

ANNUAL GROUP RESULTS
FOR THE YEAR ENDED 31 AUGUST 2015



CLICKS GROUP
LIMITED

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Group turnover up

15.3%

Diluted headline EPS up

14.0%

Cash generated by operations

R1.7 billion

Total dividend up

23.7%

Total shareholder return

35.8%

Return on equity of

53.7%

FINANCIAL SUMMARY

		Year to 31 August 2015	Year to 31 August 2014	% change
Consolidated statement of comprehensive income				
Turnover	R'000	22 070 092	19 149 524	15.3%
Gross profit	R'000	4 524 774	4 123 365	9.7%
Total income	R'000	5 734 856	5 171 644	10.9%
Headline earnings	R'000	960 455	838 362	14.6%
Net interest charge	R'000	(57 309)	(40 660)	40.9%
Consolidated statement of financial position				
Equity	R'000	2 012 807	1 566 973	28.5%
Total assets	R'000	7 555 938	6 192 257	22.0%
Consolidated statement of cash flows				
Net cash effects from operating activities	R'000	798 989	1 035 306	
Capital expenditure	R'000	369 547	336 854	9.7%
Depreciation and amortisation	R'000	248 054	229 703	8.0%
Performance				
Turnover growth	%	15.3	9.2	
Comparable stores turnover growth	%	7.5	6.3	
Gross profit growth	%	9.7	9.0	
Gross profit margin	%	20.5	21.5	
Total income growth	%	10.9	10.2	
Total income margin	%	26.0	27.0	
Operating margin	%	6.3	6.4	
Inventory days		68	64	
Current ratio	:1	1.1	1.0	
Return on total assets	%	14.0	14.4	
Return on shareholders' interest	%	53.7	57.0	
Shareholders' interest to total assets	%	26.6	25.3	
Interest-bearing debt, including cash, to shareholders' interest at year-end	%	(19.9)	(12.5)	
Statistics				
Number of permanent employees		8 658	8 625	0.4%
Number of stores		657	632	4.0%
Weighted retail trading area	m ²	265 547	251 730	5.5%
Share statistics				
Number of ordinary shares in issue (gross), excluding "A" shares	'000	246 138	246 138	–
Number of ordinary shares in issue (net of treasury shares)	'000	239 884	242 260	(1.0%)
Weighted average number of shares in issue (net of treasury shares)	'000	240 603	245 364	(1.9%)
Weighted average diluted number of shares in issue (net of treasury shares)	'000	250 204	248 892	0.5%
Headline earnings per share – basic	cents	399.2	341.7	16.8%
– diluted	cents	383.9	336.8	14.0%
Dividend per share – interim	cents	65.5	53.5	22.4%
– final	cents	169.5	136.5	24.2%
Dividend cover	times	1.7	1.8	
Share price – closing	cents	9 154	6 915	32.4%
– high	cents	9 955	6 915	
– low	cents	6 226	5 381	
Net asset value per share	cents	839	647	29.7%
Net tangible asset value per share	cents	631	451	39.9%
Market capitalisation (gross)	R'000	22 531 473	17 020 443	32.4%
Market capitalisation (net of treasury shares)	R'000	21 958 981	16 752 279	31.1%
Price earnings ratio	times	23.8	20.5	
Volume of ordinary shares traded	'000	221 642	182 965	
Percentage of ordinary shares traded	%	92.1	74.6	
Free float	%	97.2	98.2	
Shareholders' return	cents	2 474	1 622	
Increase in share price	cents	2 239	1 432	
Dividend per share	cents	235	190	
Other information				
Inflation rate				
CPI	%	4.6	6.4	
Internal selling price inflation	%	4.0	3.2	
Interest rates				
Prime overdraft rate – closing	%	9.50	9.25	
– average	%	9.28	8.90	
FTSE/JSE Africa share indices				
All Share Index		49 972	50 959	(1.9%)
General Retailers Index		8 286	6 689	23.9%
Food and Drug Retailers Index		10 053	8 363	20.2%
Exchange rate				
Rand/US dollar – closing	R/US\$	13.31	10.65	25.0%
– average	R/US\$	11.79	10.50	12.3%

COMMENTARY

Overview

The Clicks Group has delivered another good trading performance in a difficult economic climate where consumers remain under financial pressure. All the group's retail brands reported real volume growth and the Clicks chain has continued to gain share of the health and beauty markets. UPD now has market-leading positions in both the pharmaceutical wholesale and distribution markets.

Diluted headline earnings per share increased by 14.0% to 383.9 cents. The total dividend was increased by 23.7% to 235.0 cents per share, based on the reduced dividend cover ratio of 1.7 times. The group generated a total shareholder return of 35.8% for the year.

In line with the board's commitment to return surplus cash to shareholders, the group returned R667 million to shareholders through dividend payments of R491 million and share buy-backs of R176 million. Over the past five years the group has returned R3.3 billion to shareholders.

Financial performance

Group turnover increased by 15.3% to R22.1 billion, with retail sales growing by 10.4% and UPD by 21.6%. Selling price inflation was contained to 4.0% for the year.

Total income increased by 10.9%. The faster turnover growth in UPD has resulted in the group's total income margin reducing to 26.0% from 27.0% in 2014.

Operating expenses in retail were 10.1% higher primarily due to the increased investment in stores, staff and marketing costs. Comparable retail cost growth was contained at 8.0%. UPD expenses grew by 8.4% owing to increased variable costs from the growth in its distribution business and by 6.1% on a comparable basis.

Group operating profit increased 14.6% to R1.4 billion. The retail business, which accounts for 82% of group profit, improved its operating margin by 30 basis points to 7.8%. UPD increased operating profit by 17.0% although the increase in the lower-margin generics business continues to place pressure on the margin which reduced 10 basis points to 2.5%. The margins are all within the group's medium-term target ranges.

Inventory days in stock moved from 64 to 68 days. Inventory levels were 24.3% higher as the group focused on improving product availability in the retail brands and bought stock for the expansion of the franchise brands in Clicks. UPD stock levels were higher than expected and have normalised subsequent to the year-end.

Cash inflow from operations before working capital changes increased by R209 million to R1.7 billion. Capital expenditure of R370 million was invested mainly on store expansion and refurbishment, IT systems and infrastructure.

The group's performance for the year translated into a sector-leading return on equity of 53.7%.

Trading performance

The Clicks chain increased sales by 10.9% and by 7.9% in comparable stores, driven through effective promotions and price competitiveness. The chain's store footprint was expanded to 486, with 361 pharmacies and 157 clinics. The Clicks ClubCard loyalty programme has grown its active membership to 5 million.

The group's portfolio of exclusive health and beauty franchise brands, The Body Shop, GNC and the recently launched Claire's brand, continue to differentiate the Clicks offer. The Body Shop increased turnover by 12.7% and has 50 standalone stores, with a presence in 86 Clicks stores. GNC has four stores and a presence in 257 Clicks stores, while Claire's opened its first store and has ranges available in 77 Clicks stores.



Musica increased sales by 2.3%, with strong growth in gaming and technology, as the brand continued to gain market share.

UPD benefited from the growth in its preferred supply chain partner distribution contracts and increased turnover by 21.6%. Fine wholesale turnover grew by 7.4% and distribution turnover by 34.6%.

Outlook

Consumer spending is unlikely to improve in the short term, which will ensure that the retail trading environment remains constrained. UPD is expected to face a demanding year owing to the ongoing margin pressure from the faster growth in generic medicines.

However, the group has a portfolio of strong, market-leading brands which have the capacity to increase market share over the medium term.

The group will continue to invest for long-term growth, with record capital expenditure of R432 million planned for the year ahead. Clicks will open 20 to 25 new stores and 25 to 35 new pharmacies, with 50 stores to be refurbished.

Management is confident of the group's ability to continue to generate cash and to achieve its medium-term financial targets.

Final dividend

The board of directors has approved a final gross ordinary dividend of 169.5 cents per share (2014: 136.5 cents per share) and a 23.5 cents per ordinary "A" share (2014: 19.0 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax (DT) amounting to 25.425 cents per ordinary share and 3.525 cents per ordinary "A" 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 144.075 cents net of DT and ordinary "A" shareholders will receive a dividend of 19.975 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 final dividend:

Last day to trade "cum" the dividend	Friday, 15 January 2016
Shares trade "ex" the dividend	Monday, 18 January 2016
Record date	Friday, 22 January 2016
Payment to shareholders	Monday, 25 January 2016

Share certificates may not be dematerialised or rematerialised between Monday, 18 January 2016 and Friday, 22 January 2016, 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, 15 January 2016, 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

22 October 2015



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Year to 31 August 2015	Year to 31 August 2014	% change
Revenue	23 285 096	20 203 300	
Turnover	22 070 092	19 149 524	15.3%
Cost of merchandise sold	(17 545 318)	(15 026 159)	16.8%
Gross profit	4 524 774	4 123 365	9.7%
Other income	1 210 082	1 048 279	15.4%
Total income	5 734 856	5 171 644	10.9%
Expenses	(4 338 817)	(3 953 943)	9.7%
Depreciation and amortisation	(237 670)	(219 871)	8.1%
Occupancy costs	(619 023)	(564 469)	9.7%
Employment costs	(2 255 417)	(2 033 605)	10.9%
Other costs	(1 226 707)	(1 135 998)	8.0%
Operating profit	1 396 039	1 217 701	14.6%
(Loss)/profit on disposal of property, plant and equipment	(9 446)	29 687	
Profit before financing costs	1 386 593	1 247 388	11.2%
Net financing costs	(57 309)	(40 660)	40.9%
Financial income	4 922	5 497	(10.5%)
Financial expense	(62 231)	(46 157)	34.8%
Profit before taxation	1 329 284	1 206 728	10.2%
Income tax expense	(374 709)	(341 883)	9.6%
Profit for the year	954 575	864 845	10.4%
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss	765	–	
Remeasurement of post-employment benefit obligations	1 063	–	
Deferred tax on remeasurement	(298)	–	
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries	4 777	(236)	
Cash flow hedges	33 238	(11 584)	
Change in fair value of effective portion	46 164	(16 087)	
Deferred tax on movement of effective portion	(12 926)	4 503	
Other comprehensive income/(loss) for the year, net of tax	38 780	(11 820)	
Total comprehensive income for the year	993 355	853 025	
Profit attributable to:			
Equity holders of the parent	954 575	864 612	
Non-controlling interest	–	233	
	954 575	864 845	
Total comprehensive income attributable to:			
Equity holders of the parent	993 355	852 792	
Non-controlling interest	–	233	
	993 355	853 025	
Reconciliation of headline earnings			
Total profit for the year attributable to equity holders of the parent	954 575	864 612	
Adjusted for:			
Loss/(profit) net of tax on disposal of property, plant and equipment	6 801	(26 250)	
Insurance recovery income net of tax on property, plant and equipment	(921)	–	
Headline earnings	960 455	838 362	14.6%
Headline earnings per share (cents)			
– basic	399.2	341.7	16.8%
– diluted	383.9	336.8	14.0%
Earnings per share (cents)			
– basic	396.7	352.4	12.6%
– diluted	381.5	347.4	9.8%
Weighted average number of shares in issue (net of treasury shares, '000)	240 603	245 364	(1.9%)
Weighted average diluted number of shares in issue (net of treasury shares, '000)	250 204	248 892	0.5%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2015	As at 31 August 2014
ASSETS		
Non-current assets	2 009 163	1 771 636
Property, plant and equipment	1 221 658	1 135 007
Intangible assets	395 625	371 623
Goodwill	103 510	103 510
Deferred tax assets	177 037	126 335
Loans receivable	13 003	12 540
Financial assets at fair value through profit or loss	16 668	22 621
Derivative financial assets	81 662	–
Current assets	5 546 775	4 420 621
Inventories	3 249 914	2 614 196
Trade and other receivables	1 871 616	1 607 659
Cash and cash equivalents	400 738	195 631
Derivative financial assets	24 507	3 135
Total assets	7 555 938	6 192 257
EQUITY AND LIABILITIES		
Equity	2 012 807	1 566 973
Share capital	2 754	2 754
Share premium	3 497	3 497
Share option reserve	254 592	135 091
Cash flow hedge reserve	35 196	1 958
Treasury shares	(414 127)	(237 863)
Non-distributable reserve	6 331	1 554
Distributable reserve	2 124 564	1 659 982
Equity attributable to equity holders of the parent	2 012 807	1 566 973
Non-controlling interest	–	–
Non-current liabilities	308 503	286 465
Employee benefits	128 035	115 336
Deferred tax liabilities	–	2 782
Operating lease liability	180 468	168 347
Current liabilities	5 234 628	4 338 819
Trade and other payables	4 898 114	4 041 261
Employee benefits	214 943	190 494
Provisions	5 745	9 882
Income tax payable	115 826	94 342
Derivative financial liabilities	–	2 840
Total equity and liabilities	7 555 938	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	-	-	-
Acquisition of non-controlling interest	-	-	-
Share-based payment reserve movement	-	-	-
Treasury shares cancelled and related costs	-	(222)	-
Net cost of own shares purchased	(4 620)	-	-
Total transactions with owners	(4 620)	(222)	-
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
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	(2 376)	-	-
Total transactions with owners	(2 376)	-	-
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
Remeasurement of post-employment benefit obligations	-	-	-
Cash flow hedge reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Balance at 31 August 2015	239 884	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
-	-	-	-	(429 277)	(429 277)	-	(429 277)
-	-	-	-	273	273	(1 038)	(765)
55 542	-	-	-	-	55 542	-	55 542
-	1 001 836	-	-	(1 004 858)	(3 244)	-	(3 244)
-	(285 146)	-	-	-	(285 146)	-	(285 146)
55 542	716 690	-	-	(1 433 862)	(661 852)	(1 038)	(662 890)
-	-	(236)	(11 584)	864 612	852 792	233	853 025
-	-	-	-	864 612	864 612	233	864 845
-	-	-	(11 584)	-	(11 584)	-	(11 584)
-	-	(236)	-	-	(236)	-	(236)
135 091	(237 863)	1 554	1 958	1 659 982	1 566 973	-	1 566 973
-	-	-	-	(490 758)	(490 758)	-	(490 758)
119 501	-	-	-	-	119 501	-	119 501
-	(176 264)	-	-	-	(176 264)	-	(176 264)
119 501	(176 264)	-	-	(490 758)	(547 521)	-	(547 521)
-	-	4 777	33 238	955 340	993 355	-	993 355
-	-	-	-	954 575	954 575	-	954 575
-	-	-	-	765	765	-	765
-	-	-	33 238	-	33 238	-	33 238
-	-	4 777	-	-	4 777	-	4 777
254 592	(414 127)	6 331	35 196	2 124 564	2 012 807	-	2 012 807

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2015	Year to 31 August 2014
Cash effects from operating activities		
Operating profit before working capital changes (refer note 1)	1 699 743	1 490 840
Working capital changes (refer note 2)	(15 451)	354 925
Cash generated by operations	1 684 292	1 845 765
Interest received	4 922	5 497
Interest paid	(43 947)	(36 475)
Taxation paid	(355 520)	(350 204)
Cash inflow from operating activities before dividends paid	1 289 747	1 464 583
Dividends paid to shareholders	(490 758)	(429 277)
Net cash effects from operating activities	798 989	1 035 306
Cash effects from investing activities		
Investment in property, plant and equipment and intangibles to maintain operations	(125 360)	(81 354)
Investment in property, plant and equipment and intangibles to expand operations	(244 187)	(255 500)
Proceeds from disposal of property, plant and equipment	1 394	38 193
Acquisition of non-controlling interest	(765)	–
Increase in loan receivables	(463)	(435)
Net cash effects from investing activities	(369 381)	(299 096)
Cash effects from financing activities		
Purchase of treasury shares	(176 264)	(285 146)
Acquisition of derivative financial asset	(48 237)	–
Share cancellation expenses	–	(3 244)
Interest-bearing borrowings repaid	–	(344 355)
Net cash effects from financing activities	(224 501)	(632 745)
Net increase in cash and cash equivalents	205 107	103 465
Cash and cash equivalents at the beginning of the year	195 631	92 166
Cash and cash equivalents at the end of the year	400 738	195 631

STORE FOOTPRINT

	Clicks	Musica	The Body Shop	GNC	Claire's	Total retail
Number of standalone stores at 31 August 2015	486	116	50	4	1	657
as at 31 August 2014	464	118	48	2	–	632
opened	30	5	3	2	1	41
closed	(8)	(7)	(1)	–	–	(16)
Presence in Clicks stores at 31 August 2015			86	257	1	
Number of pharmacies at 31 August 2015	361					361
as at 31 August 2014	339					339
new/converted	25					25
closed	(3)					(3)
Number of clinics at 31 August 2015	157					157

NOTES TO THE CASH FLOW STATEMENT

R'000	Year to 31 August 2015	Year to 31 August 2014
Cash flow information		
1 Profit before working capital changes		
Profit before tax	1 329 284	1 206 728
Adjustment for:		
Depreciation and amortisation	248 054	229 703
Operating lease accrual	12 121	16 739
Loss/(profit) on disposal of property, plant and equipment	9 446	(29 687)
Release of cash flow hedge to profit and loss	(14 508)	–
Equity-settled share option costs	52 084	30 555
Net financing cost	57 309	40 660
Decrease/(increase) in financial assets at fair value through profit or loss	5 953	(3 858)
	1 699 743	1 490 840
2 Working capital changes		
Increase in inventories	(635 718)	(388 824)
Increase in trade and other receivables	(260 953)	(100 006)
Increase in trade and other payables	861 136	784 212
Increase in employee benefits	24 221	56 257
(Decrease)/increase in provisions	(4 137)	3 286
	(15 451)	354 925

ANALYSIS OF SHAREHOLDERS

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

Major fund managers	Percentage of shares	
	Aug 2015	Aug 2014
Public Investment Corporation (SA)	15.2%	13.4%
Fidelity Management & Research (US)	7.4%	7.8%
Coronation Fund Managers (SA)	6.5%	19.1%
Baillie Gifford & Co (UK)	4.4%	2.7%
Mawer Investment Management (CA)	3.8%	2.9%
MFS Investment Management (US)	3.5%	–
GIC (Singapore)	3.4%	4.1%
Aberdeen Asset Management (UK)	3.2%	6.6%
<i>Fund managers no longer managing over 3%:</i>		
Mondrian Investment Partners (UK)	1.0%	3.9%

Geographic distribution of shareholders	Percentage of shares	
	Aug 2015	Aug 2014
South Africa and Africa	38.3%	40.7%
Offshore holdings	61.7%	59.3%
USA and Canada	43.3%	38.3%
United Kingdom, Ireland and Channel Islands	6.1%	5.7%
Europe	5.5%	9.1%
Other countries	6.8%	6.2%

SEGMENTAL ANALYSIS

		Retail	
For the year to 31 August 2015 R'000		31 Aug 2015	31 Aug 2014
Statement of financial position			
Property, plant and equipment		1 003 172	916 616
Intangible assets		382 898	359 985
Goodwill		6 529	6 529
Inventories		2 024 044	1 799 242
Trade and other receivables		294 695	228 074
Cash and cash equivalents		382 860	172 117
Other assets		736 894	565 371
Total assets		4 831 092	4 047 934
Employee benefits – non-current		121 323	106 929
Operating lease liability		180 468	168 347
Trade and other payables		2 122 118	2 177 223
Employee benefits – current		195 297	171 598
Other liabilities		1 236 702	671 355
Total liabilities		3 855 908	3 295 452
Net assets		975 184	752 482
Statement of comprehensive income			
Turnover		14 757 724	13 369 083
Gross profit		4 360 383	3 961 682
Other income		657 192	551 302
Total income		5 017 575	4 512 984
Expenses		(3 866 891)	(3 512 865)
Operating profit		1 150 684	1 000 119
Ratios			
Increase in turnover	(%)	10.4	8.8
Selling price inflation	(%)	4.0	3.4
Comparable stores turnover growth	(%)	7.5	6.3
Gross profit margin	(%)	29.5	29.6
Total income margin	(%)	34.0	33.8
Operating expenses as a percentage of turnover	(%)	26.2	26.3
Increase in operating expenses	(%)	10.1	10.1
Increase in operating profit	(%)	15.1	10.3
Operating profit margin	(%)	7.8	7.5
Inventory days		71	70
Trade debtor days		6	7
Trade creditor days		47	51
Number of stores		657	632
as at 31 August 2014/2013		632	607
opened		41	35
closed		(16)	(10)
Number of pharmacies		361	339
as at 31 August 2014/2013		339	331
new/converted		25	18
closed		(3)	(10)
Total leased area	(m ²)	342 846	327 582
Weighted retail trading area	(m ²)	265 547	251 730
Weighted annual sales per m ²	(R)	55 416	53 038
Number of permanent employees		8 084	8 089

Distribution		Intragroup elimination		Total operations	
31 Aug 2015	31 Aug 2014	31 Aug 2015	31 Aug 2014	31 Aug 2015	31 Aug 2014
218 486	218 391	-	-	1 221 658	1 135 007
12 727	11 638	-	-	395 625	371 623
96 981	96 981	-	-	103 510	103 510
1 256 186	825 163	(30 316)	(10 209)	3 249 914	2 614 196
1 979 377	1 752 422	(402 456)	(372 837)	1 871 616	1 607 659
17 878	23 514	-	-	400 738	195 631
1 116 484	564 138	(1 540 501)	(964 878)	312 877	164 631
4 698 119	3 492 247	(1 973 273)	(1 347 924)	7 555 938	6 192 257
6 712	8 407	-	-	128 035	115 336
-	-	-	-	180 468	168 347
3 184 796	2 236 853	(408 800)	(372 815)	4 898 114	4 041 261
19 646	18 896	-	-	214 943	190 494
423 983	403 391	(1 539 114)	(964 900)	121 571	109 846
3 635 137	2 667 547	(1 947 914)	(1 337 715)	5 543 131	4 625 284
1 062 982	824 700	(25 359)	(10 209)	2 012 807	1 566 973
10 415 301	8 563 104	(3 102 933)	(2 782 663)	22 070 092	19 149 524
177 613	165 061	(13 222)	(3 378)	4 524 774	4 123 365
631 307	563 582	(78 417)	(66 605)	1 210 082	1 048 279
808 920	728 643	(91 639)	(69 983)	5 734 856	5 171 644
(550 342)	(507 683)	78 416	66 605	(4 338 817)	(3 953 943)
258 578	220 960	(13 223)	(3 378)	1 396 039	1 217 701
21.6	11.1	11.5	13.2	15.3	9.2
4.2	3.0	-	-	4.0	3.2
-	-	-	-	7.5	6.3
1.7	1.9	-	-	20.5	21.5
7.8	8.5	-	-	26.0	27.0
5.3	5.9	-	-	19.7	20.6
8.4	10.3	-	-	9.7	10.1
17.0	13.3	-	-	14.6	10.3
2.5	2.6	-	-	6.3	6.4
45	36	-	-	68	64
55	60	-	-	42	44
94	79	-	-	76	68
-	-	-	-	657	632
-	-	-	-	632	607
-	-	-	-	41	35
-	-	-	-	(16)	(10)
-	-	-	-	361	339
-	-	-	-	339	331
-	-	-	-	25	18
-	-	-	-	(3)	(10)
-	-	-	-	342 846	327 582
-	-	-	-	265 547	251 730
-	-	-	-	55 416	53 038
574	536	-	-	8 658	8 625

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 cover

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

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 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 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 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 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 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, 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 the 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, 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 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 OUTLINE

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



PRESENTATION



REVIEW OF THE YEAR

- Another good trading performance
 - All retail brands showing volume growth
 - Resilient health and beauty markets
 - Clicks continues to gain market share
- UPD market leader in wholesale and distribution
- A record year of investment
- R667m returned to investors
- Diluted headline earnings per share up 14.0%



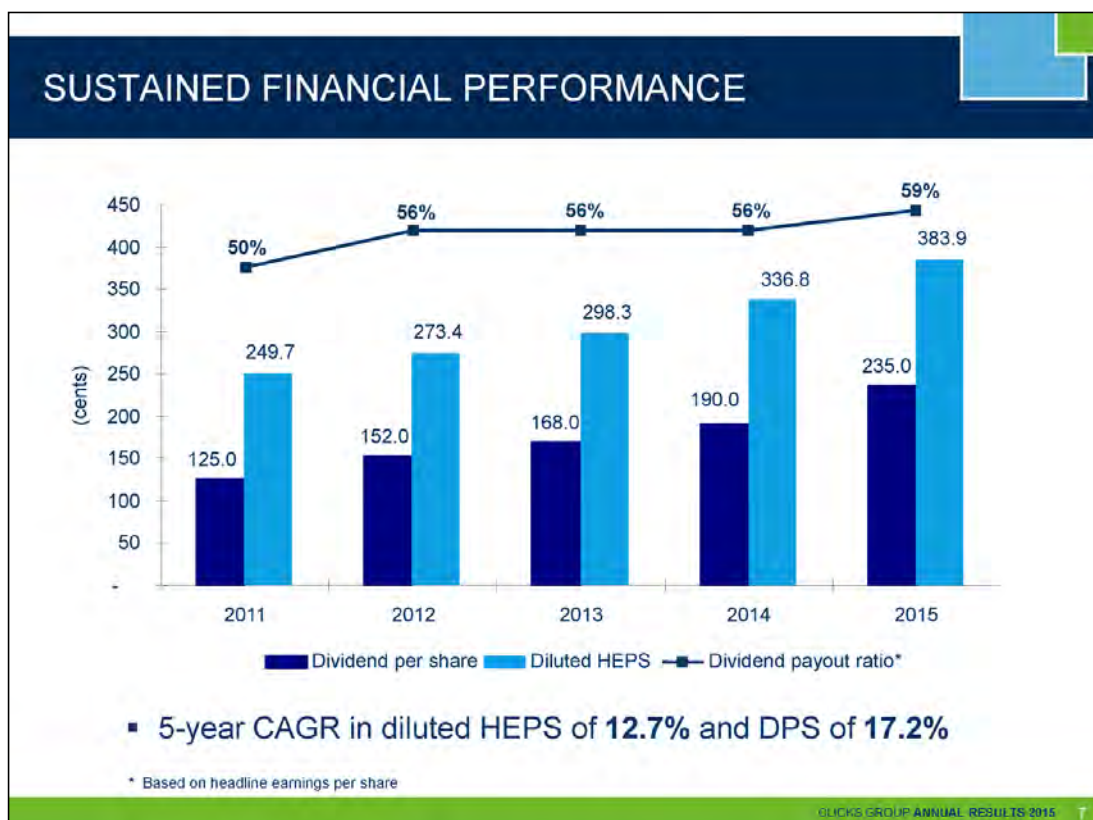
FINANCIAL RESULTS

MICHAEL FLEMING

FINANCIAL HIGHLIGHTS

- Group turnover up **15.3%**
 - Clicks turnover up **10.9%**
 - UPD turnover up **21.6%**
- Operating margin at **6.3%**
- Diluted HEPS up **14.0%** to 383.9 cps
- Cash generated by operations **R1.7 billion**
- Total dividend of 235.0 cps, up **23.7%**
 - Total shareholder return of **35.8%**
- Return on equity of **53.7%**

PRESENTATION



TURNOVER

R'm	2015	2014	% change	% same store growth	% inflation
Clicks	13 696	12 346	10.9	7.9	4.3
Musica	895	874	2.3	1.3	0.2
The Body Shop	167	149	12.7	9.4	2.8
Total retail	14 758	13 369	10.4	7.5	4.0
UPD	10 415	8 563	21.6		4.2
Intragroup turnover	(3 103)	(2 783)	11.5		
Total group	22 070	19 149	15.3		4.0

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

CLICKS GROUP ANNUAL RESULTS 2015 8

TOTAL INCOME

	2015 R'm	2014 R'm	% change	2015 % margin	2014 % margin
Retail	5 018	4 513	11.2	34.0	33.8
Distribution	809	729	11.0	7.8	8.5
Intragroup	(92)	(70)			
Total group	5 735	5 172	10.9	26.0	27.0

- Well managed promotional activity and private label margin growth in Clicks
- Impact of business mix in UPD
- Group margin reflects faster turnover growth in UPD

CLICKS GROUP ANNUAL RESULTS 2015 9

OPERATING EXPENDITURE - RETAIL

R'm	2015	2014	% change
Depreciation and amortisation	210	195	8.1
Occupancy costs	617	560	10.2
Employment costs	2 033	1 828	11.2
Other operating costs	1 007	930	8.2
Total retail costs	3 867	3 513	10.1

- Pharmacy professional costs up 11.8%
 - Staff turnover down from 24% to 22%
- Employee share ownership plan (ESOP) charge of R52m (FY2014: R31m)
- Comparable retail costs up 8.0%

CLICKS GROUP ANNUAL RESULTS 2015 10

PRESENTATION

OPERATING EXPENDITURE - DISTRIBUTION			
R'm	2015	2014	% change
Depreciation and amortisation	27	25	8.1
Occupancy costs	3	6	(43.4)
Employment costs	222	205	8.3
Other operating costs	298	272	9.6
Total distribution costs	550	508	8.4

- Increased variable costs from growth in distribution business
- Comparable costs up 6.1%

CLICKS GROUP ANNUAL RESULTS 2015 11

OPERATING PROFIT					
	2015 R'm	2014 R'm	% change	2015 % margin	2014 % margin
Retail	1 151	1 000	15.1	7.8	7.5
Distribution	258	221	17.0	2.5	2.6
Intragroup	(13)	(3)			
Total group	1 396	1 218	14.6	6.3	6.4

- Retail accounts for 82% of group profit
- Margins within target ranges

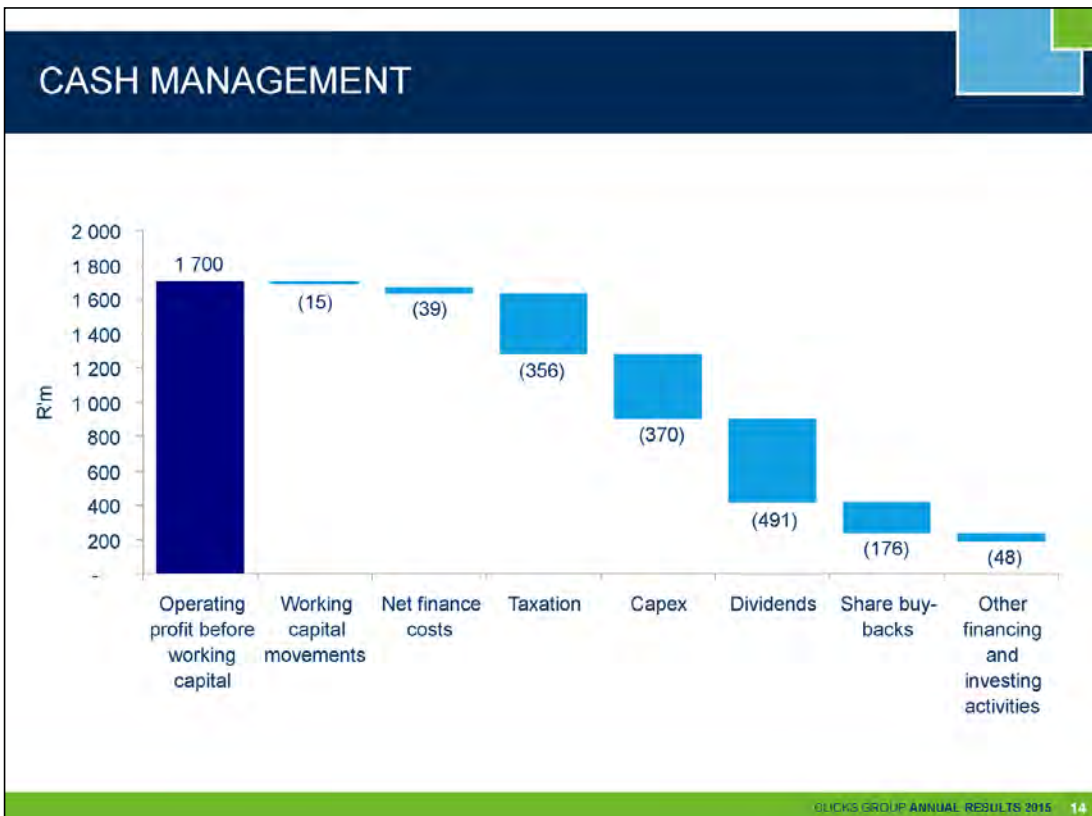
CLICKS GROUP ANNUAL RESULTS 2015 12

INVENTORY

	Days in stock		Inventory (R'm)		
	2015	2014	2015	2014	% change
Retail	71	70	2 024	1 799	12.5
Distribution	45	36	1 256	825	52.2
Intragroup inventory			(30)	(10)	
Total group	68	64	3 250	2 614	24.3

- Record availability of 97.5% in Clicks
- Additional stock for new franchise brands
- UPD stock higher than expected but levels have normalised post year end

CLICKS GROUP ANNUAL RESULTS 2015 13



PRESENTATION

CAPITAL MANAGEMENT

- Group will remain cash generative
- Focus on optimising inventory management
- R432m capex planned for FY2016
 - R227m on store refurbishments, new stores and pharmacies
 - R167m retail infrastructure
 - R38m UPD
- Return surplus cash to shareholders

CLICKS GROUP ANNUAL RESULTS 2015 15

MEDIUM-TERM FINANCIAL TARGETS

	Achieved in 2015	2016 – 2018 target
ROE (%)	53.7	50 – 60
ROA (%)	14.0	14 – 18
Inventory days	68	55 – 60
Group operating margin (%)	6.3	6.0 – 7.0
Retail	7.8	7.0 – 8.0
Distribution	2.5	2.0 – 2.5*

* Excluding any SEP trading gains

CLICKS GROUP ANNUAL RESULTS 2015 16



TRADING PERFORMANCE

DAVID KNEALE

SALES PERFORMANCE		CLICKS+ <i>feel good pay less</i>	
	% change	% contribution	
Pharmacy	12.8	27.5	
Front shop health	15.3	23.0	
Beauty and personal care	10.1	32.1	
General merchandise	4.5	17.4	
Total turnover	10.9	100.0	

- Driving volumes through value offering
- Promotions now 29% of sales
- More price competitive than ever before

PRESENTATION

PHARMACY AND FRONT SHOP HEALTH



- Pharmacy
 - Continued switch to generics +19.0% (45.4% of sales)
 - OTC medicines +15.6%
- Front shop health
 - Good growth in all categories: medicines +11.9%, supplements +11.9%, first aid & diagnostics +17.3%
- Continuing strong growth in baby +20.3%
- Market shares




%	Aug 2015	Aug 2014
Retail pharmacy*	18.7	18.3
Front shop health**	29.4	28.4
Baby**	11.2	9.9


* Per IMS (note that methodology changed in 2015 - comparative not restated) ** Per AC Nielsen (comparatives restated)

CLICKS GROUP ANNUAL RESULTS 2015 19

BEAUTY AND GENERAL MERCHANDISE



- Beauty and personal care
 - Continued range extension in fragrance +22.1%
 - Good growth in colour cosmetics +12.6% & skincare +10.2%
 - Haircare +5.5%
- General merchandise
 - Non-core categories -20.0%
 - Domestic +13.7%, confectionery +9.6%
 - Electrical +5.7%
- Market shares



%	Aug 2015	Aug 2014
Skincare**	26.8	26.3
Haircare**	25.4	24.9
Small household appliances***	20.2	18.7

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

CLICKS GROUP ANNUAL RESULTS 2015 20

CUSTOMERS AND STORES



- 5 million active ClubCard members, 75% of sales
 - Very positive response from customers to cashback on card
- Private label up from 19.0% to 19.8%
 - Front shop at 25.7%
- 361 pharmacies and 157 clinics in 486 stores at 31 August
 - 24 stores outside SA
 - Net 22 new stores and net 22 new pharmacies



CLICKS GROUP ANNUAL RESULTS 2015 21

OUTLOOK



- Continued focus on delivering the brand proposition
 - Value – stay price competitive, effective promotions
 - Differentiated product ranges – ultimate goal of 25% private label and exclusive brands
 - Continue to improve customer care
 - Rewards – target of 5.5m ClubCard members
 - Increase engagement with customers – launch transactional website during 2016
- Longer term target of 600 stores in South Africa
 - 20 – 25 new stores next year
 - 25 – 35 new pharmacies next year

CLICKS GROUP ANNUAL RESULTS 2015 22

PRESENTATION



FRANCHISE BRANDS



- Portfolio of exclusive brands adding differentiation to Clicks offer
- Claire's launched in July 2015
 - Leading specialty retailer in fashionable jewellery and accessories
 - 1 standalone store and now in 77 Clicks stores
- Roll out of GNC continues
 - 4 standalone stores and presence in 257 Clicks stores
 - 2 new standalone stores opened in September 2015
 - Pipeline of 100 new products next year



FRANCHISE BRANDS continued



- Loyal customer base – 59% of sales from 164 000 Love Your Body cardholders
- Bigger focus on skincare +17.4%
- Bath & shower +14.3% and bodycare +13.0% benefited from new product launches
- Continuing to expand the footprint
 - 50 standalone stores – 2 new stores in H1 2016
 - Presence in 86 Clicks stores




MUSICA
A WORLD AWAITS



PRESENTATION

PERFORMANCE



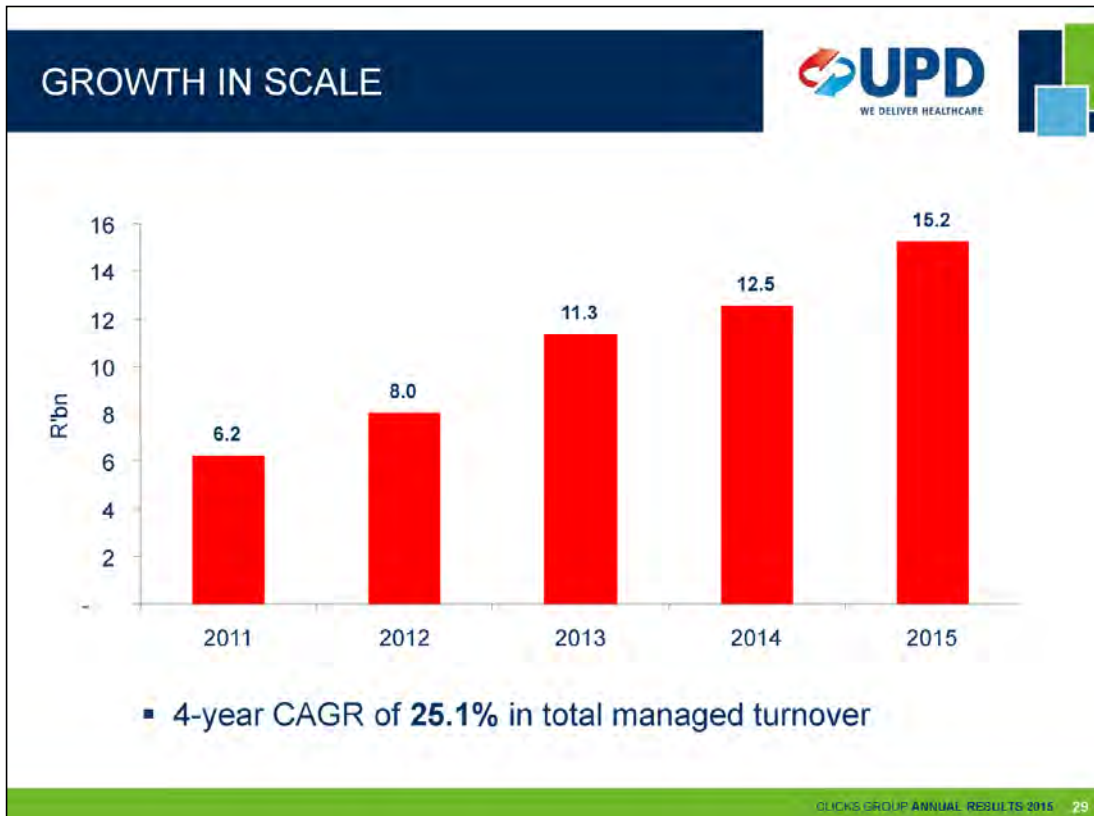
	% change	% contribution	Market share*	
			Aug 2015	Aug 2014
CDs	0.4	39.9	60.8	50.9
DVDs	(4.3)	26.3	43.3	34.6
Gaming	10.7	17.0	13.0	10.4
Technology	10.9	16.8		

- Market share growth continues in all categories
- Strong performance in gaming (new console releases) and technology (expanded ranges)
- Continue to manage footprint effectively – opened 5 stores and closed 7

* Per Aquidneck / GfK

CLICKS GROUP ANNUAL RESULTS 2015 27





FINE WHOLESALE TURNOVER

	% change	% contribution
Clicks	10.7	41.4
Hospitals	7.5	31.9
Independent pharmacy	2.3	19.0
Other channels	3.9	7.7
Fine wholesale turnover	7.4	100.0

▪ Strong growth from core customers



▪ Wholesale market share 25.2%*

* MAT per IMS

CLICKS GROUP ANNUAL RESULTS 2015 30

PRESENTATION



PERFORMANCE



- A year of strong growth in distribution
 - 34.6% growth in distribution turnover
 - Distribution now 51% of UPD
 - Now servicing 22 distribution clients – gained 6 and lost 2
- Continued margin pressure from product mix
 - Generics increased from 40.5% to 45.7% of reported turnover
- Costs tightly managed

CLICKS GROUP ANNUAL RESULTS 2015 31

OUTLOOK



- Wholesale market share to increase with core customers' growth
- Margin pressure from faster growth in generics and lower SEP increase
- No significant additional contract opportunities in distribution this year
- Focus on becoming more efficient
 - Improved business processes, quality management and system enhancements

CLICKS GROUP ANNUAL RESULTS 2015 32



OUTLOOK

- A challenging environment
 - A demanding year for UPD
 - Consumer climate to remain unchanged
- Good portfolio of brands
- Continued investment for long-term sustainability
- Confident of group's ability to deliver on targets

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.

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

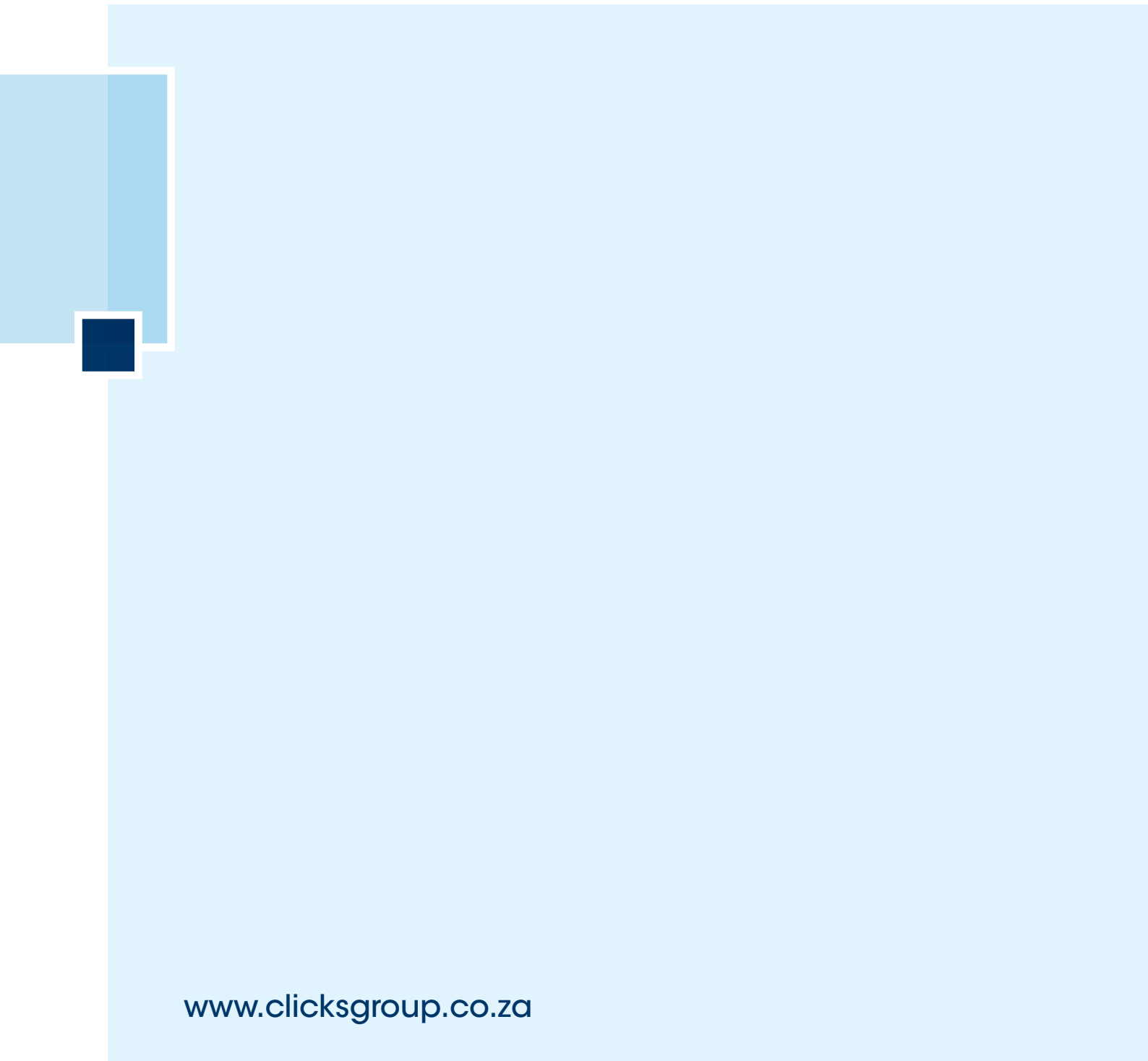
Sponsor: Investec Bank Limited

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

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

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