



CLICKS GROUP LIMITED

INTERIM GROUP RESULTS
for the six months ended 28 February 2014

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Group turnover
up

9.6%

Diluted headline
EPS up

10.3%

Interim dividend
up

10.3%

Return on equity
at

55.4%



FINANCIAL SUMMARY

		Six months to 28 February 2014	Six months to 28 February 2013	% change	Year to 31 August 2013
Consolidated statement of comprehensive income					
Turnover	R'000	9 348 825	8 529 084	9.6%	17 543 301
Gross profit	R'000	2 064 407	1 902 918	8.5%	3 782 531
Total income	R'000	2 524 165	2 312 757	9.1%	4 694 266
Headline earnings	R'000	392 143	366 175	7.1%	755 947
Net interest charge	R'000	(22 700)	(20 048)	13.2%	(46 369)
Consolidated statement of financial position					
Equity	R'000	1 375 890	1 268 919	8.4%	1 376 838
Interest-bearing borrowings	R'000	549 700	592 962	(7.3%)	344 355
Total assets	R'000	6 121 904	5 529 453	10.7%	5 444 778
Consolidated statement of cash flows					
Net cash effects from operating activities	R'000	101 513	(30 688)		617 695
Capital expenditure	R'000	129 024	145 460	(11.3%)	309 886
Depreciation and amortisation	R'000	112 436	102 121	10.1%	210 105
Performance					
Turnover growth	%	9.6	11.4		13.6
Comparable stores turnover growth	%	5.0	4.6		5.8
Gross profit growth	%	8.5	6.7		8.8
Gross profit margin	%	22.1	22.3		21.6
Total income growth	%	9.1	7.9		9.8
Total income margin	%	27.0	27.1		26.8
Operating margin	%	6.1	6.2		6.3
Inventory days		75	71		59
Current ratio	:1	1.0	1.0		1.0
Return on total assets	%	12.6	13.5		14.8
Return on shareholders' interest	%	55.4	58.2		55.5
Shareholders' interest to total assets	%	22.5	22.9		25.3
Interest-bearing debt to shareholders' interest at period-end	%	40.0	46.7		25.0
Interest-bearing debt, including cash, to shareholders' interest at period-end	%	28.2	43.9		18.3
Statistics					
Number of permanent employees		8 518	8 416	1.2%	8 385
Number of stores		617	600	2.8%	607
Weighted retail trading area	m ²	249 563	241 191	3.5%	242 070
Share statistics					
Number of ordinary shares in issue (gross), excluding "A" shares	'000	246 138	268 323	(8.3%)	268 323
Number of ordinary shares in issue (net of treasury shares)	'000	245 032	249 984	(2.0%)	246 880
Weighted average number of shares in issue (net of treasury shares)	'000	245 958	251 918	(2.4%)	250 297
Weighted average diluted number of shares in issue (net of treasury shares)	'000	249 074	256 652	(3.0%)	253 434
Headline earnings per share – basic	cents	159.4	145.4	9.6%	302.0
– diluted	cents	157.4	142.7	10.3%	298.3
Dividend per share – interim	cents	53.5	48.5	10.3%	48.5
– final	cents	–	–		119.5
Dividend cover	times	3.0	3.0		1.8
Share price – closing	cents	5 622	5 925	(5.1%)	5 483
– high	cents	6 500	6 830		6 830
– low	cents	5 381	5 405		5 269
Net asset value per share	cents	562	508	10.6%	558
Net tangible asset value per share	cents	375	338	10.9%	374
Market capitalisation (gross)	R'000	13 837 878	15 898 138	(13.0%)	14 712 150
Market capitalisation (net of treasury shares)	R'000	13 775 699	14 811 552	(7.0%)	13 536 430
Price earnings ratio	times	19.1	22.2		18.4
Volume of ordinary shares traded	'000	114 081	161 895		275 737
Percentage of ordinary shares traded	%	46.4	64.3		110.2
Free float	%	99.3	92.3		91.8
Shareholders' return	cents	(249)	1 584		(99)
(Decrease)/increase in share price	cents	(303)	1 535		(267)
Dividend per share	cents	54	49		168
Other information					
Inflation rate					
CPI	%	5.9	5.4		6.4
Internal selling price inflation	%	3.5	2.0		2.6
Interest rates					
Prime overdraft rate – closing	%	9.0	8.5		8.5
– average	%	8.7	8.5		8.5
FTSE/JSE Africa share indices					
All Share Index		47 329	39 709	19.2%	42 228
General Retailers Index		55 172	60 588	(8.9%)	58 160
Food and Drug Retailers Index		7 543	8 514	(11.4%)	8 064
Exchange rate					
Rand/US dollar – closing	R/US\$	10.72	8.84	21.3%	10.34
– average	R/US\$	10.38	8.68	19.6%	9.15



pharmacy
clinic
health
home
beauty
baby

pharmacy
clinic
health
home
beauty
baby



COMMENTARY

Overview and trading environment

Consumer spending in the country has remained constrained over the past six months, impacting particularly on the middle income segment which is the core target market of the Clicks chain.

In these demanding trading conditions Clicks is maintaining its competitive position and continues to show real growth in comparable stores. The brand's strong value offer is driving sales growth as the health and beauty markets remain resilient.

UPD's integrated wholesale and distribution strategy is working well, reflected in solid growth in turnover and share gains in both the wholesale and distribution markets.

The group continues to invest for longer-term growth in both its retail and distribution businesses. In addition the group has signed an exclusive agreement to launch GNC, a global leader in health and wellness products.

Financial performance

Group turnover increased by 9.6% to R9.3 billion, with retail sales growing by 7.4% and UPD by 14.7%. Selling price inflation averaged 3.5% for the period.

Total income increased by 9.1% and the total income margin was 10 basis points lower at 27.0% as a result of UPD growing at a faster rate than the retail business. The retail total income margin improved by 40 basis points to 33.4% through private label margin growth and well managed promotional campaigns in Clicks.

Operating expenses grew by 9.7%. Retail costs were 9.8% higher owing to the increased investment in new stores, pharmacies and staff. Comparable retail cost growth was contained below sales growth at 6.6%. The 12.6% cost growth in UPD reflects the investments in wholesale automation and distribution warehouse capacity, as well as additional variable costs relating to distribution contracts secured in the past year. UPD's cost growth is expected to moderate in the second half of the year.

Operating profit grew by 7.3% and the group operating margin declined by 10 basis points to 6.1%. The operating

margins for the group, and the retail and distribution segments, are within the targeted ranges despite the investments made in Clicks and UPD during the current tough trading period.

Diluted headline earnings per share increased by 10.3% to 157.4 cents. An interim dividend of 53.5 cents per share was declared, an increase of 10.3% over the prior period.

Inventory days in stock moved from 71 to 75 days. Inventory levels were 15.3% higher at period-end as both Clicks and UPD invested in stock ahead of supplier price increases. Inventory levels are expected to normalise during the second half.

Cash inflow from operations at R400 million reflects good working capital and cash flow management. The group returned R399 million to shareholders through dividend payments and share repurchases, in line with the policy of returning surplus cash to shareholders. Capital expenditure of R129 million was incurred in the first half and the group plans to invest R347 million for the full financial year.

The group's financial and operational performance for the six months has resulted in a sector-leading return on equity of 55.4%.

Trading performance

Clicks increased sales by 8.2% with comparable store sales growing by 5.3%. The brand continued to generate real volume growth, supported by promotional activity which accounted for 26% of sales in the period. Pharmacy sales were 13.1% higher and Clicks increased its retail pharmacy market share to 17.6%. Clicks extended its store footprint to 453, with 333 dispensaries and 133 clinics. The Clicks ClubCard loyalty programme has grown active membership to 4.3 million.

The Body Shop increased turnover by 7.1% with the brand facing margin pressure from the depreciation of the Rand. Musica continued to gain share in all product categories in a declining market.

UPD increased turnover by 14.7%, benefiting from sales to its core customers Clicks and the private hospital groups, and preferred supply chain partner contracts. UPD has



Clicks pharmacy
market share at
17.6%

UPD market share
increased to
26.3%

grown its share of the private pharmaceutical market from 25.7% to 26.3%. The completion of the new distribution facility in Johannesburg has increased warehouse capacity by 50%.

Outlook

The current challenging consumer trading environment is expected to continue during the second half of the financial year, while selling price inflation is anticipated to average 4% – 5% for the year.

Management plans to improve delivery in Clicks by growing sales through its value offer, private label, pharmacy and ClubCard. Clicks will also continue to focus on the prudent management of margin and costs.

UPD aims to extract value from the recent investments in wholesale automation and in distribution capacity while continuing to extract cost efficiencies across the business.

The group remains on track to achieve its medium-term financial and operating targets.

Full-year earnings forecast

The directors forecast that diluted headline earnings per share for the financial year ending 31 August 2014 will increase by between 8% and 12% over the 2013 financial year.

The forecast is based on the following key assumptions: Trading conditions will continue to be challenging as consumer spending remains constrained; selling price inflation will be relatively low and stable for the year; and the group will continue to invest for longer-term growth, mainly in new stores and pharmacies.

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

Interim dividend

The board of directors has approved a gross interim ordinary dividend of 53.5 cents per share (2013: 48.5 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

No Secondary Tax on Companies (STC) credits have been utilised as part of these declarations.

Dividends Tax (DT) amounting to 8.025 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a net dividend of 45.475 cents net of DT.

The company has 246 137 763 ordinary shares and 29 153 295 ordinary "A" shares in issue. Its income tax reference number is 9061/745/71/8.

Shareholders are advised of the following salient dates in respect of the interim dividend:

Last day to trade "cum" the dividend	Friday, 27 June 2014
Shares trade "ex" the dividend	Monday, 30 June 2014
Record date	Friday, 4 July 2014
Payment to shareholders	Monday, 7 July 2014

Share certificates may not be dematerialised or rematerialised between Monday, 30 June 2014 and Friday, 4 July 2014, 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, 27 June 2014, 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

24 April 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 28 February 2014	Six months to 28 February 2013	% change	Year to 31 August 2013
Revenue	9 811 411	8 941 276		18 460 571
Turnover	9 348 825	8 529 084	9.6%	17 543 301
Cost of merchandise sold	(7 284 418)	(6 626 166)	9.9%	(13 760 770)
Gross profit	2 064 407	1 902 918	8.5%	3 782 531
Other income	459 758	409 839	12.2%	911 735
Total income	2 524 165	2 312 757	9.1%	4 694 266
Expenses	(1 953 569)	(1 780 903)	9.7%	(3 590 481)
Depreciation and amortisation	(107 538)	(97 702)	10.1%	(200 398)
Occupancy costs	(279 017)	(247 185)	12.9%	(500 992)
Employment costs	(1 010 011)	(888 089)	13.7%	(1 790 649)
Other costs	(557 003)	(547 927)	1.7%	(1 098 442)
Operating profit	570 596	531 854	7.3%	1 103 785
Loss on disposal of property, plant and equipment	(3 346)	(3 632)	(7.9%)	(7 854)
Profit before financing costs	567 250	528 222	7.4%	1 095 931
Net financing costs	(22 700)	(20 048)	13.2%	(46 369)
Financial income	2 828	2 353	20.2%	5 535
Financial expense	(25 528)	(22 401)	14.0%	(51 904)
Profit before taxation	544 550	508 174	7.2%	1 049 562
Income tax expense	(154 665)	(144 336)	7.2%	(298 873)
Profit for the period	389 885	363 838	7.2%	750 689
Other comprehensive (loss)/income:				
Items that will not be subsequently reclassified to profit or loss	–	–		879
Remeasurement of post-employment benefit obligations	–	–		1 221
Deferred tax on remeasurement	–	–		(342)
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign subsidiaries	559	(685)		2 009
Cash flow hedges	(3 224)	(2 902)		9 952
Change in fair value of effective portion	(4 476)	(4 031)		13 822
Deferred tax on movement of effective portion	1 252	1 129		(3 870)
Other comprehensive (loss)/income for the period, net of tax	(2 665)	(3 587)		12 840
Total comprehensive income for the period	387 220	360 251		763 529
Profit attributable to:				
Equity holders of the parent	389 733	363 560		750 292
Non-controlling interest	152	278		397
Total comprehensive income attributable to:				
Equity holders of the parent	387 068	359 973		763 132
Non-controlling interest	152	278		397
	387 220	360 251		763 529
Reconciliation of headline earnings				
Total profit for the period attributable to equity holders of the parent	389 733	363 560		750 292
Adjusted for:				
Loss on disposal of property, plant and equipment	2 410	2 615		5 655
Headline earnings	392 143	366 175	7.1%	755 947
Headline earnings per share (cents)				
– basic	159.4	145.4	9.6%	302.0
– diluted	157.4	142.7	10.3%	298.3
Earnings per share (cents)				
– basic	158.5	144.3	9.8%	299.8
– diluted	156.5	141.7	10.4%	296.1
Weighted average number of shares in issue (net of treasury shares, '000)	245 958	251 918	(2.4%)	250 297
Weighted average diluted number of shares in issue (net of treasury shares, '000)	249 074	256 652	(3.0%)	253 434

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 28 February 2014	As at 28 February 2013	As at 31 August 2013
ASSETS			
Non-current assets	1 614 031	1 553 509	1 601 461
Property, plant and equipment	1 067 116	1 036 047	1 058 967
Intangible assets	353 665	319 911	349 018
Goodwill	103 510	103 510	103 510
Deferred tax assets	55 545	66 298	59 098
Loans receivable	12 306	11 701	12 105
Financial assets at fair value through profit or loss	21 889	16 042	18 763
Current assets	4 507 873	3 975 944	3 843 317
Inventories	2 894 162	2 509 186	2 225 372
Trade and other receivables	1 441 857	1 430 093	1 507 766
Cash and cash equivalents	162 394	35 705	92 166
Derivative financial assets	9 460	960	18 013
Total assets	6 121 904	5 529 453	5 444 778
EQUITY AND LIABILITIES			
Equity	1 375 890	1 268 919	1 376 838
Share capital	2 754	2 976	2 976
Share premium	3 497	3 497	3 497
Share option reserve	94 308	77 735	79 549
Cash flow hedge reserve	10 318	688	13 542
Treasury shares	(54 198)	(778 252)	(954 553)
Non-distributable reserves	2 349	(904)	1 790
Distributable reserve	1 315 905	1 962 493	2 229 232
Equity attributable to equity holders of the parent	1 374 933	1 268 233	1 376 033
Non-controlling interest	957	686	805
Non-current liabilities	256 162	270 002	252 305
Employee benefits	90 306	87 032	91 489
Deferred tax liabilities	5 048	36 962	9 208
Operating lease liability	160 808	146 008	151 608
Current liabilities	4 489 852	3 990 532	3 815 635
Trade and other payables	3 761 013	3 242 628	3 255 567
Employee benefits	132 200	109 902	148 402
Provisions	6 188	8 828	6 596
Interest-bearing borrowings	549 700	592 962	344 355
Income tax payable	40 677	35 811	58 605
Derivative financial liabilities	74	401	2 110
Total equity and liabilities	6 121 904	5 529 453	5 444 778

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2012	253 042	3 054	3 497
Transactions with owners, recorded directly in equity			
Contributions by and dividends paid to owners			
Dividends paid to shareholders	-	-	-
Withholding tax on dividend	-	-	-
Share-based payment reserve movement	-	-	-
Treasury shares cancelled and related costs	-	(78)	-
Net cost of own shares purchased	(3 058)	-	-
Total transactions with owners	(3 058)	(78)	-
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Cash flow hedge reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Balance at 28 February 2013	249 984	2 976	3 497
Transactions with owners, recorded directly in equity			
Contributions by and dividends paid to owners			
Dividends paid to shareholders	-	-	-
Share-based payment reserve movement	-	-	-
Net cost of own shares purchased	(3 104)	-	-
Treasury shares purchased	(3 129)	-	-
Disposal of treasury shares	25	-	-
Total transactions with owners	(3 104)	-	-
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Remeasurement of post-employment benefit obligations*	-	-	-
Cash flow hedge reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Balance at 31 August 2013	246 880	2 976	3 497
Transactions with owners, recorded directly in equity			
Contributions by and dividends paid to owners			
Dividends paid to shareholders	-	-	-
Share-based payment reserve movement	-	-	-
Treasury shares cancelled and related costs	-	(222)	-
Net cost of own shares purchased	(1 848)	-	-
Total transactions with owners	(1 848)	(222)	-
Total comprehensive income for the period	-	-	-
Profit for the period	-	-	-
Cash flow hedge reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Balance at 28 February 2014	245 032	2 754	3 497

* As a result of implementation of IAS 19 (Revised) – Employee Benefits.

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
55 905	(927 963)	(219)	3 590	2 210 632	1 348 496	408	1 348 904
-	-	-	-	(273 225)	(273 225)	-	(273 225)
-	-	-	-	(11 234)	(11 234)	-	(11 234)
21 830	-	-	-	-	21 830	-	21 830
-	327 318	-	-	(327 240)	-	-	-
-	(177 607)	-	-	-	(177 607)	-	(177 607)
21 830	149 711	-	-	(611 699)	(440 236)	-	(440 236)
-	-	(685)	(2 902)	363 560	359 973	278	360 251
-	-	-	-	363 560	363 560	278	363 838
-	-	-	(2 902)	-	(2 902)	-	(2 902)
-	-	(685)	-	-	(685)	-	(685)
77 735	(778 252)	(904)	688	1 962 493	1 268 233	686	1 268 919
-	-	-	-	(120 780)	(120 780)	-	(120 780)
1 814	-	-	-	-	1 814	-	1 814
-	(176 301)	-	-	(92)	(176 393)	-	(176 393)
-	(176 551)	-	-	-	(176 551)	-	(176 551)
-	250	-	-	(92)	158	-	158
1 814	(176 301)	-	-	(120 872)	(295 359)	-	(295 359)
-	-	2 694	12 854	387 611	403 159	119	403 278
-	-	-	-	386 732	386 732	119	386 851
-	-	-	-	879	879	-	879
-	-	-	12 854	-	12 854	-	12 854
-	-	2 694	-	-	2 694	-	2 694
79 549	(954 553)	1 790	13 542	2 229 232	1 376 033	805	1 376 838
-	-	-	-	(298 202)	(298 202)	-	(298 202)
14 759	-	-	-	-	14 759	-	14 759
-	1 001 836	-	-	(1 004 858)	(3 244)	-	(3 244)
-	(101 481)	-	-	-	(101 481)	-	(101 481)
14 759	900 355	-	-	(1 303 060)	(388 168)	-	(388 168)
-	-	559	(3 224)	389 733	387 068	152	387 220
-	-	-	-	389 733	389 733	152	389 885
-	-	-	(3 224)	-	(3 224)	-	(3 224)
-	-	559	-	-	559	-	559
94 308	(54 198)	2 349	10 318	1 315 905	1 374 933	957	1 375 890

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 28 February 2014	Six months to 28 February 2013	Year to 31 August 2013
Cash effects from operating activities			
Operating profit before working capital changes (refer note 1)	706 991	652 028	1 350 817
Working capital changes (refer note 2)	(118 914)	(234 884)	25 824
Cash generated by operations	588 077	417 144	1 376 641
Interest received	2 828	2 353	5 124
Interest paid	(20 430)	(17 037)	(41 418)
Taxation paid	(170 760)	(159 923)	(328 647)
Cash inflow from operating activities before dividends	399 715	242 537	1 011 700
Dividends paid to shareholders	(298 202)	(273 225)	(394 005)
Net cash effects from operating activities	101 513	(30 688)	617 695
Cash effects from investing activities			
Investment in property, plant and equipment and intangibles to maintain operations	(37 565)	(47 932)	(103 400)
Investment in property, plant and equipment and intangibles to expand operations	(91 459)	(97 528)	(206 486)
Proceeds from disposal of property, plant and equipment	446	692	885
(Increase)/decrease in loan receivables	(201)	4 503	4 510
Increase in financial assets at fair value through profit or loss	(3 126)	(1 271)	(3 967)
Net cash effects from investing activities	(131 905)	(141 536)	(308 458)
Cash effects from financing activities			
Purchase of treasury shares	(101 481)	(177 607)	(354 158)
Share cancellation expenses	(3 244)	-	-
Proceeds from disposal of treasury shares	-	-	158
Interest-bearing borrowings raised	205 345	378 396	129 789
Net cash effects from financing activities	100 620	200 789	(224 211)
Net increase in cash and cash equivalents	70 228	28 565	85 026
Cash and cash equivalents at the beginning of the period	92 166	7 140	7 140
Cash and cash equivalents at the end of the period	162 394	35 705	92 166

STORE FOOTPRINT

	Clicks	Musica	The Body Shop	Total retail
Number of stores at 28 February 2014	453	118	46	617
as at 31 August 2013	442	120	45	607
opened	14	1	1	16
closed	(3)	(3)	-	(6)
Number of pharmacies at 28 February 2014	333			333
as at 31 August 2013	331			331
new/converted	9			9
closed	(7)			(7)

NOTES TO THE STATEMENT OF CASH FLOWS

R'000	Six months to 28 February 2014	Six months to 28 February 2013	Year to 31 August 2013
Cash flow information			
1 Profit before working capital changes			
Profit before tax	544 550	508 174	1 049 562
Adjustment for:			
Depreciation and amortisation	112 436	102 121	210 105
Unrealised foreign exchange loss	–	169	–
Operating lease accrual	9 200	4 951	10 551
Loss on disposal of property, plant and equipment	3 346	3 632	7 854
Equity-settled share option costs	14 759	12 933	26 376
Net financing cost	22 700	20 048	46 369
	706 991	652 028	1 350 817
2 Working capital changes			
Increase in inventories	(668 790)	(428 811)	(144 997)
Decrease/(increase) in trade and other receivables	64 721	(258 517)	(335 603)
Increase in trade and other payables	508 046	476 724	492 336
(Decrease)/increase in employee benefits	(22 483)	(24 280)	16 320
Decrease in provisions	(408)	–	(2 232)
	(118 914)	(234 884)	25 824

ANALYSIS OF SHAREHOLDERS

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

Major fund managers	Percentage of shares		Geographic distribution of shareholders	Percentage of shares	
	Feb 2014	Feb 2013		Feb 2014	Feb 2013
Coronation Fund Managers (SA)	19.1%	7.0%	South Africa and Africa Offshore holdings USA and Canada United Kingdom, Ireland and Channel Islands Europe Other countries	39.9%	38.6%
Public Investment Corporation (SA)	13.4%	11.8%		60.1%	61.4%
Fidelity Management & Research (US)/International (UK)	8.2%	6.6%		35.0%	32.2%
Aberdeen Asset Managers (UK)	7.4%	5.1%		7.1%	15.1%
JPMorgan Asset Management (US, UK and Asia)	5.6%	4.8%		10.6%	5.8%
GIC (Singapore)	3.8%	4.5%		7.4%	8.3%
Mondrian Investment Partners (UK)	3.7%	2.6%			
Baillie Gifford & Co (UK)	2.8%	9.9%			

SEGMENTAL ANALYSIS

For the six months to 28 February 2014
R'000

		Retail	
		28 Feb 2014	28 Feb 2013
Statement of financial position			
Property, plant and equipment		855 695	860 344
Intangible assets		341 175	309 737
Goodwill		6 530	6 530
Inventories		1 916 284	1 658 418
Trade and other receivables		215 451	153 979
Cash and cash equivalents		126 984	2 764
Other assets		492 948	487 288
Total assets		3 955 067	3 479 060
Employee benefits – non-current		84 313	79 296
Operating lease liability		160 808	146 008
Trade and other payables		1 790 978	1 513 909
Employee benefits – current		124 943	96 912
Other liabilities		1 120 558	883 305
Total liabilities		3 281 600	2 719 430
Net assets		673 467	759 630
Statement of comprehensive income			
Turnover		6 633 690	6 176 489
Gross profit		1 987 277	1 833 437
Other income		231 569	203 449
Total income		2 218 846	2 036 886
Expenses		(1 743 283)	(1 588 179)
Operating profit		475 563	448 707
Ratios			
Increase in turnover	(%)	7.4	6.3
Selling price inflation	(%)	3.6	2.6
Comparable stores turnover growth	(%)	5.0	4.6
Gross profit margin	(%)	30.0	29.7
Total income margin	(%)	33.4	33.0
Operating expenses as a percentage of turnover	(%)	26.3	25.7
Increase in operating expenses	(%)	9.8	6.7
Increase in operating profit	(%)	6.0	8.2
Operating profit margin	(%)	7.2	7.3
Inventory days		81	75
Trade debtor days		9	10
Trade creditor days		45	48
Number of stores		617	600
as at 31 August 2013/2012		607	595
opened		16	15
closed		(6)	(10)
Number of pharmacies		333	324
as at 31 August 2013/2012		331	306
new/converted		9	19
closed		(7)	(1)
Total leased area	(m ²)	320 252	308 320
Weighted retail trading area	(m ²)	249 563	241 191
Weighted annual sales per m ²	(R)	49 565	47 802
Number of permanent employees		7 999	7 900

Distribution		Intragroup elimination		Total operations	
28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
211 421	175 703	-	-	1 067 116	1 036 047
12 490	10 174	-	-	353 665	319 911
96 980	96 980	-	-	103 510	103 510
986 236	861 461	(8 358)	(10 693)	2 894 162	2 509 186
1 558 113	1 542 624	(331 707)	(266 510)	1 441 857	1 430 093
35 410	32 941	-	-	162 394	35 705
524 088	211 876	(917 836)	(604 163)	99 200	95 001
3 424 738	2 931 759	(1 257 901)	(881 366)	6 121 904	5 529 453
5 993	7 736	-	-	90 306	87 032
-	-	-	-	160 808	146 008
2 301 980	1 995 229	(331 945)	(266 510)	3 761 013	3 242 628
7 257	12 990	-	-	132 200	109 902
397 937	395 822	(916 808)	(604 163)	601 687	674 964
2 713 167	2 411 777	(1 248 753)	(870 673)	4 746 014	4 260 534
711 571	519 982	(9 148)	(10 693)	1 375 890	1 268 919
3 993 195	3 480 118	(1 278 060)	(1 127 523)	9 348 825	8 529 084
78 877	71 036	(1 747)	(1 555)	2 064 407	1 902 918
255 375	224 624	(27 186)	(18 234)	459 758	409 839
334 252	295 660	(28 933)	(19 789)	2 524 165	2 312 757
(237 472)	(210 958)	27 186	18 234	(1 953 569)	(1 780 903)
96 780	84 702	(1 747)	(1 555)	570 596	531 854
14.7	20.3	13.4	7.9	9.6	11.4
3.0	1.0	-	-	3.5	2.0
-	-	-	-	5.0	4.6
2.0	2.0	-	-	22.1	22.3
8.4	8.5	-	-	27.0	27.1
5.9	6.1	-	-	20.9	20.9
12.6	15.3	-	-	9.7	7.6
14.3	13.1	-	-	7.3	8.8
2.4	2.4	-	-	6.1	6.2
46	46	-	-	75	71
60	69	-	-	47	55
87	86	-	-	69	69
-	-	-	-	617	600
-	-	-	-	607	595
-	-	-	-	16	15
-	-	-	-	(6)	(10)
-	-	-	-	333	324
-	-	-	-	331	306
-	-	-	-	9	19
-	-	-	-	(7)	(1)
-	-	-	-	320 252	308 320
-	-	-	-	249 563	241 191
-	-	-	-	49 565	47 802
519	516	-	-	8 518	8 416

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 periods.

Current ratio

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

Dividend cover

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

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 period divided by the weighted average number of shares in issue for the period.

Diluted earnings per share

Profit for the period divided by the weighted average diluted number of shares in issue for the period.

Headline earnings per share

Headline earnings divided by the weighted average number of shares in issue for the period.

Diluted headline earnings per share

Headline earnings divided by the weighted average diluted number of shares in issue for the period.

Effective tax rate

The tax charge in the income statement as a percentage of profit before tax.

Free float

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

Gross profit margin

Gross profit expressed as a percentage of turnover.

Headline earnings

Profit for the period adjusted for the after-tax effect of goodwill impairment and certain other capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

Clicks Group's consolidated financial statements are prepared in accordance with IFRS.

Interest-bearing debt, including cash, to shareholders' interest at period-end

Interest-bearing debt (including bank overdraft), net of cash balances, at the end of the period divided by shareholders' interest at the end of the period.

Inventory days

Closing inventory at period-end divided by the cost of merchandise sold during the period, multiplied by 365 days.

Issued shares

Ordinary shares and unlisted "A" shares having a par value of one cent each in the authorised share capital of Clicks Group Limited.

Market capitalisation

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

Net asset value per share

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

Net tangible asset value per share

Net assets at period-end, less intangible assets (such as goodwill and trademarks), divided by the number of shares in issue at period-end (net of treasury shares).

Operating profit

Operating profit before financing costs, as reported in the group consolidated statement of comprehensive income, adjusted to exclude goodwill impairment, impairment of property, plant and equipment, profit on disposal of businesses and profit/loss on disposal of property, plant and equipment.

Operating profit margin

Operating profit expressed as a percentage of turnover.

Percentage of ordinary shares traded

The number of shares traded on the JSE Limited during the period as a percentage of the weighted average number of shares in issue (net of treasury shares).

Price earnings ratio

The closing market price per share at period-end divided by diluted headline earnings per share for the period.

Return on shareholders' interest (ROE)

Headline earnings expressed as a percentage of the average shareholders' interest for the period.

Return on total assets (ROA)

Headline earnings expressed as a percentage of the average total assets for the period.

Segmental reporting

Business unit segment

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

Selling price inflation

The change in the weighted average selling price of a

sample of products for the period relative to the previous period expressed as a percentage of the weighted average selling price of the same sample of products for the previous period. Only products sold in both the current and previous period are included in the sample.

Shareholders' interest

Share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

Shareholders' interest to total assets

The shareholders' interest divided by the total assets at the period-end.

Total income

Gross profit plus other income.

Total income margin

Total income expressed as a percentage of turnover.

Trade creditor days

Closing trade creditors at period-end (adjusted to exclude VAT) divided by the cost of merchandise sold during the period, multiplied by 365 days.

Trade debtor days

Closing trade debtors at period-end (adjusted to exclude VAT) divided by sales for the period, multiplied by 365 days.

Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme, the New Clicks Holdings Share Trust and the Clicks Group Employee Share Ownership Trust.

Weighted average number of shares

The number of shares in issue, increased by shares issued during the period and reduced by treasury shares purchased or shares cancelled during the period, weighted on a time basis for the period during which they have participated in the income of the group.

Weighted average diluted number of shares

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



PRESENTATION OUTLINE

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





REVIEW OF THE PERIOD

- Middle income consumers remain constrained
 - Value offering continues to drive sales
- Clicks is maintaining its competitive position
 - Showing real growth in comparable stores
- UPD integrated wholesale and distribution strategy working well
- Continuing to invest for longer term despite market slowdown
- Launch of GNC in line with focus on health and wellness
- Diluted headline earnings per share up 10.3%



FINANCIAL RESULTS

MICHAEL FLEMING

FINANCIAL HIGHLIGHTS

- Group turnover up **9.6%**
 - Clicks turnover up **8.2%**
 - UPD turnover up **14.7%**
 - Selling price inflation of **3.5%**
- Operating margin at **6.1%**
- Diluted HEPS up **10.3%** to 157.4 cps
- Interim dividend of 53.5 cps, up **10.3%**
- Return on equity of **55.4%**

TURNOVER

R'm	Feb 2014	Feb 2013	% change	% same store growth	% inflation
Clicks	6 060	5 601	8.2	5.3	3.4
Musica	495	502	(1.4)	1.5	6.0
The Body Shop	79	74	7.1	3.6	8.7
Total retail	6 634	6 177	7.4	5.0	3.6
UPD	3 993	3 480	14.7		3.0
Intragroup turnover	(1 278)	(1 128)	13.4		
Total group	9 349	8 529	9.6		3.5

- Continued volume growth in Clicks
- UPD benefited from preferred supplier contract gained in January 2013

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TOTAL INCOME

	Feb 2014 R'm	Feb 2013 R'm	% change	Feb 2014 % margin	Feb 2013 % margin
Retail	2 219	2 037	8.9	33.4	33.0
Distribution	334	296	13.1	8.4	8.5
Intragroup	(29)	(20)			
Total group	2 524	2 313	9.1	27.0	27.1

- Private label margin growth and well managed promotional activity in Clicks
- UPD margin impacted by business mix
- Group margin impacted by stronger growth in UPD

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OPERATING EXPENDITURE - RETAIL

R'm	Feb 2014	Feb 2013	% change
Depreciation and amortisation	95	88	7.7
Occupancy costs	276	244	13.0
Employment costs	911	798	14.2
Other operating costs	461	458	0.7
Total retail costs	1 743	1 588	9.8

- Continuing investment in stores and staff
- Comparable retail costs up 6.6%

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OPERATING EXPENDITURE - DISTRIBUTION

R'm	Feb 2014	Feb 2013	% change
Depreciation and amortisation	12	9	32.6
Occupancy costs	3	3	(0.8)
Employment costs	99	91	9.3
Other operating costs	123	108	14.0
Total distribution costs	237	211	12.6

- Investment in wholesale automation and distribution capacity
- Cost growth in H2 to moderate

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OPERATING PROFIT

	Feb 2014 R'm	Feb 2013 R'm	% change	Feb 2014 % margin	Feb 2013 % margin
Retail	476	449	6.0	7.2	7.3
Distribution	97	85	14.3	2.4	2.4
Intragroup	(2)	(2)			
Total group	571	532	7.3	6.1	6.2

- Margins within target ranges

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INVENTORY

	<u>Days in stock*</u>		<u>Inventory (R'm)</u>		
	Feb 2014	Feb 2013	Feb 2014	Feb 2013	% change
Retail	81	75	1 916	1 659	15.5
Distribution	46	46	986	861	14.5
Intragroup inventory			(8)	(11)	
Total group	75	71	2 894	2 509	15.3

- Investment ahead of supplier price increases
- Inventory levels to normalise in H2

* At cost price

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CASH GENERATION

R'm	Feb 2014	Feb 2013
Profit before tax	545	508
Non-cash adjustments	162	144
Operating profit before working capital changes	707	652
Working capital changes	(119)	(235)
Net interest and tax paid	(188)	(174)
Cash inflow from operations	400	243

- Good working capital and cash flow management

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CASH UTILISATION

R'm	Feb 2014	Feb 2013
Cash inflow from operations	400	243
Capital expenditure	(129)	(145)
Dividends paid	(298)	(273)
Share buy-backs	(101)	(178)
Other investing activities	(3)	4
Other financing activities	201	378
Net cash generated	70	29

- R347m capex planned for FY2014

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TRADING PERFORMANCE

DAVID KNEALE

SALES PERFORMANCE



	% change	% contribution
Pharmacy	13.1	25.2
Front shop health	12.0	21.3
Beauty and personal care	7.1	33.4
General merchandise	0.5	20.1
Total turnover	8.2	100.0

- Increased focus on health, beauty and wellness
- Maintaining volume growth, driven by promotional activity

PHARMACY



- Continued switch to generics +19.6%
 - 42.3% of sales
- Trend to self-medication
 - OTC medicines +17.7%
- Entrenching medical aid partnerships
- Total volume growth +11.0%
- Pharmacy staff turnover down from 30% to 25%
- Market share



%	Feb 2014	Feb 2013
Retail pharmacy*	17.6	16.6

* Per IMS

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FRONT SHOP HEALTH



- Good growth in key categories
 - Front shop medicines +8.7%
 - First aid and diagnostic +16.1%
- Slower market for vitamins and supplements +6.8%
- Strong growth in baby +19.4%



- Market share

%	Feb 2014	Feb 2013
Front shop health**	27.6	27.1
Baby**	9.1	8.0

** Per AC Nielsen (restated)

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BEAUTY AND PERSONAL CARE



- Highly competitive markets
- Good growth in skincare +10.5% - driven by promotion and newness
- Slower growth in haircare +3.2% and colour cosmetics +5.3%
- Fragrance +1.6% - poor Christmas
- Market share



%	Feb 2014	Feb 2013
Skincare**	26.4	26.5
Haircare**	25.2	25.5

** Per AC Nielsen (restated)

GENERAL MERCHANDISE



- Confectionery +2.4%
 - Christmas was difficult
- Homeware -2.6%
 - New kitchen range did well
- Domestic +6.8%
- Electrical improving +6.5%
 - Volume share held at 25.4%
- Market share



%	Feb 2014	Feb 2013
Small household appliances***	17.2	18.1

*** Per GfK (restated)

CUSTOMERS AND STORES



- ClubCard membership now 4.3m
 - 75.4% of sales
- Private label up from 19.4% to 19.7%
 - Front shop at 25.3%
- 333 dispensaries and 133 clinics in 453 stores at February
 - 25 new stores in FY2014 (and 4 closures)
 - 18 new pharmacies in FY2014 (and 7 closures)
- Rated 1st in health and beauty*



* Per TNS Brand Tracker

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PERFORMANCE

THE BODY SHOP.

- Weaker Rand has negatively impacted margin
- Strong gifting sales +34.1%
- “Love Your Body” sales up 8.9%
 - Now 57.4% of sales
- Continuing to expand the footprint
 - Capsules in 70 Clicks stores and 9 store-in-store outlets
 - 46 standalone stores - 2 more planned in FY2014



PERFORMANCE



MUSICA

	% change	% contribution	Market share*	
			Feb 2014	Feb 2013
CDs	(9.6)	40.6	49.4%	45.8%
DVDs	(1.7)	26.2	33.0%	29.3%
Gaming	6.4	17.0	10.1%	9.9%
Technology	16.4	16.2		

- Market share growth continues in all categories
- Technology roll out completed
- Further 2 store closures and 1 new store planned in H2
- Highest return on net assets in the group



* Per Aquidneck / GfK (prior period restated)



TURNOVER

	% change	% contribution
Clicks	13.0	31.9
Hospitals	11.8	26.1
Independent pharmacy	(5.5)	17.7
Other channels	44.2	24.3
Total turnover	14.7	100.0

PERFORMANCE



- Wholesale market share increased from 25.7% to 26.3%*
 - Core customers growing faster than the market
 - Assisted by distribution strategy
- Margin pressure continues from growth in generics
 - Generics +17.4% in wholesale - now 42.5% of wholesale medicines
- Consistent focus on cost efficiencies
- R1.9bn notional turnover in distribution
 - Growth beyond current client base has been temporarily constrained
 - Investment in distribution capacity completed

* MAT per IMS

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OUTLOOK

DAVID KNEALE

OUTLOOK

- Tough consumer environment to continue
- Selling price inflation expected to be 4 - 5% for the year
- Continue to improve effective delivery in Clicks
 - Driving sales growth
 - Continued prudent management of margin and costs
- Extract value from investment in UPD
 - Leverage wholesale automation and increased distribution capacity
- Margin targets unchanged
- Expect 8 – 12% growth in diluted HEPS for FY2014

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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.

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Transfer secretaries: Computershare Investor Services Proprietary Limited
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Sponsor: Investec Bank Limited

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