# The Dis-Chem Connecting Dots

*Perspectives: July 30th, 2026*

A recent media article claimed that the founding Salzman family had exited their controlling stake in **Dis-Chem** and family members had vacated their employment and directorship positions as a result of '…*the entrepreneurial zest was gone, and it was now the compliance experts running the show*', and '….*this was a good example of the burden that comes with a company going public*'. Last, my personal favourite '…*it is never long before the founder is stripped of control and the power is transferred to bureaucrats, lawyers, and corporate governance specialists*'.

I disagree with the article's claims. Here is why.

**First**, the wealthy founder family of a successful business that was painstakingly built from nothing over 48 years are smart, hard-working, tenacious people. They are also surrounded by their own expert networks, and have the resources to afford top-notch advice. These entrepreneurial families tend to make well informed, intelligent investment decisions in the family's best long-term interest.

**Second**, such an entrepreneurial family would never have been taken by surprise by the extra costs, administration, governance, and shareholder & media interactions of being publicly listed. It comes with the territory and there are advantages to being public that offset the costs.

**Third**, no one 'stripped the Salzman family of its control' of Dis-Chem. The family *chose* to sell their shares in the market, which is the right of any shareholder of any public listed company. After the founding family gave up control, Dis-Chem became a professionally owned & managed listed company. It is a baseless claim that Dis-Chem is somehow automatically in the hands of 'bureaucrats, lawyers, and corporate governance specialists'.

I offer an alternative point of view on this. The Salzman family correctly identified a stunning once in a lifetime opportunity to cash in their chips at eye-watering valuation multiples. An additional consideration may be that its industry is caught in the cross-hairs of a weak domestic consumer base and a group of smart, well-funded, and aggressive new competitors.

Surprising to some, there was a time when today's highly rated and widely owned JSE listed **Clicks Group** was a near uninvestable smaller market cap stock, deeply out of favour, and widely ignored. During the recession and bear market in South Africa in the early 2000's, it was priced in the stock market at a low PE multiple of below 10x and a Sales multiple of below 2x.

Under the inspired leadership of then CEO David Kneale, Clicks Group delivered strong growth in its fundamentals and the market rerated it to a PE multiple of over 30x and a Sales multiple of over 9x - starting from about 2016 on. In the process it became a far larger market cap and eventually also a constituent of the ALSI40 index. This resulted in forced ownership by passive index fund trackers and also attracted significant attention by global fund managers allocating larger pools of investment capital.

Chart: Clicks Group Share Price 2000-2026


This rerating did not go unnoticed. Clicks Group had become a high profile public listed business. There are two groups of people with significant financial incentives who tend to pay special attention to listed valuation multiples – the owners of direct industry competitors, and corporate M&A advisors.

The financial incentives of owners are to maximize the value of their ownership stakes, while the financial incentives of advisors are to maximize the value of their advisory fees.

Right on cue, a direct competitor of Clicks Group called Dis-Chem listed on the JSE in late 2016, with the founding Salzman family and other large owners providing 'liquidity' by selling large portions of their own shares during the IPO process. Those shares were being sold to the public at a PE multiple of over 29x and a Sales multiple of over 12x.

Connect the dots. Dis-Chem is listed because the founding family *chose* to list. Dis-Chem is professionally owned and managed because the founding family *chose* to exit. There is no need to conjure up a scare story.

Our work continues...

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