



CLICKS GROUP
LIMITED

INTERIM GROUP RESULTS
for the six months ended 28 February 2015

CONTENTS

Financial summary	1
Commentary	2
Consolidated statement of comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	8
Store footprint	8
Notes to the statements of cash flows	9
Analysis of shareholders	9
Segmental analysis	10
Definitions	12
Presentation	13
Corporate information	29

Group turnover up
14.1%

Diluted headline earnings per share up
12.8%

Interim dividend up
22.4%

Return on equity of
53.6%



FINANCIAL SUMMARY

		Six months to 28 February 2015	Six months to 28 February 2014	% change	Year to 31 August 2014
Consolidated statement of comprehensive income					
Turnover	R'000	10 664 306	9 348 825	14.1%	19 149 524
Gross profit	R'000	2 275 747	2 064 407	10.2%	4 123 365
Total income	R'000	2 808 941	2 524 165	11.3%	5 171 644
Headline earnings	R'000	441 532	392 143	12.6%	838 362
Net interest charge	R'000	(24 740)	(22 700)	9.0%	(40 660)
Consolidated statement of financial position					
Equity	R'000	1 701 782	1 375 890	23.7%	1 566 973
Interest-bearing borrowings	R'000	181 500	549 700	(67.0%)	–
Total assets	R'000	6 874 807	6 121 904	12.3%	6 192 257
Consolidated statement of cash flows					
Net cash effects from operating activities	R'000	(4 422)	101 513		1 035 306
Capital expenditure	R'000	147 753	129 024	14.5%	336 854
Depreciation and amortisation	R'000	122 127	112 436	8.6%	229 703
Performance					
Turnover growth	%	14.1	9.6		9.2
Comparable stores turnover growth	%	7.2	5.0		6.3
Gross profit growth	%	10.2	8.5		9.0
Gross profit margin	%	21.3	22.1		21.5
Total income growth	%	11.3	9.1		10.2
Total income margin	%	26.3	27.0		27.0
Operating margin	%	6.0	6.1		6.4
Inventory days		71	75		64
Current ratio	:1	1.0	1.0		1.0
Return on total assets	%	12.7	12.6		14.4
Return on shareholders' interest	%	53.6	55.4		57.0
Shareholders' interest to total assets	%	24.8	22.5		25.3
Interest-bearing debt to shareholders' interest at period-end	%	10.7	40.0		–
Interest-bearing debt, including cash, to shareholders' interest at period-end	%	7.1	28.2		(12.5)
Statistics					
Number of permanent employees		8 805	8 518	3.4%	8 625
Number of stores		642	617	4.1%	632
Weighted retail trading area	m ²	263 073	249 563	5.4%	251 730
Share statistics					
Number of ordinary shares in issue (gross), excluding "A" shares	'000	246 138	246 138		246 138
Number of ordinary shares in issue (net of treasury shares)	'000	240 572	245 032	(1.8%)	242 260
Weighted average number of shares in issue (net of treasury shares)	'000	240 669	245 958	(2.2%)	245 364
Weighted average diluted number of shares in issue (net of treasury shares)	'000	248 652	249 074	(0.2%)	248 892
Headline earnings per share – basic	cents	183.5	159.4	15.1%	341.7
– diluted	cents	177.6	157.4	12.8%	336.8
Dividend per share – interim	cents	65.5	53.5	22.4%	53.5
– final	cents	–	–		136.5
Dividend cover	times	2.8	3.0		1.8
Share price – closing	cents	8 955	5 622	59.3%	6 915
– high	cents	9 284	6 500		6 915
– low	cents	6 226	5 381		5 381
Net asset value per share	cents	707	562	25.8%	647
Net tangible asset value per share	cents	508	375	35.5%	451
Market capitalisation (gross)	R'000	22 041 658	13 837 878	59.3%	17 020 443
Market capitalisation (net of treasury shares)	R'000	21 543 223	13 775 699	56.4%	16 752 279
Price earnings ratio	times	27.0	19.1		20.5
Volume of ordinary shares traded	'000	102 609	114 081		182 965
Percentage of ordinary shares traded	%	42.6	46.4		74.6
Free float	%	97.4	99.3		98.2
Shareholders' return	cents	3 399	(249)		1 622
Increase/(decrease) in share price	cents	3 333	(303)		1 432
Dividend per share	cents	66	54		190
Other information					
Inflation rate					
CPI	%	3.9	5.9		6.4
Internal selling price inflation	%	3.5	3.5		3.2
Interest rates					
Prime overdraft rate – closing	%	9.25	9.00		9.25
– average	%	9.25	8.70		8.90
FTSE/JSE Africa share indices					
All Share Index		53 344	47 329	12.7%	50 959
General Retailers Index		84 990	55 172	54.0%	66 886
Food and Drug Retailers Index		9 835	7 543	30.4%	8 363
Exchange rate					
Rand/US dollar – closing	R/US\$	11.54	10.72	7.6%	10.65
– average	R/US\$	11.29	10.38	8.8%	10.50



COMMENTARY

Overview

Trading conditions continued to be challenging over the past six months as consumers remained cash constrained and value conscious. In this environment the group has continued to trade well, with all the retail brands delivering real volume growth and gaining market share. The group's pharmaceutical distribution business, UPD, also continues to gain market share.

The group's diluted headline earnings per share for the half-year increased by 12.8% to 177.6 cents. The interim dividend was increased by 22.4% to 65.5 cents per share based on the reduced annual dividend cover ratio of 1.7 times.

The performance for the six months translated into a sector-leading return on equity of 53.6%.

Financial performance

Group turnover increased by 14.1% to R10.7 billion, with retail sales growing by 9.9% and UPD by 20.7%. Selling price inflation was contained to 3.5% for the period.

Total income increased by 11.3%. The faster turnover growth in UPD has resulted in the group's total income margin reducing 70 basis points to 26.3%.

Operating expenses in retail were 11.5% higher due to increased investment in stores, staff and advertising costs. Comparable retail cost growth was contained at 7.9%. UPD expenses grew by 9.4% owing to increased variable costs from the growth in the distribution business, and by 6.2% on a comparable basis.

Operating profit grew by 12.2% to R640 million. The retail business improved operating margin by 10 basis points to 7.3%. UPD increased operating profit by 15.7% although the increase in the lower margin generics business continues to place pressure on the margin which reduced by 10 basis points to 2.3%.

Inventory days improved from 75 to 71 days and inventory levels were 9.4% higher at the end of the reporting period.

Cash inflow from operations before working capital changes increased by R93 million to R800 million. The group returned R448 million to shareholders through dividend payments of R333 million and share buy-backs of R115 million.

Capital expenditure of R148 million was invested during the first half with a further R231 million committed for the second half of the year, mainly on store expansion and refurbishment, as well as IT systems.

Trading performance

The Clicks chain increased sales by 10.5% and by 7.6% in comparable stores, driven by innovative value-oriented promotions. The store footprint was expanded to 473, with 346 dispensaries and 150 clinics.

The Body Shop and GNC, the group's health and beauty franchise brands, continue to differentiate the Clicks offer. The Body Shop increased turnover by 12.2% and now has a presence in 92 Clicks stores, with 47 standalone stores. The recently launched GNC brand has four stores and a presence in 250 Clicks outlets.

Musica increased sales by 2.4% and continued to gain market share.

UPD benefited from the expected growth in its preferred supply chain partner contracts and increased turnover by 20.7%, with volume growth of 24.3%.

Outlook

Trading conditions are expected to remain unchanged in the second half of the year with consumer disposable income under continued pressure. Loadshedding in the winter months poses a further risk to sales in the second half of the year.



Private label now
20.4%
 of Clicks sales

UPD market share
 increased to
26.2%

Despite the headwinds in the consumer environment the Clicks chain is well positioned for continuing growth, supported by a strong value proposition, the benefits of the relaunched ClubCard and a sustainable pipeline of new stores and pharmacies. UPD will continue to entrench its leadership position in the pharmaceutical distribution market by growing scale and extracting efficiencies.

Record levels of capital expenditure of R379 million will be invested this year.

Full-year earnings forecast

The directors forecast that diluted headline earnings per share for the financial year ending 31 August 2015 will increase by between 10% and 15% over the 2014 financial year.

The forecast is based on the following key assumptions: the current consumer environment will not materially deteriorate; selling price inflation will average 4% to 5% for the year; and the group will continue to invest for longer-term growth, mainly in new stores and pharmacies.

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 have approved an interim gross ordinary dividend of 65.5 cents per share (2014: 53.5 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax (DT) amounting to 9.825 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 55.675 cents net of DT.

The company has 246 137 763 ordinary shares and 29 153 295 ordinary “A” 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 interim dividend:

Last day to trade “cum” the dividend	Friday, 26 June 2015
Shares trade “ex” the dividend	Monday, 29 June 2015
Record date	Friday, 3 July 2015
Payment to shareholders	Monday, 6 July 2015

Share certificates may not be dematerialised or rematerialised between Monday, 29 June 2015 and Friday, 3 July 2015, 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, 26 June 2015, 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

23 April 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 28 February 2015	Six months to 28 February 2014	% change	Year to 31 August 2014
Revenue	11 200 717	9 811 411		20 203 300
Turnover	10 664 306	9 348 825	14.1%	19 149 524
Cost of merchandise sold	(8 388 559)	(7 284 418)	15.2%	(15 026 159)
Gross profit	2 275 747	2 064 407	10.2%	4 123 365
Other income	533 194	459 758	16.0%	1 048 279
Total income	2 808 941	2 524 165	11.3%	5 171 644
Expenses	(2 168 825)	(1 953 569)	11.0%	(3 953 943)
Depreciation and amortisation	(117 077)	(107 538)	8.9%	(219 871)
Occupancy costs	(307 943)	(279 017)	10.4%	(564 469)
Employment costs	(1 115 787)	(1 010 011)	10.5%	(2 033 605)
Other costs	(628 018)	(557 003)	12.7%	(1 135 998)
Operating profit	640 116	570 596	12.2%	1 217 701
(Loss)/profit on disposal of property, plant and equipment	(4 082)	(3 346)	22.0%	29 687
Profit before financing costs	636 034	567 250	12.1%	1 247 388
Net financing costs	(24 740)	(22 700)	9.0%	(40 660)
Financial income	3 217	2 828	13.8%	5 497
Financial expense	(27 957)	(25 528)	9.5%	(46 157)
Profit before taxation	611 294	544 550	12.3%	1 206 728
Income tax expense	(172 701)	(154 665)	11.7%	(341 883)
Profit for the period	438 593	389 885	12.5%	864 845
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign subsidiaries	760	559		(236)
Cash flow hedges	27 808	(3 224)		(11 584)
Change in fair value of effective portion	38 622	(4 476)		(16 087)
Deferred tax on movement of effective portion	(10 814)	1 252		4 503
Other comprehensive income/(loss) for the period, net of tax	28 568	(2 665)		(11 820)
Total comprehensive income for the period	467 161	387 220		853 025
Profit attributable to:				
Equity holders of the parent	438 593	389 733		864 612
Non-controlling interest	–	152		233
	438 593	389 885		864 845
Total comprehensive income attributable to:				
Equity holders of the parent	467 161	387 068		852 792
Non-controlling interest	–	152		233
	467 161	387 220		853 025
Reconciliation of headline earnings				
Total profit for the period attributable to equity holders of the parent	438 593	389 733		864 612
Adjusted for:				
Loss/(profit) on disposal of property, plant and equipment	2 939	2 410		(26 250)
Headline earnings	441 532	392 143	12.6%	838 362
Headline earnings per share (cents)				
– basic	183.5	159.4	15.1%	341.7
– diluted	177.6	157.4	12.8%	336.8
Earnings per share (cents)				
– basic	182.2	158.5	15.0%	352.4
– diluted	176.4	156.5	12.7%	347.4
Weighted average number of shares in issue (net of treasury shares, '000)	240 669	245 958	(2.2%)	245 364
Weighted average diluted number of shares in issue (net of treasury shares, '000)	248 652	249 074	(0.2%)	248 892

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 28 February 2015	As at 28 February 2014	As at 31 August 2014
ASSETS			
Non-current assets	1 938 555	1 614 031	1 771 636
Property, plant and equipment	1 150 461	1 067 116	1 135 007
Intangible assets	376 942	353 665	371 623
Goodwill	103 510	103 510	103 510
Deferred tax assets	195 165	55 545	126 335
Loans receivable	12 755	12 306	12 540
Financial assets at fair value through profit or loss	17 248	21 889	22 621
Derivative financial assets	82 474	–	–
Current assets	4 936 252	4 507 873	4 420 621
Inventories	3 166 137	2 894 162	2 614 196
Trade and other receivables	1 703 176	1 441 857	1 607 659
Cash and cash equivalents	61 154	162 394	195 631
Derivative financial assets	5 785	9 460	3 135
Total assets	6 874 807	6 121 904	6 192 257
EQUITY AND LIABILITIES			
Equity	1 701 782	1 375 890	1 566 973
Share capital	2 754	2 754	2 754
Share premium	3 497	3 497	3 497
Share option reserve	251 219	94 308	135 091
Cash flow hedge reserve	29 766	10 318	1 958
Treasury shares	(353 219)	(54 198)	(237 863)
Non-distributable reserves	2 314	2 349	1 554
Distributable reserve	1 765 451	1 315 905	1 659 982
Equity attributable to equity holders of the parent	1 701 782	1 374 933	1 566 973
Non-controlling interest	–	957	–
Non-current liabilities	310 188	256 162	286 465
Employee benefits	133 274	90 306	115 336
Deferred tax liabilities	–	5 048	2 782
Operating lease liability	176 914	160 808	168 347
Current liabilities	4 862 837	4 489 852	4 338 819
Trade and other payables	4 477 930	3 761 013	4 041 261
Employee benefits	138 635	132 200	190 494
Provisions	8 845	6 188	9 882
Interest-bearing borrowings	181 500	549 700	–
Income tax payable	54 588	40 677	94 342
Derivative financial liabilities	1 339	74	2 840
Total equity and liabilities	6 874 807	6 121 904	6 192 257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2013	246 880	2 976	3 497
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Share-based payment reserve movement	-	-	-
Treasury shares cancelled and related costs	-	(222)	-
Net cost of own shares purchased	(1 848)	-	-
Total transactions with owners	(1 848)	(222)	-
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Cash flow hedge reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Balance at 28 February 2014	245 032	2 754	3 497
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Acquisition of non-controlling interest	-	-	-
Share-based payment reserve movement	-	-	-
Net cost of own shares purchased	(2 772)	-	-
Total transactions with owners	(2 772)	-	-
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 2014	242 260	2 754	3 497
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Share-based payment reserve movement	-	-	-
Net cost of own shares purchased	(1 688)	-	-
Total transactions with owners	(1 688)	-	-
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Cash flow hedge reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Balance at 28 February 2015	240 572	2 754	3 497

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
79 549	(954 553)	1 790	13 542	2 229 232	1 376 033	805	1 376 838
-	-	-	-	(298 202)	(298 202)	-	(298 202)
14 759	-	-	-	-	14 759	-	14 759
-	1 001 836	-	-	(1 004 858)	(3 244)	-	(3 244)
-	(101 481)	-	-	-	(101 481)	-	(101 481)
14 759	900 355	-	-	(1 303 060)	(388 168)	-	(388 168)
-	-	559	(3 224)	389 733	387 068	152	387 220
-	-	-	-	389 733	389 733	152	389 885
-	-	-	(3 224)	-	(3 224)	-	(3 224)
-	-	559	-	-	559	-	559
94 308	(54 198)	2 349	10 318	1 315 905	1 374 933	957	1 375 890
-	-	-	-	(131 075)	(131 075)	-	(131 075)
-	-	-	-	273	273	(1 038)	(765)
40 783	-	-	-	-	40 783	-	40 783
-	(183 665)	-	-	-	(183 665)	-	(183 665)
40 783	(183 665)	-	-	(130 802)	(273 684)	(1 038)	(274 722)
-	-	(795)	(8 360)	474 879	465 724	81	465 805
-	-	-	-	474 879	474 879	81	474 960
-	-	-	(8 360)	-	(8 360)	-	(8 360)
-	-	(795)	-	-	(795)	-	(795)
135 091	(237 863)	1 554	1 958	1 659 982	1 566 973	-	1 566 973
-	-	-	-	(333 124)	(333 124)	-	(333 124)
116 128	-	-	-	-	116 128	-	116 128
-	(115 356)	-	-	-	(115 356)	-	(115 356)
116 128	(115 356)	-	-	(333 124)	(332 352)	-	(332 352)
-	-	760	27 808	438 593	467 161	-	467 161
-	-	-	-	438 593	438 593	-	438 593
-	-	-	27 808	-	27 808	-	27 808
-	-	760	-	-	760	-	760
251 219	(353 219)	2 314	29 766	1 765 451	1 701 782	-	1 701 782

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 28 February 2015	Six months to 28 February 2014	Year to 31 August 2014
Cash effects from operating activities			
Operating profit before working capital changes (refer note 1)	800 243	706 991	1 490 840
Working capital changes (refer note 2)	(248 908)	(118 914)	354 925
Cash generated by operations	551 335	588 077	1 845 765
Interest received	3 217	2 828	5 497
Interest paid	(24 201)	(20 430)	(36 475)
Taxation paid	(201 649)	(170 760)	(350 204)
Cash inflow from operating activities before dividends paid	328 702	399 715	1 464 583
Dividends paid to shareholders	(333 124)	(298 202)	(429 277)
Net cash effects from operating activities	(4 422)	101 513	1 035 306
Cash effects from investing activities			
Investment in property, plant and equipment and intangibles to maintain operations	(51 981)	(37 565)	(81 354)
Investment in property, plant and equipment and intangibles to expand operations	(95 772)	(91 459)	(255 500)
Proceeds from disposal of property, plant and equipment	771	446	38 193
Acquisition of non-controlling interest	(765)	–	–
Increase in loan receivables	(215)	(201)	(435)
Increase in financial assets at fair value through profit or loss	–	(3 126)	–
Net cash effects from investing activities	(147 962)	(131 905)	(299 096)
Cash effects from financing activities			
Purchase of treasury shares	(115 356)	(101 481)	(285 146)
Share cancellation expenses	–	(3 244)	(3 244)
Acquisition of derivative financial asset	(48 237)	–	–
Interest-bearing borrowings raised/(repaid)	181 500	205 345	(344 355)
Net cash effects from financing activities	17 907	100 620	(632 745)
Net (decrease)/increase in cash and cash equivalents	(134 477)	70 228	103 465
Cash and cash equivalents at the beginning of the period	195 631	92 166	92 166
Cash and cash equivalents at the end of the period	61 154	162 394	195 631

STORE FOOTPRINT

	Clicks	Musica	The Body Shop	GNC	Total retail
Number of stores at 28 February 2015	473	118	47	4	642
as at 31 August 2014	464	118	48	2	632
opened	14	4	–	2	20
closed	(5)	(4)	(1)	–	(10)
Number of pharmacies at 28 February 2015	346				346
as at 31 August 2014	339				339
new/converted	8				8
closed	(1)				(1)

NOTES TO THE CASH FLOW STATEMENT

R'000	Six months to 28 February 2015	Six months to 28 February 2014	Year to 31 August 2014
Cash flow information			
1 Profit before working capital changes			
Profit before tax	611 294	544 550	1 206 728
Adjustment for:			
Depreciation and amortisation	122 127	112 436	229 703
Operating lease accrual	8 567	9 200	16 739
Loss/(profit) on disposal of property, plant and equipment	4 082	3 346	(29 687)
Equity-settled share option costs	24 060	14 759	30 555
Net financing cost	24 740	22 700	40 660
Decrease/(increase) in financial assets at fair value through profit or loss	5 373	–	(3 858)
	800 243	706 991	1 490 840
2 Working capital changes			
Increase in inventories	(551 941)	(668 790)	(388 824)
(Increase)/decrease in trade and other receivables	(96 682)	64 721	(100 006)
Increase in trade and other payables	444 135	508 046	784 212
(Decrease)/increase in employee benefits	(43 383)	(22 483)	56 257
(Decrease)/increase in provisions	(1 037)	(408)	3 286
	(248 908)	(118 914)	354 925

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	
	Feb 2015	Feb 2014		Feb 2015	Feb 2014
Public Investment Corporation (SA)	13.9%	13.4%	South Africa and Africa	38.8%	39.9%
Coronation Fund Managers (SA)	10.6%	19.1%			
Fidelity Management & Research (US)/International (UK)	8.0%	8.2%	Offshore holdings	61.2%	60.1%
Aberdeen Asset Managers (UK)	6.5%	7.4%	USA and Canada	42.0%	35.0%
Mawer Investment Management (Canada)	3.6%	–	Europe	7.3%	10.6%
GIC (Singapore)	3.5%	3.8%	United Kingdom, Ireland and Channel Islands	6.1%	7.1%
Baillie Gifford & Co (UK)	3.3%	2.8%	Other countries	5.8%	7.4%
Mondrian Investment Partners (UK)	3.0%	3.7%			

SEGMENTAL ANALYSIS

For the six months to 28 February 2015

R'000	Retail		
	28 Feb 2015	28 Feb 2014	
Statement of financial position			
Property, plant and equipment	930 990	855 695	
Intangible assets	364 879	341 175	
Goodwill	6 529	6 529	
Inventories	2 118 772	1 916 284	
Trade and other receivables	240 834	215 451	
Cash and cash equivalents	49 515	126 984	
Other assets	714 266	492 949	
Total assets	4 425 785	3 955 067	
Employee benefits – non-current	124 781	84 313	
Operating lease liability	176 868	160 808	
Trade and other payables	2 084 690	1 790 978	
Employee benefits – current	123 920	124 943	
Other liabilities	1 132 303	1 120 558	
Total liabilities	3 642 562	3 281 600	
Net assets	783 223	673 467	
Statement of comprehensive income			
Turnover	7 288 484	6 633 690	
Gross profit	2 188 201	1 987 277	
Other income	289 801	231 569	
Total income	2 478 002	2 218 846	
Expenses	(1 944 350)	(1 743 283)	
Operating profit	533 652	475 563	
Ratios			
Increase in turnover	%	9.9	7.4
Selling price inflation	%	3.6	3.6
Comparable stores turnover growth	%	7.2	5.0
Gross profit margin	%	30.0	30.0
Total income margin	%	34.0	33.4
Operating expenses as a percentage of turnover	%	26.7	26.3
Increase in operating expenses	%	11.5	9.8
Increase in operating profit	%	12.2	6.0
Operating profit margin	%	7.3	7.2
Inventory days		81	81
Trade debtor days		9	9
Trade creditor days		48	45
Number of stores		642	617
as at 31 August 2014/2013		632	607
opened		20	16
closed		(10)	(6)
Number of pharmacies		346	333
as at 31 August 2014/2013		339	331
new/converted		8	9
closed		(1)	(7)
Total leased area	m ²	338 278	320 252
Weighted retail trading area	m ²	263 073	249 563
Weighted annual sales per m ²	R	51 527	49 565
Number of permanent employees		8 268	7 999

Distribution		Intragroup elimination		Total operations	
28 Feb 2015	28 Feb 2014	28 Feb 2015	28 Feb 2014	28 Feb 2015	28 Feb 2014
219 471	211 421	-	-	1 150 461	1 067 116
12 063	12 490	-	-	376 942	353 665
96 981	96 981	-	-	103 510	103 510
1 063 041	986 236	(15 676)	(8 358)	3 166 137	2 894 162
1 817 481	1 558 113	(355 139)	(331 707)	1 703 176	1 441 857
11 639	35 410	-	-	61 154	162 394
887 504	524 087	(1 288 343)	(917 836)	313 427	99 200
4 108 180	3 424 738	(1 659 158)	(1 257 901)	6 874 807	6 121 904
8 493	5 993	-	-	133 274	90 306
46	-	-	-	176 914	160 808
2 748 149	2 301 980	(354 909)	(331 945)	4 477 930	3 761 013
14 715	7 257	-	-	138 635	132 200
402 542	397 937	(1 288 573)	(916 808)	246 272	601 687
3 173 945	2 713 167	(1 643 482)	(1 248 753)	5 173 025	4 746 014
934 235	711 571	(15 676)	(9 148)	1 701 782	1 375 890
4 820 087	3 993 195	(1 444 265)	(1 278 060)	10 664 306	9 348 825
93 013	78 877	(5 467)	(1 747)	2 275 747	2 064 407
278 731	255 375	(35 338)	(27 186)	533 194	459 758
371 744	334 252	(40 805)	(28 933)	2 808 941	2 524 165
(259 813)	(237 472)	35 338	27 186	(2 168 825)	(1 953 569)
111 931	96 780	(5 467)	(1 747)	640 116	570 596
20.7	14.7	13.0	13.4	14.1	9.6
3.3	3.0	-	-	3.5	3.5
-	-	-	-	7.2	5.0
1.9	2.0	-	-	21.3	22.1
7.7	8.4	-	-	26.3	27.0
5.4	5.9	-	-	20.3	20.9
9.4	12.6	-	-	11.0	9.7
15.7	14.3	-	-	12.2	7.3
2.3	2.4	-	-	6.0	6.1
41	46	-	-	71	75
56	60	-	-	44	47
88	87	-	-	72	69
-	-	-	-	642	617
-	-	-	-	632	607
-	-	-	-	20	16
-	-	-	-	(10)	(6)
-	-	-	-	346	333
-	-	-	-	339	331
-	-	-	-	8	9
-	-	-	-	(1)	(7)
-	-	-	-	338 278	320 252
-	-	-	-	263 073	249 563
-	-	-	-	51 527	49 565
537	519	-	-	8 805	8 518

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

Dividend cover

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

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 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 weighted average diluted

number of shares in issue for the period.

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 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 (net of treasury shares).

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.

Return on net assets (RONA)

Operating profit as defined for RONA divided by average net assets for the period 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 period excluding taxation and financial-related assets and liabilities (cash, overdrafts, loans receivable, interest-bearing borrowings, deferred tax and taxation payable).

Segmental reporting

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

Selling price inflation

The change in the weighted average selling price of a sample of products for the 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 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 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 ordinary shares adjusted for the effects of all dilutive potential shares.



PRESENTATION OUTLINE

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



CLICKS GROUP INTERIM RESULTS 2015 2



REVIEW OF THE PERIOD

- Consumers still under pressure
 - Limited benefit from fuel price decrease offset by loadshedding
- Retail brands gaining market share
 - All showing volume growth
- UPD growing market share in wholesale and distribution
- Continuing to invest for longer term
 - Targeting 600 Clicks stores in South Africa
- Diluted headline earnings per share up 12.8%



FINANCIAL HIGHLIGHTS

- Group turnover up **14.1%**
 - Clicks turnover up **10.5%**
 - UPD turnover up **20.7%**
- Operating margin at **6.0%**
- Diluted HEPS up **12.8%** to 177.6 cps
- Interim dividend of 65.5 cps, up **22.4%**
 - Annual dividend cover lowered to **1.7** times
- Return on equity of **53.6%**

TURNOVER

R'm	Feb 2015	Feb 2014	% change	% same store growth	% inflation
Clicks	6 693	6 060	10.5	7.6	3.9
Musica	506	495	2.4	1.2	0.5
The Body Shop	89	79	12.2	8.8	3.8
Total retail	7 288	6 634	9.9	7.2	3.6
UPD	4 820	3 993	20.7		3.3
Intragroup turnover	(1 444)	(1 278)	13.0		
Total group	10 664	9 349	14.1		3.5

- Volume growth in all retail brands
- UPD benefitting from growth in preferred supplier contracts

CLICKS GROUP INTERIM RESULTS 2015 7

TOTAL INCOME

	Feb 2015 R'm	Feb 2014 R'm	% change	Feb 2015 % margin	Feb 2014 % margin
Retail	2 478	2 219	11.7	34.0	33.4
Distribution	372	334	11.2	7.7	8.4
Intragroup	(41)	(29)			
Total group	2 809	2 524	11.3	26.3	27.0

- Well managed promotional activity and private label margin growth in Clicks
- UPD margin impacted by business mix
- Group margin impacted by faster growth in UPD

CLICKS GROUP INTERIM RESULTS 2015 8

OPERATING EXPENDITURE - RETAIL

R'm	Feb 2015	Feb 2014	% change
Depreciation and amortisation	104	95	8.7
Occupancy costs	306	276	11.0
Employment costs	1 008	911	10.7
Other operating costs	526	461	14.1
Total retail costs	1 944	1 743	11.5

- Impact of employee share ownership plan (ESOP) on employment costs
 - Full year charge of R50m expected (FY2014: R30m)
- Other operating costs include increased advertising investment
- Comparable retail costs up 7.9%

CLICKS GROUP INTERIM RESULTS 2015 9

OPERATING EXPENDITURE - DISTRIBUTION

R'm	Feb 2015	Feb 2014	% change
Depreciation and amortisation	14	12	9.9
Occupancy costs	2	3	(39.3)
Employment costs	107	99	8.5
Other operating costs	137	123	11.4
Total distribution costs	260	237	9.4

- Increased variable costs from growth in distribution business
- Comparable costs up 6.2%

CLICKS GROUP INTERIM RESULTS 2015 10

OPERATING PROFIT

	Feb 2015 R'm	Feb 2014 R'm	% change	Feb 2015 % margin	Feb 2014 % margin
Retail	534	476	12.2	7.3	7.2
Distribution	112	97	15.7	2.3	2.4
Intragroup	(6)	(2)			
Total group	640	571	12.2	6.0	6.1

- Retail accounts for 83% of group profit
- Distribution continues to gain scale
- Margins within target ranges

CLICKS GROUP INTERIM RESULTS 2015 11

INVENTORY

	<u>Days in stock*</u>		<u>Inventory (R'm)</u>		
	Feb 2015	Feb 2014	Feb 2015	Feb 2014	% change
Retail	81	81	2 119	1 916	10.6
Distribution	41	46	1 063	986	7.8
Intragroup inventory			(16)	(8)	
Total group	71	75	3 166	2 894	9.4

- Record availability of 96.7% in retail
- SEP increase effective one month later than prior year

* At cost price

CLICKS GROUP INTERIM RESULTS 2015 12

CASH GENERATION

R'm	Feb 2015	Feb 2014
Profit before tax	611	545
Non-cash adjustments	189	162
Operating profit before working capital changes	800	707
Working capital changes	(248)	(119)
Net interest and tax paid	(223)	(188)
Cash inflow from operations	329	400

CLICKS GROUP INTERIM RESULTS 2015 13

CASH UTILISATION

R'm	Feb 2015	Feb 2014
Cash inflow from operations	329	400
Capital expenditure	(148)	(132)
Dividends paid	(333)	(298)
Share buy-backs	(115)	(101)
Other financing activities	133	201
Net cash (utilised)/generated	(134)	70

- R379m capex planned for FY2015

CLICKS GROUP INTERIM RESULTS 2015 14




pharmacy
clinic
health
home
beauty

pharmacy
clinic
health
home
beauty

TRADING PERFORMANCE

DAVID KNEALE

SALES PERFORMANCE



	% change	% contribution
Pharmacy	13.8	25.9
Front shop health	14.6	22.1
Beauty and personal care	10.9	33.7
General merchandise	1.1	18.3
Total turnover	10.5	100.0

- Driving volumes through value offer
- Promotions now 29% of sales

CLICKS GROUP INTERIM RESULTS 2015 16

PHARMACY AND FRONT SHOP HEALTH



- Pharmacy
 - Continued switch to generics +20.7%
 - OTC medicines +15.9%
- Front shop health
 - Good growth in all categories: baby +18.7%, vitamins and supplements +12.1%, medicines +13.1%, first aid and diagnostics +19.8%



Market shares

%	Feb 2015	Feb 2014
Retail pharmacy*	18.5	17.6
Front shop health**	28.9	27.9
Baby**	10.3	9.2

* Per IMS ** Per AC Nielsen (restated)

CLICKS GROUP INTERIM RESULTS 2015 17

BEAUTY AND GENERAL MERCHANDISE



- Beauty and personal care
 - Strong Christmas for fragrance +19.1% and colour cosmetics +14.6%
 - Good growth in skincare +10.4%
 - Slower growth in haircare +5.2%
- General merchandise
 - Non-core categories -27.6%
 - Confectionery +7.2%, electrical +3.2%



Market shares

%	Feb 2015	Feb 2014
Skincare**	26.2	26.2
Haircare**	25.0	24.8
Small household appliances***	20.2	17.8

** Per AC Nielsen (restated) *** Per GfK (restated)

CLICKS GROUP INTERIM RESULTS 2015 18

CUSTOMERS AND STORES



- ClubCard active membership now 4.8m, 75.6% of sales
 - Relunched on 23 March
- Private label up from 19.7% to 20.4%
 - Front shop at 25.9%
- 346 dispensaries and 150 clinics in 473 stores at 28 February
 - 22 stores outside SA
 - Net 24 new stores in FY2015
 - Net 20 new pharmacies in FY2015
- Longer term target of 600 stores in South Africa



GNC
LIVE WELL



M
MUSICA
A WORLD AWAITS



FRANCHISE BRANDS

GNC
LIVE WELL
THE BODY SHOP.

- Differentiating the Clicks offer
- Roll out of GNC continues
 - 4 standalone stores and presence in 250 Clicks stores
 - 305 products launched
 - 2 new standalone stores planned in H2
- Continuing to expand The Body Shop
 - Presence in 92 Clicks stores
 - 47 standalone stores – 3 planned in H2
 - Serving more customers – units up 8.6%



CLICKS GROUP INTERIM RESULTS 2015 21

PERFORMANCE



	% change	% contribution	Market share*	
			Feb 2015	Feb 2014
CDs	1.5	40.3	59.1	49.4
DVDs	(2.9)	24.9	41.8	33.0
Gaming	7.9	18.0	11.8	10.1
Technology	6.2	16.8		

- Market share growth continues in all categories, driven by competitor closures and improved availability
- Strong performance in gaming hardware and accessories
- Opened 4 stores and closed 4 in H1
 - Further 2 new stores and 2 store closures planned in H2



* Per Aquidneck / GfK

CLICKS GROUP INTERIM RESULTS 2015 22



TURNOVER		UPD WE DELIVER HEALTHCARE
	% change	% contribution
Clicks	11.8	29.5
Hospitals	6.0	22.9
Independent pharmacy	5.3	14.0
Other channels	56.1	33.6
Total turnover	20.7	100.0

- Volume growth of 24.3%
- Generics +35.2%

PERFORMANCE



- Wholesale market share increased from 25.4% to 26.2%*
- Distribution strategy on track
 - Achieving planned growth in preferred supply contracts
 - 10% growth in third party agency business
- Continued margin pressure from product mix
 - Generics increased to 44.9% of turnover
- Extracting efficiencies from automation at Lea Glen DC

* MAT per IMS (restated)

CLICKS GROUP INTERIM RESULTS 2015 25



OUTLOOK

DAVID KNEALE

OUTLOOK

- Consumer environment to remain unchanged
- Selling price inflation expected to be 4 - 5% for the year
- Clicks – well positioned for continuing growth
 - Strong value proposition
 - Relaunched ClubCard
 - New stores and pharmacies
- UPD – continue to grow scale and extract efficiencies
- Medium-term targets unchanged
- Expect 10 – 15% growth in diluted HEPS for FY2015

CLICKS GROUP INTERIM RESULTS 2015 27



THANK YOU

CORPORATE INFORMATION

Registered address: Cnr Searle and Pontac Streets, Cape Town 8001. PO Box 5142, Cape Town 8000

Directors: DM Nurek* (Chairman), F Abrahams*, JA Bester*, BD Engelbrecht, M Fleming (Chief Financial Officer), F Jakoet*, DA Kneale# (Chief Executive Officer), NS Matlala*, M Rosen*, KDM Warburton^

* Independent non-executive # British ^ Resigned 28 January 2015

Company secretary: DW Janks

Transfer secretaries: Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg 2001. 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

Tier 1 Investor Relations:

	Tel	Cell	E-mail
Sue Hemp	+27 (0)21 702 3102	+27 (0)83 703 3131	sue@tier1ir.co.za
Graeme Lillie	+27 (0)21 702 3102	+27 (0)82 468 1507	graeme@tier1ir.co.za

