

Dis-Chem Pharmacies Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/009766/06)
JSE share code: DCP
ISIN: ZAE000227831
("Dis-Chem" or "the Group")

TRADING UPDATE FOR THE 22-WEEKS TO 2 FEBRUARY 2020

GROUP

Dis-Chem recorded Group revenue growth of 10.0% to R10.3bn for the 22-week period from 1 September 2019 to 2 February 2020 compared to the corresponding period in the prior year ("corresponding period")

Chief executive Ivan Saltzman: "The weak macroeconomic environment in South Africa is unsupportive of business as constrained consumers continued to trade down resulting in smaller basket sizes. Our pharmacy focus, everyday low price strategy coupled with focussed promotional campaigns and availability of choice for our customers enable us to drive strong footfall into our stores, this despite the negative impact of load shedding on consumer shopping behaviour.

The increased focus on return on invested capital ("ROIC") continues to deliver strong results with improved trade terms from our suppliers, as well as more efficient inventory levels. Inventory levels are approximately R4.45bn, R650m lower than at our 2019 financial year-end. We expect a slight increase by year-end as a result of return enhancing buy-ins ahead of the gazetted SEP increase.

This strategy will continue to remain a focus together with the addition of new stores as we continue to benefit from a consolidating pharmacy industry and aim to provide our shareholders with optimal returns over the long-term."

RETAIL

Retail revenue increased by 9.2% to R9.4bn for the 22-weeks over the corresponding period. Despite the weak macro environment, we continued to gain market share in all our core categories.

Comparable store revenue growth and selling price inflation were 2.1% and 1.2% respectively. These numbers continue to be impacted by a constrained consumer and very competitive pricing across all categories. We welcome the recently gazetted Single Exit Price ("SEP") increase of 4.53%.

During the 22 weeks under review, the Group added 12 new stores which contributed R145m to revenue. Our new stores continue to trade above our expectations, validating our site selection method.

WHOLESALE

Wholesale revenue grew by 18.3% to R7.1bn for the 22 weeks over the corresponding period. Sales to our retail stores grew 18.2%, and sales to external customers, The Local Choice ("TLC") and independent pharmacies grew by 30.7% and 14.9% respectively, mainly as a result of the Quenets acquisition and the increased presence of our TLC franchise brand which are loyal supporters of our wholesale channel. We now have 110 TLC franchise stores versus 91 at the end of the corresponding period.

SUMMARY

Million	22-weeks to 2 February 2020	22-weeks to 2 February 2019	<i>% change</i>	% like-for-like revenue growth	% price inflation
Retail	R9 435	R8 637	9.2%	2.1%	1.2%
Wholesale	R7 132	R6 028	18.3%		
Intergroup	(R6 220)	(R5 262)	18.2%		
Total group	R10 347	R9 403	10.0%		

The financial information in this trading update has not been reviewed or reported on by the Group's independent auditor Ernest and Young.

Dis-Chem's results for the year ended 29 February 2020 will be released on SENS on Wednesday, 20 May 2020 at around 7:05 am.

For further information, contact the Group's Investor Relations at investorrelations@dischem.co.za.

Midrand

19 February 2020

Sponsor

The Standard Bank of South Africa Limited