



THE SPAR GROUP LIMITED

PRELIMINARY REVIEWED CONDENSED GROUP RESULTS

for the year ended 30 September 2020 and cash dividend declaration

+13.5%

Group turnover¹

+15.6%

Operating profit

+8.8%

Normalised diluted headline earnings per share (HEPS)²

+21.9%

Normalised diluted HEPS², excluding Poland

+5.7%

Net asset value per share

+8.1%

Dividend per share

OUR PURPOSE

to inspire people to do and be more



SALIENT FEATURES

| Rmillion | Year ended 30 Sept 2020 | Year ended 30 Sept 2019 | % change |
|---|-------------------------|-------------------------|----------|
| Turnover ¹ | 124 277.4 | 109 477.1 | 13.5 |
| Operating profit | 3 442.6 | 2 978.9 | 15.6 |
| Earnings per share (cents) | 1 078.7 | 1 124.1 | (4.0) |
| Headline earnings per share (cents) | 1 135.3 | 1 129.1 | 0.5 |
| Normalised diluted headline earnings per share ² (cents) | 1 262.6 | 1 160.6 | 8.8 |
| Dividend per share (cents) | 865.0 | 800.0 | 8.1 |
| Net asset value per share (cents) | 4 102.2 | 3 879.9 | 5.7 |

¹ Turnover represents revenue from the sale of merchandise

² Diluted headline earnings adjusted for fair value adjustments to, and foreign exchange effects on financial liabilities, and business acquisition costs

SUMMARY SEGMENT ANALYSIS

| Rmillion | Southern Africa | Ireland | Switzerland | Poland | The SPAR Group Ltd |
|---------------------------|-----------------|----------|-------------|---------|--------------------|
| Income statement | | | | | |
| Turnover | 78 605.4 | 29 896.7 | 13 641.9 | 2 133.4 | 124 277.4 |
| Gross profit | 7 796.9 | 3 994.5 | 2 515.4 | 473.1 | 14 779.9 |
| Operating profit | 2 573.6 | 978.2 | 361.5 | (470.7) | 3 442.6 |
| Profit before taxation | 2 299.2 | 651.7 | 296.6 | (551.1) | 2 696.4 |
| Financial position | | | | | |
| Total assets | 24 136.1 | 16 466.9 | 9 402.2 | 2 733.4 | 52 738.6 |
| Total liabilities | 18 762.5 | 14 496.8 | 8 279.0 | 3 310.6 | 44 848.9 |

PERFORMANCE OVERVIEW

The SPAR Group has delivered an extraordinary performance for the year ended 30 September 2020. Group turnover increased by 13.5% to R124.3 billion, as consumers supported our local, convenient, and trusted retailers during this time of crisis. Profitability was positively impacted by a change in sales mix as increased home consumption drove higher-margin grocery and fresh categories. Despite the impact of the expected losses in Poland, group normalised diluted headline earnings per share increased by 8.8%. The Board carefully considered the business outlook and declared a final dividend of 665 cents per share.

- SPAR Southern Africa contributed growth in wholesale turnover of 5.8% to R78.6 billion. Our core food business increased sales by 9.2%, supported by strong demand for groceries. During this period, internally measured wholesale food inflation has risen to 3.9%. TOPS at SPAR liquor business lost almost a third of its total trading days due to the restrictions on the sale of liquor, with wholesale turnover for the year decreasing by 15.8%. Despite trading restrictions on building materials during the initial five weeks of lockdown, Build it delivered a resilient performance in a weak sector, with wholesale turnover 0.9% down. During the period, the total Southern African store network grew to 2 414 stores, with 65 net new stores opened across all brands. The group completed 310 store upgrades, against 298 upgrades in the comparable period.
- The BWG Group in Ireland delivered a remarkable result, with sales growth across all retail brands more than compensating for the Cash & Carry and BWG Foodservice businesses, which have been severely impacted by the COVID-19 restrictions on the hospitality industry. The EUROSPAR format, which offers convenience and a comprehensive range of groceries, has been the outlier performer with sales growth of 11.5% in local currency. The majority of the retail brands in this market are ideally located neighbourhood stores and have performed strongly. SPAR Ireland's retail network is now 1 391 stores, boosted by the acquisition of corporate retail stores in South West England.
- SPAR Switzerland has performed exceptionally well with turnover increasing by 11.6% in CHF terms. This business has seized the opportunity of changing consumer behaviour, largely influenced by the closure of Swiss borders during the initial lockdown, with locals shopping closer to home and opting for trusted community-based stores over large supermarkets. Our TopCC Cash & Carry business, which caters largely to the hospitality industry, has been boosted by Swiss support of local restaurants during the summer months. SPAR Switzerland's total store network has grown to 333 stores during the period.
- The COVID-19 pandemic has been disruptive to our plans and has delayed progress in the Polish market. Given the level of development and reorganisation required in year one of operations, this business has been most vulnerable to the impact of lockdown restrictions. Despite the setbacks, good progress has nevertheless been made and this region contributed R2.1 billion towards group turnover for the period. The store network stands at 219 stores, including 25 existing Piotr i Pawel stores still to be converted to SPAR stores.

RESPONDING IN A TIME OF CRISIS

From March this year, all of our markets were impacted by the COVID-19 pandemic and subsequent lockdown measures to curb the spread of the virus. As an essential service provider of groceries, our stores traded throughout the lockdown periods, albeit with periods of restriction on the sale of liquor, cigarettes and building materials experienced in South Africa.

The group was swift to take the necessary proactive measures and implement effective protocols to safeguard our key priorities: the safety of our people, retailers, suppliers and consumers; managing the supply chain and keeping our retailers' shelves replenished; and supporting our communities.

The business has adapted to changing consumer behaviour during this time and has benefitted from customers choosing local and conveniently situated shopping destinations that ensured their safety and wellbeing. Remaining agile, challenging ways of operating and implementing contingency plans have been necessary to secure our supply chains and ensured that our retailers continued to receive the service they expected.

As an organisation, we remain committed to supporting our communities. SPAR's family values and culture of caring have positioned us well in dealing with this crisis. Thank you to our employees, suppliers, retailers and customers, who have adapted with us to find new ways of operating during this time.



ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full and complete details thereof.

The full announcement can be found at: <https://senspdf.jse.co.za/documents/2020/jse/isse/SPP/FY20Report.pdf>

The full announcement is also available on the company's website at <https://investor-relations.spar.co.za/> and copies may also be requested from the company's registered office and at the office of the JSE sponsor at no charge, during office hours. Any investment decision in relation to the company's shares should be based on the full announcement. The information contained in this short-form announcement has neither been audited nor reviewed by the group's external auditors. The preliminary condensed consolidated financial statements were reviewed by the group's auditors, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion thereon.

DIRECTORATE AND ADMINISTRATION

Directors: MJ Hankinson* (Chairman), GO O'Connor (Chief Executive Officer), MW Godfrey, LM Koyana*, M Mashologu*, HK Mehta*, P Mnganga*, AG Waller* (*Non-executive)

Company Secretary: MJ Hogan **THE SPAR GROUP LTD:** (SPAR) or (the company) or (the group) **Registration number:** 1967/001572/06 ISIN: ZAE00058517

JSE share code: SPP **Registered office:** 22 Chancery Lane, PO Box 1589, Pinetown 3600

Transfer secretaries: Link Market Services South Africa (Pty) Ltd, PO Box 4844, Johannesburg 2000

Auditors: PricewaterhouseCoopers, PO Box 1274, Umhlanga Rocks 4320 **Sponsor:** One Capital, PO Box 784573, Sandton 2146

Bankers: Rand Merchant Bank, a division of FirstRand Bank Ltd, PO Box 4130, The Square, Umhlanga Rocks 4021 **Attorneys:** Garlick & Bousfield, PO Box 1219, Umhlanga Rocks 4320

PROSPECTS

Consumers are opting for their local, convenient and trusted community retailer, during this time. This is perfectly aligned with the group's vision of being the first-choice brand in the communities we serve. Against the backdrop of the COVID-19 pandemic, the group continues to prove its resilience.

In Southern Africa, an existing weak economy has been severely impacted by the pandemic. The consumer environment is expected to remain constrained, with many South Africans under financial pressure.

Europe is experiencing a second wave of infections and hard lockdown measures. Our businesses in Europe have contingency plans in place to deal with the disruption and have learnt many lessons from the initial lockdowns. In Ireland, the foodservice and hospitality sector will face continued uncertainty, as consumers remain cautious, however the retail sector is expected to remain strong in the year ahead. The gradual reopening of the Irish economy is likely to coincide with the impact of Brexit, which is expected to be disruptive. Our Swiss business is well positioned to maximise the opportunities brought on by shifts in consumer behaviour, new business gained and by the changing dynamics in the marketplace. In Poland, we will concentrate on building relationships and driving loyalty with our SPAR retailers. We are focused on breaking even in this region by the end of 2021.

SPAR's extensive distribution and logistics capability, market-leading brands and overall support of independent retailers, ensure that we remain suitably positioned to deliver exceptional value to consumers.

Mike Hankinson
Chairman

Graham O'Connor
Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 665 cents (2019: 516 cents) per share has been declared by the board in respect of the year ended 30 September 2020. The dividend has been declared out of income reserves. This brings the total gross dividend for the year to 865 cents (2019: 800 cents) per ordinary share.

The salient dates for the payment of the final dividend are detailed below:

| | |
|--|----------------------------|
| Last day to trade cum-dividend | Tuesday, 8 December 2020 |
| Shares to commence trading ex-dividend | Wednesday, 9 December 2020 |
| Record date | Friday, 11 December 2020 |
| Payment of dividend | Monday, 14 December 2020 |

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 9 December 2020 and Friday, 11 December 2020, both days inclusive.

In terms of South African taxation legislation effective from 1 April 2012, and the JSE Limited Listings Requirements, the following additional information is disclosed:

- The South African local dividend tax rate is 20%;
- The net local dividend amount is 532 cents per share for shareholders liable to pay tax on dividends and 665 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Ltd is 192 602 355 ordinary shares; and
- The SPAR Group Ltd's tax reference number is 9285/168/20/0.

By order of the board

Mandy Hogan
Company Secretary
Pinetown
18 November 2020

www.spar.co.za