

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 2021

GROUP

Dis-Chem recorded Group revenue growth of 12.1% to R11.6bn for the 22-week period from 1 September 2020 to 2 February 2021 compared to the corresponding period in the prior year ("corresponding period")

Chief executive Ivan Saltzman: "We are in a fortunate position in that we can continue to provide our customers with quality service, competitive prices and an extensive range of products during these very challenging times. The Group continued to show its resilience as the country experienced the second wave of the COVID-19 pandemic.

It is encouraging to see, and a testament to the Dis-Chem brand's destination status, the significant recovery in many of our older stores located in regional malls. This, coupled with our conveniently located stores' excellent trade, has resulted in good sales growth over a challenging time where consumers continue to search for value.

The change in consumer shopping behaviour due to COVID-19 continued to impact our sales mix and in turn, our margins. Despite the strong top-line growth, margins are still lagging pre-COVID-19 levels.

Our online sales continue to be positively impacted as consumers prefer staying safe and shopping from the comfort of their homes.

We are proud to continue to support South Africa's battle against COVID-19 with testing stations located nationwide throughout our network of clinics, drive-through testing stations and at two key airport locations. We have engaged, and are well prepared, to assist the State with the vaccine rollout considering our differentiated clinic infrastructure.

Aside from trade, I would like to take this opportunity to thank all our staff for their proven dedication and relentless commitment over the past unpredictable and challenging year. They unceasingly faced the most testing of times to continue to deliver world-class service to keep our company operating smoothly under unprecedented circumstances.

Recent months have proven that no company is untouched by COVID-19, and unfortunately, while our staff showed unflinching dedication, Dis-Chem is no different. Every life lost during the pandemic is a tragedy, and we are most saddened by colleagues and friends who lost their lives helping South Africans fight this virus. On behalf of everyone at Dis-Chem, we pay tribute to them and express our heartfelt condolences to the friends and families who have lost loved ones."

RETAIL

Retail revenue increased by 10.3% to R10.4bn for the 22-weeks over the corresponding period. Despite the weak macro environment, we continued to gain market share in all our core categories. Healthcare, vitamins and chronic drug sales reported remarkable growth as consumers continue to focus on preventative healthcare.

Like-for-like revenue growth and selling price inflation were 5.1% and 3.6%, respectively. We welcome the recently gazetted Single Exit Price ("SEP") increase of 3.68%.

Table 1 below depicts the recovery in mall trade in the 2H to 2 February 2021 vs 1H21.

Table 1*

Malls	1 March 2020 – 31 August 2020	1 September 2020 – 2 February 2021
Sales growth	(8.0)	(0.6)
Like-for-like sales growth	(8.0)	(2.0)

*excludes the 33 Baby City stores acquired on 1 January 2021

Table 2 depicts the continued strong growth in convenience centre stores.

Table 2*

Convenience centres	1 March 2020 – 31 August 2020	1 September 2020 – 2 February 2021
Sales growth	16.2	16.6
Like-for-like sales growth	8.4	10.2

* excludes the 33 Baby City stores acquired on 1 January 2021

During the 22 weeks under review, the Group added ten new stores, contributing R123m to revenue. Our new stores continue to trade above our expectations, validating our site selection method. In addition, we opened two Dis-Chem Pharmacies on Mediclinic sites on 1 February 2021 and closed one underperforming store. We now have a store base of 193 stores excluding Baby City.

The 33 Baby City stores contributed R73.4m to retail revenue from 1 January 2021, the date from which the transaction became effective, to 2 February 2021.

Online sales continued its strong trajectory and grew by 218.7% compared to the previous corresponding period.

WHOLESALE

Wholesale revenue grew by 20.0% to R8.6bn for the 22 weeks over the corresponding period with sales to our retail stores increasing by 18.5%.

External customers sales growth of 30.6% was driven by our growing distribution network and greater support from The Local Choice ("TLC") and independent pharmacies which grew 30.4% and 30.8% respectively.

TLC's growing support from new and existing franchisees was underpinned by our excellent service, competitive pricing, a more comprehensive range of products, and stock availability. We now have 117 TLC franchise stores versus 110 at the end of the corresponding period.

SUMMARY

Rm	22-weeks to 2 February 2021	22-weeks to 2 February 2020	<i>% change</i>	% like-for-like revenue growth	% price inflation
Retail	10 410	9 435	<i>10.3</i>	5.1	3.6
Wholesale	8 559	7 132	<i>20.0</i>		
Intergroup	(7 368)	(6 220)	<i>18.5</i>		
Total Group	11 602	10 347	<i>12.1</i>		

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

Dis-Chem's results for the year ended 28 February 2021 will be released on SENS on Friday, 21 May 2021, at around 7:05 am.

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

Midrand
17 February 2021

Sponsor
The Standard Bank of South Africa Limited