

CLICKS GROUP

LIMITED



ANNUAL GROUP RESULTS
for the year ended 31 August 2010



Retail turnover
up
14.7%

Diluted headline
EPS up
27.4%

Total distribution
of
106.2 cents

Return on equity
increases to
50.8%

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FINANCIAL SUMMARY

		Year to 31 August 2010	Year to 31 August 2009	% change
Consolidated statement of comprehensive income				
Turnover	R'000	13 276 277	12 175 312	9.0%
Gross profit	R'000	2 903 592	2 517 382	15.3%
Total income	R'000	3 529 684	3 081 864	14.5%
Headline earnings	R'000	575 609	478 487	20.3%
Net interest charge	R'000	(38 751)	(54 773)	(29.3%)
Consolidated statement of financial position				
Equity	R'000	1 141 328	1 125 263	1.4%
Interest-bearing borrowings	R'000	133 171	67 305	97.9%
Total assets	R'000	4 110 138	4 181 206	(1.7%)
Consolidated statement of cash flows				
Net cash effects of operating activities	R'000	188 386	866 396	(78.3%)
Capital expenditure	R'000	231 667	234 549	(1.2%)
Depreciation and amortisation	R'000	136 775	121 917	12.2%
Performance				
Turnover growth	%	9.0	8.8	
Comparable stores' turnover growth	%	11.2	13.2	
Total income margin	%	26.6	25.3	
Gross profit growth	%	15.3	13.9	
Gross profit margin	%	21.9	20.7	
Operating margin	%	6.2	5.8	
Inventory days		55	54	
Current ratio	:1	1.0	1.0	
Return on total assets	%	13.9	12.3	
Return on shareholders' interest	%	50.8	42.3	
Shareholders' interest to total assets	%	27.8	26.9	
Interest-bearing debt to shareholders' interest at year-end	%	11.7	6.0	
Interest-bearing debt, including cash, to shareholders' interest at year-end	%	(1.7)	(30.5)	
Statistics				
Full-time equivalents		9 937	9 511	4.5%
Number of stores		561	540	3.9%
Weighted retail trading area	m ²	212 769	204 382	4.1%
Share statistics				
Number of shares in issue (gross)	'000	284 007	302 841	(6.2%)
Number of shares in issue (net of treasury shares)	'000	266 283	276 306	(3.6%)
Weighted average number of shares in issue (net of treasury shares)	'000	271 073	285 249	(5.0%)
Weighted average diluted number of shares in issue (net of treasury shares)	'000	272 277	288 349	(5.6%)
Headline earnings per share – undiluted	cents	212.3	167.7	26.6%
– diluted	cents	211.4	165.9	27.4%
Distribution per share – interim	cents	30.5	24.5	24.5%
– final	cents	75.7	59.5	27.2%
Distribution cover	times	2.0	2.0	
Share price – closing	cents	3 750	2 030	84.7%
– high	cents	3 799	2 099	
– low	cents	1 960	1 192	
Net asset value per share	cents	429	407	5.4%
Net tangible asset value per share	cents	271	263	3.0%
Market capitalisation (gross)	R'000	10 650 263	6 147 672	73.2%
Market capitalisation (net of treasury shares)	R'000	9 985 613	5 609 012	78.0%
Price earnings ratio	times	17.7	12.2	
Volume of shares traded	'000	306 424	222 312	
Percentage of shares traded	%	113.0	77.9	
Free float	%	93.5	91.1	
Shareholders' return	cents	1 826	564	
Increase/decrease in share price	cents	1 720	480	
Distribution per share	cents	106	84	
Other information				
Inflation rate				
CPI at 31 August	%	3.5	7.7	
Interest rates				
Prime overdraft rate – closing	%	10.0	10.5	
– average	%	10.3	13.3	
FTSE/JSE Africa share indices				
All Share Index		27 254	24 929	9.3%
General Retailers Index		34 216	24 277	40.9%
Food and Drug Index		51 349	34 405	49.2%
Exchange rate				
Rand/US dollar – closing	R/US\$	7.37	7.77	(5.1%)
– average	R/US\$	7.27	9.05	(19.7%)

COMMENTARY

250th
pharmacy opened



Overview

Clicks Group produced another strong performance for the year and entrenched its leadership position across the health and beauty markets.

The Clicks chain continued to deliver excellent real growth in an overall retail environment that remained challenging throughout the year, with little sign of any turnaround in consumer spending.

Diluted headline earnings per share increased by 27.4% to 211.4 cents per share through improved trading and efficient margin management.

Return on shareholders' equity (ROE) exceeded 50% for the first time, increasing from 42.3% to 50.8% for the year. Management has set a revised medium-term target for ROE of 50% – 60%.

Financial performance

Retail turnover increased by 14.7% to R9.7 billion, driven mainly by the performance of Clicks stores which grew turnover by 16.7%. Along with the tough economic climate, there was also a marked decline in selling price inflation which measured 5.4% for the retail businesses compared to 8.6% in 2009.

UPD increased turnover by 5.2% (and by 12.2% on a comparable basis as distribution agency sales generated by UPD are no longer reflected in turnover). Price inflation was 5.5%.

Group turnover rose by 9.0% to R13.3 billion.

Total income, comprising gross profit and other income, increased by 14.5% to R3.5 billion.

Operating expenses increased by 14.1%. Retail costs were 14.6% higher, impacted by the continued investment in stores and dispensaries and higher performance-related costs which were partially off-set by the increase in the valuation of the share incentive hedge. Excluding these costs, underlying retail cost growth was 10.0%.

Operating margin improved from 5.8% to 6.2%, translating into a 16.1% increase in operating profit to R823 million.

Headline earnings increased 20.3% to R576 million. Diluted headline earnings per share continued to benefit from the share buy-back programme and increased 27.4% to 211.4 cents per share. Diluted HEPS has grown at a compound rate of 29.8% over the past five years.

A final distribution of 75.7 cents per share has been declared, resulting in a total distribution of 106.2 cents for the year, an increase of 26.4% over the previous year. Distribution cover has been maintained at two times headline earnings.

Inventory days in stock were 55 (2009: 54) and inventory levels were 10.5% higher at year-end owing mainly to the earlier buying of Christmas stock in Clicks.

The group generated normalised cash flow from operations of R744 million, with R231 million invested in capital expenditure and R567 million returned to shareholders in distributions and share buy-backs.

Trading performance

Clicks increased turnover by 16.7% and recorded market share gains across all core merchandise categories. Comparable store sales grew by 12.8%. Clicks expanded its pharmacy network to 251 following the opening of 44 dispensaries during the year. A net 23 stores were opened, bringing the store base to 369. The Clicks ClubCard loyalty programme passed the 3 million customer mark during the year. Operating profit increased by 27.3% due to continued improvements in both supply chain and shrink and waste management.

UPD grew wholesale turnover by 12.2%, with strong increases in sales to Clicks and Link pharmacies. Operating profit declined by 7.2% owing to the lower increase granted on the single exit price of medicines in 2010 compared to 2009. UPD has maintained its leadership position in the private pharmaceutical wholesale and distribution market with a share of 23.7%.

Musica increased turnover by 0.5% as discretionary spending in the entertainment market remained muted. The brand remains the country's leading music and entertainment retailer with commanding market shares in CDs and DVDs. Operating margin improved by 20 basis points to 5.5%.



Included in
**JSE SRI
Index**

The Body Shop benefited from new store openings and increased turnover by 5.2%. The strengthening of the Rand contributed to a 21.6% growth in operating profit.

Prospects

Management remains cautious on the outlook for the recovery in consumer spending in the year ahead. Trading for the first seven weeks of the new financial year has continued in line with the performance in the second half of the 2010 financial year.

Selling price inflation is expected to remain in mid-single digits during the new financial year. The group will continue to invest for longer term growth and capital expenditure of R250 million has been committed for 2011, with trading space planned to increase by 4% to 5%.

The strategic objectives of pre-eminence in health and beauty retailing and pre-eminence in healthcare supply and pharmacy management remain core to the future of the business. The group is well positioned for growth through the expansion of the Clicks store and pharmacy network, new revenue opportunities in UPD and organic growth in the health and beauty markets.

The group's medium-term operating margin target has been increased to 6.0% – 7.0% to reflect improved performance and prospects.

Shareholder distribution

The board of directors has approved a final distribution of 75.7 cents per share (2009: 59.5 cents per share). The source of the distribution will be a capital reduction out of share premium as per the approval given by shareholders at the annual general meeting held on Monday, 18 January 2010.

The table below sets out the unaudited *pro forma* financial effects of the final distribution on the Clicks Group, based on the assumptions set out below. The final distribution will only have an effect on the Clicks Group net asset value and tangible net asset value. Because of the basis of this calculation, the net asset value and net tangible asset value may not necessarily provide a fair reflection of the group's net asset value and net tangible asset value after the implementation of the final distribution. The *pro forma* financial effects

are the responsibility of the board and have been prepared for illustrative purposes only.

	As at 31 August 2010 (reviewed)	<i>Pro forma</i> <i>adjustment</i> ¹	<i>Pro forma</i> after the final distribution	Change (%)
Net asset value per share (cents)	429.0	(75.7)	353.3	(17.6)
Net tangible asset value per share (cents)	271.0	(75.7)	195.3	(27.9)
No. of shares in issue (net of treasury shares) ('000)	266 283	–	266 283	–

¹ Adjustments to the net asset value per share and the net tangible asset value per share have been made on the assumption that the final distribution of 75.7 cents per share was paid on 31 August 2010.

Shareholders are advised of the following salient dates relating to the distribution:

Last day to trade "cum" the distribution	Friday, 21 January 2011
Shares trade "ex" the distribution	Monday, 24 January 2011
Record date	Friday, 28 January 2011
Payment to shareholders	Monday, 31 January 2011

Share certificates may not be dematerialised or rematerialised between Monday, 24 January 2011 and Friday, 28 January 2011, both days inclusive.

By order of the board

David Janks
Company Secretary
21 October 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Year to 31 August 2010	Year to 31 August 2009 (restated)*	% change
Revenue	13 912 673	12 754 202	
Turnover	13 276 277	12 175 312	9.0%
Cost of merchandise sold	(10 372 685)	(9 657 930)	7.4%
Gross profit	2 903 592	2 517 382	15.3%
Other income	626 092	564 482	10.9%
Expenses	(2 706 412)	(2 372 694)	14.1%
Depreciation and amortisation	(128 095)	(113 665)	12.7%
Occupancy costs	(389 746)	(338 786)	15.0%
Employment costs	(1 399 378)	(1 156 928)	21.0%
Other costs	(789 193)	(763 315)	3.4%
Operating profit	823 272	709 170	16.1%
Loss on disposal of property, plant and equipment	(6 476)	(7 177)	
Impairment of intangible assets	(7 685)	–	
Profit before financing costs	809 111	701 993	15.3%
Net financing costs	(38 751)	(54 773)	(29.3%)
Financial income	10 304	14 408	(28.5%)
Financial expense	(49 055)	(69 181)	(29.1%)
Profit before taxation	770 360	647 220	19.0%
Income tax expense	(206 550)	(174 619)	18.3%
Profit for the year	563 810	472 601	19.3%
Other comprehensive loss:			
Exchange differences on translation of foreign subsidiaries	(1 368)	(285)	
Other comprehensive loss for the period, net of tax	(1 368)	(285)	
Total comprehensive income for the year	562 442	472 316	
Profit attributable to:			
Equity holders of the parent	565 413	472 387	
Non-controlling interest	(1 603)	214	
	563 810	472 601	
Total comprehensive income attributable to:			
Equity holders of the parent	564 045	472 102	
Non-controlling interest	(1 603)	214	
	562 442	472 316	
Reconciliation of headline earnings			
Total profit for the year attributable to equity holders of the parent	565 413	472 387	
Adjusted for:			
Loss on disposal of property, plant and equipment	4 663	6 100	
Impairment of intangible assets	5 533	–	
Headline earnings	575 609	478 487	20.3%
Headline earnings per share (cents)			
– basic	212.3	167.7	26.6%
– diluted	211.4	165.9	27.4%
Earnings per share (cents)			
– basic	208.6	165.6	26.0%
– diluted	207.7	163.8	26.8%
Weighted average number of shares in issue (net of treasury shares) ('000)	271 073	285 249	(5.0%)
Weighted average diluted number of shares in issue (net of treasury shares) ('000)	272 277	288 349	(5.6%)

* Comparative figures have been restated for the reclassification of certain expenses between occupancy costs and other costs within the UPD business.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2010	As at 31 August 2009
ASSETS		
Non-current assets	1 383 175	1 361 915
Property, plant and equipment	888 053	829 513
Intangible assets	314 473	302 313
Goodwill	105 335	96 124
Deferred tax assets	51 907	88 243
Loans receivable	23 407	45 722
Current assets	2 726 963	2 819 291
Inventories	1 571 248	1 421 496
Trade and other receivables	869 279	908 398
Loans receivable	15 149	11 342
Cash and cash equivalents	152 052	409 754
Derivative financial assets	119 235	68 301
Total assets	4 110 138	4 181 206
EQUITY AND LIABILITIES		
Equity	1 141 328	1 125 263
Share capital	2 841	3 029
Share option reserve	24 600	24 549
Treasury shares	(510 850)	(488 258)
Non-distributable reserves	(1 614)	(5 233)
Distributable reserve	1 625 669	1 588 891
Equity attributable to equity holders of the parent	1 140 646	1 122 978
Non-controlling interest	682	2 285
Non-current liabilities	296 723	317 753
Interest-bearing borrowings	16 579	37 428
Employee benefits	96 274	91 134
Deferred tax liabilities	68 559	83 351
Operating lease liability	115 311	105 840
Current liabilities	2 672 087	2 738 190
Trade and other payables	2 290 883	2 408 117
Employee benefits	202 569	240 596
Provisions	6 244	6 254
Interest-bearing borrowings	116 592	29 877
Income tax payable	46 808	33 316
Derivative financial liabilities	8 991	20 030
Total equity and liabilities	4 110 138	4 181 206

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2008	290 325	3 242	121 461
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Additional shares issued	208	2	74 200
Distributions to shareholders	–	–	(195 562)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(215)	–
Share cancellation expenses written off	–	–	(99)
Net cost of own shares purchased	(14 227)	–	–
Treasury shares purchased	(19 336)	–	–
Disposal of treasury shares	5 109	–	–
Total contributions by and distributions to owners	(14 019)	(213)	(121 461)
Changes in ownership interests in subsidiaries that do not result in loss of control			
Acquisition of subsidiary	–	–	–
Total changes in ownership interests in subsidiaries	–	–	–
Total transactions with owners	(14 019)	(213)	(121 461)
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 31 August 2009	276 306	3 029	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Additional shares issued	8 533	86	249 693
Distributions to shareholders	–	–	(249 693)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(274)	–
Net cost of own shares purchased	(18 556)	–	–
Treasury shares purchased	(20 439)	–	–
Disposal of treasury shares	1 883	–	–
Total contributions by and distributions to owners	(10 023)	(188)	–
Changes in ownership interests in subsidiaries that do not result in loss of control			
Aquisition of additional interest in subsidiary	–	–	–
Total changes in ownership interests in subsidiaries	–	–	–
Total transactions with owners	(10 023)	(188)	–
Total comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Balance at 31 August 2010	266 283	2 841	–

Share option reserve	Treasury shares	Non-distributable reserve	Distributable reserve	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
23 832	(463 622)	39	1 456 506	1 141 458	146	1 141 604
-	(74 202)	-	-	-	-	-
-	18 822	-	(14 359)	(191 099)	-	(191 099)
717	-	-	-	717	-	717
-	300 899	-	(300 684)	-	-	-
-	-	-	-	(99)	-	(99)
-	(270 155)	-	(24 959)	(295 114)	-	(295 114)
-	(337 501)	-	-	(337 501)	-	(337 501)
-	67 346	-	(24 959)	42 387	-	42 387
717	(24 636)	-	(340 002)	(485 595)	-	(485 595)
-	-	(4 987)	-	(4 987)	1 925	(3 062)
-	-	(4 987)	-	(4 987)	1 925	(3 062)
717	(24 636)	(4 987)	(340 002)	(490 582)	1 925	(488 657)
-	-	(285)	472 387	472 102	214	472 316
-	-	-	472 387	472 387	214	472 601
-	-	(285)	-	(285)	-	(285)
24 549	(488 258)	(5 233)	1 588 891	1 122 978	2 285	1 125 263
-	(249 779)	-	-	-	-	-
-	5 068	-	(86)	(244 711)	-	(244 711)
51	-	-	-	51	-	51
-	526 233	-	(525 959)	-	-	-
-	(304 114)	-	(2 590)	(306 704)	-	(306 704)
-	(321 862)	-	-	(321 862)	-	(321 862)
-	17 748	-	(2 590)	15 158	-	15 158
51	(22 592)	-	(528 635)	(551 364)	-	(551 364)
-	-	4 987	-	4 987	-	4 987
-	-	4 987	-	4 987	-	4 987
51	(22 592)	4 987	(528 635)	(546 377)	-	(546 377)
-	-	(1 368)	565 413	564 045	(1 603)	562 442
-	-	-	565 413	565 413	(1 603)	563 810
-	-	(1 368)	-	(1 368)	-	(1 368)
24 600	(510 850)	(1 614)	1 625 669	1 140 646	682	1 141 328

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2010	Year to 31 August 2009
Cash effects of operating activities		
Operating profit before working capital changes (refer note 1)	836 994	825 407
Working capital changes (refer note 2)	(203 492)	489 583
Cash generated by operations	633 502	1 314 990
Interest received	9 376	14 346
Interest paid	(34 851)	(42 683)
Taxation paid	(174 930)	(229 158)
Cash inflow from operating activities before distributions	433 097	1 057 495
Distributions paid to shareholders	(244 711)	(191 099)
Net cash effects of operating activities	188 386	866 396
Cash effects of investing activities		
Investment in property, plant and equipment and intangibles to maintain operations	(86 404)	(110 161)
Investment in property, plant and equipment and intangibles to expand operations	(120 074)	(114 464)
Acquisition of business, net of cash acquired	(21 689)	(9 924)
Acquisition of remaining interest in subsidiary	(3 500)	–
Proceeds from disposal of property, plant and equipment	1 516	1 600
Decrease in loan receivables	19 436	14 319
Net cash effects of investing activities	(210 715)	(218 630)
Cash effects of financing activities		
Share cancellation expenses	–	(99)
Purchase of treasury shares	(321 862)	(337 501)
Proceeds from disposal of treasury shares	15 158	42 387
Interest-bearing borrowings raised/(repaid)	71 331	(43 938)
Net cash effects of financing activities	(235 373)	(339 151)
Net (decrease)/increase in cash and cash equivalents	(257 702)	308 615
Cash and cash equivalents at the beginning of the year	409 754	101 139
Cash and cash equivalents at the end of the year	152 052	409 754

NOTES TO THE STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2010	Year to 31 August 2009
Cash flow information		
1 Profit before working capital changes		
Profit before tax	770 360	647 220
Adjustment for:		
Depreciation and amortisation	136 775	121 917
Reversal of previous unrealised foreign exchange differences	(16 966)	(3 057)
Unrealised foreign exchange loss	7 745	16 966
Operating lease accrual	9 471	7 747
Loss on disposal of property, plant and equipment	6 476	7 177
Impairment of intangibles	7 685	–
Fair value adjustment – derivatives	(123 354)	(28 053)
Equity-settled share option costs	51	717
Net financing cost	38 751	54 773
	836 994	825 407
2 Working capital changes		
Increase in inventories	(136 180)	(43 460)
Decrease/(increase) in trade and other receivables	36 498	(99 543)
Disposal of derivative financial instruments	72 420	–
(Decrease)/increase in trade and other payables	(128 856)	556 108
(Decrease)/increase in employee benefits	(47 364)	77 854
Decrease in provisions	(10)	(1 376)
	(203 492)	489 583

OPERATIONAL SEGMENTAL STATEMENT OF INCOME

Retail*

R'000	Year to 31 August 2010	Year to 31 August 2009	% change
Segment revenue	10 034 780	8 756 797	
Turnover	9 727 869	8 477 567	14.7%
Cost of merchandise sold	(6 895 244)	(6 066 342)	13.7%
Gross profit	2 832 625	2 411 225	17.5%
Other income	306 911	279 230	9.9%
Segment expenses	(2 470 451)	(2 154 820)	14.6%
Depreciation and amortisation	(114 481)	(103 216)	10.9%
Occupancy costs	(388 030)	(336 155)	15.4%
Employment costs	(1 275 313)	(1 044 979)	22.0%
Other operating costs	(692 627)	(670 470)	3.3%
Operating profit	669 085	535 635	24.9%
Loss on disposal of property, plant and equipment	(6 359)	(6 955)	
Impairment of intangible assets	(7 685)	–	
Segment result	655 041	528 680	23.9%

* Includes Clicks Direct Medicines.

** Prior year balances restated to exclude Clicks Direct Medicines.

*** Comparative figures have been restated for the reclassification of certain expenses between occupancy costs and other costs within the distribution business.

ANALYSIS OF SHAREHOLDERS

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

Major fund managers	August 2010 Percentage of shares	August 2009 Percentage of shares
Public Investment Corporation (SA)	16.9%	16.0%
Fidelity Management & Research (US)/ International (UK)	12.3%	2.0%
Investec Asset Management (SA)	8.0%	19.8%
Morgan Stanley Investment Management (UK)	6.0%	1.0%
Oasis Asset Management (SA)	4.6%	5.9%
Wellington Management Company (US/UK)	3.7%	0.1%
William Blair (US)	3.1%	–

Geographic distribution of shareholders	August 2010 Percentage of shares	August 2009 Percentage of shares
South Africa and Africa	52.9%	87.7%
Offshore holdings	47.1%	12.3%
USA and Canada	29.3%	5.0%
United Kingdom and Ireland	7.4%	3.4%
Europe	7.0%	3.1%
Other countries	3.4%	0.8%

UPD**			Intragroup elimination			Total		
Year to 31 August 2010	Year to 31 August 2009 (restated)***	% change	Year to 31 August 2010	Year to 31 August 2009	Year to 31 August 2010	Year to 31 August 2009 (restated)***	% change	
5 622 555	5 322 467		(1 754 966)	(1 339 470)	13 902 369	12 739 794		
5 298 670	5 037 215	5.2%	(1 750 262)	(1 339 470)	13 276 277	12 175 312	9.0%	
(5 219 690)	(4 929 818)	5.9%	1 742 249	1 338 230	(10 372 685)	(9 657 930)	7.4%	
78 980	107 397	(26.5%)	(8 013)	(1 240)	2 903 592	2 517 382	15.3%	
323 885	285 252	13.5%	(4 704)	–	626 092	564 482	10.9%	
(240 665)	(217 874)	10.5%	4 704	–	(2 706 412)	(2 372 694)	14.1%	
(13 614)	(10 449)	30.3%	–	–	(128 095)	(113 665)	12.7%	
(2 804)	(2 631)	6.6%	1 088	–	(389 746)	(338 786)	15.0%	
(124 065)	(111 949)	10.8%	–	–	(1 399 378)	(1 156 928)	21.0%	
(100 182)	(92 845)	7.9%	3 616	–	(789 193)	(763 315)	3.4%	
162 200	174 775	(7.2%)	(8 013)	(1 240)	823 272	709 170	16.1%	
(117)	(222)		–	–	(6 476)	(7 177)		
–	–		–	–	(7 685)	–		
162 083	174 553	(7.1%)	(8 013)	(1 240)	809 111	701 993	15.3%	

OPERATIONAL SEGMENTAL STATEMENT OF FINANCIAL POSITION

R'000	Retail*	
	As at 31 August 2010	As at 31 August 2009
SEGMENT ASSETS		
Segment non-current assets	1 143 211	1 127 340
Property, plant and equipment	736 142	681 430
Intangible assets	312 560	301 632
Goodwill	19 524	10 313
Deferred tax assets	51 578	88 243
Intragroup loans	–	–
Loans receivable	23 407	45 722
Segment current assets	2 095 176	2 078 496
Inventories	1 273 622	1 058 381
Trade and other receivables	171 431	167 798
Intragroup loans	390 452	390 452
Loans receivable	15 149	11 342
Cash and cash equivalents	125 287	382 222
Derivative financial assets	119 235	68 301
Total segment assets	3 238 387	3 205 836
SEGMENT EQUITY AND LIABILITIES		
Segment equity	980 596	1 123 196
Share capital	2 841	3 029
Share option reserve	24 600	24 549
Treasury shares	(510 850)	(488 258)
Non-distributable reserve	(617)	(5 146)
Distributable reserve	1 464 622	1 587 210
Equity attributable to equity holders of the parent	980 596	1 121 384
Non-controlling interest	–	1 812
Segment non-current liabilities	329 865	499 385
Interest-bearing borrowings	16 566	37 340
Intragroup loans	40 021	195 960
Employee benefits	89 408	82 970
Deferred tax liabilities	68 559	77 275
Operating lease liability	115 311	105 840
Segment current liabilities	1 927 926	1 583 255
Trade and other payables	1 567 631	1 281 841
Intragroup loans	–	–
Employee benefits	185 527	221 648
Provisions	6 244	6 254
Interest-bearing borrowings	115 359	27 636
Income tax payable	44 174	25 846
Derivative financial liabilities	8 991	20 030
Total segment equity and liabilities	3 238 387	3 205 836

* Includes Clicks Direct Medicines.

** Prior year balances restated to exclude Clicks Direct Medicines.

*** From 1 September 2009 taxation relating to UPD is managed within Group Services and consequently, related tax balances are recorded within the Retail segment.

UPD**		Intragroup elimination		Group	
As at 31 August 2010	As at 31 August 2009	As at 31 August 2010	As at 31 August 2009	As at 31 August 2010	As at 31 August 2009
279 985	430 535	(40 021)	(195 960)	1 383 175	1 361 915
151 911	148 083	-	-	888 053	829 513
1 913	681	-	-	314 473	302 313
85 811	85 811	-	-	105 335	96 124
329	-	-	-	51 907	88 243
40 021	195 960	(40 021)	(195 960)	-	-
-	-	-	-	23 407	45 722
1 261 691	1 310 685	(629 904)	(569 890)	2 726 963	2 819 291
312 480	369 957	(14 854)	(6 842)	1 571 248	1 421 496
922 446	913 196	(224 598)	(172 596)	869 279	908 398
-	-	(390 452)	(390 452)	-	-
-	-	-	-	15 149	11 342
26 765	27 532	-	-	152 052	409 754
-	-	-	-	119 235	68 301
1 541 676	1 741 220	(669 925)	(765 850)	4 110 138	4 181 206
175 586	8 909	(14 854)	(6 842)	1 141 328	1 125 263
-	-	-	-	2 841	3 029
-	-	-	-	24 600	24 549
-	-	-	-	(510 850)	(488 258)
(997)	(87)	-	-	(1 614)	(5 233)
175 901	8 523	(14 854)	(6 842)	1 625 669	1 588 891
174 904	8 436	(14 854)	(6 842)	1 140 646	1 122 978
682	473	-	-	682	2 285
6 879	14 328	(40 021)	(195 960)	296 723	317 753
13	88	-	-	16 579	37 428
-	-	(40 021)	(195 960)	-	-
6 866	8 164	-	-	96 274	91 134
-	6 076	-	-	68 559	83 351
-	-	-	-	115 311	105 840
1 359 211	1 717 983	(615 050)	(563 048)	2 672 087	2 738 190
947 850	1 298 872	(224 598)	(172 596)	2 290 883	2 408 117
390 452	390 452	(390 452)	(390 452)	-	-
17 042	18 948	-	-	202 569	240 596
-	-	-	-	6 244	6 254
1 233	2 241	-	-	116 592	29 877
2 634	7 470	-	-	46 808	33 316
-	-	-	-	8 991	20 030
1 541 676	1 741 220	(669 925)	(765 850)	4 110 138	4 181 206

BUSINESS UNIT SEGMENTAL ANALYSIS

for the year to 31 August 2010

R'000	Clicks*		Musica		The Body Shop		
	31 Aug 2010	31 Aug 2009	31 Aug 2010	31 Aug 2009	31 Aug 2010	31 Aug 2009	
Statement of financial position							
Property, plant and equipment	469 573	342 276	56 955	59 255	11 619	11 318	
Intangible assets	293 984	272 274	2 382	–	6	–	
Goodwill	19 524	10 313	–	–	–	–	
Inventories	1 114 106	900 430	151 991	147 876	7 525	10 075	
Trade and other receivables	155 338	147 497	12 252	12 490	1 510	629	
Cash and cash equivalents	6 190	6 253	121	127	58	57	
Other assets	3 645	5 425	–	–	–	–	
Total assets	2 062 360	1 684 468	223 701	219 748	20 718	22 079	
Total liabilities	1 465 247	1 153 545	137 613	128 372	11 228	13 414	
Net assets	597 113	530 923	86 088	91 376	9 490	8 665	
Statement of comprehensive income							
Turnover	8 664 788	7 424 362	952 133	947 773	110 948	105 432	
Gross profit	2 445 008	2 037 956	317 862	310 641	69 755	62 628	
Other income	281 084	251 588	25 021	27 232	806	410	
Expenses	(2 129 373)	(1 820 669)	(290 388)	(287 451)	(50 690)	(46 700)	
Operating profit	596 719	468 875	52 495	50 422	19 871	16 338	
Ratios							
Increase in turnover	%	16.7	20.8	0.5	0.8	5.2	8.7
Selling price inflation	%	5.8	9.1	2.7	4.9	0.1	6.0
Comparable stores' turnover growth	%	12.8	15.3	0.3	–	0.5	2.2
Gross profit margin	%	28.2	27.4	33.4	32.8	62.9	59.4
Total income margin	%	31.5	30.8	36.0	35.6	63.6	59.8
Operating expenses as a percentage of turnover	%	24.6	24.5	30.5	30.3	45.7	44.3
Increase in operating expenses	%	17.0	16.7	1.0	9.8	8.5	15.0
Increase in operating profit	%	27.3	25.5	4.1	0.5	21.6	4.7
Operating profit margin	%	6.9	6.3	5.5	5.3	17.9	15.5
Inventory days		65	61	87	85	67	86
Trade debtor days		9	10	–	–	–	–
Trade creditor days		49	47	40	50	–	4
Number of stores		369	346	152	156	40	38
as at 31 August 2009/2008		346	326	156	158	38	35
opened		26	24	3	7	3	3
closed		(3)	(4)	(7)	(9)	(1)	–
Number of pharmacies		251	207	–	–	–	–
as at 31 August 2009/2008		207	157	–	–	–	–
new		27	14	–	–	–	–
converted		18	38	–	–	–	–
closed		(1)	(2)	–	–	–	–
Total leased area	m ²	245 078	234 570	30 741	30 550	2 802	2 656
Weighted retail trading area	m ²	183 430	175 927	27 195	26 465	2 144	1 990
Weighted annual sales per m ² ***	R	45 924	41 142	35 011	35 812	51 748	52 971
Full-time equivalents		7 754	7 302	934	904	152	145
Number of permanent employees		6 366	5 850	811	837	112	114

* Includes the results of Clicks Direct Medicines.

** Prior year balances restated to exclude Clicks Direct Medicines.

*** Sales relating to Clicks excludes Clicks Direct Medicines for the purpose of weighted annual sales per m².

Group Services		Total retail operations		UPD**		Intragroup elimination		Total operations	
31 Aug 2010	31 Aug 2009	31 Aug 2010	31 Aug 2009	31 Aug 2010	31 Aug 2009	31 Aug 2010	31 Aug 2009	31 Aug 2010	31 Aug 2009
197 995	268 581	736 142	681 430	151 911	148 083	-	-	888 053	829 513
16 188	29 358	312 560	301 632	1 913	681	-	-	314 473	302 313
-	-	19 524	10 313	85 811	85 811	-	-	105 335	96 124
-	-	1 273 622	1 058 381	312 480	369 957	(14 854)	(6 842)	1 571 248	1 421 496
2 331	7 182	171 431	167 798	922 446	913 196	(224 598)	(172 596)	869 279	908 398
118 918	375 785	125 287	382 222	26 765	27 532	-	-	152 052	409 754
596 176	598 635	599 821	604 060	40 350	195 960	(430 473)	(586 412)	209 698	213 608
931 608	1 279 541	3 238 387	3 205 836	1 541 676	1 741 220	(669 925)	(765 850)	4 110 138	4 181 206
643 703	787 309	2 257 791	2 082 640	1 366 090	1 732 311	(655 071)	(759 008)	2 968 810	3 055 943
287 905	492 232	980 596	1 123 196	175 586	8 909	(14 854)	(6 842)	1 141 328	1 125 263
-	-	9 727 869	8 477 567	5 298 670	5 037 215	(1 750 262)	(1 339 470)	13 276 277	12 175 312
-	-	2 832 625	2 411 225	78 980	107 397	(8 013)	(1 240)	2 903 592	2 517 382
-	-	306 911	279 230	323 885	285 252	(4 704)	-	626 092	564 482
-	-	(2 470 451)	(2 154 820)	(240 665)	(217 874)	4 704	-	(2 706 412)	(2 372 694)
-	-	669 085	535 635	162 200	174 775	(8 013)	(1 240)	823 272	709 170
-	-	14.7	18.0	5.2	3.5	30.7	56.4	9.0	8.8
-	-	5.4	8.6	5.5	9.2	-	-	5.4	8.8
-	-	11.2	13.2	-	-	-	-	11.2	13.2
-	-	29.1	28.4	1.5	2.1	-	-	21.9	20.7
-	-	32.3	31.7	7.6	7.8	-	-	26.6	25.3
-	-	25.4	25.4	4.5	4.3	-	-	20.4	19.5
-	-	14.6	15.7	10.5	(14.9)	-	-	14.1	12.0
-	-	24.9	21.9	(7.2)	13.3	-	-	16.1	20.2
-	-	6.9	6.3	3.1	3.5	-	-	6.2	5.8
-	-	67	64	22	27	-	-	55	54
-	-	9	10	55	57	-	-	42	46
-	-	48	47	53	78	-	-	52	64
-	-	561	540	-	-	-	-	561	540
-	-	540	519	-	-	-	-	540	519
-	-	32	34	-	-	-	-	32	34
-	-	(11)	(13)	-	-	-	-	(11)	(13)
-	-	251	207	-	-	-	-	251	207
-	-	207	157	-	-	-	-	207	157
-	-	27	14	-	-	-	-	27	14
-	-	18	38	-	-	-	-	18	38
-	-	(1)	(2)	-	-	-	-	(1)	(2)
-	-	278 621	267 776	-	-	-	-	278 621	267 776
-	-	212 769	204 382	-	-	-	-	212 769	204 382
-	-	44 588	40 567	-	-	-	-	44 588	40 567
342	342	9 182	8 693	755	818	-	-	9 937	9 511
343	338	7 632	7 139	432	446	-	-	8 064	7 585

DEFINITIONS

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital expenditure 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

Sales 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.

Distribution cover

Undiluted headline earnings per share for the year divided by the distribution per share for the year.

Distribution per share

Distribution per share is the actual interim cash dividend and/or capital distribution paid and the final cash dividend and/or capital distribution 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

Headline earnings divided by the per share weighted average diluted number of shares in issue for the year.

Free float

The number of shares that are freely tradable on the JSE Limited, excluding treasury shares and shares held by directors and employee share schemes.

Full-time equivalent (FTE)

Full-time Equivalents (FTEs) is a measure of staffing levels which converts the

total number of hours worked by all staff (including part-time and casual staff) to an equivalent number of full-time staff.

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.

Market capitalisation

The closing market price per share at year-end multiplied by the number of shares in issue at year-end.

Net asset value per share

Net assets at year-end divided by the number of 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 shares in issue at year-end (net of treasury shares).

Operating profit

Operating profit before financing costs, as reported in the group consolidated income statement, 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 shares traded

The number of shares traded on the JSE Limited during the year as a percentage of the weighted average number of shares in issue.

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.

Segmental reporting

Operational segment

A distinguishable type of operation within the group.

Business unit segment

A distinguishable trading brand or component of the group.

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 they 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 or by the New Clicks Holdings Share Trust.

Weighted average number of shares

The number of 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 shares adjusted for the effects of all dilutive potential shares.

PRESENTATION



PRESENTATION OUTLINE

- Review of the year David Kneale
- Financial results Keith Warburton
- Trading performance Michael Harvey & David Kneale
- Strategy & outlook David Kneale
- Questions

PRESENTATION



REVIEW OF THE YEAR

DAVID KNEALE

REVIEW OF THE YEAR

- Challenging year for consumers
 - Value paramount
 - Cautious with discretionary spend
- Price inflation significantly lower
- Clicks stores again performed particularly well
- Entrenched leading position in health & beauty markets
- Continued investment for sustainable growth
 - Customers, staff, stores & systems
 - In JSE SRI Index for first time

CLICKS GROUP ANNUAL RESULTS 2010 4

FINANCIAL HIGHLIGHTS

- Retail turnover up **14.7%**
- UPD turnover up **5.2%**
 - **12.2%** excluding distribution in prior year
- Group turnover up **9.0%** to R13.3 bn
- Operating margin up from 5.8% to **6.2%**
- Diluted headline EPS up **27.4%** to 211.4 cps
- Total distribution of 106.2 cps, up **26.4%**
- ROE increases from 42.3% to **50.8%**

CLICKS GROUP ANNUAL RESULTS 2010 5

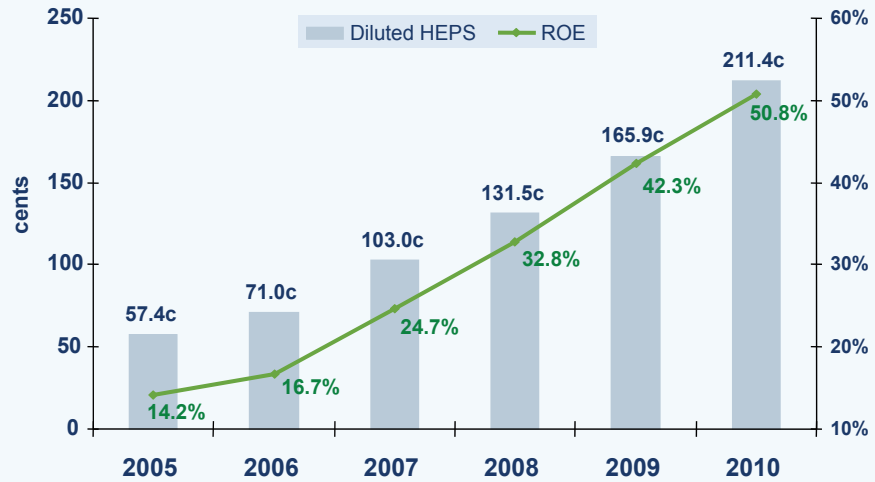


FINANCIAL RESULTS

KEITH WARBURTON

PRESENTATION

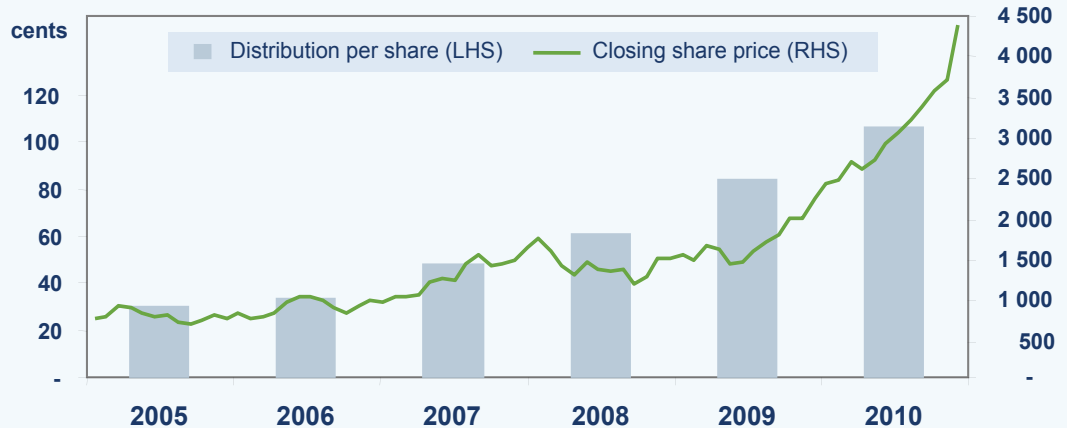
GROWTH MOMENTUM



- 5-year compound growth in diluted HEPS of **29.8%**

CLICKS GROUP ANNUAL RESULTS 2010 7

SHAREHOLDERS' RETURN



- 5-year compound growth in share price of **35.9%**
- 5-year compound growth in distribution of **29.0%**

CLICKS GROUP ANNUAL RESULTS 2010 8

TURNOVER

R'm	2010	2009	% change	% same store growth	% inflation
Clicks*	8 665	7 424	16.7	12.8	5.8
Musica	952	948	0.5	0.3	2.7
The Body Shop	111	105	5.2	0.5	0.1
Total retail	9 728	8 477	14.7	11.2	5.4
UPD**	5 298	5 037	5.2		5.5
Intragroup turnover*	(1 750)	(1 339)	30.7		
Total group	13 276	12 175	9.0		5.4

* Clicks Direct Medicines now included in Clicks & in intragroup turnover

** UPD no longer includes distribution agency business in turnover (2009: R315m)

CLICKS GROUP ANNUAL RESULTS 2010 9

TOTAL INCOME

	2010 R'm	2009 R'm	% change	2010 % margin	2009 % margin
Clicks	2 726	2 289	19.1	31.5	30.8
Musica	343	338	1.5	36.0	35.6
The Body Shop	71	63	11.9	63.6	59.8
Total retail	3 140	2 690	16.7	32.3	31.7
UPD	403	393	2.6	7.6	7.8
Intragroup	(13)	(1)			
Total group	3 530	3 082	14.5	26.6	25.3

- UPD impacted by lower SEP increase, offset by income from distribution agency business

CLICKS GROUP ANNUAL RESULTS 2010 10

PRESENTATION

OPERATING EXPENDITURE - RETAIL

R'm	2010	2009	% change
Depreciation & amortisation	98	93	5.7
Occupancy costs	344	307	12.2
Employment costs	915	845	8.4
Other operating costs	737	660	11.7
Underlying retail costs	2 094	1 905	10.0
Abnormal costs:	376	250	
<i>New stores & dispensaries</i>	253	141	
<i>Job evaluation system</i>	19	-	
<i>Performance-related costs</i>	209	134	
<i>Forex movement</i>	18	3	
<i>Incentive hedge</i>	(123)	(28)	
Total retail costs	2 470	2 155	14.6

CLICKS GROUP ANNUAL RESULTS 2010 11

OPERATING EXPENDITURE - UPD

R'm	2010	2009	% change
Depreciation & amortisation	11	10	8.1
Occupancy costs	3	3	6.6
Employment costs	114	111	2.7
Other operating costs	97	92	5.0
Underlying costs	225	216	4.0
Abnormal costs:	16	2	
<i>Extra distribution costs</i>	4	-	
<i>Reorganisation of business</i>	2	-	
<i>Group cost allocations</i>	10	2	
Total UPD costs	241	218	10.5

CLICKS GROUP ANNUAL RESULTS 2010 12

OPERATING PROFIT

	2010 R'm	2009 R'm	% change	2010 % margin	2009 % margin
Clicks	597	469	27.3	6.9	6.3
Musica	52	50	4.1	5.5	5.3
The Body Shop	20	16	21.6	17.9	15.5
Total retail	669	535	24.9	6.9	6.3
UPD	162	175	(7.2)	3.1	3.5
Intragroup	(8)	(1)			
Total group	823	709	16.1	6.2	5.8

CLICKS GROUP ANNUAL RESULTS 2010 13

INTEREST

R'm	2010	2009
Interest received	10	14
Cash interest paid	(35)	(43)
<i>Structured loan</i>	(2)	(4)
<i>Overnight borrowings & other</i>	(33)	(39)
Non-cash interest paid	(14)	(26)
Net interest paid	(39)	(55)

- Benefit from reduction in rates
- Average gearing in 20 – 30% range

CLICKS GROUP ANNUAL RESULTS 2010 14

PRESENTATION

INVENTORY

	Days in stock*		Inventory (R'm)		
	2010	2009	2010	2009	% change
Clicks	65	61	1 114	900	23.7
Musica	87	85	152	148	2.8
The Body Shop	67	86	8	10	(25.3)
Total retail	67	64	1 274	1 058	20.3
UPD	22	27	312	370	(15.5)
Intragroup inventory			(15)	(7)	
Total group	55	54	1 571	1 421	10.5

- Clicks – earlier buy-in of Christmas stock
- Musica – yet to see benefit of new merchandise system
- UPD – impacted by timing around cut-off; normal level is 28 days

* At cost price

CLICKS GROUP ANNUAL RESULTS 2010 15

CASH GENERATION & UTILISATION

R'm	2010	2009
Profit before tax	770	647
Non-cash adjustments	67	178
Working capital changes	(203)	490
Net interest & tax paid	(201)	(258)
Cash inflow from operations	433	1 057
Capital expenditure	(231)	(234)
Distributions paid	(245)	(191)
Share buybacks	(322)	(337)
Other investing/financing activities	107	14
Net cash (utilised)/generated	(258)	309

- R80m of 2011 share buybacks bought ahead in 2010

CLICKS GROUP ANNUAL RESULTS 2010 16

NORMALISED CASH FLOW

R'm	2010 normalised	2009 normalised
Profit before working capital changes	837	825
Working capital changes	(203)	490
Adjustments:	311	(359)
<i>UPD inventory</i>	(87)	-
<i>Clicks inventory</i>	94	-
<i>UPD creditors – prior year</i>	108	(251)
<i>UPD creditors – current year</i>	196	(108)
Net interest & tax paid	(201)	(258)
Normalised cash inflow	744	698

CLICKS GROUP ANNUAL RESULTS 2010 17

CASH & CAPITAL MANAGEMENT

- Capital expenditure
 - R250m planned for FY2011, including R131m for stores & R78m for systems
 - Total trading space growth 4 – 5% in FY2011
- Distributions
 - Maintain 2 times cover based on headline earnings
- Share buybacks
 - To continue as long as earnings enhancing

CLICKS GROUP ANNUAL RESULTS 2010 18

PRESENTATION

MEDIUM-TERM FINANCIAL TARGETS

	2010 – 2012 target	Achieved in FY 2010	2011 – 2013 target
ROE (%)	40 – 50	50.8	50 – 60*
Shareholders' interest to total assets (%)	30 – 35	27.8	30 – 35
ROA (%)	13 – 16	13.9	14 – 18*
Inventory days	55 – 60	55	50 – 55*
Operating margin (%)	5.5 – 6.5	6.2	6.0 – 7.0*

* Target revised upwards

CLICKS GROUP ANNUAL RESULTS 2010 19



TRADING PERFORMANCE

MICHAEL HARVEY &
DAVID KNEALE



OVERVIEW



- Investment in people, processes & brand paying dividends
- Greater customer response to the brand
 - 3m ClubCard customers
 - Generated R2bn pharmacy turnover
 - 250th pharmacy opened in August
- Sales growth driven by active promotional programme
- Strong volume growth, particularly in H2




PRESENTATION

SALES PERFORMANCE		CLICKS
R'm	% change	% contribution
Health		
Scheduled medicines*	35.0	24.6
Front shop health	19.6	21.8
Beauty	11.9	33.8
General merchandise	4.1	19.8
Total turnover	16.7	100.0

- Health & Beauty now **80%** (2009: 78%) of sales

* Includes Clicks Direct Medicines

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SALES PERFORMANCE (continued)		CLICKS
<ul style="list-style-type: none"> Health <ul style="list-style-type: none"> Clicks dispensary sales +35.8% Baby +30.1% Beauty <ul style="list-style-type: none"> Personal care +10.3% Colour cosmetics +12.3% Fine fragrance +53.4% Ethnic haircare +20.2% 	<ul style="list-style-type: none"> General merchandise <ul style="list-style-type: none"> Household appliances +20.3% Homewares +3.1% Confectionery +4.7% 	

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MARKET SHARE



%	Aug 2010	Aug 2009
Health		
Retail pharmacy*	13.6	11.1
Front shop health**	38.7	37.2
Beauty		
Personal care**	24.9	24.4
Colour cosmetics***	30.1	29.6
General merchandise		
Small household appliances****	20.0	18.0

* Per IMS (excl courier pharmacy) *** Per RLC
 ** Per AC Nielsen **** Per GfK (restated)

STORE & PHARMACY PRESENCE



- 369 stores – opened net 23 stores in FY2010
 - Store growth driven by convenience format
- 251 dispensaries at year end
 - 44 dispensaries opened during financial year
 - Currently 68% of stores have dispensaries
 - 97 pharmacies less than 2 years old
- Partnering with government
 - HIV Counselling & Testing campaign



PRESENTATION

OPERATING EFFICIENCY



- Committed to continuous improvement
- Stock management
 - Centralised supply completed - 94.1% through DCs (2009: 85.6%)
 - Stock availability up to 96.4%
- People
 - Beauty academy launched
 - Pharmacist turnover down from 53% to 34%
 - 554 pharmacy assistants trained



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CUSTOMERS & BRAND



- ClubCard membership now 3.1m
 - Net growth of 405 000 members
 - 74.8% of sales (2009: 70.0%)
 - Basket value R136 vs R72 non-ClubCard
 - 1.7m cardholders on pharmacy database
- Private label now 17.8% of sales
 - Front shop increased to 23.0%
- Rated first choice for health & beauty*
- Voted 'Coolest health & beauty brand in SA'**



* Sunday Times Top Brands survey 2010

** Generation Next Awards 2010

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PLANS FOR 2011



- Store & pharmacy expansion
 - 20 – 30 new stores; 30 – 40 dispensaries
- Leading & innovative product offer
 - Increase front shop health & baby ranging in destination stores
 - New clinic services model
 - Maintain product innovation in beauty & electrical
- Operational excellence & continuous improvement
 - Customer Service Excellence programme
 - Blueprint programme being implemented in merchandising
 - Implementation of radio frequency in DC operations

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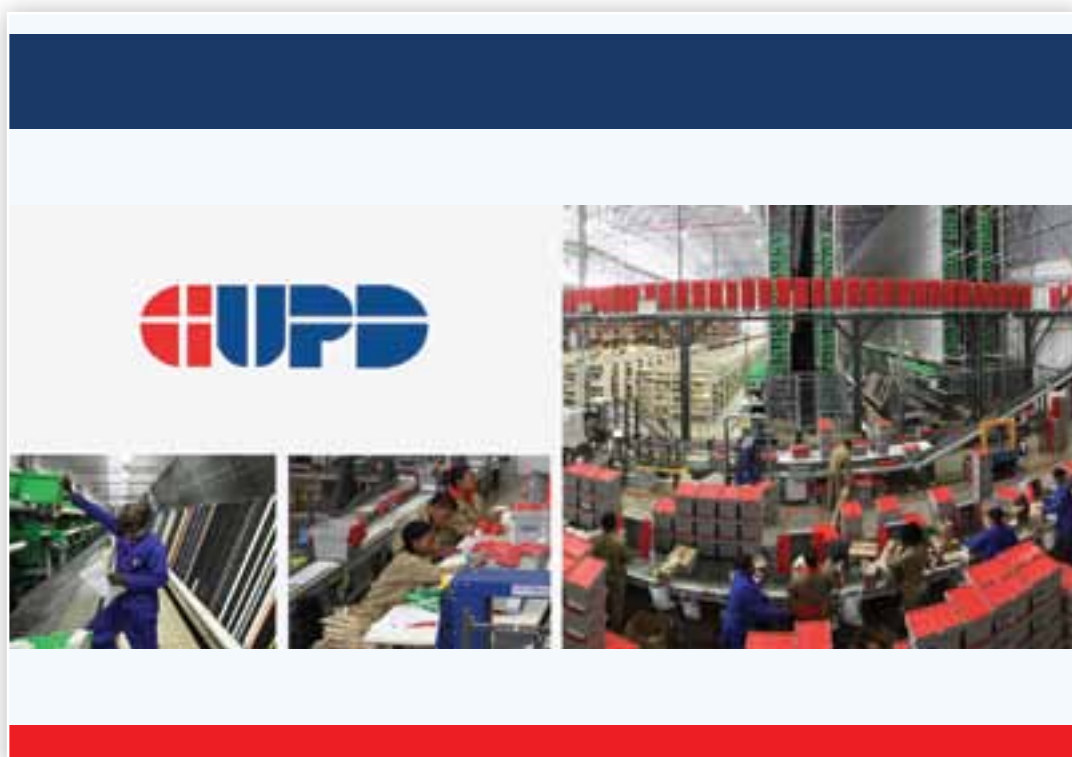
MEDIUM-TERM OUTLOOK



- Store & pharmacy expansion
 - Grow to 500 stores in medium-term
 - Dispensary & clinic in every store
- Leading & innovative product offer
 - Maintain value platform & price competitiveness
 - Targeting 20 - 25% sales of private label & exclusive brands
- Operational excellence
 - Continuous improvement mindset
 - Operating margin target now 6.5 - 7.5%

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PRESENTATION



TURNOVER



	% change	% contribution
Clicks*	34.4	32.3
Hospitals	7.7	28.3
Link pharmacy	38.8	18.7
Export	21.3	2.9
Independent pharmacy	(24.3)	14.8
Doctors & other	(11.6)	3.0
Total wholesale turnover	12.2	100.0

- Core customer groups account for **82%** of wholesale turnover

* Includes Clicks Direct Medicines

PERFORMANCE



- Wholesale
 - Market share 23.7% (2009: 23.6%)*
 - Scheduled medicines now account for 91% of sales
 - Costs down from 4.4% to 4.2% of sales
- Link
 - 247 members
 - Average purchases per pharmacy +43.2%
 - Link own brand 5% of front shop sales
- Distribution agencies
 - Notional turnover up 39.3% to R553m (2009: R397m)



* Per IMS

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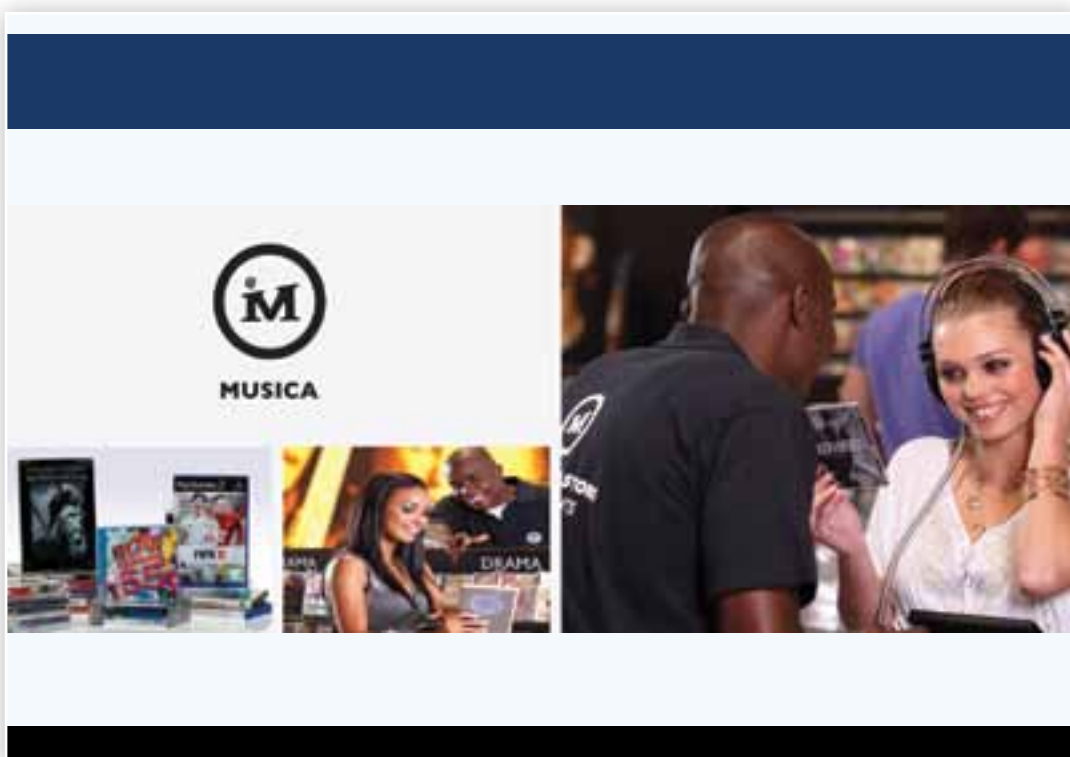
OUTLOOK & TARGETS



- Product availability to get back to 95%
 - Currently 89%
- Procure front shop products from Clicks DCs
 - Enhance offer to Link members
- Continue driving efficiencies
 - Moving into Clicks' Durban DC
- Grow export business
- Build the distribution agency business
- Operating margin target 2.7 – 3.0%

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PRESENTATION



PERFORMANCE



	% change	% contribution	Market share*
CDs	+0.2%	52%	45%
DVDs	-1.9%	30%	23%
Gaming	+8.1%	14%	9%
Lifestyle	+16.6%	4%	

- 3 stores opened, 7 closed as focus on destination locations
- ClubCard 40% of sales; 23% higher basket value

* Per RISA/supplier data/GfK

OUTLOOK & TARGETS



- Discretionary spend environment remains challenging
 - Focus on destination locations with full entertainment offer
 - No net growth in store numbers
- Increase ClubCard participation
- Continued focus on operating efficiencies
- Improved cash generation
 - Reduce inventory days to 70
- Operating margin target 5 – 6%



THE BODY SHOP.



PRESENTATION

PERFORMANCE & TARGETS

THE BODY SHOP.

- Unit growth +5.4%
- Uplift in margin from strong Rand
- 3 stores opened; 3 planned for FY2011
- Rolling out The Body Shop in Clicks stores
- Loyalty programme relaunched
September 2010
- Franchise Agreement being renewed
- Operating margin target 14 – 16%



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STRATEGY & OUTLOOK

DAVID KNEALE

STRATEGIC OBJECTIVES

- Strategic objectives to drive growth & performance
 - Pre-eminence in health & beauty retailing
 - Pre-eminence in healthcare supply & pharmacy management
- Supported by strategic enablers
 - Enhancing capability to deliver sustained performance
 - Efficient management of cash & capital
- Underpinned by robust risk, governance & sustainability practices

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ENHANCING CAPABILITY

- Reviewing systems landscape for medium term
 - Supporting business growth
 - Improved cost effectiveness
- People
 - Changes in senior leadership teams
 - Development of talent & succession planning
 - Incentivisation & retention
 - Introduction of Hay Job Evaluation system
 - Staff turnover reduced from 26% to 20%

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PRESENTATION

EMPLOYEE SHARE OWNERSHIP SCHEME

- Broad-based equity ownership scheme
 - 10% of group's issued share capital – shares at market price
 - All full-time employees other than senior executives
- Aim to retain & attract scarce & specialist skills
 - Higher allocations to pharmacists & senior black managers
- Accelerate transformation & build on BBBEE progress
 - Approximately 70% of shares will be allocated to black people
- Approval required at shareholder meeting in January

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OUTLOOK

- In the short-term, cautious on recovery in consumer spending
- Current trading in line with H2 performance
- Inflation in mid-single digits
- No adverse regulatory change anticipated
- In the medium-term, the group is well positioned for growth
 - Expansion of Clicks store & pharmacy base
 - New revenue opportunities in UPD
 - Growth in health & beauty markets

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THANK YOU

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