

Clicks to plough R876m into business - investing in IT, store expansion, solar energy

Clicks Group plans to invest R876m into its business for the current financial year. Of this capital investment, R565m will be spent on stores and R311m on IT systems and supply chain infrastructure, including solar installations at all Clicks and United Pharmaceutical Distributors (UPD) distribution centres.



Source: Clicks Group

The JSE-listed pharmacy and healthcare retail group said this in its interim results update this week in which it reported a half-year earnings jump of 26% over the six months to end-February.

The company reported notable increases in other key metrics, with group turnover up 9% to R19.6bn for the interim period, while retail sales showed a double-digit increase of 13.6%. Its beauty and personal care category contributed 28.7% – the largest proportion – to the group's retail sales performance.

Challenging trading conditions

Clicks however stated that management expects trading conditions to remain constrained in the second half of the year owing to the increasing pressures on consumer disposable income in the current low growth environment, which will be compounded by the trading disruption from ongoing electricity loadshedding.

Clicks performed well despite the tough operating environment that has characterised the last few years, and stated that it's gaining market share and continuing to expand its store and pharmacy network as well as benefiting from the national Covid-19 vaccination programme. As the largest vaccination provider in the private sector, Clicks has administered over 3 million vaccinations since the start of the programme.



SA retail sales dip 0.9% in February

14 Apr 2022



Store rollout, vaccination programme

The health, home and beauty group opened its 800th store in March, and 45 new pharmacies were opened, bringing the total to 646. The company aims to open between 25 and 30 new stores each year with an overall target of 900 stores situated throughout South Africa by 2026.

"Growth in Clicks will be supported by the ongoing Covid-19 vaccination programme and the opening of a further 28 stores for the year, while the first-half recovery in the beauty category is expected to continue," Clicks said.

"The group's business model remains resilient, with a proven ability to adapt to changing market dynamics, and management is confident in the group's ability to achieve its medium-term financial and operating targets," it added.



Clicks sets goal to have 900 stores in South Africa by 2026

29 Mar 2022



9.5 million active ClubCard members

Clicks Clubcard membership grew to 9.5 million active members, which represents 81% of the group's sales in the six months. Its wholesale pharmaceutical distribution business, UPD, increased its turnover by 6.7%, to R14.2bn in the half-year.

The group's performance translated into an increase of 10.2% in adjusted diluted headline earnings per share from continuing operations. The interim dividend was increased by 26.3% to 180 cents per share, in line with group diluted Heps which was up 26%. The group's return on equity increased from 37.4% to 47.2%, well within the medium-term target range of 40% to 50%.

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