

Hospital front shops help Clicks grow its footprint

Taking over the front shops in Netcare hospitals helped Clicks grow its flagship brand to 600 stores at the end of February, the retail group said in its interim results statement on Friday morning.



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A net 89 Clicks stores were opened during the six months to end-February, of which 41 were front shops in Netcare hospitals. Its pharmacy network grew to 459, of which 59 were new pharmacies added during the reporting period.

Clicks has budgeted R577m capital investment for its 2017 financial year.

The Clicks group grew its overall interim income 11% to R13.5bn and aftertax profit 14.5% to R582.8m. A R2.32 per share interim dividend was declared, 15.8% higher than in the matching period.

The group's retail health and beauty division, which includes Clicks and its The Body Shop, GNC and Claire's franchises, increased sales by 13.1%. Excluding new stores, sales were up 8.4%.

Selling price inflation for the group was contained to 4.8%, Clicks said.

The results statement made no mention of the group's CD and DVD retailer Musica.

Its pharmaceutical wholesaler UPD grew turnover by 9.6%. Clicks CEO David Kneale said this beat the average market growth of 5.6%, increasing UPD's market share to 24.6%.

For the full financial year to end-August, Clicks forecasts its diluted headline earnings per share (HEPS) will grow between 11% and 16%.

Its diluted HEPS grew 13.5% to R2.32 during the first half of its financial year, matching its interim dividend.

"Consumer spending will continue to be constrained in the months ahead, with low economic growth, higher taxes and ongoing political turbulence weighing negatively on disposable income and consumer sentiment," Kneale said in his outlook.

"The health and beauty markets in which the group operates are relatively resilient and in the current environment management will focus on protecting income, controlling costs and managing cash efficiently."

Source: BDpro

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