

SPAR



The SPAR Group Limited

SPAR Group Results 2013



AGENDA



- 50th anniversary
- Financial overview
- Retail performance
- Distribution
- Looking forward
 - trading environment
 - strategic priorities
- Questions



Spar Facts and Figures



- **Spar International: 12 330 stores in 36 countries - €32bn p.a. turnover**
 - South Africa is the second biggest contributor
- **Balanced portfolio: 1 817 stores across seven brands doing R72.6bn retail turnover**
 - Groceries and fresh product, liquor, pharmaceuticals and building material
 - Offering spans consumer sectors from high to low LSMs
- **Seven distribution centres: 237 000m³ warehousing space**
 - Handle 65% of SPAR's turnover + 35% delivered by dropshipment suppliers
 - 203m cases despatched in 2013 financial year
- **Support to independent retailers:**
 - Product procurement and supply, Marketing, Housebrand development, Systems support, Property management, Retail operations and Training



Financial Highlights



R million

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Turnover	47 387	43 166	9.8
PBT	1 663	1 519	9.5
PAT	1 191	1 059	12.4
HEPS (c)	696.6	616.3	13.0
Dividend (c)	485	430	12.8
ROE %	39.6	39.8	



Financial Highlights



Comparative trading

	1 st Half		2 nd Half	
	Rm	% Change	Rm	% Change
Turnover	23 795	9.6	23 592	10.0
PBT	821	5.2	841	14.0
PAT	589	12.5	601	12.4



Financial Overview



Turnover (Rm)

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
SPAR/TOPS	42 324	38 540	9.8
Build it	5 063	4 626	9.5
TOTAL	<u>47 387</u>	<u>43 166</u>	<u>9.8</u>
Liquor sales (TOPS/SPAR)	3 576	3 081	16.1



Financial Overview



Gross margins

	Turnover Rm	2013	2012
Normal business	46 355	7.7	7.7
Retail division	836	15.3	15.6
Imports – Build it	196	20.5	18.6
Group	47 387	8.1	8.0



Financial Overview



<u>Expenses</u>	2013	2012	% Increase
Total operating expenses	2 566	2 316	10.8
Including:			
• Employment costs	1 223	1 127	8.5
• Delivery costs	363	317	14.7
• IT costs	148	133	11.4
• Marketing / support costs	112	81	38.3
• Retail stores	159	151	5.3
• Bad debts	36	48	(25.0)



Cash Flow



	Rm
Cash flow from trading	1 849
Working capital changes	(1 033)
	816
Interest	9
Capex	(299)
Retail stores – acquisitions	(24)
– disposals	17
Tax	(486)
Dividends	(782)
Loans/shares	(91)
Net cash inflow	(840)

Retail Performance



Retail Turnover

	<u>Total %</u>	<u>LFL %</u>
SPAR	9.1	7.5
TOPS	15.9	10.2
Build it	12.0	9.0



5 Star SUPERSPAR



Thohoyandou SPAR



Waterfall SUPERSPAR



Bridge City SUPERSPAR



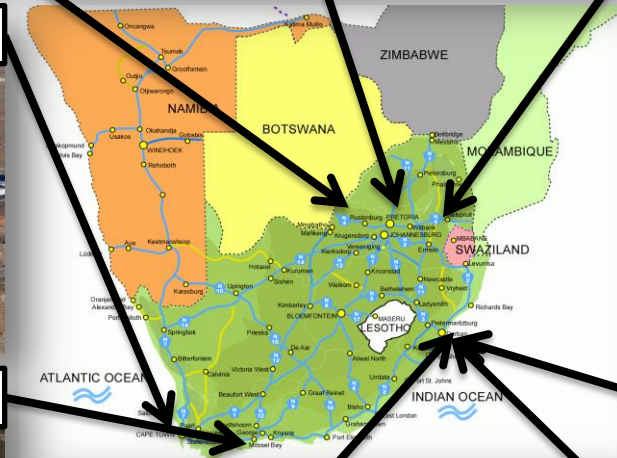
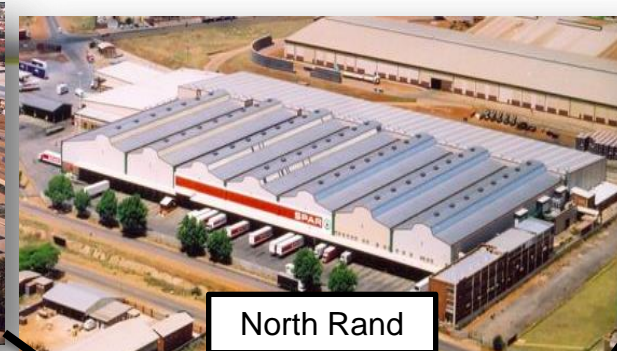
Retail Stores



	<u>2013</u>	<u>2012</u>	<u>Net Change</u>
SPAR	873	868	5
TOPS	582	538	44
BUILD IT	298	281	17
SAVEMOR	28	17	11
PHARMACY	36	21	15
TOTAL	<u>1 817</u>	<u>1 725</u>	<u>92</u>



Distribution



Powering Independent Retailers



Looking forward...



- **Trading environment**
- **Strategic priorities**



Trading Environment



- Business confidence
- Consumer spend
- Sector inflation
- Competition



SOURCE: WWW.TRADINGECONOMICS.COM | BUREAU FOR ECONOMIC RESEARCH



Strategic Priorities



- **Deliver excellence in Fresh**
- **Drive supply chain optimisation**
- **Create competitive price perception**
- **Drive expert retail leadership and support**
- **Own centre of community leadership**
- **Refine our future financial model**
- **Realise new business opportunities**



New Business



New Stores

	<u>2013</u>	<u>Projected</u> <u>2014</u>
SPAR	873	23
TOPS	582	35
Build it	298	24
Savemor	28	14
Pharmacy	36	14
Total	<u>1 817</u>	<u>110</u>



Powering Independent Retailers



QUESTIONS

