



CLICKS GROUP
LIMITED

**ANNUAL GROUP
RESULTS**
FOR THE YEAR ENDED
31 AUGUST 2019

Made from 100%
certified recycled material

CONTENTS

1	Financial summary
2	Commentary
4	Consolidated statement of comprehensive income
5	Consolidated statement of financial position
6	Consolidated statement of changes in equity
8	Consolidated statement of cash flows
8	Store footprint
9	Notes to the cash flow statement
9	Analysis of shareholders
10	Segmental analysis
12	Definitions
13	Presentation
IBC	Corporate information

Group turnover up

7.2%

Health and beauty turnover up

10.5%

Operating margin up 40 bps to

7.4%

Cash generated by operations

R2.9 billion

Diluted HEPS up

16.8%

Total dividend up

17.1%

FINANCIAL SUMMARY

		Year to 31 August 2019	Restated year to ¹ 31 August 2018	% change
Consolidated statement of comprehensive income				
Turnover	(R'000)	31 352 109	29 239 054	7.2
Gross profit	(R'000)	6 690 060	6 167 852	8.5
Total income	(R'000)	8 650 540	7 884 999	9.7
Headline earnings	(R'000)	1 703 872	1 469 295	16.0
Net financing income	(R'000)	39 656	2 065	1 820.4
Consolidated statement of financial position				
Equity	(R'000)	4 912 810	4 424 007	11.0
Total assets	(R'000)	13 054 675	11 588 904	12.6
Consolidated statement of cash flows				
Net cash effects from operating activities	(R'000)	1 885 195	1 500 670	25.6
Capital expenditure	(R'000)	646 714	671 233	(3.7)
Depreciation and amortisation	(R'000)	400 192	339 142	18.0
Performance				
Turnover growth	(%)	7.2	9.1	
Comparable stores turnover growth	(%)	6.4	5.5	
Gross profit growth	(%)	8.5	9.7	
Gross profit margin	(%)	21.3	21.1	
Total income growth	(%)	9.7	10.3	
Total income margin	(%)	27.6	27.0	
Operating margin	(%)	7.4	7.0	
Net working capital days		34	36	
Inventory days		70	67	
Trade debtor days		37	38	
Trade creditor days		73	69	
Current ratio	(:1)	1.3	1.2	
Return on total assets	(%)	13.8	13.8	
Return on shareholders' interest	(%)	36.5	38.0	
Shareholders' interest to total assets	(%)	37.6	38.2	
Interest-bearing debt, including cash, to shareholders' interest at year-end	(%)	(53.2)	(34.4)	
Statistics				
Number of permanent employees		15 413	15 067	2.3
Number of stores		870	837	3.9
Weighted retail trading area	(m ²)	347 566	324 643	7.1
Share statistics				
Number of ordinary shares in issue (gross), excluding "A" shares	('000)	262 083	253 948	3.2
Number of ordinary shares in issue (net of treasury shares)	('000)	251 525	244 505	2.9
Weighted average number of shares in issue (net of treasury shares)	('000)	249 125	241 073	3.3
Weighted average diluted number of shares in issue (net of treasury shares)	('000)	253 471	255 385	(0.7)
Headline earnings per share – basic	(cents)	683.9	609.5	12.2
– diluted	(cents)	672.2	575.3	16.8
Dividend per share – interim	(cents)	118.0	102.5	15.1
– final	(cents)	327.0	277.5	17.8
Dividend payout ratio	(%)	65.1	62.3	
Share price – closing	(cents)	19 900	20 300	(2.0)
– high	(cents)	21 822	21 542	
– low	(cents)	15 614	18 206	
Net asset value per share	(cents)	1 953	1 809	8.0
Net tangible asset value per share	(cents)	1 715	1 572	9.1
Market capitalisation (gross)	(R'000)	52 154 517	51 551 444	1.2
Market capitalisation (net of treasury shares)	(R'000)	50 053 475	49 634 515	0.8
Price earnings ratio	(times)	29.6	35.3	
Volume of ordinary shares traded	('000)	273 840	295 190	
Percentage of ordinary shares traded	(%)	109.9	122.4	
Free float	(%)	95.9	96.1	
Shareholders' return	(cents)	45	5 800	
(Decrease)/increase in share price	(cents)	(400)	5 420	
Dividend per share	(cents)	445	380	
Other information				
Inflation rate				
CPI	(%)	4.3	4.9	
Internal selling price inflation	(%)	1.2	1.9	
Interest rates				
Prime overdraft rate – closing	(%)	10.00	10.00	
– average	(%)	10.15	10.00	
FTSE/JSE Africa share indices				
All Share Index		55 260	58 668	(5.8)
General Retailers Index		5 700	7 026	(18.9)
Food and Drug Retailers Index		10 332	12 450	(17.0)
Exchange rate				
Rand/US dollar – closing	(R/US\$)	15.32	14.71	4.1
– average	(R/US\$)	14.34	12.97	10.5

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

COMMENTARY

OVERVIEW

Clicks Group posted another year of strong growth as both the retail and distribution businesses delivered highly competitive performances in an environment of low economic growth and challenging trading conditions.

Retail health and beauty sales increased by 10.5% on good volume growth as Clicks gained market share across all its core product categories.

UPD also performed well, growing its operating margin by gaining new bulk distribution contracts while also reporting growth in market share.

The group's diluted headline earnings per share (HEPS) increased by 16.8% to 672 cents. The total dividend grew by 17.1% to 445 cents per share, with the dividend payout ratio being increased from 62% to 65%.

Over the past 10 years the group has returned R7.4 billion to shareholders and generated a compound annual total shareholder return of 28.6% per annum. Diluted HEPS has grown by a compound rate of 15.0% per annum and dividend per share by 18.1% per annum, with the dividend payout ratio increasing from 50% to 65% over the past decade.

FINANCIAL PERFORMANCE

Group turnover increased by 7.2% to R31.4 billion. Retail sales grew by 9.7% and by 6.4% in comparable stores, with selling price inflation of only 1.5%. Distribution turnover increased by 4.0% with price inflation of 0.9% for the year.

Total income grew by 9.7% to R8.7 billion, with the group's total income margin strengthening by 60 basis points to 27.6%. The retail margin was impacted by increased transport costs and product mix. The UPD margin benefited mainly from gaining new distribution contracts.

Retail expenses grew by 8.1% as the group invested in a net 42 new health and beauty stores, 35 additional pharmacies and refurbished 56 stores.

Comparable retail costs were contained to an increase of 5.6%. UPD expenses, which include the costs related to the new distribution contracts, grew by 10.2%, well below the growth in total managed turnover of 17.6%.

Group operating profit increased by 14.2% to R2.3 billion, with the group's operating margin expanding by 40 basis points to 7.4%. The retail and distribution businesses both improved operating margins despite the low inflationary environment and challenging trading conditions.

Working capital continues to be efficiently managed and the group's net working capital improved from 36 to 34 days. Retail inventory levels were 10.9% higher owing to the expansion of the store footprint.

Cash generated by operations increased by 19.5% to R2.9 billion. Capital expenditure of R647 million (2018: R671 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology. Cash resources increased by R1.1 billion over the previous year and the group ended the year with cash of R2.6 billion.

The group returned R1.2 billion to shareholders in dividend payments (R981 million) and share buy-backs (R211 million).

TRADING PERFORMANCE

Retail health and beauty sales, which includes Clicks and the franchise brands GNC, The Body Shop and Claire's, increased by 10.5%, driven by competitive pricing, a differentiated product offer and new stores. Sales in comparable stores increased by 6.9% and showed strong volume growth of 5.8%, with inflation of only 1.1% for the year.

Clicks opened its 700th store in August 2019, ending the year on 704 stores, and increased its pharmacy network to 545 pharmacies. Clicks increased its share of the retail pharmacy market from 23.9% to 24.9% at August 2019 (source IQVIA).



Clicks ClubCard active membership reached 8.1 million and accounted for 77.6% of the brand's sales. In the past year R504 million was paid to customers in cashback rewards.

UPD's total managed turnover, combining wholesale and bulk distribution, increased by 17.6% to R21.1 billion. The business gained four new distribution contracts in the past year, increasing its portfolio of bulk distribution clients to 30. UPD grew wholesale turnover by 6.8% and increased its market share from 26.0% to 27.0% at August 2019 (source IQVIA).

OUTLOOK

While the consumer spending environment will continue to be constrained in the year ahead, the group has adapted well to trading in this protracted economic downturn and the group is confident of sustaining volume growth in the year ahead.

The group operates in growing and defensive health and beauty markets where the strategy and business model have proven to be resilient, ensuring that the group's market-leading brands are well positioned to increase market share.

Selling price inflation is expected to remain low in the first half of the 2020 financial year and the group anticipates that the annual increase in the single exit price (SEP) of medicines will be marginally higher than the current year.

Capital investment of R718 million is planned for the new financial year, focused on the store and pharmacy network as well as retail and distribution infrastructure to support the increased scale of the business.

FINAL DIVIDEND

The board of directors has approved a final gross ordinary dividend for the period ended 31 August 2019 of 327.0 cents per share (2018: 277.5 cents per share). The source of the dividend will be from distributable reserves and it will be paid in cash.

ADDITIONAL INFORMATION

Dividends Tax (DT) of 20% amounting to 65.4 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 dividend of 261.6 cents net of DT.

The company has 262 083 439 ordinary shares in issues. Its income tax reference number is 9061/745/71/8.

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

Last day of trade "cum" the dividend	Tuesday, 21 January 2020
Shares trade "ex" the dividend	Wednesday, 22 January 2020
Record date	Friday, 24 January 2020
Payment to shareholders	Monday, 27 January 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 January 2020 and Friday, 24 January 2020, both days inclusive.

The board of directors has 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 Tuesday, 21 January 2020, 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.

Matthew Welz
Company secretary
24 October 2019



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Year to 31 August 2019	Restated year to ¹ 31 August 2018	% change
Revenue	33 376 010	30 981 958	7.7
Turnover	31 352 109	29 239 054	7.2
Cost of merchandise sold	(24 662 049)	(23 071 202)	6.9
Gross profit	6 690 060	6 167 852	8.5
Other income	1 960 480	1 717 147	14.2
Total income	8 650 540	7 884 999	9.7
Expenses	(6 329 145)	(5 852 575)	8.1
Depreciation and amortisation	(368 865)	(319 976)	15.3
Occupancy costs	(1 011 396)	(927 661)	9.0
Employment costs	(3 341 862)	(3 094 845)	8.0
Other costs	(1 605 693)	(1 514 191)	6.0
Impairment (allowance)/recovery	(1 329)	4 098	
Operating profit	2 321 395	2 032 424	14.2
Loss on disposal of property, plant and equipment	(351)	(1 287)	
Profit before financing costs	2 321 044	2 031 137	14.3
Net financing income	39 656	2 065	
Financial income	63 421	25 757	146.2
Financial expense	(23 765)	(23 692)	0.3
Profit before earnings from associate	2 360 700	2 033 202	16.1
Share of profit of an associate	2 803	2 541	10.3
Profit before taxation	2 363 503	2 035 743	16.1
Income tax expense	(660 589)	(567 375)	16.4
Profit for the year	1 702 914	1 468 368	16.0
Other comprehensive (loss)/income:			
Items that will not be subsequently reclassified to profit or loss	6 337	–	
Remeasurement of post-employment benefit obligations	8 801	–	
Deferred tax on remeasurement	(2 464)	–	
Items that may be subsequently reclassified to profit or loss	(1 155)	9 242	
Exchange differences on translation of foreign subsidiaries	(13 877)	64 423	
Cash flow hedges	(19 274)	89 476	
Change in fair value of effective portion	5 397	(25 053)	
Deferred tax on movement of effective portion	(15 827)	(18 409)	
Cost of hedging reserve	(21 982)	(25 568)	
Cost of hedging recognised	6 155	7 159	
Deferred tax on cost of hedging			
Other comprehensive (loss)/income for the year, net of tax	(24 522)	55 256	
Total comprehensive income for the year	1 678 392	1 523 624	
Reconciliation of headline earnings			
Total profit for the year	1 702 914	1 468 368	
Adjusted for:			
Loss net of tax on disposal of property, plant and equipment	254	927	
Goodwill impairment	704	–	
Headline earnings	1 703 872	1 469 295	16.0
Headline earnings per share (cents)			
– basic	683.9	609.5	12.2
– diluted	672.2	575.3	16.8
Earnings per share (cents)			
– basic	683.6	609.1	12.2
– diluted	671.8	575.0	16.8
Weighted average number of shares in issue (net of treasury shares, '000)	249 125	241 073	3.3
Weighted average diluted number of shares in issue (net of treasury shares, '000)	253 471	255 385	(0.7)

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2019	Restated as at ¹ 31 August 2018	Restated as at ¹ 1 September 2017
ASSETS			
Non-current assets	2 951 610	3 233 920	2 855 625
Property, plant and equipment	2 067 036	1 843 402	1 533 935
Intangible assets	497 078	476 761	457 603
Goodwill	102 806	103 510	103 510
Deferred tax assets	47 136	478 608	573 567
Investment in associate	20 091	20 044	20 039
Loans receivable	10 131	15 003	4 500
Financial assets at fair value through profit or loss	75 370	82 482	27 580
Derivative financial assets	131 962	214 110	134 891
Current assets	10 103 065	8 354 984	6 890 087
Inventories	4 710 169	4 250 907	3 777 047
Trade and other receivables	2 646 612	2 331 531	2 212 719
Income tax receivable	29 744	–	–
Loans receivable	611	9 675	9 000
Cash and cash equivalents	2 613 554	1 523 815	700 473
Derivative financial assets	102 375	239 056	190 848
Total assets	13 054 675	11 588 904	9 745 712
EQUITY AND LIABILITIES			
Equity	4 912 810	4 424 007	3 296 894
Share capital	2 621	2 686	2 752
Share premium	1 064 953	513 848	3 497
Treasury shares	(913 194)	(702 703)	(702 848)
Share option reserve	–	578 184	747 613
Cash flow hedge reserve	23 195	73 536	15 382
Cost of hedging reserve	(6 267)	(4 482)	(10 919)
Foreign currency translation reserve	7 331	8 486	(756)
Distributable reserve	4 734 171	3 954 452	3 242 173
Non-current liabilities	391 894	447 546	402 257
Employee benefits	199 000	245 407	209 231
Operating lease liability	192 894	202 139	193 026
Current liabilities	7 749 971	6 717 351	6 046 561
Trade and other payables	7 303 492	6 227 123	5 503 235
Employee benefits	366 218	418 216	394 460
Provisions	9 099	4 993	6 733
Income tax payable	71 162	67 019	132 991
Derivative financial liabilities	–	–	9 142
Total equity and liabilities	13 054 675	11 588 904	9 745 712

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 31 August 2017	236 526	2 752	3 497
Effect of adoption of new accounting standards ¹	–	–	–
Balance at 1 September 2017 (restated)	236 526	2 752	3 497
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Employee share option scheme vesting	7 979	(66)	510 351
Issue of ordinary shares from vesting of ESOP scheme	7 979	79	510 634
“A” ordinary shares repurchased	–	(145)	–
Transaction costs on share issue	–	–	(283)
Share-based payment reserve movement	–	–	–
Net treasury share movement	–	–	–
Treasury shares acquired from vesting of employee share scheme	(284)	–	–
Disposal of treasury shares	284	–	–
Withholding tax on distribution to shareholders ²	–	–	–
Total transactions with owners	7 979	(66)	510 351
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserves to inventory	–	–	–
Balance at 31 August 2018	244 505	2 686	513 848
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Employee share option scheme vesting	8 135	(65)	551 105
Issue of ordinary shares from vesting of employee share scheme	8 135	81	551 404
“A” ordinary shares repurchased	–	(146)	–
Transaction cost on share issue	–	–	(299)
Share-based payment reserve movement	–	–	–
Share buy-backs	(1 115)	–	–
Net treasury share movement	–	–	–
Treasury shares acquired from vesting of employee share scheme	(261)	–	–
Disposal of treasury shares	261	–	–
Total transactions with owners	7 020	(65)	551 105
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Remeasurement of post-employment benefit obligations	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserves to inventory	–	–	–
Balance at 31 August 2019	251 525	2 621	1 064 953

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

² Related to retrospective withholding tax overprovision on the 2012 interim dividend.

Treasury shares	Share option reserve	Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve	Distributable reserve	Total equity
(702 848)	747 613	15 382	–	(756)	3 234 710	3 300 350
–	–	–	(10 919)	–	7 463	(3 456)
(702 848)	747 613	15 382	(10 919)	(756)	3 242 173	3 296 894
–	–	–	–	–	(811 578)	(811 578)
145	(510 713)	–	–	–	–	(283)
–	(510 713)	–	–	–	–	–
145	–	–	–	–	–	–
–	–	–	–	–	–	(283)
–	341 284	–	–	–	–	341 284
–	–	–	–	–	49 855	49 855
(45 820)	–	–	–	–	45 820	–
45 820	–	–	–	–	4 035	49 855
–	–	–	–	–	5 634	5 634
145	(169 429)	–	–	–	(756 089)	(415 088)
–	–	64 423	(18 409)	9 242	1 468 368	1 523 624
–	–	–	–	–	1 468 368	1 468 368
–	–	64 423	–	–	–	64 423
–	–	–	(18 409)	–	–	(18 409)
–	–	–	–	9 242	–	9 242
–	–	(6 269)	24 846	–	–	18 577
(702 703)	578 184	73 536	(4 482)	8 486	3 954 452	4 424 007
–	–	–	–	–	(980 506)	(980 506)
146	(551 485)	–	–	–	–	(299)
–	(551 485)	–	–	–	–	–
146	–	–	–	–	–	–
–	–	–	–	–	–	(299)
–	(26 699)	–	–	–	–	(26 699)
(210 637)	–	–	–	–	–	(210 637)
–	–	–	–	–	50 974	50 974
(50 000)	–	–	–	–	50 000	–
50 000	–	–	–	–	974	50 974
(210 491)	(578 184)	–	–	–	(929 532)	(1 167 167)
–	–	(13 877)	(15 827)	(1 155)	1 709 251	1 678 392
–	–	–	–	–	1 702 914	1 702 914
–	–	–	–	–	6 337	6 337
–	–	(13 877)	–	–	–	(13 877)
–	–	–	(15 827)	–	–	(15 827)
–	–	–	–	(1 155)	–	(1 155)
–	–	(36 464)	14 042	–	–	(22 422)
(913 194)	–	23 195	(6 267)	7 331	4 734 171	4 912 810

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2019	Restated year to ¹ 31 August 2018
Cash effects from operating activities		
Operating profit before working capital changes (refer note 1)	2 732 810	2 264 349
Working capital changes (refer note 2)	202 684	191 206
Cash generated by operations	2 935 494	2 455 555
Interest received	63 421	25 757
Interest paid	(4 476)	(9 456)
Taxation paid	(262 241)	(267 341)
Acquisition of derivative financial asset used to hedge the long-term incentive scheme ²	(66 313)	(83 115)
Settlement of derivative financial asset used to hedge the long-term incentive scheme ²	199 816	190 848
Cash inflow from operating activities before dividends paid	2 865 701	2 312 248
Dividends paid to shareholders	(980 506)	(811 578)
Net cash effects from operating activities	1 885 195	1 500 670
Cash effects from investing activities		
Investment in property, plant and equipment and intangible assets to maintain operations	(215 701)	(121 286)
Investment in property, plant and equipment and intangible assets to expand operations	(431 013)	(549 947)
Proceeds from disposal of property, plant and equipment	2 220	2 179
Disposal of investments	–	16 744
Acquisition of investments	–	(62 414)
Decrease/(increase) in loan receivables	9 000	(12 176)
Net cash effects from investing activities	(635 494)	(726 900)
Cash effects from financing activities		
Purchase of treasury shares	(210 637)	–
Proceeds from sale of treasury shares	50 974	49 855
Transaction cost on the issue of shares	(299)	(283)
Net cash effects from financing activities	(159 962)	49 572
Net increase in cash and cash equivalents	1 089 739	823 342
Cash and cash equivalents at the beginning of the year	1 523 815	700 473
Cash and cash equivalents at the end of the year	2 613 554	1 523 815

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

² Retrospective adjustment relating to a prior-period error. Refer to the preliminary reviewed condensed consolidated results.

STORE FOOTPRINT

	Clicks*	Musica	The Body Shop	GNC	Claire's	Total retail
Number of stores at 31 August 2019	704	100	60	–	6	870
as at 31 August 2018	663	109	59	–	6	837
opened	43	–	3	–	–	46
closed	(2)	(9)	(2)	–	–	(13)
Presence in Clicks stores at 31 August 2019			204	551	175	
Number of pharmacies at 31 August 2019	545					545
as at 31 August 2018	510					510
opened	36					36
closed	(1)					(1)
Number of clinics at 31 August 2019	194					194

* Including 43 Netcare front shops and 35 Medicross pharmacies as at 31 August 2019.

NOTES TO THE CASH FLOW STATEMENT

R'000	Year to 31 August 2019	Restated year to ¹ 31 August 2018
Cash flow information		
1 Profit before working capital changes		
Profit before tax	2 363 503	2 035 743
Adjustment for:		
Depreciation and amortisation	400 192	339 142
Operating lease accrual	(9 245)	9 113
Release of cash flow hedge to profit or loss	8 883	(160 386)
Loss on disposal of property, plant and equipment	351	1 287
Equity-settled share option costs	–	50 752
Decrease/(increase) in financial assets at fair value through profit or loss	7 112	(9 232)
Impairment of goodwill	704	–
Impairment of loan	1 013	–
Net distributed profits of an associate	(47)	(5)
Net financing income	(39 656)	(2 065)
	2 732 810	2 264 349
2 Working capital changes		
Increase in inventories	(461 047)	(464 919)
Increase in trade and other receivables	(315 081)	(118 812)
Increase in trade and other payables	1 086 063	730 981
(Decrease)/increase in employee benefits	(111 357)	45 696
Increase/(decrease) in provisions	4 106	(1 740)
	202 684	191 206

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

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	
	Aug 2019	Aug 2018		Aug 2019	Aug 2018
Public Investment Corporation (SA)	12.4	13.3	South Africa and rest of Africa	28.3	30.1
Fidelity Management & Research (US)	7.5	6.5	Offshore holdings	71.7	69.9
JPMorgan Asset Management (UK and US)	5.1	3.1	USA and Canada	41.1	45.4
RBC Global Asset Management (UK)	5.0	2.3	United Kingdom and Ireland	11.4	9.0
BlackRock (US and UK)	4.1	4.1	Europe	8.9	6.6
The Vanguard Group (US)	3.8	3.6	Other countries	10.3	8.9
GIC Asset Management (Singapore)	3.5	3.3			
T Rowe Price (UK and US)	3.3	1.8			
<i>Fund manager no longer managing over 3%:</i>					
Baillie Gifford & Co (UK)	0.4	5.2			
Mawer Investment Management (CA)	–	3.4			

SEGMENTAL ANALYSIS

For the year ended 31 August 2019 R'000	Retail	
	31 Aug 2019	Restated ¹ 31 Aug 2018
Statement of financial position		
Property, plant and equipment	1 806 121	1 584 924
Intangible assets	471 115	451 205
Goodwill	6 529	6 529
Inventories	3 255 462	2 935 024
Trade and other receivables	645 466	530 207
Cash and cash equivalents	2 614 016	1 482 311
Other assets	830 647	1 509 669
Total assets	9 629 356	8 499 869
Employee benefits – non-current	181 124	225 686
Operating lease liability	192 461	202 139
Trade and other payables	3 602 726	3 028 576
Employee benefits – current	324 787	374 671
Other liabilities	2 675 876	2 092 737
Total liabilities	6 976 974	5 923 809
Net assets	2 652 382	2 576 060
Statement of comprehensive income		
Turnover	23 104 815	21 062 318
Gross profit	6 548 822	6 047 127
Other income	1 142 798	1 022 930
Total income	7 691 620	7 070 057
Expenses	(5 810 462)	(5 374 753)
Depreciation and amortisation	(330 505)	(285 124)
Occupancy costs	(1 010 301)	(926 270)
Employment costs	(3 071 902)	(2 852 239)
Impairment (allowance)/recovery	(2 220)	(686)
Other costs	(1 395 534)	(1 310 434)
Operating profit	1 881 158	1 695 304
Ratios		
Increase in turnover	(%) 9.7	10.8
Selling price inflation	(%) 1.5	1.4
Comparable stores turnover growth	(%) 6.4	5.5
Gross profit margin	(%) 28.3	28.7
Total income margin	(%) 33.3	33.6
Operating expenses as a percentage of turnover	(%) 25.1	25.5
Increase in operating expenses	(%) 8.1	10.3
Increase in operating profit	(%) 11.0	14.1
Operating profit margin	(%) 8.1	8.0
Inventory days	72	71
Trade debtor days	5	5
Trade creditor days	48	44
Number of stores	870	837
as at 31 August 2018/2017	837	795
opened	46	56
closed	(13)	(14)
Number of pharmacies	545	510
as at 31 August 2018/2017	510	473
new/converted	36	42
closed	(1)	(5)
Total leased area	(m ²) 444 010	418 638
Weighted retail trading area	(m ²) 347 566	324 643
Weighted annual sales per m ²	(R) 65 935	64 446
Number of permanent employees ²	14 753	14 557

¹ Retrospective adjustment relating to the adoption of IFRS 15 and IFRS 9. Refer to the preliminary reviewed condensed consolidated results.

² Number of permanent employees have been restated to include both full-time and part-time flexible employees.

Distribution		Intragroup elimination		Total operations	
31 Aug 2019	Restated ¹ 31 Aug 2018	31 Aug 2019	Restated ¹ 31 Aug 2018	31 Aug 2019	Restated ¹ 31 Aug 2018
260 915	258 478	–	–	2 067 036	1 843 402
25 963	25 556	–	–	497 078	476 761
96 277	96 981	–	–	102 806	103 510
1 535 712	1 382 851	(81 005)	(66 968)	4 710 169	4 250 907
2 711 802	2 481 132	(710 656)	(679 808)	2 646 612	2 331 531
(462)	41 504	–	–	2 613 554	1 523 815
2 626 358	2 030 279	(3 039 585)	(2 480 970)	417 420	1 058 978
7 256 565	6 316 781	(3 831 246)	(3 227 746)	13 054 675	11 588 904
17 876	19 721	–	–	199 000	245 407
433	–	–	–	192 894	202 139
4 416 724	3 884 995	(715 958)	(686 448)	7 303 492	6 227 123
41 431	43 545	–	–	366 218	418 216
443 626	458 562	(3 039 241)	(2 479 287)	80 261	72 012
4 920 090	4 406 823	(3 755 199)	(3 165 735)	8 141 865	7 164 897
2 336 475	1 909 958	(76 047)	(62 011)	4 912 810	4 424 007
13 909 007	13 376 110	(5 661 713)	(5 199 374)	31 352 109	29 239 054
148 072	141 316	(6 834)	(20 591)	6 690 060	6 167 852
988 441	840 267	(170 759)	(146 050)	1 960 480	1 717 147
1 136 513	981 583	(177 593)	(166 641)	8 650 540	7 884 999
(682 239)	(619 269)	163 556	141 447	(6 329 145)	(5 852 575)
(38 360)	(34 852)	–	–	(368 865)	(319 976)
(3 440)	(2 679)	2 345	1 288	(1 011 396)	(927 661)
(269 960)	(242 606)	–	–	(3 341 862)	(3 094 845)
891	4 784	–	–	(1 329)	4 098
(371 370)	(343 916)	161 211	140 159	(1 605 693)	(1 514 191)
454 274	362 314	(14 037)	(25 194)	2 321 395	2 032 424
4.0	8.4	8.9	14.5	7.2	9.1
0.9	2.9	–	–	1.2	1.9
–	–	–	–	6.4	5.5
1.1	1.1	–	–	21.3	21.1
8.2	7.3	–	–	27.6	27.0
4.9	4.6	–	–	20.2	20.0
10.2	6.5	–	–	8.1	9.7
25.4	10.2	–	–	14.2	12.1
3.3	2.7	–	–	7.4	7.0
41	38	–	–	70	67
54	55	–	–	37	38
90	87	–	–	73	69
–	–	–	–	870	837
–	–	–	–	837	795
–	–	–	–	46	56
–	–	–	–	(13)	(14)
–	–	–	–	545	510
–	–	–	–	510	473
–	–	–	–	36	42
–	–	–	–	(1)	(5)
–	–	–	–	444 010	418 638
–	–	–	–	347 566	324 643
–	–	–	–	65 935	64 446
660	510	–	–	15 413	15 067

DEFINITIONS

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital or capital expenditure with a return below the group's required return.

Growth capital expenditure

Capital expenditure that is not maintenance capital expenditure.

Cash flow

Financing activities

Activities that result in changes to the capital and funding structure of the group.

Investing activities

Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.

Operating activities

Activities that are not financing or investing activities that arise from the operations conducted by the group.

Comparable stores turnover growth

Turnover growth expressed as a percentage of growth for stores that have been operating for the full period during the current and previous financial years.

Current ratio

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

Dividend per share

Dividend per share is the actual interim cash dividend paid and the final cash dividend declared, expressed as cents per share.

Earnings per share

Earnings per share

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

Diluted earnings per share

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

Headline earnings per share

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

Diluted headline earnings per share

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

Effective tax rate

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

Free float

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

Gross profit margin

Gross profit expressed as a percentage of turnover.

Headline earnings

Profit for the year adjusted for the after-tax effect of certain capital items.

IFRS

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

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

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

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

Inventory days

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

Issued shares

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

Market capitalisation

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

Net asset value per share

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

Net tangible asset value per share

Net assets at year-end, less intangible assets (such as goodwill and trademarks), divided by the number of

ordinary shares in issue at year-end (net of treasury shares).

Operating profit

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

Operating profit margin

Operating profit expressed as a percentage of turnover.

Percentage of ordinary shares traded

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

Price earnings ratio

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

Return on shareholders' interest ("ROE")

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

Return on total assets ("ROA")

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

Return on net assets ("RONA")

Operating profit as defined for RONA divided by average net assets for the year as defined for RONA.

Operating profit as defined for RONA is the reported operating profit for the group inclusive of capital gains and losses relating to continuing operations of the business and excluding the employee short-term bonus.

Net assets as defined for RONA are the average assets less liabilities for the year excluding taxation and financial-related assets and liabilities (cash, overdrafts, loans receivable, derivative financial assets, financial assets/liabilities at fair value through profit or loss, interest-bearing borrowings, deferred tax and taxation payable).

Segmental reporting

The group has two reportable segments, being the retail

division and the distribution division.

Selling price inflation

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

Shareholders' interest

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

Shareholders' interest to total assets

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

Total income

Gross profit plus other income.

Total income margin

Total income expressed as a percentage of turnover.

Trade creditor days

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

Trade debtor days

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

Treasury shares

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

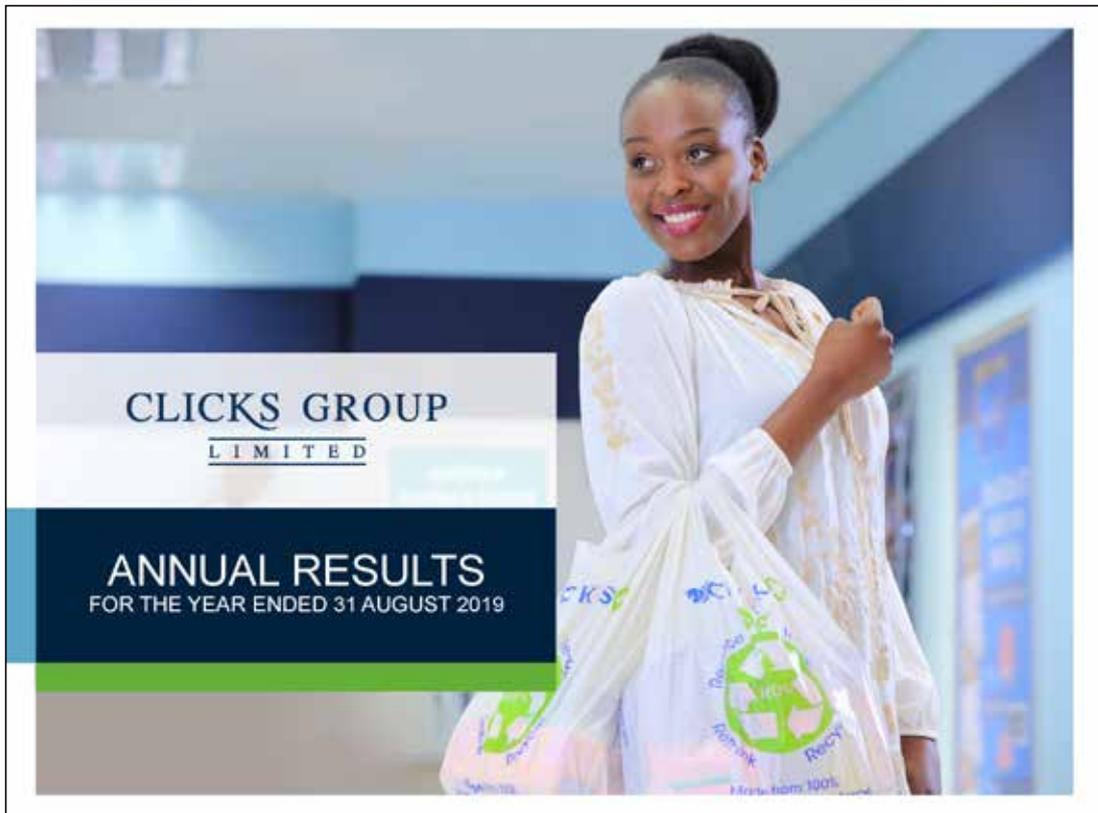
Weighted average number of shares

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

Weighted average diluted number of shares

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

PRESENTATION



PRESENTATION OUTLINE

- Review of the year
- Financial results
- Trading performance
- Strategy & outlook
- Questions

pharmacy

CLICKS GROUP ANNUAL RESULTS 2019 2

PRESENTATION



REVIEW OF THE YEAR

- Strong health & beauty sales performance, especially in H2
 - Good volume growth, despite consumers being under pressure
 - Increased market shares
- Opened 700th Clicks store
- UPD grew margin due to new distribution contracts, offsetting low SEP increase, and gained market share
- Continued investment in stores, supply chain and IT
- Strong cash generation
- Diluted headline earnings per share up **16.8%**

REVIEW OF THE YEAR (CONTINUED)

- **Customer engagement**
 - Over 8 million active ClubCard members
 - Voted number 1 in both Health & Beauty Stores and Pharmaceutical Outlets categories*
- **Investment in people**
 - Further R1.5 billion paid out to beneficiaries of BBBEE share scheme
 - Company-funded health insurance extended to all employees
 - Recognised as Top Employer in retail sector**
- **Commitment to ESG**
 - Included in FTSE4Good Index

* Per Sunday Times / Sowetan Shopper Survey
** Per Top Employers Institute

CLICKS GROUP ANNUAL RESULTS 2019 5



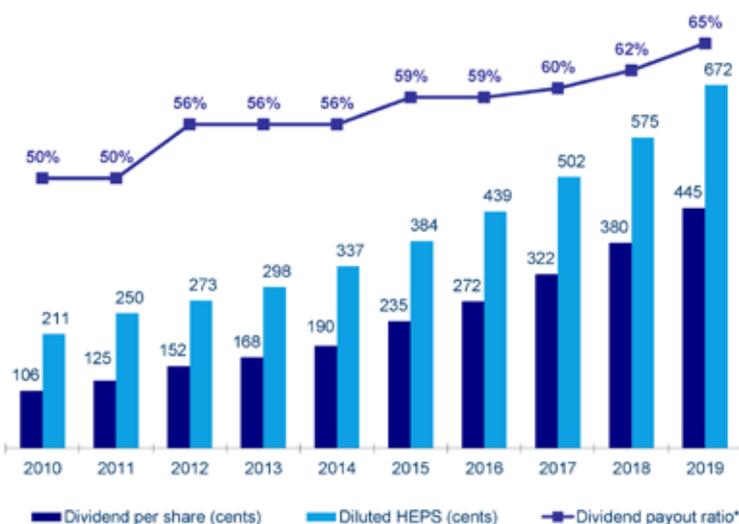
PRESENTATION

FINANCIAL HIGHLIGHTS

- Group turnover up **7.2%**
 - Health & Beauty turnover up **10.5%**
 - UPD reported turnover up **4.0%**
- Operating margin up from 7.0% to **7.4%**
- Diluted HEPS up **16.8%** to 672.2 cps
- Cash generated by operations **R2.9 billion**
- Return on equity at **36.5%**
- Total dividend of 445 cps, up **17.1%**
 - 65% dividend payout ratio

CLICKS GROUP ANNUAL RESULTS 2019 7

SUSTAINED FINANCIAL PERFORMANCE



10-year CAGRs

Diluted HEPS: **15.0%**

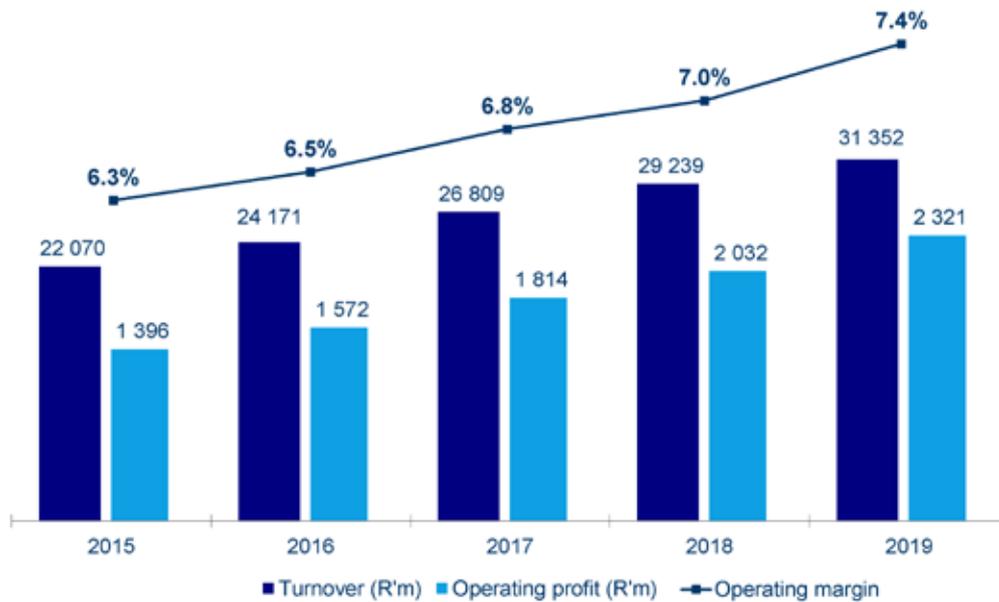
Dividend per share: **18.1%**

Total shareholder return** : **28.6%**

* Based on HEPS ** Based on reinvestment of dividends paid and the closing share price

CLICKS GROUP ANNUAL RESULTS 2019 8

GROWTH IN TURNOVER, PROFIT AND MARGIN



CLICKS GROUP ANNUAL RESULTS 2019 9

TURNOVER

R'm	2019	2018*	% change	% same stores growth	% inflation
Retail	23 105	21 062	9.7	6.4	1.5
Health & Beauty			10.5		
Musica			(11.7)		
Distribution	13 909	13 376	4.0		0.9
Intragroup turnover	(5 662)	(5 199)	8.9		
Total group	31 352	29 239	7.2		1.2

- Strong volume growth in health and beauty brands
- UPD total managed turnover increased by 17.6% (reported turnover does not include bulk distribution agency contracts)

* Restated for IFRS 15

CLICKS GROUP ANNUAL RESULTS 2019 10

PRESENTATION

TOTAL INCOME					
	2019 R'm	2018* R'm	% change	2019 % margin	2018* % margin
Retail	7 692	7 070	8.8	33.3	33.6
Distribution	1 137	982	15.8	8.2	7.3
Intragroup	(178)	(167)			
Total group	8 651	7 885	9.7	27.6	27.0

- Retail margin growth impacted by mix and increased transport costs
- UPD benefited from new contracts and slightly higher SEP increase (3.78% in March 2019 vs 1.26% in March 2018)

* Restated for IFRS 15

CLICKS GROUP ANNUAL RESULTS 2019 11

OPERATING EXPENDITURE - RETAIL			
R'm	2019	2018	% change
Depreciation and amortisation	330	285	15.9
Occupancy costs	1 010	926	9.1
Employment costs	3 072	2 853	7.7
Other operating costs	1 398	1 311	6.6
Total retail costs	5 810	5 375	8.1
% of turnover	25.1%	25.5%	

- Depreciation and occupancy costs driven by higher number of new stores and pharmacies
- Comparable retail costs contained to 5.6%

CLICKS GROUP ANNUAL RESULTS 2019 12

OPERATING EXPENDITURE - DISTRIBUTION

R'm	2019	2018	% change
Depreciation and amortisation	38	35	10.1
Occupancy costs	4	3	28.4
Employment costs	270	242	11.3
Other operating costs	370	339	9.2
Total distribution costs	682	619	10.2

- Includes costs related to new bulk distribution clients
- Expenses contained well below growth in total managed turnover

CLICKS GROUP ANNUAL RESULTS 2019 13

OPERATING PROFIT

	2019 R'm	2018* R'm	% change	2019 % margin	2018* % margin
Retail	1 881	1 695	11.0	8.1	8.0
Distribution	454	362	25.4	3.3	2.7
Intragroup	(14)	(25)			
Total group	2 321	2 032	14.2	7.4	7.0

- Both divisions leveraged margin despite low inflationary environment

* Restated for IFRS 9 and IFRS 15

CLICKS GROUP ANNUAL RESULTS 2019 14

PRESENTATION

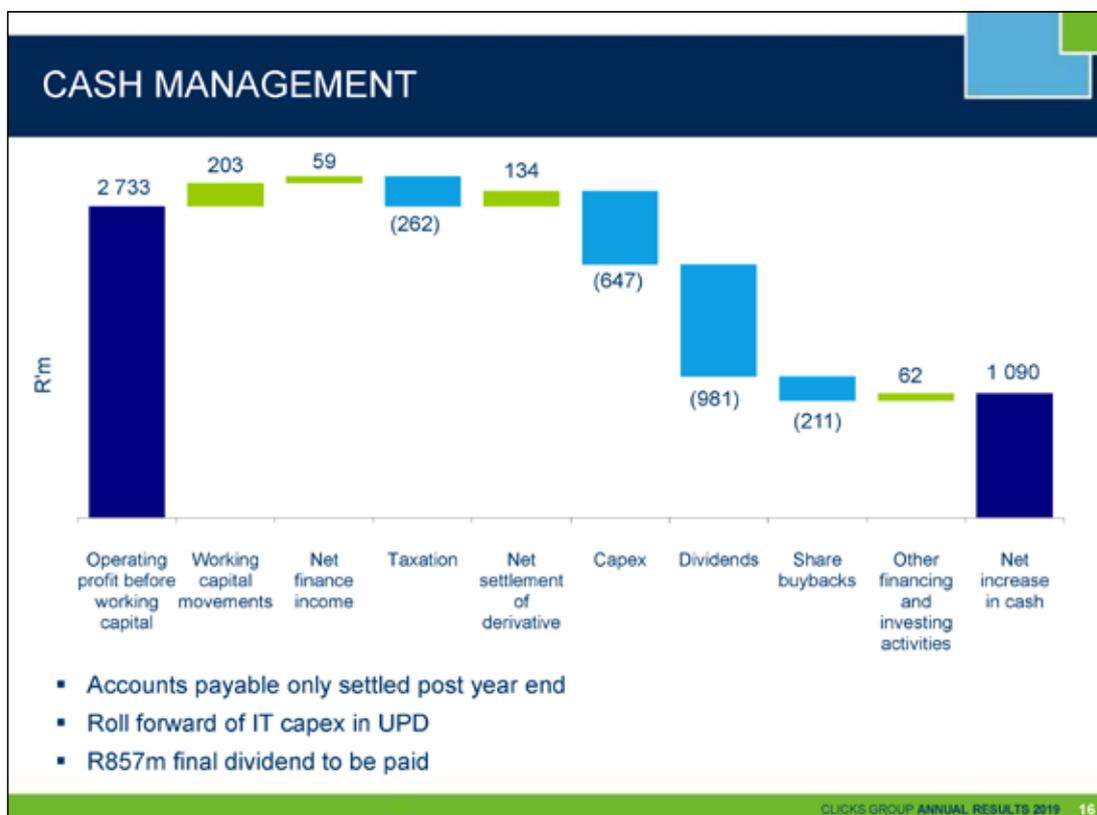
INVENTORY

	Days in stock		Inventory (R'm)		
	2019	2018	2019	2018*	% change
Retail	72	71	3 255	2 935	10.9
Distribution	41	38	1 536	1 383	11.1
Intragroup inventory			(81)	(67)	
Total group	70	67	4 710	4 251	10.8

- Impact of new retail stores
- Net working capital days improved from 36 to 34 days
- Investing in single-pick retail facility in Centurion

* Restated for IFRS 15

CLICKS GROUP ANNUAL RESULTS 2019 15



CAPITAL EXPENDITURE

- R718m capex planned for FY2020
 - R404m on stores, including:
 - 25 – 30 new Clicks stores
 - 30 – 35 new pharmacies
 - 60 store refurbishments
 - R314m on infrastructure, including:
 - R83m on UPD IT and warehouse equipment
 - R231m on retail systems and infrastructure
- Approximately R700m and R620m capex expected for FY2021 and FY2022

CLICKS GROUP ANNUAL RESULTS 2019 17



PRESENTATION

HEALTH & BEAUTY SALES PERFORMANCE		
	% change	% contribution
Pharmacy	9.6	30.5
Front shop health	10.8	23.6
Beauty and personal care	9.6	30.0
General merchandise	13.4	15.9
Total turnover	10.5	100.0

- Comparable stores turnover growth of **6.9%**
 - Inflation only 1.1%
 - Volume growth of 5.8%

CLICKS GROUP ANNUAL RESULTS 2019 19

MARKET SHARE GAINS		
	Aug 2019	Aug 2018
Health		
Retail pharmacy*	24.9	23.9
Front shop health**	31.4	31.2
Baby**	17.0	16.0
Beauty		
Skincare**	37.6	36.3
Haircare**	29.5	28.4
Personal care**	17.9	17.0
General merchandise		
Small electrical appliances***	16.4	14.4

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

CLICKS GROUP ANNUAL RESULTS 2019 20

PERFORMANCE AND STRATEGY



▪ Maintaining value

- Price competitive with all national retailers
- Promotional sales +19.5% to 38.4% of turnover
- R504 million cashback paid to ClubCard members
- In pharmacy, generics +13.2% to 54% of sales and 66% of volume

Clicks price index* vs:

Retailer A	98.5%
Retailer B	95.7%
Retailer C	98.0%
Retailer D	98.1%

* Excluding 3 for 2 promotions



CLICKS GROUP ANNUAL RESULTS 2019 21

PERFORMANCE AND STRATEGY



▪ Differentiating our product offer

- Private label maintained at 22% of sales (front shop 29.1%, pharmacy 7.1%)
- 1 920 new SKUs
- Launched higher tier private label – Clicks Expert range
- GNC sales +30.4%
- The Body Shop sales in Clicks +14.8%



CLICKS GROUP ANNUAL RESULTS 2019 22

PRESENTATION

PERFORMANCE AND STRATEGY



- Engaging customers through **personalisation**
 - 8.1m active ClubCard members, 77.6% of sales
 - 476 000 Baby Club members (+7%)
 - 1.1m Seniors Club members (+20%)
 - Clicks app downloaded by 525 000 customers
 - Online-only product ranges
 - Premium beauty
 - Baby hardware
 - Health mobility





CLICKS GROUP ANNUAL RESULTS 2019 23

PERFORMANCE AND STRATEGY



- Extending **convenience**
 - 704 Clicks stores with 545 pharmacies
 - 51% of customers < 6km of a pharmacy
 - 76 SA stores still to get a dispensary
 - 56 Clicks stores refurbished
 - Online is the fastest growing store, Click & Collect is 48% of online

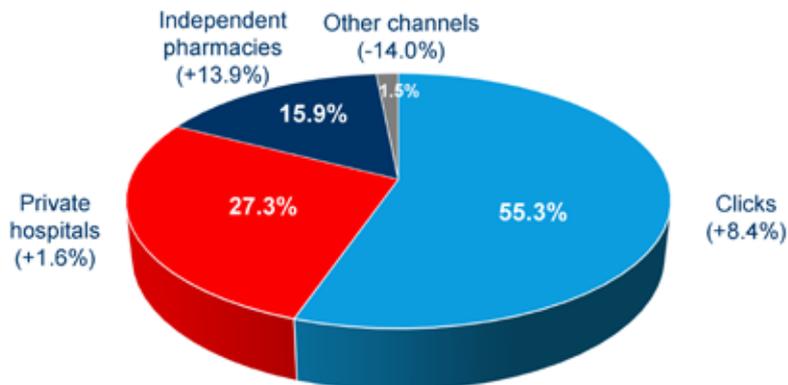
Format	Opened	Total
Convenience	38	519
Destination	3	185
Total	41	704



CLICKS GROUP ANNUAL RESULTS 2019 24



FINE WHOLESALE TURNOVER



- Wholesale turnover up 6.8%
- Wholesale market share up from 26.0% to 27.0%*

* MAT per IQVIA

PRESENTATION

REVIEW OF THE YEAR



- Total managed turnover +17.6% to R21.1bn
 - Annualised 3 clients gained in FY2018
 - 4 new distribution contracts in FY2019
- Generic medicines +11.0% (68% of volume)
- Extending distribution capacity in Gauteng with rented DC
- Investment in IT platform and warehouse management systems

CLICKS GROUP ANNUAL RESULTS 2019 27



STRATEGY & OUTLOOK

VIKESH RAMSUNDER

GROUP STRATEGY

- Retail focus will be on delivering:

Goal of **900**
Clicks stores in
South Africa



- Further opportunities to grow UPD
- Continued investment in supply chain, IT and people

CLICKS GROUP ANNUAL RESULTS 2019 29

OUTLOOK FOR FY2020

- Consumer environment will remain highly constrained
 - Confident of sustaining volume growth
- Selling price inflation expected to remain low for H1
 - 2020 SEP increase should be slightly higher than 2019
- Health & beauty markets are growing and defensive
- Strategy and business model are resilient
- Strong leadership team in place
- Confident of the group's ability to continue delivering

CLICKS GROUP ANNUAL RESULTS 2019 30

PRESENTATION



DISCLAIMER

Clicks Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Clicks Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.

Clicks Group does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

CORPORATE INFORMATION

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Directors: DM Nurek* (Chairman), F Abrahams*, JA Bester*, F Daniels*, BD Engelbrecht, M Fleming (Chief Financial Officer), NN Gobodo*, V Ramsunder (Chief Executive Officer), M Rosen*

* Independent non-executive

Company secretary: M Welz

Transfer secretaries: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196. PO Box 61051, Marshalltown 2107

Sponsor: Investec Bank Limited

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

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

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