

COMPANIES

# Dis-Chem plans to list on the JSE

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Pharmacy group Dis-Chem intends to list on the JSE, but only selected institutional investors willing to splash out at least R1m will get a chance to claim a stake in the company.

A Dis-Chem spokesperson said the group had contemplated the need to list for some time and it had become an imperative in light of its expansion plans.

"We have spent a lot of focus and management time on the listing over the past calendar year. We would like it to happen now, so that we can return our focus to growing the business."

Family-owned Dis-Chem generated revenue of R15.5bn in the 2016 financial year.

Dis-Chem's existing shareholders comprise the Saltzman Family Trust, holding 66.9% of the company's shares. Other senior managers hold 23.4%, and the remaining 9.7% is held by an investor. Co-founders Ivan and Lynette Saltzman will continue to lead the group as CEO and MD, respectively.

Electus Fund Managers equity analyst Damon Buss said the listing would give investors an option to own a good quality business in the retail pharmacy sector where historically there had been only one option.



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2016

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Saltzman  
Family Trust

**23.4%**  
of the shares  
are held by  
senior  
managers

**9.7%**  
of the stock  
is held by  
a private  
investor

"A potential cause of worry for Clicks is that the share is trading at a very high multiple. If Dis-Chem lists, it will certainly look more attractive from that perspective. But Clicks and Dis-Chem are such good businesses, investors may want to have a holding in both," Buss said, adding that the two groups were quality defensive businesses, as earnings were not cyclical.

CEO Saltzman said the listing would facilitate a partial exit, while allowing existing shareholders and senior management to remain materially invested "ensuring strong alignment between management, existing and new shareholders".

Clicks Group CEO David Kneale said the group welcomed the news of the planned listing of Dis-Chem and believed that it would be beneficial to have a second retail pharmacy company on the JSE.

Clicks has been listed for 20 years and has until now been the only listed player in its sector. "The listing will enable investors to compare the two companies now that Dis-Chem's financial and operational metrics will be fully disclosed," Kneale said.

"Clicks has competed successfully against Dis-Chem for many years and we respect them as a competitor."

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