

- Retail focus is on delivering:

Goal of **900**  
Clicks stores in  
South Africa



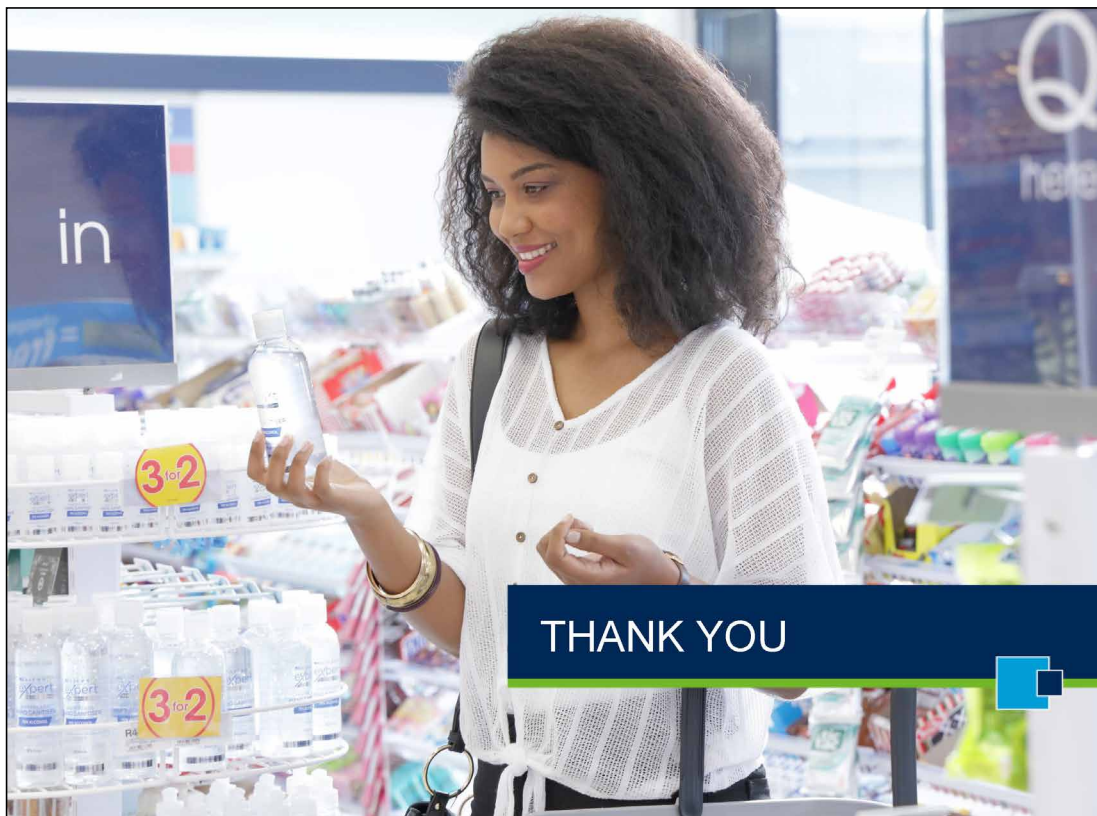
**25 - 30%** share for  
private label and  
exclusive brands

- Further opportunities to grow UPD
- Continued investment in supply chain, IT and people

## OUTLOOK FOR FY2021

- Continued impact of Covid-19 into FY2021
- Protest action in 2<sup>nd</sup> week of September
- Proven ability to adapt to changing market dynamics
- Consumer environment will remain extremely constrained
- Expect to sustain volume growth
- Strategy and business model continue to be resilient
- IT and supply chain investments go live in H2
- Confident of the group's ability to continue delivering

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# PRESENTATION

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

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# CORPORATE INFORMATION

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**Directors:** DM Nurek\* (Chairman), F Abrahams\*, JA Bester\*, F Daniels\*, BD Engelbrecht, M Fleming (Chief Financial Officer), MJN Njeke\*, V Ramsunder (Chief Executive Officer), M Rosen\*

\* Independent non-executive

**Company secretary:** M Welz

**Transfer secretaries:** Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196. PO Box 61051, Marshalltown 2107

**Sponsor:** Investec Bank Limited

**Registration number:** 1996/000645/06      **Income tax number:** 9061/745/71/8

**Share code:** CLS      **ISIN:** ZAE000134854      **CUSIP:** 18682W205

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