

Clicks Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1996/000645/06
JSE share code: CLS
ISIN: ZAE000134854
CUSIP: 18682W205
LEI: 378900E967958A677472
("Clicks Group" or "the group")

TRADING UPDATE AND VOLUNTARY TRADING STATEMENT

TRADING UPDATE FOR 23 WEEKS FROM 1 MARCH TO 9 AUGUST 2020

Clicks Group presents the following update to provide insight into the group's trading performance against the background of the Covid-19 pandemic and the resultant national lockdown. This 23-week period covers trading from the start of the second half of the group's financial year, including the period immediately before the country entered varying levels of lockdown from 27 March 2020, and the subsequent four months of trading.

Retail health and beauty sales, including Clicks and the franchise brands of The Body Shop, GNC and Claire's, increased by 7.7% over the corresponding 23 weeks in the previous year. Total retail sales grew by 6.3%.

As an essential healthcare service provider Clicks has traded throughout the lockdown period, although has been restricted to shorter trading hours and was limited to selling only essential products under lockdown level 5 until 30 April 2020.

Trading patterns shifted as customer shopping behaviour changed in response to the various lockdown level restrictions and consumers chose to stay home to reduce the risk of contracting Covid-19.

Online sales in Clicks have shown significant growth since the start of lockdown. The investment made in its online and digital capability over the past four years enabled the brand to manage the increased demand and ensure an efficient and convenient service to customers.

Clicks has experienced a decline in the frequency of customer visits during the lockdown while the average basket value has increased over this time. The decline in footfall at super regional and regional malls across the country has impacted sales in destination stores. However, Clicks is well positioned in this environment with over 70% of its stores located in convenience and neighbourhood shopping centres.

Pharmacy sales have been negatively impacted as the country has not experienced a traditional winter cold and flu season which is generally a strong driver of sales growth. The incidence of colds and flu has been limited as South Africans are wearing face masks during the pandemic, social interaction has been limited, schooling restricted and large numbers of people are working from home.

The group's other retail brand stores all closed for the lockdown commencing on 27 March 2020. The Body Shop stores reopened from 1 May 2020 while Musica and Claire's stores reopened from 1 June 2020 when the country moved to lockdown level 3. The group received rental relief on stores which were closed due to lockdown.

UPD's turnover for the period grew by 11.4% owing to strong growth from the private hospital channel due to increased demand for medicines and healthcare products. Sales growth was further supported by good growth from independent pharmacies and the benefit of new contracts.

Group turnover for the 23 weeks increased by 10.2%.

TRADING UPDATE FOR 49 WEEKS TO 9 AUGUST 2020

Group turnover increased by 10.0% to R32.3 billion in the 49 weeks to 9 August 2020.

Retail health and beauty sales increased by 8.7%. Health and beauty sales in comparable stores increased by 4.6% with volume growth of 2.6% as selling price inflation averaged 2.0% for the 49 weeks.

Total retail sales increased by 7.5% and by 3.9% in comparable stores, with selling price inflation of 2.2%.

UPD increased turnover by 11.7%. Total managed turnover, combining wholesale turnover and turnover managed on behalf of bulk distribution clients, increased by 10.6% as the business traded well and benefited from gaining new private hospital and buying group contracts.

Segmental turnover		
	Sales growth (%)	Inflation (%)
Retail	7.5	2.2
Distribution	11.7	2.5
Intragroup turnover	3.9	
Total group	10.0	2.3

VOLUNTARY TRADING STATEMENT FOR THE YEAR ENDING 31 AUGUST 2020

The group expects diluted headline earnings per share for the year ending 31 August 2020 to increase by between 10% and 15% over the 663.6 cents for the 2019 financial year to between 730 and 763 cents. The figure for 2019 was restated following the adoption of IFRS 16.

The growth in earnings is supported by the group's tight cost management, continued working capital efficiency and the performance of UPD which gained new contracts and traded strongly throughout the year.

The group's balance sheet remains robust and the business has continued to generate strong cash flows throughout the year. The directors plan to declare a full year dividend within the group's targeted dividend payout ratio of 60% - 65%.

The financial information in this announcement is the responsibility of the directors and has not been reviewed or reported on by the group's independent auditor.

Cape Town
12 August 2020

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