

# Clicks Group to invest R700m in store network

Clicks Group CEO David Kneale announced that the retail chain will be investing over R700 million in new stores, pharmacies, store refurbishments, supply chain infrastructure and IT this year. The chain opened 24 stores in the past six months and expanded its store footprint to 646, with plans to grow its South African store base to 900 in the longer-term.



Clicks Group reported strong growth in retail health and beauty sales, improved margins and robust cash flows for the six months to February 2018 as diluted headline earnings per share increased by 14.8%. Group turnover increased by 10% to R14.4 billion with the retailer generating cash inflows from operations of over R1.1 billion for the six months. The group's total income margin improved by 40 basis points to 27.1%.

Kneale said health and beauty sales rose by 14.3% which contributed to Clicks gaining market share in all product categories. The growth was driven mainly by buoyant Christmas trading, appealing promotional offers and competitive pricing, he said.

Sales growth was supported by the Clicks ClubCard which attracted close to 950,000 new customers in the past year, increasing active membership to 7.5 million.

## Pharmacy network

The Clicks pharmacy network was extended to 493 as 20 new pharmacies were opened. Clicks has increased its share of the retail pharmacy market to 23% and aims to grow this to 30% in the long term. Earlier this month Clicks opened its 500th pharmacy at Park Station in central Johannesburg, 14 years after opening the country's first ever corporate retail pharmacy.

UPD, the group's pharmaceutical distributor, increased wholesale turnover by 10.9%, with market share growing from 24.6% to 25.9%. UPD's total managed turnover increased by 6.0% to R8.4 billion. UPD has been awarded four new distribution contracts which start in the second half of the year.



Clicks opens 500th pharmacy

6 Apr 2018



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## Share ownership scheme

Last month over 5,800 Clicks Group employees shared in the R1.3 billion value created through the group's broad-based BEE employee share ownership scheme. 84% of the beneficiaries of the scheme are black employees and 66% female. The second and final payout under this scheme will be made in 2019.

On the outlook for the second half, Kneale said consumer confidence appears to be improving but cautioned that it is too early for this to translate into increased disposable income. "We are therefore expecting consumer spending to remain constrained in the months ahead," he said.

"The core health and beauty markets in which we operate are resilient and our market-leading brands are well positioned to increase market share in the current environment.

"We expect Clicks to continue its growth momentum and the chain will be opening 40 new stores this year, well ahead of the target of 25 to 30 stores.

Kneale said the group is forecasting to grow earnings by between 12% and 17% for the financial year to August 2018.

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