

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 21-WEEKS TO 26 JANUARY 2022

GROUP

For the 21-week period from 1 September 2021 to 26 January 2022, Dis-Chem recorded group revenue growth of 15.3% to R12.7bn compared to the corresponding period in the prior year ("corresponding period").

Chief executive Ivan Saltzman: "We continue to trade well, with market share gains across all core categories, supported by further normalisation in gross margins. This is being driven by a shift in consumer dynamics and a sustained return to regional shopping malls, where many mature Dis-Chem stores are located.

In an environment where the pandemic continues to constrain consumers, our Everyday Low-Price strategy, differentiated service offering and newly opened conveniently located stores remain cornerstones to delivering consumer value, reinforcing the Dis-Chem brand's destination status and the resilient nature of our business.

Following the Medicare acquisition becoming effective in October 2021, and as a key enabler to unlocking planned synergistic benefits, we accelerated the migration of Medicare stores onto the Group's common technology platform. The next phase of the Medicare integration into the Group is the rebranding, to Dis-Chem, of approximately 40 Medicare stores, supporting the expansion of our store network, particularly in new geographies where the Dis-Chem brand has been underrepresented."

RETAIL

Retail revenue increased by 15.5% to R11.4bn over the 21-weeks compared to the corresponding period. Like-for-like revenue growth was 5.5% driven by a gradual return to shopping malls, where many mature Dis-Chem stores are located.

As a result of the less severe Omicron-variant fourth wave, and relative to the base which resulted during the more serious second-wave, sales growth of preventative healthcare products, including vitamins and nutraceuticals were muted during December and January. There are early signs of normalised sales returning to this category where we continue to maintain our market leading position. The Group continues to gain market share across all core categories, with notable gains in Pharmacy, Personal Care, Baby and Beauty categories.

During the 21-week period, Dis-Chem administered 895 000 COVID-19 vaccine doses, contributing R341m to retail revenue, with approximately 50% of this contribution coming from standalone mass sites. Excluding vaccine contribution, retail revenue increased by 12%.

Following six-months of high demand for vaccinations, we have seen subdued vaccination demand since early December 2021. Notwithstanding booster eligibility, we expect vaccination demand to remain muted. Dis-Chem remains committed to the fight against COVID-19 and continues to operate over 100 vaccination sites across the country.

During the 21 weeks included in this update, the Group added seven new Dis-Chem stores, contributing R75m to retail revenue. The acquisition of the Medicare group was effective on 1 October 2021, adding a net 49 additional stores to the Group's store portfolio. The Group now has a store base of 290 stores, comprising 206 Dis-Chem, 49 Medicare and 35 Baby City stores. Consistent with our strategy of having at least one primary healthcare clinic in every Dis-Chem store, we are on track for every Baby City store to have an operational Moms and Baby focused clinic by April 2022.

Off a high base in the corresponding period, where shopping behaviours were directed online during the more serious second wave, online sales grew by 14.3%, with notable, disproportionate growth in our on-demand DeliverD service, highlighting the convenience offered by our various online channels which are serviced from our 77 fulfilment hubs.

WHOLESALE

Wholesale revenue increased by 10.6% to R9.1bn for the 21 weeks over the corresponding period, with sales to our retail stores increasing by 10.1%, lower than our retail revenue growth resulting in a continued improvement in Group Inventory management.

Revenue growth of 13.7% to our external customers was again driven by our commitment to excellent service, competitive pricing, a more comprehensive range of products, and improved stock availability, specifically in our regional DC's.

Eliminating the effect of Medicare revenue being internalised from the 1st of October, external sales growth increased by 37%.

Support from The Local Choice ("TLC") continues to be strong, underscoring the success of the franchise model. We now have 138 TLC franchise stores, up from 117 at the end of the corresponding period. TLC growth increased by 26.2% ahead of franchise store growth at 17.9% highlighting the benefits of the TLC franchise offering.

SUMMARY

Rm	21-weeks to 26 January 2022	21-weeks to 26 January 2021	% change	% like-for-like revenue growth
Retail	11 377	9 853	15.5	5.5%
Wholesale	9 070	8 199	10.6	
Intergroup	(7 774)	(7 059)	10.1	
Total Group	12 674	10 994	15.3	

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

Dis-Chem's results for the year ended 28 February 2022 will be released on SENS on Monday, 23 May 2022, at around 7:05 am.

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

Midrand
14 February 2022

Sponsor
The Standard Bank of South Africa Limited