

INTERIM GROUP RESULTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2017



CLICKS GROUP
LIMITED

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Group turnover up

8.5%

Clicks turnover up

13.1%

Operating margin up

30 bps

Diluted headline EPS up

13.5%

Interim dividend up

15.8%

Return on equity of

47.2%

FINANCIAL SUMMARY

		Six months to 28 February 2017	Six months to 29 February 2016	% change	Year to 31 August 2016
Consolidated statement of comprehensive income					
Turnover	R'000	13 125 101	12 093 347	8.5%	24 170 879
Gross profit	R'000	2 827 156	2 547 506	11.0%	5 014 267
Total income	R'000	3 498 928	3 155 609	10.9%	6 368 100
Headline earnings	R'000	584 269	511 236	14.3%	1 098 471
Net interest charge	R'000	(27 864)	(18 182)	53.3%	(52 851)
Consolidated statement of financial position					
Equity	R'000	2 732 426	1 889 767	44.6%	2 452 241
Interest-bearing borrowings	R'000	–	200 800	(100.0%)	–
Total assets	R'000	9 061 722	8 375 882	8.2%	8 376 896
Consolidated statement of cash flows					
Net cash effects from operating activities	R'000	12 672	180 224	(93.0%)	759 145
Capital expenditure	R'000	249 424	203 437	22.6%	432 959
Depreciation and amortisation	R'000	143 481	127 517	12.5%	264 144
Performance					
Turnover growth	%	8.5	13.4		9.5
Comparable stores turnover growth	%	7.5	10.3		9.8
Gross profit growth	%	11.0	11.9		10.8
Gross profit margin	%	21.5	21.1		20.7
Total income growth	%	10.9	12.3		11.0
Total income margin	%	26.7	26.1		26.3
Operating margin	%	6.4	6.1		6.5
Inventory days		73	73		66
Current ratio	:1	1.1	1.0		1.1
Return on total assets	%	12.5	12.5		13.8
Return on shareholders' interest	%	47.2	53.1		49.2
Shareholders' interest to total assets	%	30.2	22.6		29.3
Interest-bearing debt to shareholders' interest at period-end		–	10.6		–
Interest-bearing debt, including cash, to shareholders' interest at period-end	%	(4.2)	(1.4)		(15.1)
Statistics					
Number of permanent employees		14 582	13 235	10.2%	14 093
Number of stores		778	671	15.9%	689
Weighted retail trading area	m ²	289 770	275 895	5.0%	277 874
Share statistics					
Number of ordinary shares in issue (gross), excluding "A" shares	'000	245 967	246 138	(0.1%)	246 138
Number of ordinary shares in issue (net of treasury shares)	'000	236 524	236 524	–	236 524
Weighted average number of shares in issue (net of treasury shares)	'000	236 524	238 624	(0.9%)	237 565
Weighted average diluted number of shares in issue (net of treasury shares)	'000	251 821	250 110	0.7%	250 501
Headline earnings per share – basic	cents	247.0	214.2	15.3%	462.4
– diluted	cents	232.0	204.4	13.5%	438.5
Dividend per share – interim	cents	88.0	76.0	15.8%	76.0
– final	cents	–	–		196.0
Dividend cover	times	2.8	2.8		1.7
Share price – closing	cents	12 850	9 250	38.9%	12 110
– high	cents	12 855	10 600		13 050
– low	cents	11 146	7 980		7 980
Net asset value per share	cents	1 155	799	44.6%	1 037
Net tangible asset value per share	cents	925	584	58.4%	809
Market capitalisation (gross)	R'000	31 606 760	22 767 765	38.8%	29 807 312
Market capitalisation (net of treasury shares)	R'000	30 393 334	21 878 470	38.9%	28 643 056
Price earnings ratio	times	29.7	24.2		27.6
Volume of ordinary shares traded	'000	113 318	106 515		214 500
Percentage of ordinary shares traded	%	47.9	44.6		90.3
Free float	%	95.9	95.8		95.9
Shareholders' return	cents	828	172		3 228
Increase in share price	cents	740	96		2 956
Dividend per share	cents	88	76		272
Other information					
Inflation rate					
CPI	%	6.3	7.0		5.9
Internal selling price inflation	%	4.8	4.4		4.9
Interest rates					
Prime overdraft rate – closing	%	10.50	10.25		10.50
– average	%	10.50	9.81		10.10
FTSE/JSE Africa share indices					
All Share Index		51 146	49 415	3.5%	52 733
General Retailers Index		7 333	7 388	(0.7%)	7 255
Food and Drug Retailers Index		10 490	9 555	9.8%	10 683
Exchange rate					
Rand/US dollar – closing	R/US\$	12.99	16.13	(19.5%)	14.49
– average	R/US\$	13.77	14.71	(6.4%)	14.74

COMMENTARY

Overview

Clicks Group produced another strong health and beauty retail trading performance in the slowing consumer spending environment. The Clicks chain again demonstrated its resilience and increased sales by 13.1%, reporting good volume growth and market share gains in all core merchandise categories. Key to the performance was buoyant Christmas trading with customers responding positively to the great value offer and differentiated product ranges.

During the period Clicks implemented a long-term outsourcing agreement with the Netcare Group and took over the management of 37 Medicross pharmacies and opened Clicks front shops in 41 Netcare hospitals.

UPD, the group's pharmaceutical distributor, delivered excellent growth in operating profit of 22.1% through efficient cost and inventory management.

The group's performance for the six months translated into growth of 13.5% in diluted headline earnings per share (HEPS) to 232 cents per share while the interim dividend has been increased by 15.8% to 88 cents per share. The group continues to deliver a high return on equity of 47.2%.

Financial performance

Group turnover increased by 8.5% to R13.1 billion, with retail sales growing by 11.8% and distribution turnover by 7.5%. Selling price inflation for the group was contained to 4.8%.

Total income increased by 10.9% to R3.5 billion. The group's total income margin improved by 60 basis points to 26.7% owing to the favourable mix impact with the faster growth in retail.

Retail expense growth of 11.6% was contained below sales growth despite the investment in new stores and pharmacies, including the integration of the Medicross pharmacies and Netcare front shops. Comparable retail costs increased by

6.4% for the six months. UPD demonstrated excellent cost control and reduced expenses by 2.2% over the prior period.

Operating profit increased by 14.7% to R840 million as both retail and distribution increased margin, with the group operating margin expanding by 30 basis points to 6.4%.

Inventory was well managed. Days in stock were consistent with the prior period at 73 days while inventory levels were 7.6% higher, below the rate of sales growth.

Cash inflow from operations before working capital changes increased by 9.4% to R972 million. Capital expenditure of R249 million (H1 2016: R203 million) was invested during the first half, mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

Trading performance

Retail health and beauty sales, including Clicks and the franchise brands of The Body Shop, GNC and Claire's, increased by 13.1%, with strong growth in pharmacy and front shop health. Comparable store sales grew by 8.4%.

Clicks reached the 600-store mark following the opening of a net 89 new stores. The pharmacy network was expanded to 459 as a net new 59 pharmacies were opened.

UPD increased wholesale turnover by 9.6%, ahead of the pharma market growth of 5.6%, with market share increasing to 24.6%. The core customers of Clicks and the private hospital groups now account for 81.4% of UPD's wholesale turnover.

Outlook

Consumer spending will continue to be constrained in the months ahead, with low economic growth, higher taxes and ongoing political turbulence weighing negatively on disposable income and consumer sentiment.

The health and beauty markets in which the group operates are relatively resilient and in the current environment management



will focus on protecting income, controlling costs and managing cash efficiently.

The group remains strongly cash generative and will continue to fund organic growth through the operating cash flows produced by the business. Capital investment has been increased to R577 million for the full financial year to support the increased scale of the group.

Full-year earnings forecast

The directors forecast that diluted HEPS for the financial year ending 31 August 2017 will increase by between 11% and 16% over the 2016 financial year.

The forecast is based on the following key assumptions:

- the consumer spending environment will remain constrained in the second half of the financial year; and
- retail selling price inflation should average between 5% and 6% for the financial year.

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

Interim dividend

The board of directors has approved an interim gross ordinary dividend for the period ended 28 February 2017 of 88.0 cents per share (2016: 76.0 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax ("DT") of 20% amounting to 17.6 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 70.4 cents net of DT.

The company has 245 967 313 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	Tuesday, 27 June 2017
Shares trade "ex" the dividend	Wednesday, 28 June 2017
Record date	Friday, 30 June 2017
Payment to shareholders	Monday, 3 July 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 June 2017 and Friday, 30 June 2017, 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 Tuesday, 27 June 2017, 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

Matthew Welz
Company Secretary

21 April 2017



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 28 February 2017	Six months to 29 February 2016	% change	Year to 31 August 2016
Revenue	13 800 328	12 704 866		25 530 967
Turnover	13 125 101	12 093 347	8.5%	24 170 879
Cost of merchandise sold	(10 297 945)	(9 545 841)	7.9%	(19 156 612)
Gross profit	2 827 156	2 547 506	11.0%	5 014 267
Other income	671 772	608 103	10.5%	1 353 833
Total income	3 498 928	3 155 609	10.9%	6 368 100
Expenses	(2 658 735)	(2 423 410)	9.7%	(4 796 464)
Depreciation and amortisation	(137 089)	(121 900)	12.5%	(252 662)
Occupancy costs	(375 846)	(340 526)	10.4%	(682 827)
Employment costs	(1 396 524)	(1 244 372)	12.2%	(2 550 731)
Other costs	(749 276)	(716 612)	4.6%	(1 310 244)
Operating profit	840 193	732 199	14.7%	1 571 636
Loss on disposal of property, plant and equipment	(2 109)	(3 098)	(31.9%)	(6 388)
Profit before financing costs	838 084	729 101	14.9%	1 565 248
Net financing costs	(27 864)	(18 182)	53.3%	(52 851)
Financial income	3 455	3 416	1.1%	6 255
Financial expense	(31 319)	(21 598)	45.0%	(59 106)
Share of profit of an associate	1 417	–	100.0%	2 254
Profit before taxation	811 637	710 919	14.2%	1 514 651
Income tax expense	(228 886)	(201 913)	13.4%	(420 779)
Profit for the period	582 751	509 006	14.5%	1 093 872
Other comprehensive (loss)/income:				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign subsidiaries	(2 853)	6 522		(526)
Cash flow hedges	(18 653)	(109)		(6 580)
Change in fair value of effective portion	(25 907)	(151)		(9 139)
Deferred tax on movement of effective portion	7 254	42		2 559
Other comprehensive (loss)/income for the period, net of tax	(21 506)	6 413		(7 106)
Total comprehensive income for the period	561 245	515 419		1 086 766
Reconciliation of headline earnings				
Total profit for the period	582 751	509 006		1 093 872
Adjusted for:				
Loss net of tax on disposal of property, plant and equipment	1 518	2 230		4 599
Headline earnings	584 269	511 236	14.3%	1 098 471
Headline earnings per share (cents)				
– basic	247.0	214.2	15.3%	462.4
– diluted	232.0	204.4	13.5%	438.5
Earnings per share (cents)				
– basic	246.4	213.3	15.5%	460.5
– diluted	231.4	203.5	13.7%	436.7
Weighted average number of shares in issue (net of treasury shares, '000)	236 524	238 624	(0.9%)	237 565
Weighted average diluted number of shares in issue (net of treasury shares, '000)	251 821	250 110	0.7%	250 501

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 28 February 2017	As at 29 February 2016	As at 31 August 2016
ASSETS			
Non-current assets	2 642 084	2 165 828	2 507 207
Property, plant and equipment	1 442 171	1 284 961	1 345 024
Intangible assets	439 915	405 020	434 083
Goodwill	103 510	103 510	103 510
Deferred tax assets	506 822	195 123	347 400
Investment in associate	20 375	19 666	20 282
Loans receivable	9 521	13 246	9 521
Financial assets at fair value through profit or loss	22 030	19 946	16 145
Derivative financial assets	97 740	124 356	231 242
Current assets	6 419 638	6 210 054	5 869 689
Inventories	3 990 146	3 708 736	3 478 717
Trade and other receivables	2 153 476	2 248 338	2 012 696
Loans receivable	8 733	–	8 476
Cash and cash equivalents	115 598	227 888	369 800
Derivative financial assets	151 685	25 092	–
Total assets	9 061 722	8 375 882	8 376 896
EQUITY AND LIABILITIES			
Equity	2 732 426	1 889 767	2 452 241
Share capital	2 752	2 754	2 754
Share premium	3 497	3 497	3 497
Share option reserve	671 437	312 355	483 188
Cash flow hedge reserve	9 963	35 087	28 616
Treasury shares	(702 848)	(704 298)	(704 298)
Non-distributable reserve	2 952	12 853	5 805
Distributable reserve	2 744 673	2 227 519	2 632 679
Non-current liabilities	315 142	316 058	405 541
Employee benefits	131 060	124 839	215 132
Operating lease liability	184 082	186 553	190 409
Financial liability held at fair value through profit or loss	–	4 666	–
Current liabilities	6 014 154	6 170 057	5 519 114
Trade and other payables	5 623 569	5 730 139	5 148 411
Employee benefits	276 503	165 841	241 986
Provisions	6 733	5 745	6 939
Interest-bearing borrowings	–	200 800	–
Income tax payable	90 033	66 340	92 476
Derivative financial liabilities	14 914	1 192	26 971
Financial liability at fair value through profit or loss	2 402	–	2 331
Total equity and liabilities	9 061 722	8 375 882	8 376 896

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2015	239 884	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	(3 360)	–	–
Total transactions with owners	(3 360)	–	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
Cash flow hedge reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 29 February 2016	236 524	2 754	3 497
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Share-based payment reserve movement	–	–	–
Total transactions with owners	–	–	–
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 2016	236 524	2 754	3 497
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(2)	–
Total transactions with owners	–	(2)	–
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 2017	236 524	2 752	3 497

Share option reserve	Treasury shares	Non-distributable reserve	Cash flow hedge reserve	Distributable reserve	Total equity
254 592	(414 127)	6 331	35 196	2 124 564	2 012 807
-	-	-	-	(406 051)	(406 051)
57 763	-	-	-	-	57 763
-	(290 171)	-	-	-	(290 171)
57 763	(290 171)	-	-	(406 051)	(638 459)
-	-	6 522	(109)	509 006	515 419
-	-	-	-	509 006	509 006
-	-	-	(109)	-	(109)
-	-	6 522	-	-	6 522
312 355	(704 298)	12 853	35 087	2 227 519	1 889 767
-	-	-	-	(179 706)	(179 706)
170 833	-	-	-	-	170 833
170 833	-	-	-	(179 706)	(8 873)
-	-	(7 048)	(6 471)	584 866	571 347
-	-	-	-	584 866	584 866
-	-	-	(6 471)	-	(6 471)
-	-	(7 048)	-	-	(7 048)
483 188	(704 298)	5 805	28 616	2 632 679	2 452 241
-	-	-	-	(469 309)	(469 309)
188 249	-	-	-	-	188 249
-	1 450	-	-	(1 448)	-
188 249	1 450	-	-	(470 757)	(281 060)
-	-	(2 853)	(18 653)	582 751	561 245
-	-	-	-	582 751	582 751
-	-	-	(18 653)	-	(18 653)
-	-	(2 853)	-	-	(2 853)
671 437	(702 848)	2 952	9 963	2 744 673	2 732 426

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 28 February 2017	Six months to 29 February 2016	Year to 31 August 2016
Cash effects from operating activities			
Operating profit before working capital changes (refer note 1)	972 264	888 782	1 846 993
Working capital changes (refer note 2)	(242 456)	(47 224)	(19 467)
Cash generated by operations	729 808	841 558	1 827 526
Interest received	3 455	3 416	6 255
Interest paid	(25 907)	(16 441)	(45 086)
Taxation paid	(225 375)	(242 258)	(443 793)
Cash inflow from operating activities before dividends paid	481 981	586 275	1 344 902
Dividends paid to shareholders	(469 309)	(406 051)	(585 757)
Net cash effects from operating activities	12 672	180 224	759 145
Cash effects from investing activities			
Investment in property, plant and equipment and intangibles to maintain operations	(40 237)	(57 217)	(129 040)
Investment in property, plant and equipment and intangibles to expand operations	(209 187)	(146 220)	(303 919)
Proceeds from disposal of property, plant and equipment	855	124	603
Acquisition of unlisted investment in associate	–	(15 000)	(17 415)
Increase in loan receivables	(257)	(243)	(4 994)
Net cash effects from investing activities	(248 826)	(218 556)	(454 765)
Cash effects from financing activities			
Purchase of treasury shares	–	(290 171)	(290 171)
Acquisition of derivative financial asset	(39 064)	(45 147)	(45 147)
Settlement of derivative financial asset	21 016	–	–
Interest-bearing borrowings raised	–	200 800	–
Net cash effects from financing activities	(18 048)	(134 518)	(335 318)
Net decrease in cash and cash equivalents	(254 202)	(172 850)	(30 938)
Cash and cash equivalents at the beginning of the period	369 800	400 738	400 738
Cash and cash equivalents at the end of the period	115 598	227 888	369 800

STORE FOOTPRINT

	Clicks	Musica	The Body Shop	GNC	Claire's	Total retail
Number of stores at 28 February 2017	600	115	53	3	7	778
as at 31 August 2016	511	115	53	5	5	689
opened*	91	1	–	–	2	94
closed	(2)	(1)	–	(2)	–	(5)
Presence in Clicks stores at 28 February 2017			113	331	132	
Number of pharmacies at 28 February 2017	459					459
as at 31 August 2016	400					400
new**	59					59
closed	–					–
Number of clinics at 28 February 2017	200					200

* Including 41 Netcare front shops and 37 Medicross pharmacies.

** Including 37 Medicross pharmacies.

NOTES TO THE CASH FLOW STATEMENT

R'000	Six months to 28 February 2017	Six months to 29 February 2016	Year to 31 August 2016
Cash flow information			
1 Profit before working capital changes			
Profit before tax	811 637	710 919	1 514 651
Adjustment for:			
Depreciation and amortisation	143 481	127 517	264 144
Operating lease accrual	(6 327)	6 085	9 941
Loss on disposal of property, plant and equipment	2 109	3 098	6 388
Release of cash flow hedge to profit or loss	(30 651)	(4 319)	(65 422)
Equity-settled share option costs	30 129	30 578	64 533
Net financing cost	27 864	18 182	52 851
(Increase)/decrease in financial assets at fair value through profit or loss	(5 884)	(3 278)	523
Undistributed profits of an associate	(93)	–	(616)
	972 264	888 782	1 846 993
2 Working capital changes			
Increase in inventories	(511 429)	(458 822)	(228 803)
Increase in trade and other receivables	(140 782)	(376 722)	(145 248)
Increase in trade and other payables	464 928	845 775	251 161
(Decrease)/increase in employee benefits	(54 967)	(57 455)	102 229
(Decrease)/increase in provisions	(206)	–	1 194
	(242 456)	(47 224)	(19 467)

ANALYSIS OF SHAREHOLDERS

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

Major fund managers	Percentage of shares	
	Feb 2017	Feb 2016
Public Investment Corporation (SA)	14.9%	14.5%
Baillie Gifford & Co (UK)	5.3%	4.5%
Fidelity Management & Research (US)	5.2%	4.9%
Mawer Investment Management (Canada)	4.7%	4.7%
Wasatch Advisors (US)	4.5%	1.7%
GIC (Singapore)	4.3%	3.7%
JPMorgan Asset Management (UK)	3.2%	3.1%
The Vanguard Group (US)	3.1%	2.8%
<i>Fund managers no longer managing over 3%:</i>		
Coronation Fund Managers (SA)	1.3%	5.0%
Aberdeen Asset Management (UK)	2.8%	3.7%
Dimensional Fund Advisors (US)	2.3%	3.3%
RBC Global Asset Management (UK)	2.2%	3.1%

Geographic distribution of shareholders	Percentage of shares	
	Feb 2017	Feb 2016
South Africa and rest of Africa	31.3%	34.7%
Offshore holdings	68.7%	65.3%
USA and Canada	45.9%	43.6%
United Kingdom, Ireland	8.8%	6.2%
Europe	6.5%	6.5%
Other countries	7.5%	9.0%

SEGMENTAL ANALYSIS

R'000	Retail		
	Six months to 28 February 2017	Six months to 29 February 2016	
Statement of financial position			
Property, plant and equipment	1 215 682	1 073 659	
Intangible assets	421 554	386 803	
Goodwill	6 529	6 529	
Inventories	2 705 648	2 497 384	
Trade and other receivables	294 336	282 786	
Cash and cash equivalents	82 735	137 784	
Other assets	1 265 571	818 801	
Total assets	5 992 055	5 203 746	
Employee benefits – non-current	122 600	117 763	
Operating lease liability	184 082	186 553	
Trade and other payables	2 509 817	2 330 475	
Employee benefits – current	251 186	150 638	
Other liabilities	1 541 093	1 655 241	
Total liabilities	4 608 778	4 440 670	
Net assets	1 383 277	763 076	
Statement of comprehensive income			
Turnover	9 238 486	8 263 200	
Gross profit	2 729 558	2 457 823	
Other income	394 694	338 219	
Total income	3 124 252	2 796 042	
Expenses	(2 424 158)	(2 172 526)	
Operating profit	700 094	623 516	
Ratios			
Increase in turnover	%	11.8	13.4
Selling price inflation	%	5.2	3.5
Comparable stores turnover growth	%	7.5	10.3
Gross profit margin	%	29.5	29.7
Total income margin	%	33.8	33.8
Operating expenses as a percentage of turnover	%	26.2	26.3
Increase in operating expenses	%	11.6	11.7
Increase in operating profit	%	12.3	16.8
Operating profit margin	%	7.6	7.5
Inventory days		81	84
Trade debtor days		8	7
Trade creditor days		47	52
Number of stores		778	671
as at 31 August 2016/2015		689	657
opened		94	16
closed		(5)	(2)
Number of pharmacies		459	384
as at 31 August 2016/2015		400	361
new/converted		59	23
closed		–	–
Total leased area	m ²	374 912	349 733
Weighted retail trading area	m ²	289 770	275 895
Weighted annual sales per m ²	R	59 406	55 746
Number of permanent employees		14 019	12 683

Distribution		Intragroup elimination		Total operations	
Six months to 28 February 2017	Six months to 29 February 2016	Six months to 28 February 2017	Six months to 29 February 2016	Six months to 28 February 2017	Six months to 29 February 2016
226 489	211 302	–	–	1 442 171	1 284 961
18 361	18 217	–	–	439 915	405 020
96 981	96 981	–	–	103 510	103 510
1 324 337	1 247 288	(39 839)	(35 936)	3 990 146	3 708 736
2 306 346	2 385 265	(447 206)	(419 713)	2 153 476	2 248 338
32 863	90 104	–	–	115 598	227 888
1 418 986	1 380 591	(1 867 651)	(1 801 963)	816 906	397 429
5 424 363	5 429 748	(2 354 696)	(2 257 612)	9 061 722	8 375 882
8 460	7 076	–	–	131 060	124 839
–	–	–	–	184 082	186 553
3 555 852	3 826 132	(442 100)	(426 468)	5 623 569	5 730 139
25 317	15 203	–	–	276 503	165 841
450 703	423 667	(1 877 714)	(1 800 165)	114 082	278 743
4 040 332	4 272 078	(2 319 814)	(2 226 633)	6 329 296	6 486 115
1 384 031	1 157 670	(34 882)	(30 979)	2 732 426	1 889 767
5 845 637	5 436 703	(1 959 022)	(1 606 556)	13 125 101	12 093 347
97 064	95 304	534	(5 621)	2 827 156	2 547 506
329 505	312 359	(52 427)	(42 475)	671 772	608 103
426 569	407 663	(51 893)	(48 096)	3 498 928	3 155 609
(287 004)	(293 359)	52 427	42 475	(2 658 735)	(2 423 410)
139 565	114 304	534	(5 621)	840 193	732 199
7.5	12.8	21.9	11.2	8.5	13.4
4.4	6.0	–	–	4.8	4.4
–	–	–	–	7.5	10.3
1.7	1.8	–	–	21.5	21.1
7.3	7.5	–	–	26.7	26.1
4.9	5.4	–	–	20.3	20.0
(2.2)	12.9	–	–	9.7	11.7
22.1	2.1	–	–	14.7	14.4
2.4	2.1	–	–	6.4	6.1
42	43	–	–	73	73
58	66	–	–	45	52
92	109	–	–	75	85
–	–	–	–	778	671
–	–	–	–	689	657
–	–	–	–	94	16
–	–	–	–	(5)	(2)
–	–	–	–	459	384
–	–	–	–	400	361
–	–	–	–	59	23
–	–	–	–	–	–
–	–	–	–	374 912	349 733
–	–	–	–	289 770	275 895
–	–	–	–	59 406	55 746
563	552	–	–	14 582	13 235

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 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



pharmacy +


169⁹⁵ 62⁰⁰ 67⁰⁰ 51⁹⁵

INTERIM RESULTS FOR THE SIX MONTHS ENDED
28 FEBRUARY 2017

CLICKS GROUP
LIMITED

PRESENTATION OUTLINE

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



CLICKS GROUP INTERIM RESULTS 2017 2

PRESENTATION



REVIEW OF THE PERIOD

- Strong health & beauty retail sales performance
 - Good real volume growth
 - Increased market shares
- Buoyant Christmas trading
 - Great value and differentiated product offer
- Implemented outsourcing agreement with Netcare
- Excellent profit growth in UPD
- Diluted headline earnings per share up **13.5%**
- Capital investment supporting increased group scale



FINANCIAL HIGHLIGHTS

- Group turnover up **8.5%**
 - Clicks turnover up **13.1%**
 - UPD turnover up **7.5%**
- Operating margin up from 6.1% to **6.4%**
- Diluted HEPS up **13.5%** to 232.0 cps
- Interim dividend of 88.0 cps, up **15.8%**
- Return on equity of **47.2%**

PRESENTATION

TURNOVER					
R'm	Feb 2017	Feb 2016	% change	% same store growth	% inflation
Retail	9 238	8 263	11.8	7.5	5.2
Health & beauty			13.1		
Musica			(7.0)		
Distribution	5 846	5 437	7.5		4.4
Intragroup turnover	(1 959)	(1 607)	21.9		
Total group	13 125	12 093	8.5		4.8

- Strong performance by health & beauty brands
- UPD impacted by timing of SEP increases
 - 2.9% in November; 7.5% in March (2016: 4.8% in January)

CLICKS GROUP INTERIM RESULTS 2017 7

TOTAL INCOME					
	Feb 2017 R'm	Feb 2016 R'm	% change	Feb 2017 % margin	Feb 2016 % margin
Retail	3 124	2 796	11.7	33.8	33.8
Distribution	427	408	4.6	7.3	7.5
Intragroup	(52)	(48)	7.9		
Total group	3 499	3 156	10.9	26.7	26.1

- Retail margin maintained despite higher level of promotions
- UPD impacted by timing of SEP increases
- Group benefiting from stronger growth of Retail

CLICKS GROUP INTERIM RESULTS 2017 8

OPERATING EXPENDITURE - RETAIL

R'm	Feb 2017	Feb 2016	% change
Depreciation and amortisation	122	108	13.6
Occupancy costs	375	339	10.6
Employment costs	1 280	1 129	13.4
Other operating costs	647	597	8.3
Total retail costs	2 424	2 173	11.6
% of turnover	26.2%	26.3%	

- Investing in stores and pharmacies – inclusion of Medicross/Netcare stores
- Comparable retail costs up 6.4%

CLICKS GROUP INTERIM RESULTS 2017 9

OPERATING EXPENDITURE - DISTRIBUTION

R'm	Feb 2017	Feb 2016	% change
Depreciation and amortisation	15	14	3.9
Occupancy costs	1	2	(33.4)
Employment costs	116	115	0.7
Other operating costs	155	162	(4.4)
Total distribution costs	287	293	(2.2)

- Improvements in employee productivity and transport utilisation

CLICKS GROUP INTERIM RESULTS 2017 10

PRESENTATION

OPERATING PROFIT					
	Feb 2017 R'm	Feb 2016 R'm	% change	Feb 2017 % margin	Feb 2016 % margin
Retail	700	624	12.3	7.6	7.5
Distribution	140	114	22.1	2.4	2.1
Intragroup	-	(6)			
Total group	840	732	14.7	6.4	6.1

- Both divisions grew margin
- Group benefiting from stronger retail topline growth

CLICKS GROUP INTERIM RESULTS 2017 11

INVENTORY					
	Days in stock		Inventory (R'm)		
	Feb 2017	Feb 2016	Feb 2017	Feb 2016	% change
Retail	81	84	2 706	2 498	8.3
Distribution	42	43	1 324	1 247	6.2
Intragroup inventory			(40)	(36)	
Total group	73	73	3 990	3 709	7.6

- Good inventory control
- Investment in stock in UPD ahead of SEP increase

CLICKS GROUP INTERIM RESULTS 2017 12

CASH GENERATION

R'm	Feb 2017	Feb 2016
Profit before tax	812	711
Non-cash adjustments	160	177
Operating profit before working capital changes	972	888
Working capital changes	(242)	(47)
Net interest and tax paid	(248)	(255)
Cash inflow from operations	482	586

CLICKS GROUP INTERIM RESULTS 2017 13

CASH UTILISATION

R'm	Feb 2017	Feb 2016
Cash inflow from operations	482	586
Capital expenditure	(249)	(203)
Dividends paid	(469)	(406)
Share buy-backs	-	(290)
Other investing activities	-	(16)
Other financing activities	(18)	156
Net cash utilised	(254)	(173)

- Record dividend payout and capital expenditure

CLICKS GROUP INTERIM RESULTS 2017 14

PRESENTATION

CAPITAL MANAGEMENT

- R577m capex planned for FY2017
 - R343m on store refurbishments, new stores and pharmacies
 - R187m IT and retail supply chain
 - R47m UPD
- Group continues to be cash generative
 - Funding organic growth



CLICKS GROUP INTERIM RESULTS 2017 15

TRADING PERFORMANCE

DAVID KNEALE

HEALTH & BEAUTY SALES PERFORMANCE

	% change	% contribution
Pharmacy	20.2	27.3
Front shop health	15.8	22.5
Beauty and personal care	10.5	33.8
General merchandise	4.5	16.4
Total turnover	13.1	100.0

- Comparable store turnover +8.4%

CLICKS GROUP INTERIM RESULTS 2017 17

REVIEW OF THE PERIOD



- Strong performance in pharmacy and health
 - Benefit of extended cold and flu season
 - Continued switch to generics +27.3%
- Promotional sales +19.7%
 - 34.9% of turnover
- More price competitive than ever



Retailer A	97.2%
Retailer B	92.8%
Retailer C	93.4%
Retailer D	92.6%



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PRESENTATION

REVIEW OF THE PERIOD (CONTINUED)



- Private label up to 22.8% from 22.6% of sales
 - Front shop at 29.3%; pharmacy at 5.4%
 - The Body Shop +10.2%
 - Extended distribution of GNC and Claire's
- 6.5 million active ClubCard members
 - 77.4% of sales
- Digital capability expanding
 - Online incremental to store sales
 - New marketing channel



CLICKS GROUP INTERIM RESULTS 2017 19

EXPANDING STORE NETWORK



CLICKS GROUP INTERIM RESULTS 2017 20

EXPANDING STORE NETWORK




	Total	Including pharmacy	Front shop only	Average size
Clicks stores				652m ²
- South Africa	495	418	77	
- Rest of Africa	27	4	23	
Medicross pharmacies	37	37		95m ²
Netcare front shops	41		41	51m ²
Total	600	459	141	

- 89 net new stores
- 59 net new pharmacies
- On track to achieve goal of 800 Clicks stores in South Africa

CLICKS GROUP INTERIM RESULTS 2017 21

MARKET SHARES



%	Feb 2017	Feb 2016
Health		
Retail pharmacy*	20.8	19.0
Front shop health**	30.1	29.6
Baby**	13.1	11.8
Beauty		
Skincare**	27.8	26.8
Haircare**	26.4	25.5
General merchandise		
Small household appliances***	21.6	19.7

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


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PRESENTATION



CLICKS GROUP INTERIM RESULTS 2017 23

PERFORMANCE

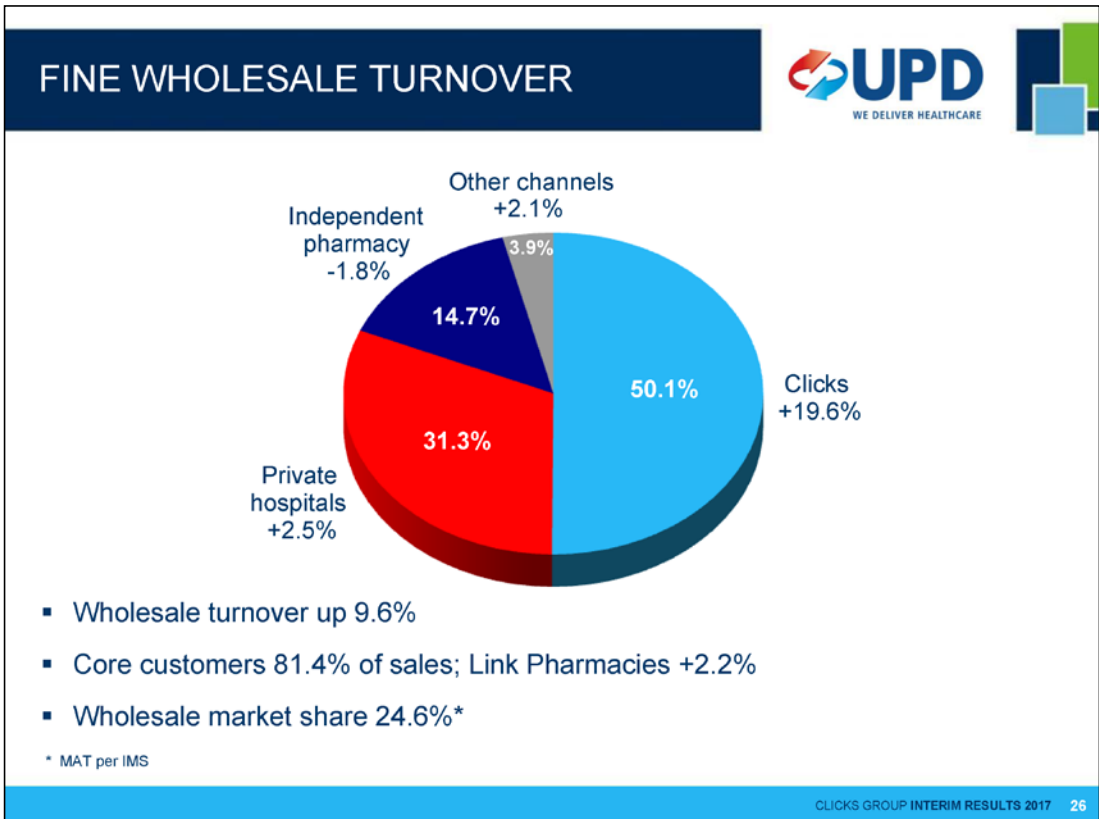

MUSICA
 A WORLD AWAITS

	Turnover		Market share*	
	% change	% contribution	Feb 2017	Feb 2016
CDs	(14.4)	36.3	74.8%	68.0%
DVDs	(10.3)	22.6	56.6%	50.8%
Gaming	(2.8)	19.6	15.0%	14.3%
Technology	10.2	21.5		
Total turnover	(7.0)	100.0		

- Weak release schedule impacted CD and DVD sales
- Strong performance in technology driven by range innovation
- Brand remains profitable
- Market share growth opportunities in all categories

* Per Aquidneck / GfK (restated)

CLICKS GROUP INTERIM RESULTS 2017 24



PRESENTATION

PERFORMANCE

- Total turnover managed up 5.4% to R7.9bn
- H1 2016 turnover boosted by customers buying in ahead of earlier SEP increase
- Generics increased from 46.0% to 48.4% of wholesale
- Business managed efficiently
 - Higher stock availability and improved order fulfilment
 - Leveraging economies of scale in transport
 - Labour productivity improvements
 - Streamlined operating processes



CLICKS GROUP INTERIM RESULTS 2017 27



OUTLOOK

DAVID KNEALE



OUTLOOK

- Inflation anticipated to be 5 - 6% for FY2017
- Consumer spending to remain constrained
- Health & beauty markets and business model are resilient
- Clicks
 - Continue to drive value, differentiation and convenience
- UPD
 - Seek opportunities to grow distribution business
- Protect income, control costs and manage cash efficiently
- Forecast **11 – 16%** growth in diluted HEPS for FY2017

CLICKS GROUP INTERIM RESULTS 2017 29



PRESENTATION

DISCLAIMER

Clicks Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

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

Forward-looking statements are not statements of fact, but statements by the management of Clicks Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.

Clicks Group does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

CLICKS GROUP INTERIM RESULTS 2017 31

NOTES

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), NN Gobodo*, F Jakoet*, DA Kneale# (Chief Executive Officer), M Rosen*

* Independent non-executive # British

Company secretary: M Welz

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

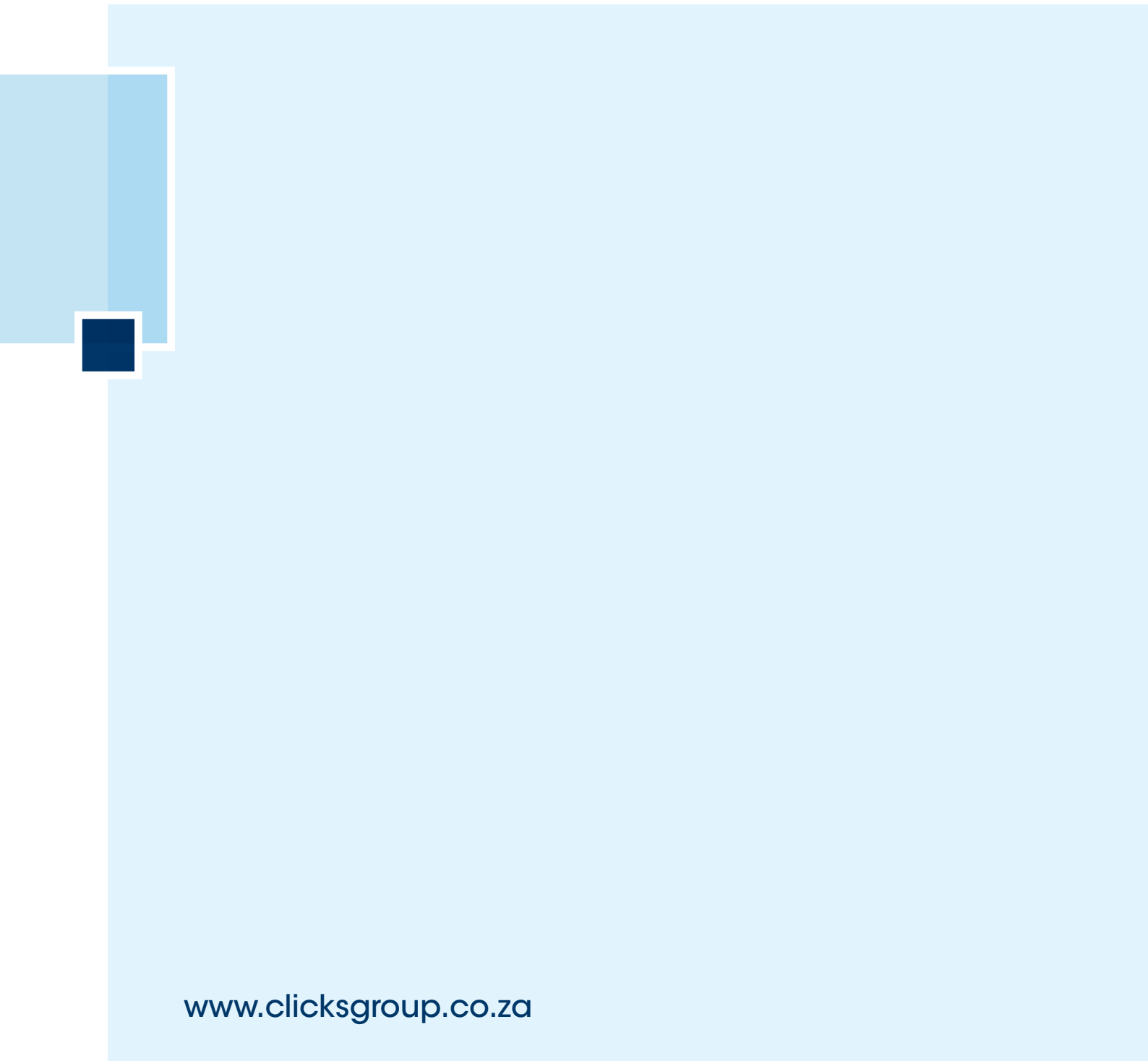
Sponsor: Investec Bank Limited

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

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

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