

Dis-Chem profit jumps as drugs demand rebounds

Dis-Chem Pharmacies Ltd reported a 35.3% jump in half-year earnings on Wednesday, helped by pent-up demand for medicines and vaccines after the easing of pandemic lockdowns.



Source: Reuters/Siphiwe Sibeko

Business confidence in South Africa has returned to pre-pandemic levels, as retailers see increased demand and footfall thanks to Covid-19 vaccination drives, easing restrictions and stimulus measures. Dis-Chem's revenue surged 19.2% over the past two months.

Dis-Chem, which runs the second-largest chain of pharmacies in South Africa and competes with Clicks Group, said it had administered 405,000 Covid-19 vaccine doses during the half-year ended August, with that number increasing to 860,000 by the end of October.

However, a disproportionate rise in sales of lower-margin products related to Covid-19 during and after the second and third pandemic waves left transactional gross margin behind sales growth year-on-year, the company said.

The company's headline earnings per share, a key metric of profit for South African companies, came in at 48.7 cents for the half-year ended August, the drug store chain said. Revenue rose 16.6% to R14.9bn.

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