



“We will source products which consistently delight our customer.”

Group Strategy

Positioning Statement

We are world-class originators and distributors of a range of compelling and differentiated health, lifestyle and beauty retail products and services to multiple brand formats in a variety of ownership models.

Glossary

'world-class' – we measure ourselves against the best retailers in the world

'originators' – describes the sourcing, creating, and originating of ideas and product solutions which are desirable to our customers

'distributors' – we move products from the manufacturer to the customer

'a range of compelling and differentiated' – we will be first to market with new and exciting products; we will be modern and up to date; our brands will not compete with each other but rather against our competitors; we will source products which consistently delight our customers; we will buy at the best prices and forge dynamic relationships with our suppliers. We will work actively at enhancing our margins

'health' – our vision is to be the predominant drugstore presence in the markets in which we operate. We will be involved in activities that have the end-result of driving customers to our retail health offering. We will dominate the wellness market and cater for the global ageing population

'lifestyle' – we recognise that lifestyle products give us the potential for differentiation. We will source aggressively internationally to give us a constant 'point of difference'. Lifestyle products make up a meaningful component of our 'for me', 'self-indulgent' retail formats thus cementing

customer loyalty and taking advantage of margin opportunities

'beauty' – we will lead the beauty market in our various geographies. We will create alliances with predominant brands to be first to market and cater for our customers' needs

'products and services' – our range of compelling brand formats means that we will not limit ourselves to retailing products. We will enhance our brands' equity by leveraging off their strengths to provide other services and to increase our share of the customer's wallet

'multiple brand formats' – we operate with a range of formats to cater for the diversity of customer needs and to exploit our retail expertise in the areas of health, beauty and lifestyle

'a variety of ownership models' – we operate within three different retail models:

- a) 100% ownership
- b) joint venture
- c) franchise

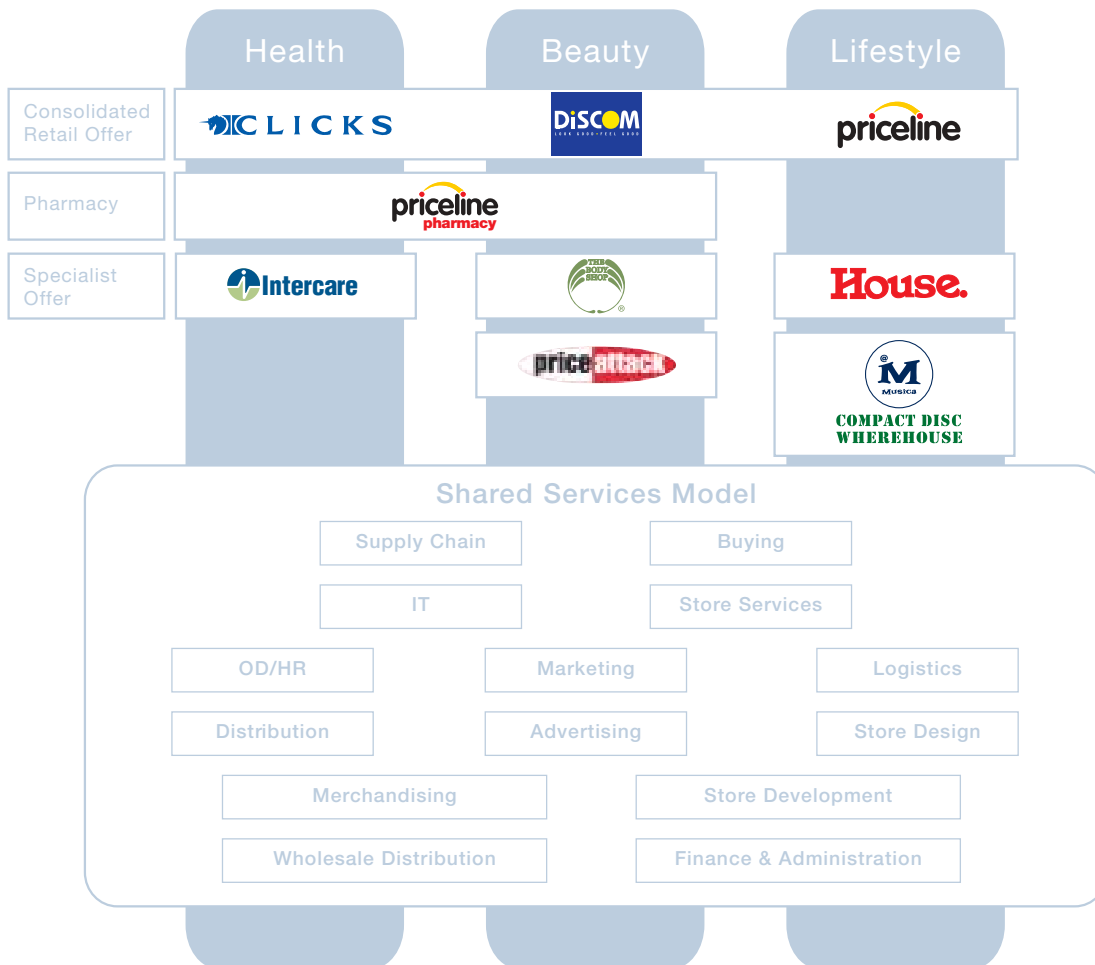
'our customers' – we service different types of customers:

- a) the end-user who visits our stores
- b) franchisees
- c) independent pharmacists
- d) institutions, such as hospitals and clinics

Multibrand Strategy

This diagram shows at a glance how we operate multiple brand formats within our core categories of health, beauty and lifestyle. Some of the brands extend across all categories; others create specialisation within a category.

Through a shared services platform, high levels of skill and expertise are provided to the trading brands. This allows the brands to focus strongly on their core functions and the leverage created brings about efficiencies to the group.



In addition to the brands illustrated above, we also have a 56% interest in the Link Investment Trust which owns and operates the Link and LinkMax brands.



Health

Subject to the legislation in the countries in which we operate, our current drugstore activity and offer is as follows:

South Africa

1. We are assisting LIT and PM&A to develop world-class drugstore and community pharmacy models under the Link and LinkMax brands to service urban and rural communities, including areas which are currently underserved and to strengthen the Link and LinkMax brands under a progressive and profitable franchise with Clicks as a principal service provider.

2. We have two brands that will dominate the wellness and beauty market: Clicks, under the banner of Live Life Beautifully, and Discom under the banner of African Beauty – Look Good. Feel Good.

3. We are engaged in a number of long-term projects which assist in positioning the company in the healthcare market, including projects with doctors and medical aid funds.

4. We are establishing an efficient supply chain to service the Link franchise and other pharmacists in the private and public sectors which will be enhanced through the implementation of the UPD acquisition.

Australia

1. A compliant franchise group, Priceline Pharmacy, which will integrate the front-of-shop strength of Priceline with the healthcare knowledge of the pharmacist, providing a unique offering in Australia. The brand will be positioned as the Look Good. Feel Good pharmacy.

2. Priceline will continue operating independently to pharmacy as a consolidated retail offer, combining our core competencies in the health, beauty and lifestyle categories.

Beauty

We cater for our customers' beauty needs in our consolidated retail offers as well as in specialist brands. These brands cater for a different customer who demands an increased level of service, more sophisticated product, and an enhanced ambiance. Brands within this strategy are The Body Shop in South Africa and Price Attack in Australia.

Lifestyle

One of our core competencies is providing a compelling customer offer in a small-store format. In this category we add to the customer's quality of life through the provision of a diverse range of lifestyle products such as music (Musica and CD Wherehouse) and homewares (House).

