

CLICKS GROUP LIMITED

INTERIM RESULTS
for the
six months ended
29 February 2024



SKINCARE
CENTRE

LA ROCHE-POSAY
LIPIKAR

DERMATOLOGICAL BEAUTY
WE
SPEAK
SKIN
HEALTH

Eucerin

95%
CONFIRM
FINALLY BEATS
POST-ACNE MARKS

SCAN HERE
GET YOUR PERSONALISED
NEW CARE ROUTINE!

REDUCES DARK SPOTS
3-2 BUY UP TO 75%*

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3-2 BUY UP TO 75%*

Agenda

01 Review of the period

02 Financial results

03 Trading performance

04 Outlook

05 Questions





01

Review
of the period

Bertina Engelbrecht

Review of the period

- Performance continues to prove resilience and defensiveness
 - Diluted HEPS up **13.0%**
- Clicks opened 900th store & ClubCard membership now 11m
- Strong retail turnover and profit growth
- Acquisitions successfully integrated
- UPD implemented new IT systems at Lea Glen DC
- Ongoing investment in renewable energy solutions



02

Financial Results

Gordon Traill

Financial highlights

Turnover up

9.0%

Retail turnover up 12.4%

UPD reported turnover up 1.3%

Operating margin up

from 8.2% to

8.5%

Diluted HEPS up

13.0%

to 534 cps

Interim dividend up

13.5%

to 210 cps

Cash returned to
shareholders

R2.0 bn

in the six months

Return on equity up

from 41.2% to

43.4%

Turnover

R'm	H1 2024	H1 2023	% change	% same stores growth	% inflation
Retail	17 283	15 376	12.4	8.8	7.4
Distribution	8 148	8 046	1.3		1.6
Intragroup turnover	(3 627)	(3 416)	6.2		
Total group	21 804	20 006	9.0		5.5

- Retail turnover benefiting from convenient value positioning and strong growth in beauty & personal care
- UPD growth impacted by systems implementation at Lea Glen and slow growth in hospital occupancy rates

Total income

R'm	H1 2024	H1 2023	% change	H1 2024 % margin	H1 2023 % margin
Retail	5 969	5 205	14.7	34.5	33.9
Distribution	784	707	10.9	9.6	8.8
Intragroup	(167)	(138)			
Total group	6 586	5 774	14.1	30.2	28.9

- Retail margin driven by strong growth in private label & beauty, Sorbet franchise fees and fewer pharmacy openings this year
- UPD benefiting from the higher SEP increase (maximum of 6.79% vs 3.28% in H1 2023)

Operating expenditure – Retail

R'm	H1 2024	H1 2023	% change
Depreciation – PPE	284	247	14.8
Depreciation – ROU asset	502	446	12.5
Occupancy costs	101	90	12.8
Employment costs	2 224	1 958	13.6
Other operating costs	1 156	977	18.2
Total retail costs	4 267	3 718	14.8
% of turnover	24.7%	24.2%	
Finance costs – lease liability	131	95	38.0

- Comparable retail costs up **8.7%**; acquisitions added 3.0% to cost growth
- Employment costs also impacted by higher incentive provisions for employees
- Other operating costs include electricity, insurance, security & advertising
- IFRS 16 finance costs impacted by increased number of renewals & discount rate

Operating expenditure – Distribution

R'm	H1 2024	H1 2023	% change
Depreciation – PPE	27	15	83.5
Depreciation – ROU asset	9	8	0.4
Occupancy costs	1	2	(30.9)
Employment costs	197	173	13.8
Other operating costs	354	332	6.5
Total distribution costs	588	530	10.8

- Depreciation of PPE driven by investment in systems
- Employment costs increased to maintain service levels during Lea Glen systems rollout

Operating profit

R'm	H1 2024	H1 2023	% change	H1 2024 % margin	H1 2023 % margin
Retail	1 702	1 487	14.5	9.8	9.7
Distribution	196	176	11.2	2.4	2.2
Intragroup	(35)	(21)			
Total group	1 863	1 642	13.5	8.5	8.2

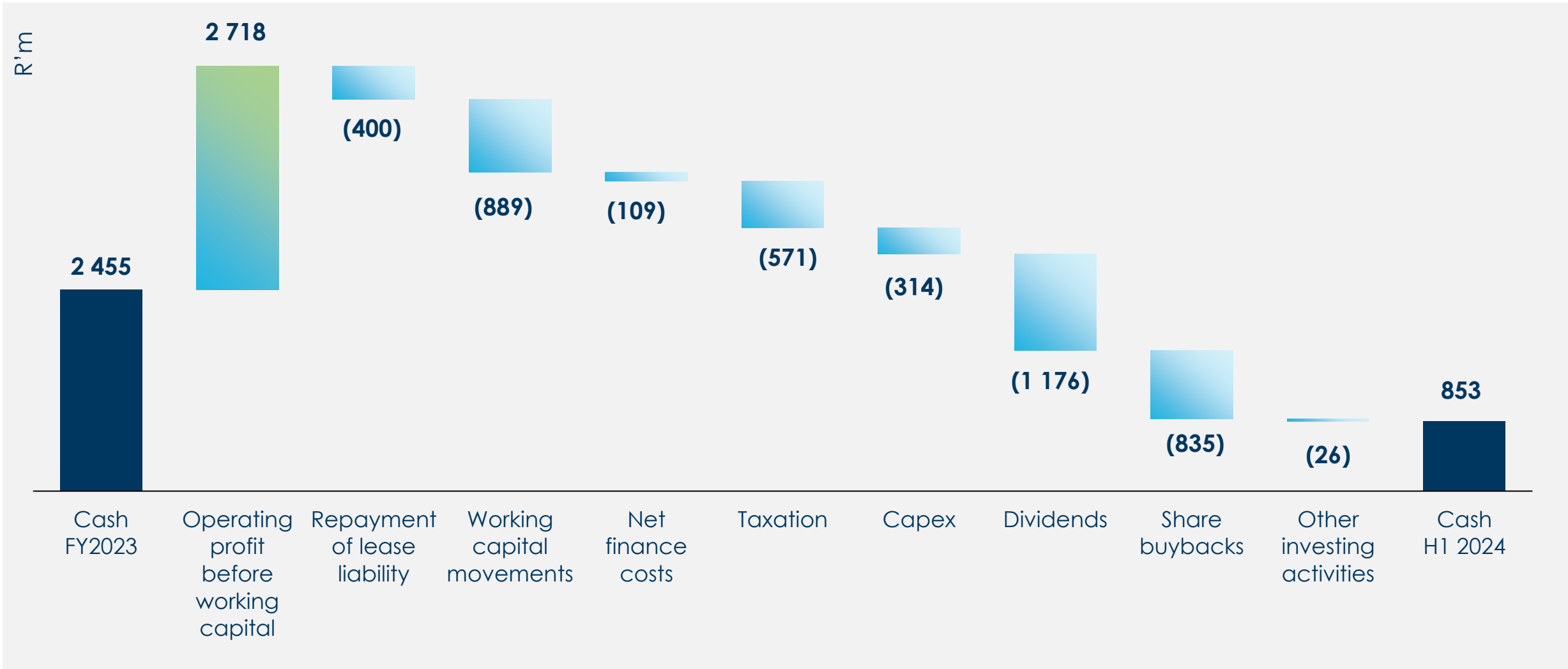
- Benefit of growth in higher margin categories and private label in Retail
- UPD recovering from prior year systems implementations

Inventory

	Days in stock		Inventory (R'm)		
	H1 2024	H1 2023	H1 2024	H1 2023	% change
Retail	82	85	5 095	4 740	7.5
Distribution	61	48	2 669	2 101	27.0
Intragroup inventory			(187)	(149)	
Total group	86	81	7 577	6 692	13.2

- Retail inventories well managed
- UPD stocked up ahead of higher SEP increase
- Group net working capital days down from 47 to 44 days

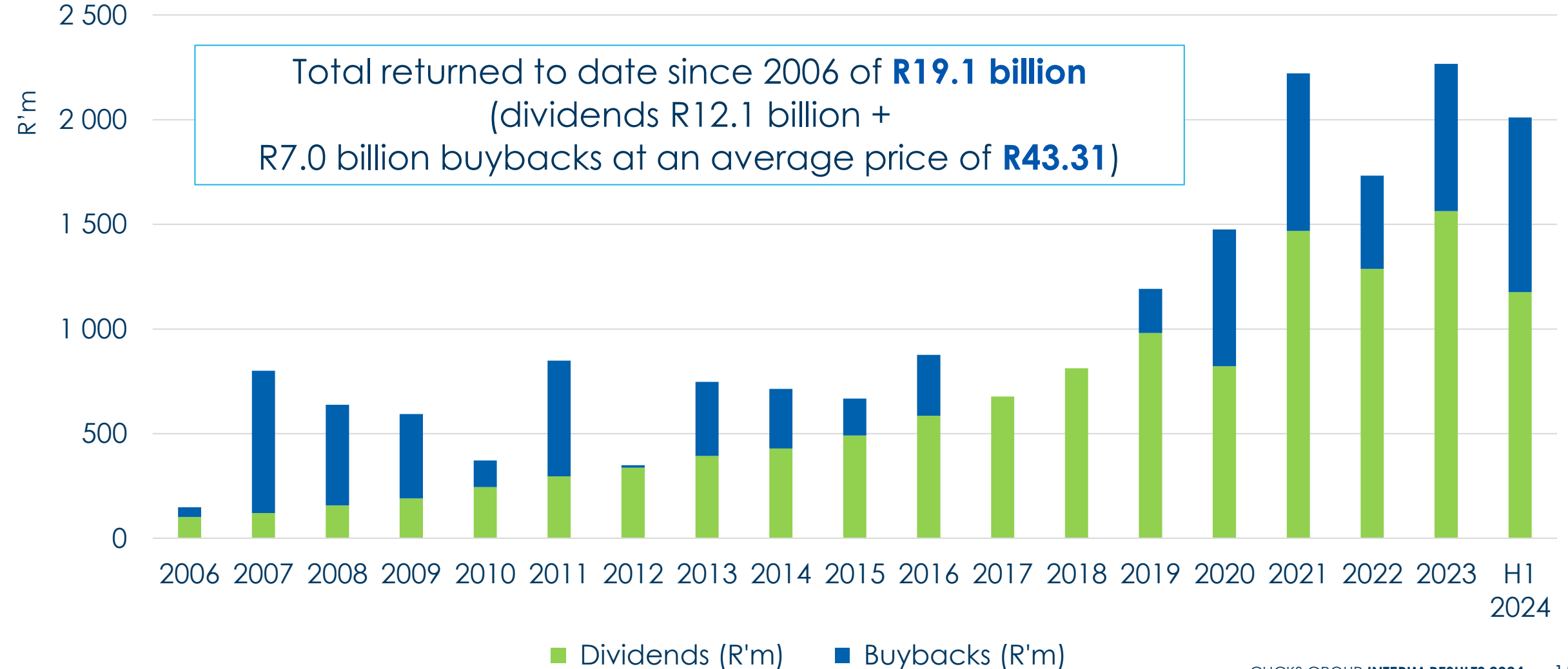
Cash management for the six months



Capital expenditure

- **R920m** capex planned for FY2024
 - R514m on stores:
 - 50 – 55 new Clicks stores and 10 – 20 new pharmacies
 - 50 – 60 store refurbishments
 - R406m on infrastructure:
 - R76m on UPD IT and warehouse equipment
 - R330m on retail systems and infrastructure

Capital returned to shareholders





03

Trading Performance

Bertina Engelbrecht



Clicks business review

Retail sales performance

	% change	% contribution
Pharmacy	8.7	26.2
Front shop health	9.5	24.7
Beauty and personal care	17.1	33.3
General merchandise	14.0	15.8
Total turnover	12.4	100.0

- Comparable stores turnover growth of 8.8%
 - Inflation 7.4%
 - Volume growth of 1.4%

Market shares

%	H1 2024	H1 2023
Health		
Retail pharmacy*	24.3	23.5
Front shop health**	33.2	32.7
Baby**	21.0	21.3
Beauty		
Skincare**	44.1	42.9
Haircare**	33.3	32.9
Personal care**	21.8	20.6
General merchandise		
Small electrical appliances**	19.1	19.5

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

** Per AC Nielsen (restated)

Performance and strategy

- Maintaining **value**
 - Price competitive with all national retailers
 - Promotional sales +14.0% to 44.7% of turnover
 - R387m cashback paid to ClubCard members in the six months
 - In pharmacy, generics +9.4% to 60% of sales and 69% of volume

Clicks price index* vs:	
Retailer A	97.1%
Retailer B	98.3%
Retailer C	99.7%
Retailer D	95.1%

* Excluding all promotional pricing, bulk deals and 3 for 2 promotions



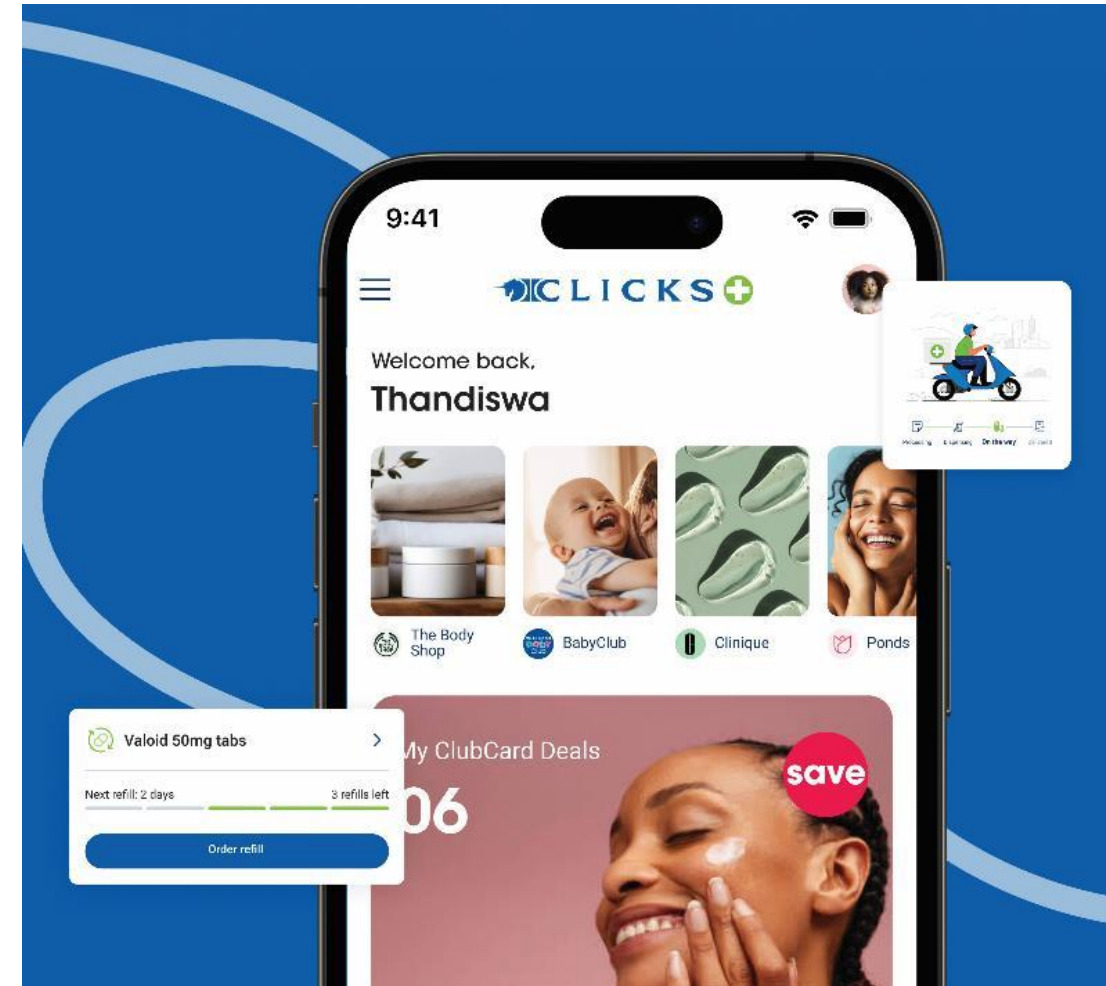
Performance and strategy

- **Differentiating** our product offer
 - Private label up 14.3% to 26.1% of sales (front shop 30.9%, pharmacy 11.7%)
 - New look Beauty hall now in 36 stores
 - Five Clicks Baby stores and four store-in-stores performing strongly
 - Sorbet salons total turnover up 14.9%
 - The Body Shop franchise agreement extended to 2032



Performance and strategy

- Engaging customers through **personalisation**
 - 11.0m active ClubCard members, 82.0% of sales
 - New look Clicks app launched
 - New pharmacy management system to be rolled out to 50 pharmacies in H2 of 2024



Performance and strategy

- Extending **convenience**
 - 902* Clicks stores with 718 pharmacies
 - 223 stores located in low income areas (22.2% of retail turnover)
 - 51% of population < 5.0km of a pharmacy
 - Planning for rollout of M-Kem format
 - Further investment in online capability
 - New dark store in Cape Town reducing delivery times
 - Added in-store stock availability to online site

Format	Total
Convenience	681
Destination	221
Total	902

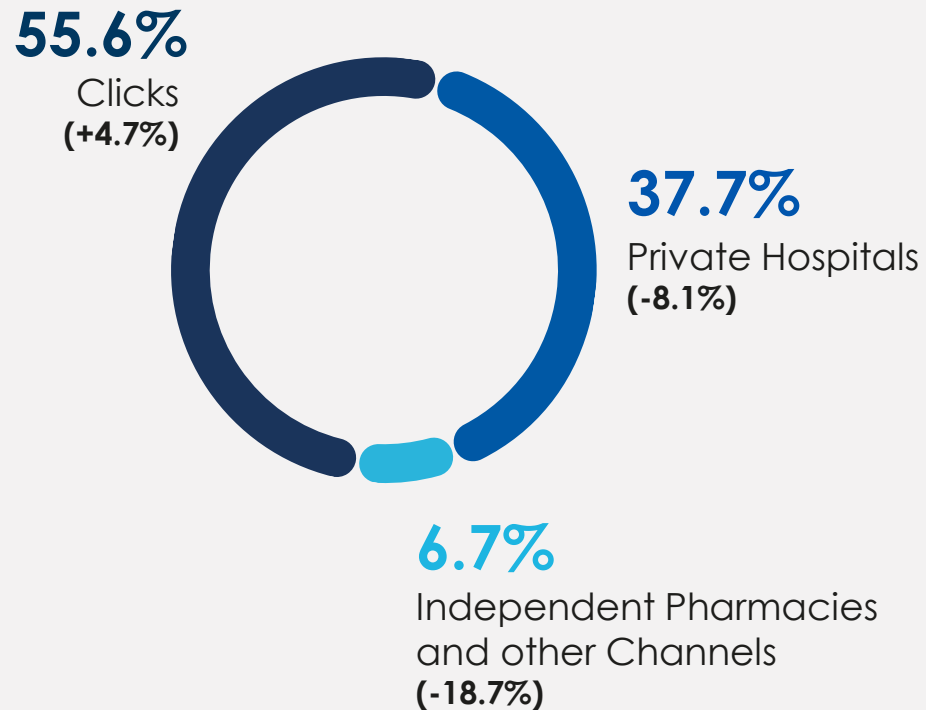


* Includes 5 Clicks Baby stores



UPD business review

Fine wholesale turnover



- Wholesale turnover down 2.3% (Q2 +5.7%)
 - Short-term impact of systems change on Clicks and hospital purchases
 - Lower activity in hospitals
- Wholesale market share down from 28.4% to 27.5%*

* MAT per IQVIA

Review of the period

- Total managed turnover -6.4%
 - Non-renewal of two contracts (annual turnover of R3bn)
 - Provides capacity for growth in other bulk contracts
 - Will be exiting rented DCs as leases expire
- Generic medicines +6.2% in value (75% of volume)
- SAP ERP and Knapp WMS implementation update
 - Lea Glen DC implementation completed in Q1
 - Clicks Pharmacy purchasing compliance recovered from 93% in H1 2023 to 96%, but targeted to improve to 98%



04

Outlook

Bertina Engelbrecht

Outlook for H2 2024

- Consumer environment will remain constrained due to continued impact of inflation & load shedding and disruption of elections
- Accelerating opening of Clicks stores – planning **50 - 55** in FY2024
- Awaiting approval of Unicorn restructure from DoH
- UPD to continue to recover post systems implementation and will benefit further from the SEP increase
- Increased production and use of renewable energy
- Earnings forecast for FY2024: **10 - 15%** growth in dHEPS



05

Questions

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