

Clicks Group Limited

Profit grew more slowly, and payouts outran the cash left after lease payments.

South African health, beauty and wellness retailer, with a pharmaceutical wholesaler (UPD). Revenue grew 5.4% and operating profit 4.7%, so operating margin eased to 9.7% from 9.8%. Dividends and buybacks together were 137% of free cash flow after lease principal.

Revenue	Operating profit	Operating margin	Cash returned to shareholders
R50.41bn	R4.90bn	9.7%	R3.37bn
▲ +5.4% vs FY25	▲ +4.7% vs FY25	▼ from 9.8% in FY25	incl. R1.25bn of buybacks

Business health score

FY2022–FY2026 window

Total across four areas

30 / 40

Calculated from Clicks' published numbers using fixed thresholds. Not a rating. The previous window (FY21–FY25) scored 33/40.

How to read this

The score describes how the business has been run and funded, area by area. A higher or lower score is a point of comparison between companies, not a statement that one is better than another.

Most of the fall from 33 comes from the window moving forward, not from FY26 alone. Several results sit close to a band edge, and other reasonable measures give totals between 26 and 31. Every threshold is public in the [scoring rubric](#), so you can check any score yourself.

Operations

6 / 10

Is the business making more from what it sells?

WHAT DRIVES THE SCORE

Operating margin **9.7%** in FY26 against **8.4%** in FY22 (+1.3 pts); revenue grew **6.2%** a year.

COMMENT

Margin rose over the window but slipped from 9.8% in FY25. Gross margin fell to 23.2% from 23.8%, and other income, worth about 80% of operating profit, grew 13%. Retail profit grew 9.9%; UPD profit fell 10.4%.

Margin change +1.3 pts **3/5**

Revenue growth 6.2% a year **3/5**

Liquidity

9 / 10

Does profit turn into cash?

WHAT DRIVES THE SCORE

Cash conversion **98%** of operating profit in FY26 (**74%** after lease principal); working capital is about 1.0% of revenue.

COMMENT

Operating cash flow fell 8.4% as receivables and inventory absorbed cash. The score measures cash before lease principal; after it, conversion was 74% in FY26 and 89% in FY25. Inventory days rose from 67 to 82 (four rises in five years), and payables fund most of the stock.

Cash conversion 98% **4/5**

Working capital -1.1 pts **5/5**

Solvency

7 / 10

How comfortable is the debt?

WHAT DRIVES THE SCORE

Net debt (leases less cash) **0.45×** operating profit; interest cover **10.9×**. Both trend deductions apply.

COMMENT

No bank borrowings: debt is lease liabilities. Net debt rose to R2.2bn from R0.8bn as cash fell R955m. Equity fell R51m and interest cover is down 31% since FY22. Net debt including the R507m purchase agreed after year-end would be 0.55×

Net debt ÷ profit 0.45× **5/5**

Interest cover 10.9× **4/5**

Trend deductions **-2**

Qualitative

8 / 10

Are the habits and disclosures consistent?

WHAT DRIVES THE SCORE

Four of five yes/no rules passed (2 points each). Retail is 77.6% of group turnover, above the 50% limit.

COMMENT

Ordinary dividends rose every year and free cash flow covered them every year. The audit rules are tested on the FY25 audited statements, which are the latest published; they will be re-tested when the FY26 audited statements are released.

Dividend paid every year, none cut ✓

Dividends covered by free cash flow (5 of 5 years) ✓

No segment above 50% of revenue (largest 77.6%) ✗

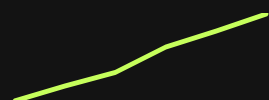
Audit opinion unmodified (FY25 audited) ✓

No restatement (FY25 audited) ✓

Six-year trend

FY21 → FY26, R'm unless noted

Revenue



R50,414m

up 35% since FY21

Operating profit



R4,898m

up 61% since FY21

Operating margin



9.7%

peak 9.8% in FY25

Operating cash flow



R4,803m

down 8% in FY26

Free cash flow after
lease principal



R2,469m

down 23% in FY26

Dividends + buybacks



R3,371m

137% of FCF after leases
(FY25: 83%)

Net debt (leases less
cash)



R2,188m

highest of the six years

Inventory days



82 days

67 in FY21

Revenue by segment

FY2026, R'm, before eliminations

Retail	<div></div>	39,126.0
Distribution (UPD)	<div></div>	20,377.0

Intersegment sales of R9,089m are eliminated to reach group revenue of R50,414.0m. Retail earned R4,320m of trading profit and UPD R560m.

What sits behind the scores

Direction of travel, not a rating

Operations

■ Improving, cooler in FY26

- Operating margin rose from **8.2%** (FY21) to **9.8%** (FY25), then eased to **9.7%**.
- FY24 was the strongest growth year: revenue **9.2%**, with operating costs up **11.8%**.
- Retail earns **89%** of segment profit; UPD profit fell 10.4% in FY26.

Liquidity

■ Sound, cash lower

- Operating cash flow was **98%** of operating profit, **74%** after lease principal.
- Inventory days rose in four of five years, from **67** to **82**; Clicks' own net working capital days improved from 34 to 33.
- Cash fell **R955m** to R2.3bn.

Solvency

▼ Net debt higher

- Net debt (leases less cash) rose to **R2.19bn**, from R0.79bn.
- Dividends and buybacks (R3.37bn) were **137%** of free cash flow after lease principal, the highest of six years (FY22: 117%). Before lease principal: 93%.
- Equity edged down R51m; net debt is still only 0.45× operating profit.

Bottom line

Clicks is **more profitable per rand of sales than six years ago** (operating margin 8.2% to 9.7%), but FY26 was its slowest year for operating profit growth (4.7%) and gross margin slipped. Its balance sheet carries no bank debt; the debt is leases.

In FY26 the company paid out R3.37bn in dividends and buybacks, more than the R2.47bn of free cash flow left after lease payments, and met the difference from its cash balance. Whether that suits a given portfolio is a question of individual goals and risk appetite, which this scorecard does not address.

What to watch next

Jan 2027	Final dividend of 667.0 cents (about R1.5bn) payable on 25 January 2027; last day to trade cum-dividend is 19 January.
Pending	Competition authority decision on the R507m purchase of a further 35.3% of its beauty retail investee, announced 28 September 2026.
~Nov 2026	Audited FY26 financial statements; the audit-opinion and restatement checks in this score will be re-tested on them.
~Apr 2027	Interim results for the six months to 28 February 2027, based on Clicks' usual reporting calendar.

This scorecard presents a descriptive summary of Clicks Group Limited's published financial results for FY2021–FY2026. FY26 figures come from the results announcement of 22 October 2026, which is reviewed, not audited. The business health score is a description of the business based on fixed, published thresholds; it is not a rating, and a higher or lower score does not mean one company is better than another. It does not constitute financial, investment or tax advice, a recommendation to buy, hold or sell any security, or a valuation or price target. Clearview Financial (Pty) Ltd is not a licensed financial services provider.

Holdings: the author holds no shares in Clicks Group. The author previously held Clicks Group shares and has sold the entire position.

Source: Clicks Group Limited results announcements and analyst booklets, FY2021–FY2026 · clicksgroup.co.za