

# THE SPAR GROUP LIMITED

## UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2018  
AND CASH DIVIDEND DECLARATION



### SALIENT FEATURES

Rmillion	Unaudited six months ended March 2018	Unaudited six months ended March 2017	Change %
Turnover	50 026.6	47 353.4	5.6
Operating profit	1 316.2	1 206.8	9.1
Profit before taxation	1 345.9	1 229.7	9.4
Earnings per share (cents)	533.7	471.6	13.2
Headline earnings per share (cents)	541.2	475.5	13.8
Dividend per share (cents)	270.0	240.0	12.5
Net asset value per share (cents)	3 334.7	3 005.6	10.9

### OVERVIEW OF TRADING RESULTS

The SPAR Group reported a strong performance for the six months to 31 March 2018, boosted by satisfying contributions from the European operations. Total turnover grew 5.6% from R47.4 billion to R50.0 billion against the backdrop of tough trading markets.

- SPAR Southern Africa contributed a growth in wholesale turnover of 6.8%. The sales result was positively influenced by the earlier timing of the Easter holidays; however, this was muted by substantially lower internally measured food inflation and the general impact of the listeriosis outbreak. Sales in the chilled processed meat category were significantly affected, without a clear trend in substitute product sales becoming evident. The TOPS liquor brand continued to deliver impressive results with a wholesale sales growth of 12.6%. Despite a generally weak sector, the building materials business grew sales by 8.6% through increased retailer loyalty and strong marketing. The SPAR Southern Africa store network increased to 2 184 stores, with new stores opened across all brands. The group completed 131 store upgrades across all brands, compared to 89 upgrades in the previous period.
- The BWG Group (SPAR Ireland) has once again delivered solid euro-denominated results, with all retail brands reporting positive growth. The BWG Wines & Spirits and BWG Foodservice businesses reported impressive double-digit turnover growths, while the Gilletts corporate stores continued to make a strong contribution to the overall Irish performance. SPAR Ireland's store network remained constant at 1 330 stores.
- Despite the challenging sales environment, SPAR Switzerland has made significant progress in addressing the business performance. While the reported turnover growth remained negative, this was partly due to the strategic closure, or sale, of five unprofitable corporate retail stores in this period. This has had a marked impact on the profitability of the overall business. The core wholesale and cash-and-carry businesses continued to record profitability improvements. SPAR Switzerland's total store network declined to 289 stores.

### SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	The SPAR Group Ltd
<b>Income statement</b>				
Turnover	34 706.8	10 487.9	4 831.9	50 026.6
Gross profit	2 846.9	1 266.7	854.6	4 968.2
Operating profit	1 044.7	225.3	46.2	1 316.2
Profit before taxation	1 095.7	202.5	47.7	1 345.9
<b>Financial position</b>				
Total assets	14 797.2	8 484.5	4 271.9	27 553.6
Total liabilities	10 985.4	6 568.1	3 578.7	21 132.2

### PROSPECTS

Despite the early indications of improving consumer and business confidence in Southern Africa, the trading environment is expected to remain largely unchanged in the medium term. While food price inflation has recently dropped to low levels, there is a real risk that this cycle will start to turn. Recent movements in fuel prices and foreign currency also suggest that consumers will remain under pressure, with a constrained spending outlook. In response, SPAR's extensive distribution capability and market-leading brands are well positioned to deliver exceptional value to consumers and thereby ensure that its independent retailers remain suitably positioned to meet these challenges.

The BWG Group's growth outlook, still underpinned by Brexit uncertainties, remains positively cautious in both territories where they operate. Management's proactive response to market changes should ensure that SPAR Ireland will deliver a result in line with expectation. The acquisition of the 4 Aces wholesale business, subsequent to the reporting date, will further strengthen the Irish group's growth objectives.

The Swiss business will maintain its focus on driving the identified strategic initiatives to improve the performance. These plans will take time to realise but early signs point to positive change.

**Mike Hankinson**  
Chairman

**Graham O'Connor**  
Chief Executive Officer

### DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim gross cash dividend of 270 cents per share has been declared by the board in respect of the six months ended 31 March 2018. The dividend has been declared out of income reserves.

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

Last day to trade cum-dividend	Tuesday, 19 June 2018
Shares to commence trading ex-dividend	Wednesday, 20 June 2018
Record date	Friday, 22 June 2018
Payment of dividend	Monday, 25 June 2018

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 20 June 2018 and Friday, 22 June 2018, both days inclusive.

### TURNOVER

↑ 5.6%

### HEADLINE EARNINGS PER SHARE

↑ 13.8%

### NET ASSET VALUE PER SHARE

↑ 10.9%

### INTERIM DIVIDEND PER SHARE

270 cents

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

- The South African local dividend tax rate is 20%;
- The net local dividend amount is 216 cents per share for shareholders liable to pay tax on dividends and 270 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Limited is 192 602 355 ordinary shares; and
- The SPAR Group Limited's tax reference number is 9285/168/20/0.

By order of the board

**Mandy Hogan**  
Company Secretary

Pinetown  
29 May 2018

### 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. The full announcement was released on SENS on 30 May 2018, and can be found on the company's website at [www.spar.co.za](http://www.spar.co.za). Copies of the full announcement are available for inspection at, or may also be requested from, the company's registered office at no charge, during office hours. Investors or shareholders may request copies of the full announcement from the Company Secretary at [mandy.hogan@spar.co.za](mailto:mandy.hogan@spar.co.za). Any investment decision should be based on the full announcement published on SENS and on the company's website. The information contained in this announcement has neither been audited nor reviewed by the company's external auditors.

### DIRECTORATE AND ADMINISTRATION

**Directors:** MJ Hankinson\* (Chairman), GO O'Connor (Chief Executive Officer), MW Godfrey, WA Hook, MP Madi\*, M Mashologu\*, HK Mehta\*, P Mnganga\*, R Venter, AG Waller\*, CF Wells\* (\* Non-executive) **Company Secretary:** MJ Hogan **The SPAR Group Ltd (SPAR) or (the company) or (the group) Registration number:** 1967/001572/06 **ISIN:** ZAE000058517 **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, Umhlanga Rocks, 4021 **Attorneys:** Garlicke & Bousfield, PO Box 1219, Umhlanga Rocks, 4320

