

CLICKS GROUP
LIMITED

ANNUAL RESULTS
for the year ended
31 August 2024



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01 Review of the year

CLICKS 

CLICKS GROUP
LIMITED

Bertina
Engelbrecht



Review of the year

- Performance continues to prove the resilience and defensiveness of the group
 - Diluted HEPS up **14.3%**
- Clicks opened 936th store and 720th pharmacy
- Unicorn resolution approved by DoH in August 2024
- Market share gains in all core categories
- UPD successfully completed systems implementation

ESG integrated into the business

- In FTSE4Good Index for last eight years
- AA ESG rating from MSCI
- Continued investment in bursary, graduate and learnership programmes
- Supporting gender diversity & empowerment
 - 89% in UN Women's Empowerment Principles
 - R1.2bn bought from black-owned small businesses
- 41% increase in renewable energy generation and further investment planned





02 Financial Results

**Gordon
Trail**

Financial highlights

Turnover up

9.2%

Retail turnover up **11.7%**

UPD total managed
turnover down **6.7%**

Total income margin

up from 29.2% to

30.2%

Trading margin

up from 8.7% to

9.2%

Diluted HEPS up

14.3%

to 1 193.5 cps

**Cash generated
by operations**

R6.0 bn

**Returned to
shareholders**

R2.5 bn

Return on equity

up from 43.6% to

46.4%

Total dividend up

14.3%

to 776 cps

Turnover

R'm	2024	2023	% change	% same stores growth	% inflation
Retail	35 438	31 725	11.7	8.4	6.3
Distribution	17 750	17 175	3.3		3.0
Intragroup turnover	(7 750)	(7 278)	6.5		
Total group	45 438	41 622	9.2		5.2

- Strong growth in beauty & personal care
- Retail price inflation 5.7% in H2 versus 7.4% in H1
- UPD impacted by systems implementation at Lea Glen in H1 and slow recovery in sales to hospitals

Total income

R'm	2024	2023	% change	2024 % margin	2023 % margin
Retail	12 264	10 836	13.2	34.6	34.2
Distribution	1 769	1 600	10.5	10.0	9.3
Intragroup turnover	(318)	(276)			
Total group	13 715	12 160	12.8	30.2	29.2

- Retail margin driven by good growth in beauty, Sorbet franchise fees and fewer pharmacy openings this year
- UPD benefited from higher SEP increase (maximum of 6.79% vs 3.28% in FY2023)

Trading expenditure – Retail

R'm	2024	2023	% change
Depreciation – PPE	575	511	12.4
Depreciation – ROU asset	1 032	903	14.3
Occupancy costs	210	187	12.3
Employment costs	4 529	4 035	12.3
Other costs	2 290	2 041	12.2
Total retail costs	8 636	7 677	12.5
% of turnover	24.4%	24.2%	
Finance costs – lease liability	280	200	40.0

- Comparable retail cost growth **7.4%**; acquisitions added 2.0% to cost growth
- Other costs include R30m diesel for generators (FY2023: R40m)
- IFRS 16 finance costs impacted by increased number of renewals & discount rate

Trading expenditure – Distribution

R'm	2024	2023	% change
Depreciation – PPE	58	29	96.7
Depreciation – ROU asset	17	18	(1.7)
Occupancy costs	4	4	2.7
Employment costs	378	359	5.3
Other costs	738	703	5.0
Total distribution costs	1 195	1 113	7.4

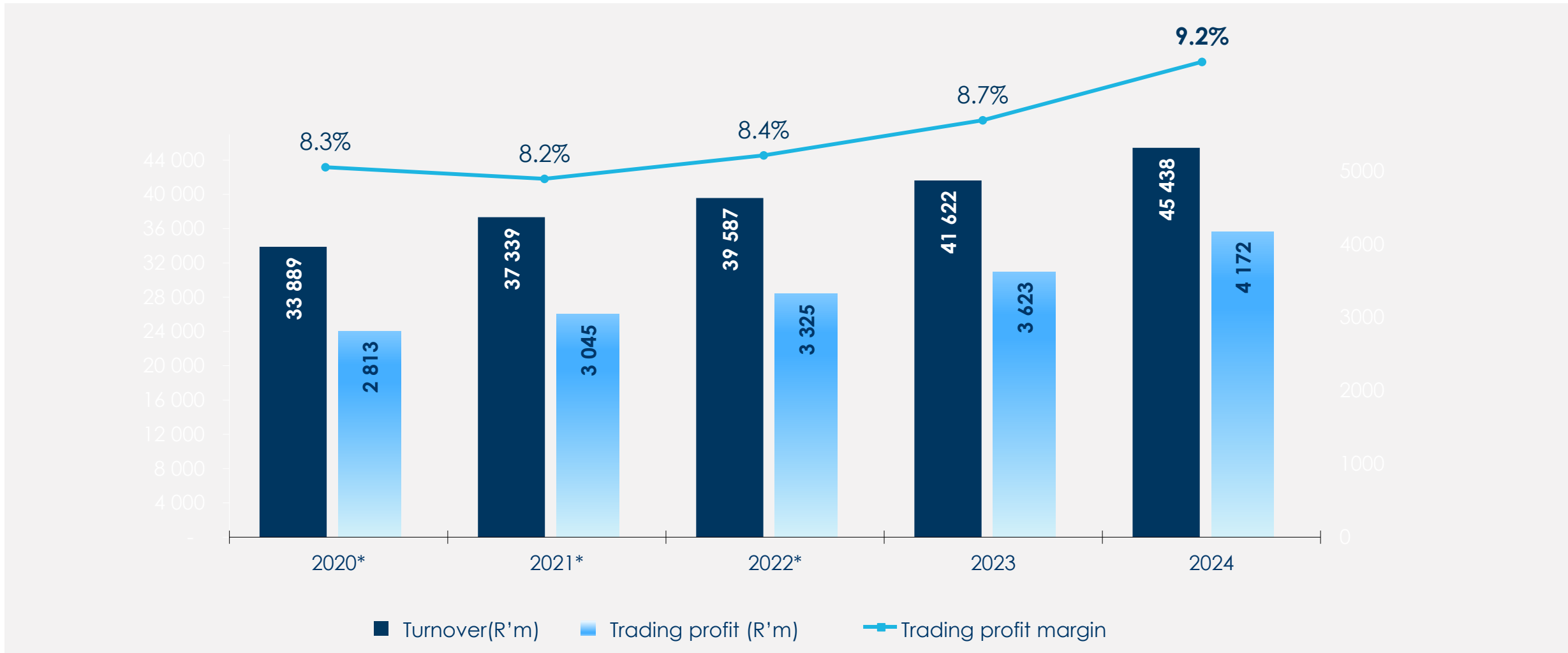
- Depreciation of PPE driven by investment in systems (R17m) and solar
- Other costs include R9.5m diesel for generators (FY2023: R13.5m)

Trading profit

R'm	2024	2023	% change	2024 % margin	2023 % margin
Retail	3 628	3 159	14.8	10.2	10.0
Distribution	574	488	17.6	3.2	2.8
Intragroup	(30)	(24)			
Total group	4 172	3 623	15.1	9.2	8.7

- Stronger growth in higher margin categories in Retail
- UPD recovered from prior year systems implementation
 - H1 profit up 11.2%, H2 profit up 21.2%
- Retail and group have exceeded the medium-term target ranges

Growth in turnover, profit and margin



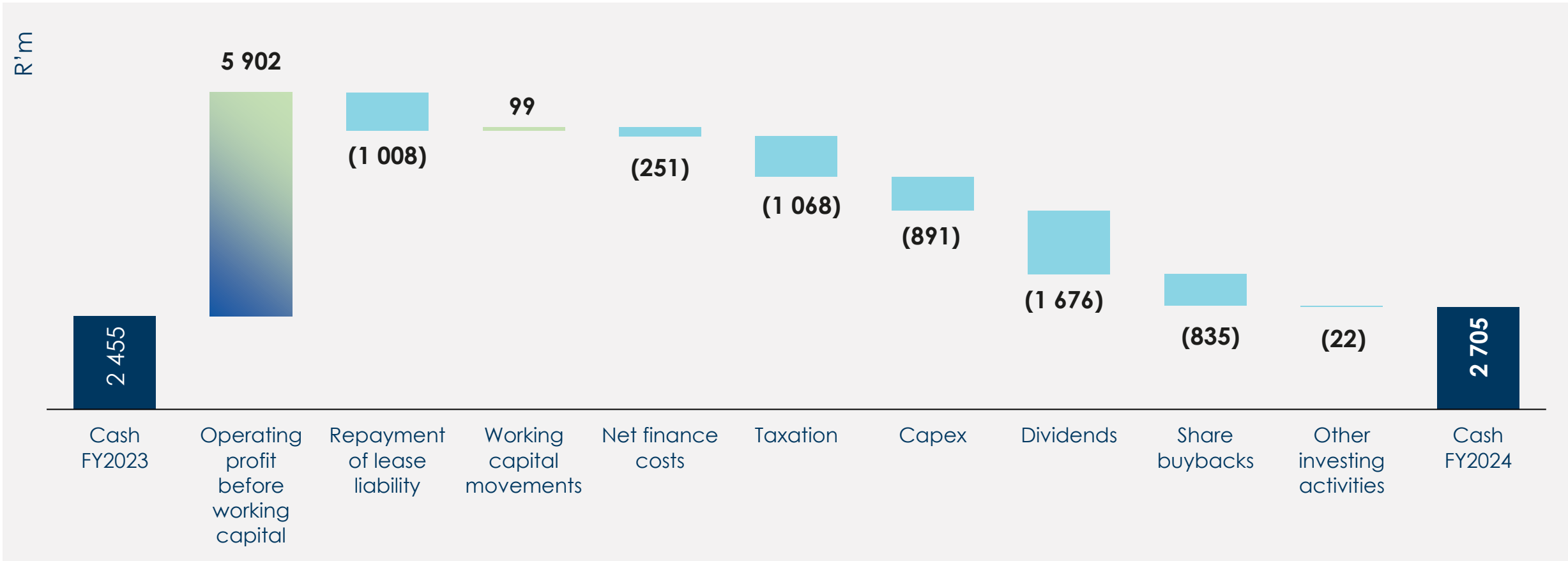
* FY2020 & FY2021 continuing operations; FY2021 & FY2022 trading profit and margin adjusted for impact of civil unrest

Inventory

	Days in stock		Inventory (R'm)		
	2024	2023	2024	2023	% change
Retail	76	75	5 245	4 656	12.7
Distribution	42	39	1 999	1 805	10.8
Intragroup inventory			(181)	(151)	
Total group	74	71	7 063	6 310	11.9

- Retail inventories impacted by earlier imports, new stores opened in August and focus on availability to drive sales
- Higher Unicorn stock levels in UPD

Cash management



- R1.35 billion final dividend to be paid to shareholders in January 2025

Capital expenditure

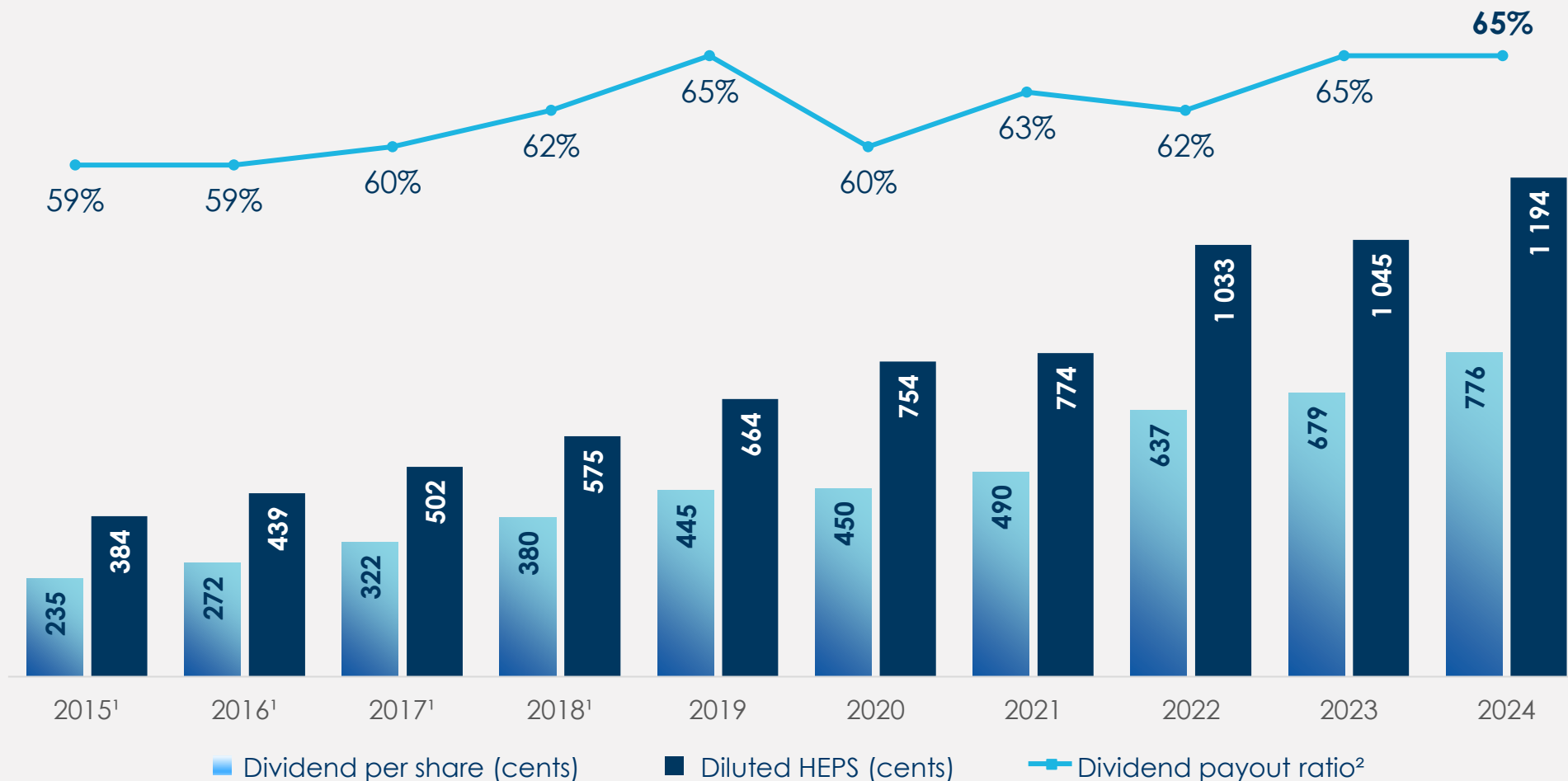
- **R1 025m** capex planned for FY2025
 - R578m on stores:
 - 40 – 50 new Clicks stores and pharmacies
 - 70 – 80 store refurbishments
 - R447m on infrastructure:
 - R86m on UPD IT and warehouse equipment
 - R361m on retail systems and infrastructure
- **R1.0 – R1.1bn p.a.** capex planned for next three years

Medium-term financial targets

	Achieved in FY2024	Medium-term target
ROE (%)	46.4	40 – 50
ROIC excluding IFRS 16 (%)	45.6	40 – 50
ROIC (%)	29.7	20 – 30
ROA (%)	14.3	11 – 15
Net working capital days	35	30 – 35
Group trading margin (%)	9.2	9.0 – 10.0*
Retail	10.2	10.0 – 11.0*
Distribution	3.2	2.8 – 3.3
Dividend payout ratio (%)	65	60 – 65

* Targets increased

Sustained financial performance



10-year CAGRs

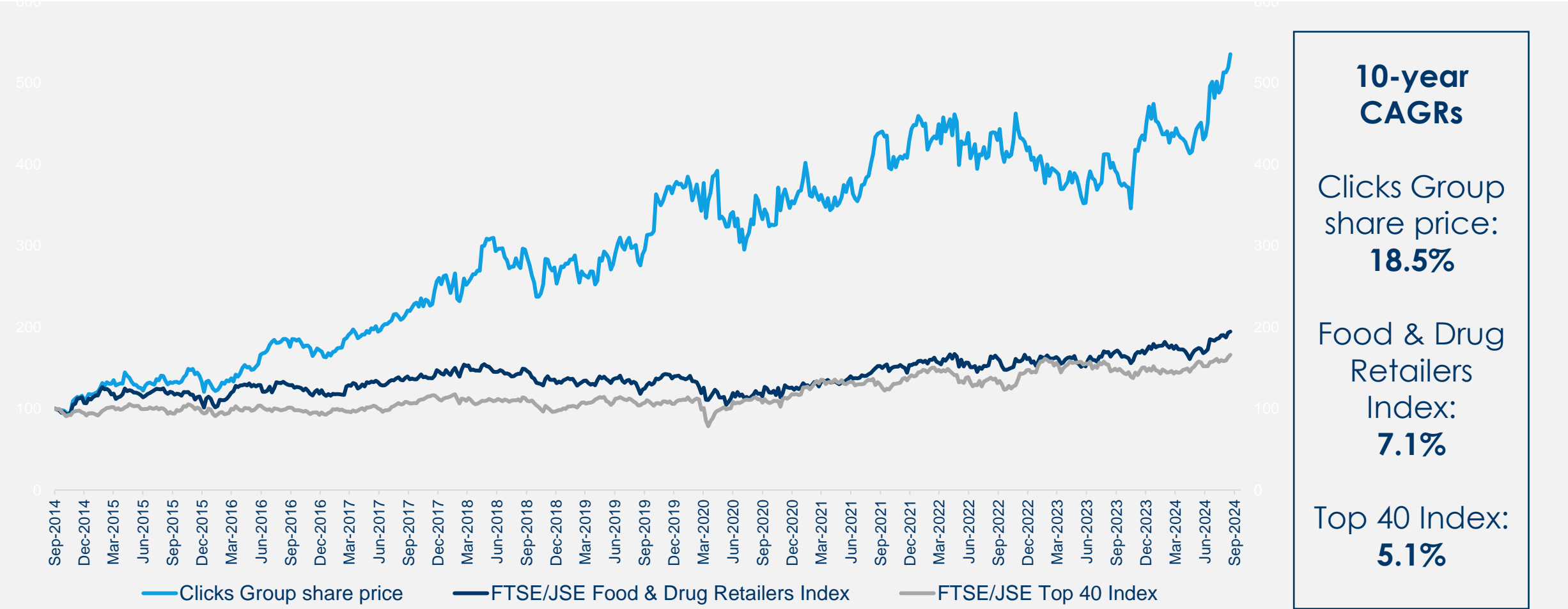
Total shareholder return³:
20.7%

Diluted HEPS:
13.5%

Dividend per share:
15.1%

¹ Pre-IFRS 16 ² Based on HEPS ³ Based on reinvestment of dividends paid and the closing share price

Continued share price outperformance



03 Trading Performance



sports nutrition



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Clicks business review

Retail sales performance

	% change	% contribution
Pharmacy	8.9	27.5
Front shop health	10.7	25.3
Beauty and personal care	15.9	32.1
General merchandise	10.1	15.1
Total turnover	11.7	100.0

- Comparable stores turnover growth of 8.4%
 - Inflation 6.3%
 - Volume growth of 2.1%

Market shares

%	2024	2023
Health		
Retail pharmacy*	24.2	23.7
Front shop health**	34.2	33.1
Baby**	22.5	21.0
Beauty		
Skincare**	43.8	42.7
Haircare**	33.1	32.6
Personal care**	22.1	20.7
General merchandise		
Small electrical appliances**	19.0	19.5

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

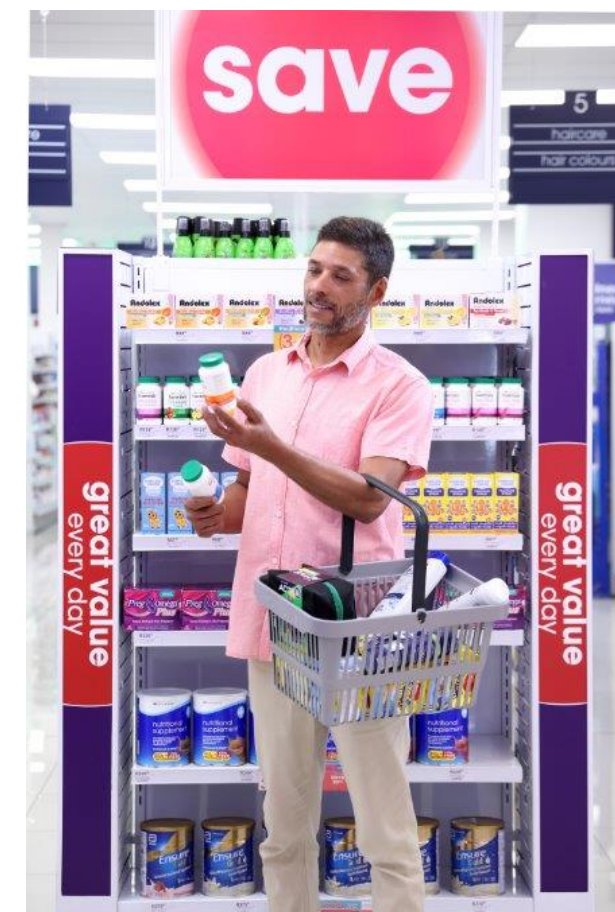
** Per AC Nielsen (restated)

Performance and strategy

- Maintaining **value**
 - Price competitive with all national retailers
 - Promotional sales +14.6% to 44.9% of turnover
 - In pharmacy, generics +10% to 59% of sales and 69% of volume
 - R780 million cashback paid to ClubCard members

Clicks price index* vs:	
Retailer A	96.9
Retailer B	98.6
Retailer C	99.1
Retailer D	96.6

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



- **Differentiating** our product offer
 - Private label +13.5% to 25.4% of sales (front shop 30.3%, pharmacy 11.5%)
 - Clicks Made 4 Baby nappy range and Sorbet BB Cream voted SA Product of the Year in their categories
 - Six Clicks Baby stores and five store-in-stores performing well
 - New look Beauty hall now in 44 stores
 - Sorbet salons total turnover up 12.3%
 - Affinity partnership with ARC Stores



Performance and strategy

- Engaging customers through **personalisation**
 - 11.8m active ClubCard members, 81.7% of sales
 - Winner of Best Strategic Use of Data Analytics / CRM Applications and Best Use of AI to Improve Loyalty Experience at 2024 SA Loyalty Awards
 - Online purchases and 'research online purchase offline' (ROPO) 3.0% of sales
 - New pharmacy management system, LEAP, rolled out to over 200 pharmacies



Performance and strategy

- Extending **convenience**

- 936* Clicks stores with 720 pharmacies
- 51% of population < 5.0km of a pharmacy
- Planning rollout of UniHealth specialised format
- Opening clinics and trialling smaller formats
- 234 stores located in low income areas (22.4% of retail turnover)
- Trial of PCDT pharmacy model – pharmacists can prescribe Schedule 3 & 4 medicines

Format	Total
Convenience	712
Destination	224
Total	936

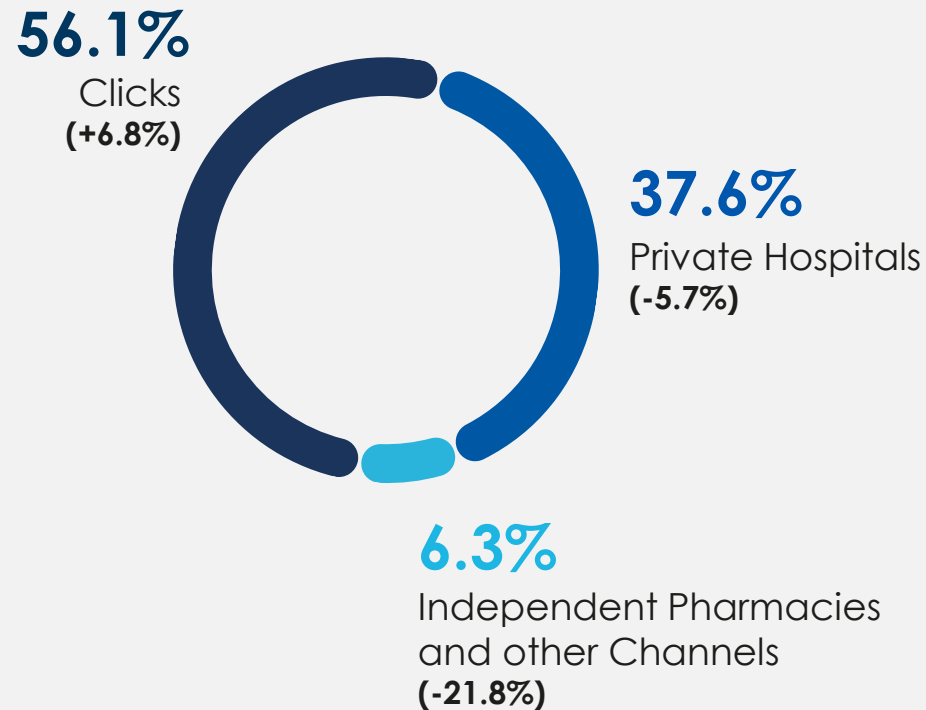


* Includes 6 Clicks Baby stores



UPD business review

Fine wholesale turnover



- Wholesale turnover down 0.5% (up 1.2% in H2)
 - Impact of systems change on Clicks purchases from UPD in H1 (H2 +8.5%)
 - Hospital business still recovering (H2 -3.4% vs H1 -8.1%)
- Wholesale market share down from 28.0% to 26.7%*

* MAT per IQVIA

Review of the year

- Total managed turnover -6.7% to R29.9bn
 - Non-renewal of two contracts (annual turnover of R3bn)
- Generic medicines 68.8% of volumes
- ERP and WMS implementation
 - Lea Glen DC successfully completed in H1
 - Clicks Pharmacy purchasing compliance back to 98%
- Ordered 42 EV delivery vehicles in Gauteng & Western Cape and fitting solar on existing vehicles to power refrigeration

04 Strategy and outlook

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- Consumer environment is improving due to lower inflation, interest rates and fuel costs, stronger Rand and reduced loadshedding
- The group is well positioned due to:
 - Competitive advantage in defensive health and beauty sectors – with market-leading shares in core retail categories and in pharmaceutical wholesale and distribution
 - Long-term organic growth opportunities underpinned by our value proposition and customer service
 - Increasing scale maximises and leverages efficiency, effectiveness and reach

- Medium-term target of **1 200 Clicks stores**
 - Plan to open 40 - 50 stores and pharmacies per year
 - Higher level of dispensary openings in FY2025
 - Roll out of 10 UniHealth specialised pharmacy format
- R1bn p.a. in capex planned - continued investment in systems
- Executive team strengthened
- Board refresh completed
 - JJ Njeke succeeding David Nurek as chairman
- Confident of the group's ability to continue delivering on medium-term targets
 - Increased group and retail trading margin targets

05 Questions



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