



INTERIM RESULTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

CLICKS GROUP

LIMITED

PRESENTATION OUTLINE

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





pharmacy 

REVIEW OF THE PERIOD
BERTINA ENGELBRECHT



REVIEW OF THE SIX MONTHS

- Performance highlights the resilience and defensiveness of the group in a very tough economic environment
- Retail trading still impacted by Covid-19 and civil unrest
- Muted growth in UPD, impacted by less severe Omicron wave
- Clicks is the largest vaccinator in SA, having administered over 3 million vaccinations to date
- Opened 800th Clicks store in March
- Continuing adjusted* dHEPS up **10.2%**
- Interim dividend of 180 cents per share, up **26.3%**

* H1 2022 adjusted for impact of SASRIA insurance proceeds received



only at
Clicks

prof

FINANCIAL RESULTS

MICHAEL FLEMING



FINANCIAL HIGHLIGHTS

- Turnover up **9.0%***
 - Retail turnover up **13.6%***, with 6.5% growth from vaccines
 - UPD reported turnover up only **0.6%**
- Operating margin down from 8.0% to **7.8%****
- Group diluted HEPS up **26.0%** to 466.9 cps
 - Continuing adjusted dHEPS up **10.2%****
- Return on equity up from 37.4% to **47.2%**
- Cash balance of **R838m** at period end
 - R446m shares repurchased
- R317m final SASRIA proceeds received post February
- Interim dividend of 180 cps up **26.3%**

* Continuing operations

** H1 2022 adjusted for impact of SASRIA insurance proceeds received

IMPACT OF INSURANCE PAYMENT

Continuing operations R'm	Reported H1 2022	Adjustment	Adjusted H1 2022
Turnover	19 558		19 558
Gross profit	4 133		4 133
Other income	1 337	(130) Second SASRIA insurance payment	1 207
Expenses	(3 805)		(3 805)
Operating profit	1 665	(130)	1 535
Capital items	87	(87) PPE insurance portion	-
Taxation	(460)	60	(400)
Headline earnings	1 142	(94) Insurance income portion after tax	1 048 +8.6%
dHEPS (cents)	466.9	(38.3)	428.6 +10.2%

- Final SASRIA insurance proceeds of R275.5m (excluding VAT) received after February 2022 will be accounted for in H2 – R195.5m in other income and R80m capital items

TURNOVER

R'm	Feb 2022	Feb 2021	% change	% same stores growth	% inflation
Retail	14 574	12 832	13.6	10.2	3.7
Distribution	8 189	8 141	0.6		1.9
Intragroup turnover	(3 205)	(3 027)	5.9		
Total group	19 558	17 946	9.0		3.1

- Administered 2.2m vaccines in the period with turnover of R832m, an uplift of 6.5% to retail sales and 4.6% to group sales
- UPD growth impacted by high H1 2021 base due to the severity of the Covid-19 second wave compared to the weaker impact of the fourth wave in H1 2022

Note: Continuing operations

TOTAL INCOME



	Feb 2022 R'm	Feb 2021 R'm	% change	Feb 2022 % margin	Feb 2021 % margin
Retail	4 759	4 242	12.2	32.7	33.1
Distribution	714	689	3.6	8.7	8.5
Intragroup	(133)	(101)	31.8		
Total group	5 340	4 830	10.6	27.3	26.9

- Retail impacted by lower margin vaccinations offsetting recovery of higher margin categories
- UPD benefited from new bulk distribution contracts

Note: Continuing operations, H1 2022 adjusted to exclude SASRIA insurance proceeds of R130m

OPERATING EXPENDITURE - RETAIL

R'm	Feb 2022	Feb 2021	% change
Depreciation – PP&E	220	195	12.9
Depreciation – ROU asset	409	351	16.3
Occupancy costs	78	80	(2.3)
Employment costs	1 841	1 647	11.8
Other operating costs	892	792	12.7
Total retail costs	3 440	3 065	12.2
% of turnover	23.6%	23.9%	
Finance costs – lease liability	93	102	(8.7)

- Employment costs impacted by extra staff for vaccinations
- Other costs impacted by higher security, insurance and electricity costs
- Comparable retail costs contained to **6.5%**

Note: Continuing operations

OPERATING EXPENDITURE - DISTRIBUTION

R'm	Feb 2022	Feb 2021	% change
Depreciation – PP&E	14	16	(13.0)
Depreciation – ROU asset	6	2	
Occupancy costs	3	1	
Employment costs	156	145	7.8
Other operating costs	289	268	8.2
Total distribution costs	468	432	8.4

- Impact of costs related to new bulk distribution clients, and higher fuel, security, insurance and electricity costs

OPERATING PROFIT

	Feb 2022 R'm	Feb 2021 R'm	% change	Feb 2022 % margin	Feb 2021 % margin
Retail	1 319	1 177	12.0	9.1	9.2
Distribution	246	257	(4.4)	3.0	3.2
Intragroup	(30)	(6)			
Total group	1 535	1 428	7.5	7.8	8.0

- Impact of very low margin of vaccinations in Retail
- Impact of lower wholesale turnover and high cost pressures on UPD

Note: Continuing operations, H1 2022 adjusted for SASRIA insurance proceeds

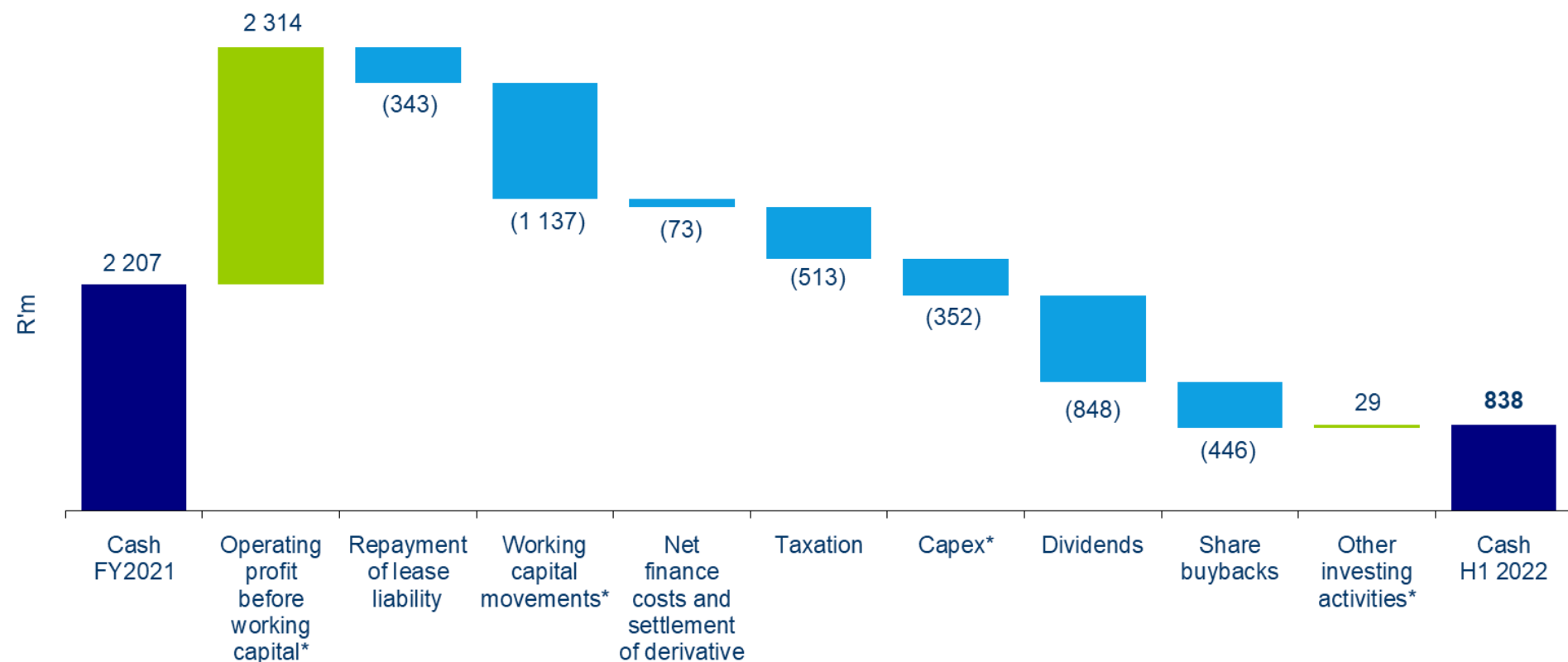
INVENTORY

	<u>Days in stock</u>		<u>Inventory (R'm)</u>		
	Feb 2022	Feb 2021	Feb 2022	Feb 2021	% change
Retail	81	85	4 357	4 017	8.5
Distribution	49	56	2 198	2 460	(10.6)
Intragroup inventory			(151)	(94)	
Total group	78	83	6 404	6 383	0.3

- Inventory levels well managed

Note: Continuing operations

CASH MANAGEMENT FOR THE SIX MONTHS



* Impacted by civil unrest (receipt of SASRIA insurance payments, inventory replacement and new PPE required)

CAPITAL EXPENDITURE

- R876m capex planned for FY2022, including R167m for replacement of assets damaged in the civil unrest and R46m carried forward from FY2021
 - R565m on stores, including:
 - 45 new Clicks stores and 54 new pharmacies
 - 35 store refurbishments and restoring 53 damaged stores
 - R311m on infrastructure, including:
 - R109m on UPD IT and warehouse equipment
 - R202m on retail systems and infrastructure
 - installation of solar panels on all Clicks and UPD DCs in H2

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entire
range



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door to door
or to
your store



TRADING PERFORMANCE

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RETAIL SALES PERFORMANCE

	% change	% contribution
Pharmacy	7.7	26.1
Vaccinations		5.7
Front shop health	3.6	25.1
Beauty and personal care	10.1	28.7
General merchandise	6.4	14.4
Total turnover	13.6	100.0

- Comparable stores turnover growth of **10.2%**
 - Inflation 3.7%
 - Volume growth of 6.5% attributable to Covid-19 vaccinations

MARKET SHARE GAINS



%	Feb 2022	Feb 2021
Health		
Retail pharmacy*	23.8	23.4
Front shop health**	32.4	32.6
Baby**	19.4	19.5
Beauty		
Skincare**	41.2	40.2
Haircare**	31.2	31.1
Personal care**	19.5	18.4
General merchandise		
Small electrical appliances***	18.1	17.8

* Per IQVIA (Private Retail Pharmacy S1-6) ** Per AC Nielsen (restated) *** Per GfK

■ Maintaining value

- More price competitive than all national retailers
- Promotional sales +8.3% to 42.7% of turnover (excl vaccines)

Clicks price index* vs:

Retailer A	93.0%
Retailer B	92.1%
Retailer C	92.2%
Retailer D	97.5%

* Excluding 3 for 2 promotions

■ Differentiating our product offer

- Private label up from 24.5% to 24.6% of sales (front shop 29.9%, pharmacy 9.9%)
- 3 standalone Clicks Baby stores now open – 1 further to open in H2
- All private label packaging plant-based or recyclable, Beauty Without Cruelty endorsed



- Engaging customers through **personalisation**
 - 9.5m active ClubCard members, 80.5% of sales (excl vaccines)
 - Clicks app downloaded by 2.7m customers
- Enabling efficient **healthcare** access
 - Repeat prescription service
 - Clicks Doctor telemedicine service in 133 clinics
- Implementation of Blue Yonder retail merchandising system almost complete



■ Extending convenience

- 796 Clicks stores with 646 pharmacies*
- 50% of population < 5.5km of a pharmacy
- Received approval for transfer of 11 of 25 Pick n Pay pharmacies in H1
- 64 SA stores still to get a dispensary
- Online sales growth moderated – now 1.3% of front shop sales

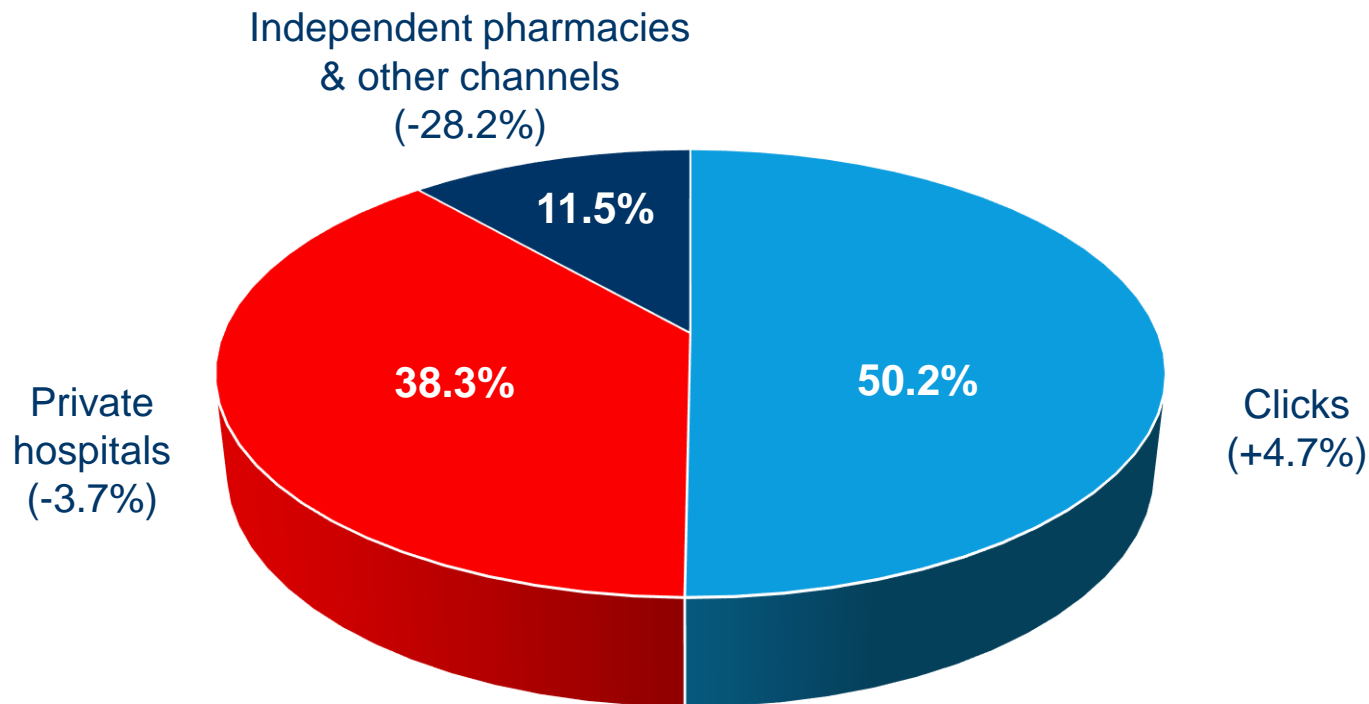
Format	Total*
Convenience	593
Destination	203
Total	796



* Excludes 3 Clicks Baby stores and includes stores still closed due to civil unrest damage



FINE WHOLESALE TURNOVER



- Wholesale turnover down 3.6%
 - Hospitals experienced less severe Covid-19 wave than in prior period
 - Independent pharmacies no longer supported by lockdown shopping trends
- Wholesale market share down marginally from 30.3% to 30.1%*

* MAT per IQVIA (restated)

- Total managed turnover +6.7% to R14.2bn
 - Two new bulk distribution clients
- Reaching capacity in bulk DCs and rented additional facilities in Gauteng and Cape Town
- Generic medicines +14.6% (72% of volume)
- ERP / WMS implementation in Durban DC completed, Gqeberha DC to follow in July
- SEP slightly lower than 2021, but higher than formula
 - Maximum of 3.5% vs 3.68% in 2021
- Clicks and private hospitals expected to benefit from normalisation of activity

entire range online

collections

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baby
club

join



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on most baby products*
every time you shop at
Clicks or Clicks baby
stores

ClubCard
baby
club
earn even more
earn 4% cashback
on most baby products*
every time you shop at
Clicks or Clicks baby
stores

OUTLOOK

BERTINA ENGELBRECHT



OUTLOOK FOR H2 2022

- Consumer environment will remain constrained, compounded by trading disruption from electricity load shedding
- Recovery in beauty category expected to continue
- Plan to open 45 Clicks stores in FY2022
- UPD has secured an additional bulk contract, starting March
- Integrating new IT systems and investing in digital engagement
- Committed to supporting the national vaccination programme
- Continued focus on integrating sustainable business practices

OUTLOOK FOR H2 2022 (CONTINUED)

- Forecast for FY2022:
 - 30% - 35% growth in group dHEPS (FY2021: 773.6c)
 - 25% - 30% growth in continuing dHEPS (FY2021: 793.7c)
 - 8% – 13%** growth in continuing adjusted* dHEPS (FY2021: 836.8c)
- Business model remains resilient, with proven ability to adapt to changing market dynamics
- Confident of the group's ability to continue delivering on medium-term targets

* Adjusted for impact of civil unrest and SASRIA insurance proceeds



BEAUTY
FAIR



Join
online
we deliver
door to door
or to

drinks drinks



80%
save

save

save

save



pay day
savings

6
vitamins
supplements
foods & vitamins



trolley &
basket wipes
available for
your safety



THANK YOU



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