

Dis-Chem Pharmacies Ltd. financial results for FY2024 (12 months to 29 February 2024)

Trade Intelligence Comment

Dis-Chem is pleased with its performance over the 12 months, seeing revenue growth of +11.1%. Retail revenue grew +9.7%, with a +6.9% increase in comparable pharmacy store revenue.

During the period, Dis-Chem opened and acquired 15 new retail pharmacy stores, bringing the total to 273. Dis-Chem's core categories' market share remained stable in key areas – Dispensary held at 24.6%, Personal Care and Beauty decreased slightly from 19.1% to 19.0%, influenced by a shift towards mass fragrance products. The Healthcare and Medical segment grew marginally from 46.8% to 46.9%. Additionally, Baby Care market share reflected a gain from 16.6% to 17.8%, including Baby City.

Looking ahead, Dis-Chem pledges to maintain its focus on value and access to affordable healthcare. The Group's new strategic trajectory highlights the importance of analytics – as CEO Rui Morais emphasised “... *the analytics function will ultimately serve the business holistically*”. An analytical and proactive stance towards site selection promises to support the expansion of retail space. Moreover, the acquisition of financial services provider OneSpark will support its integrated health vision, aimed at broadening access, reducing costs, and improving primary health outcomes for South Africans. The company's commitment to innovation and value will support its ongoing growth in the healthcare ecosystem.

Key Highlights

- **Turnover** +11.1% to R36.3bn (excl. vaccines of R143m in FY2023: +11.6%). The Group is “*satisfied*” with this performance
- **Gross profit** +8.3% to R8.2bn, **margin** 22.6% (FY2023: 23.2%) attributed to price investment (personal care & beauty and OTC) and shift in sales mix (growth in lower-margin Wholesale ahead of Retail)
- **Total income**¹ +10.1% to R11.1bn with **margin** 30.7% (FY2023: 30.9%). Gains from increased trading terms (+14.3% growth) offset by lower gross profit margin. **Retail** margin 29.7% (FY2023: 30.0%) and **Wholesale** margin 8.1% (FY2023: 8.0%)
- **Operating profit**² +6.4% to R1.8bn, **margin** at 4.9% (FY2023: 5.1%), **expense** growth +10.9% to R9.3bn
 - **Retail** margin 4.3% (FY2023: 5.0%) as expenses: +11.0% to R8.0bn, incl. R39m spent on diesel to run generators
 - **Wholesale** margin: 1.4% (FY2023: 1.0%), expenses: +5.0% to R1.8bn
- **Earnings per share** -1.4% to 114.7 cents per share (excl. property gains: +4.0%). **Dividend** -1.9% to 45.7 cps
- At the end of FY2024, the Group had 273 Dis-Chem stores (+15 over the 12 months) and 54 Baby City stores

Dis-Chem Pharmacies Ltd. FY2024 Financial Results Summary Table

	Turnover (R'bn)	Turnover Growth %	Turnover Growth (excl. vaccines)	Comparable ³ Growth	New Store Growth
Group	R36.3bn	+11.1%	+11.6%	–	–
Retail	R31.7bn	+9.7%	+10.3%	+6.9%	3.4%
Wholesale	R27.4bn	+13.3%	–	–	–
Intergroup ⁴	-R22.8bn	–	–	–	–

Note: – Data not reported for the period | 1. Total income margin equals gross profit plus other income (excl. property gains of R72m last year) | 2. Operating profit: profit earned before interest income, financing costs and taxes, excl. property gains | 3. Comparable growth removes the impact of new and closed stores | 4. Intergroup negates the double counting as Wholesale sells to Retail (internal wholesale sales)

Retail Highlights

- **Turnover** +9.7% to R31.7bn (excl. COVID vaccines and testing services: +10.3%)
 - **Loyalty** increased to 9.3 million benefit members (FY2023: 7.8 million), accounting for 77.9% of turnover
 - **Online** +32.9% turnover growth, using 85 delivery hubs. Plans are to increase to 158 hubs to support the Group's focus on “*owning online/digital in the health space*”
- **Dispensary** +7.4% to R11.2bn (35.3% of Retail turnover). Market share: unchanged at 24.6% despite 15 new stores
- **Personal care and beauty** +14.6% to R8.8bn. Market share 19.0% (FY2023: 19.1%) in a competitive market
- **Healthcare and medical** +6.7% to R6.7bn. Market share remains significant at 46.9% (FY2023: 46.8%)
- **Baby care** (incl. 54 Baby City stores) +12.6% to R2.8bn. Market share gains to 17.8% (FY2023: 16.7%)

Wholesale Highlights

- **Turnover** +13.3% to R27.4bn – internal sales to Dis-Chem remains the biggest contributor
- **External** wholesale increased +21.4% to R4.6bn. Sales to independent pharmacies +23.2% and TLC franchise +19.6% with 205 stores (FY2023: 171 stores)
- Dual strategy of supporting internal retail growth while continuing to gain independent pharmacy market share

Dis-Chem Group Comment

“*Considering the number of data points we consume, data informing some of the decisions we make across each of the strategic drivers is fundamentally important to the success of a business playing into integrated health care.*” – Rui Morais, Dis-Chem CEO