

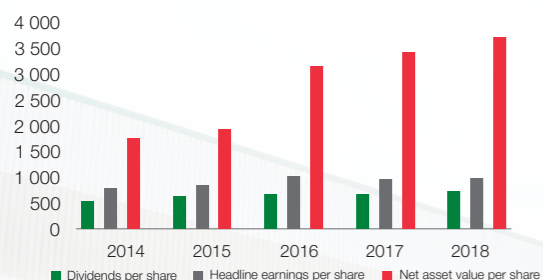
# THE SPAR GROUP LIMITED

## ANNUAL RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018  
AND CASH DIVIDEND DECLARATION

- 5.9% TURNOVER**
- 7.9% OPERATING PROFIT**
- 8.9% NORMALISED HEADLINE EARNINGS PER SHARE**
- 8.0% DIVIDEND PER SHARE**
- 8.4% NET ASSET VALUE PER SHARE**
- 296 NEW STORES OPENED**

SHAREHOLDER VALUE INDICATORS PER SHARE (cents)



### PERFORMANCE OVERVIEW

The SPAR Group reported a pleasing performance for the year under review, with turnover increasing by 5.9% to R101.0 billion, despite continued challenging trading conditions. The result has again been positively impacted by improved contributions from the European businesses and the group increased operating profit by 7.9% to R2.8 billion. Profit before taxation of R2.5 billion was adversely impacted by fair value adjustments to, and foreign exchange losses on financial liabilities, together with increased interest expenditure resulting from cash outflows for acquisitions.

- SPAR Southern Africa contributed growth in wholesale turnover of 6.7%. This includes turnover reported by the pharmaceutical business, S Buys, acquired during the year. Excluding S Buys, SPAR Southern Africa produced wholesale turnover growth of 5.3% and stable gross margins in a tough market environment. The TOPS liquor brand delivered an impressive result with wholesale sales growth of 13.0%. Despite a generally weak building materials sector, Build It increased sales by 7.5% enabled by strategic marketing efforts and grew market share. The SPAR Southern Africa store network increased to 2 236 stores, with 145 new stores opened. The group completed 276 store upgrades as our retailers remained focussed on organic growth.
- The BWG Group (SPAR Ireland) has continued to deliver strong euro-denominated results. The BWG Foodservice business reported impressive double-digit turnover growth, while all the retail brands enjoyed positive sales growth. The Kilcarbery distribution centre saw warehouse turnover increase by 6.9% as more product was directed through the facility. During May 2018, BWG completed the acquisition of 4 Aces Wholesale Limited which operates three cash-and-carry businesses in central Ireland. This business has been successfully integrated into the BWG Group's wholesale operations. SPAR Ireland's store network increased by a net 41 stores to finish the year at 1 371 stores.
- SPAR Switzerland has made significant progress in addressing the overall business performance, despite the difficult Swiss retail environment. While the reported turnover growth has remained negative, this was largely due to the strategic closure and sale of corporate retail stores over the last two years. However, this had a marked positive impact on the profitability of the overall business. The core wholesale business continued to record improvements in profitability. SPAR Switzerland's store network grew by the addition of 46 new stores to a total of 315 stores.

### PROSPECTS

Against the backdrop of subdued 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 extremely low levels, there are discernible signs that the cycle will start to turn. Recent record movements in fuel prices and continued foreign currency weakness also indicate that consumers will remain under pressure, with a constrained spending outlook. In response, SPAR's extensive distribution capability and market-leading house brands are well positioned to deliver exceptional value to consumers and to also ensure that its independent retailers remain suitably positioned to meet these economic challenges.

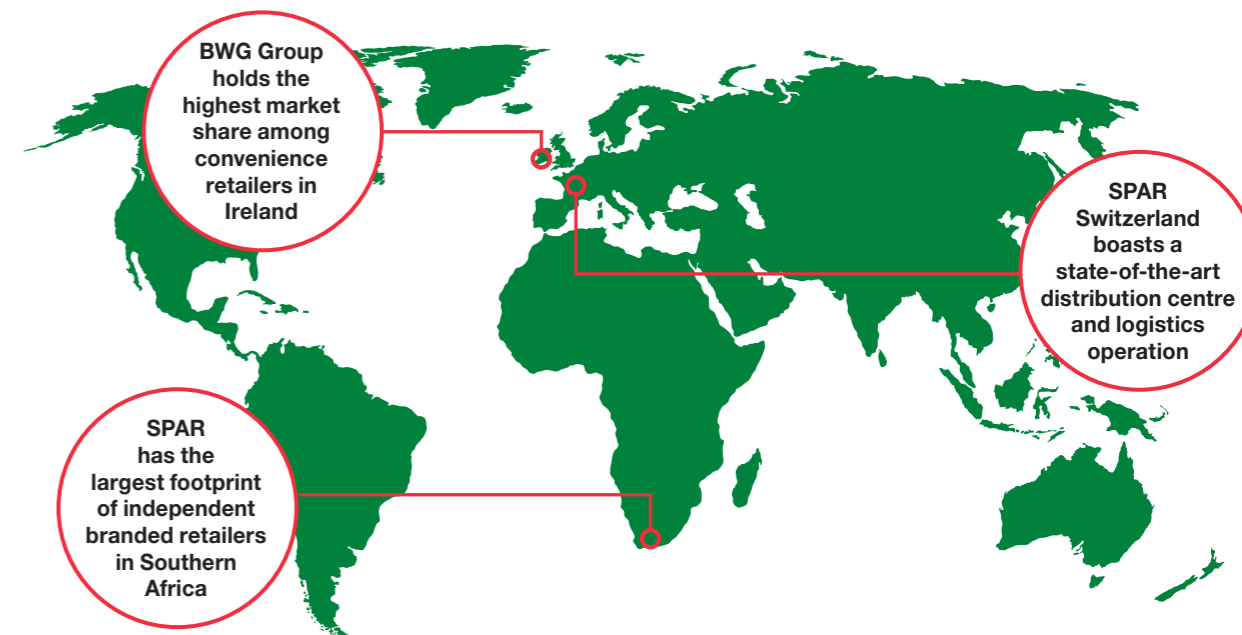
The Irish business outlook, still influenced by Brexit uncertainties, remains positively cautious in both territories where they operate. Management's proactive response to market changes should ensure that SPAR Ireland will deliver a result in line with expectations. The acquisition of the Corrib Food Products 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 turnover performance. The group continues to recognise that these objectives will take time to realise, but positive changes are being recorded.

The group remains well positioned to continue to create value for shareholders through its growing, diversified business and well-established retail brands.

**Mike Hankinson** Chairman  
**Graham O'Connor** Chief Executive Officer

13 November 2018



### SALIENT FEATURES

Rmillion	Year ended 30 Sept 2018	Year ended 30 Sept 2017	% change
Turnover	101 018.0	95 373.1*	5.9
Operating profit	2 779.3	2 576.1*	7.9
Earnings per share (cents)	948.9	945.5*	0.4
Headline earnings per share (cents)	965.7	952.8*	1.4
Normalised headline earnings per share* (cents)	1 063.2	976.0	8.9
Dividend per share (cents)	729.0	675.0	8.0
Net asset value per share (cents)	3 692.2	3 407.0*	8.4

\* Restated prior year figures

\* Headline earnings adjusted for fair value adjustments to, and foreign exchange losses on financial liabilities, and business acquisitions costs

### SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	The SPAR Group Ltd
<b>Income statement</b>				
Turnover	68 753.4	22 495.5	9 769.1	101 018.0
Gross profit	6 190.7	2 823.6	1 778.7	10 793.0
Operating profit	2 080.3	574.4	124.6	2 779.3
Profit before taxation	1 841.6	537.9	84.6	2 464.1
<b>Financial position</b>				
Total assets	16 436.1	9 777.5	5 041.9	31 255.5
Total liabilities	12 718.1	7 263.5	4 164.1	24 145.7

### CHANGES TO THE BOARD OF DIRECTORS

Mr Andrew Waller was appointed as an independent non-executive director with effect from 7 February 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 14 November 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.

### DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 459 cents per share has been declared by the board in respect of the year ended 30 September 2018. The dividend has been declared out of income reserves. This brings the total gross dividend for the year to 729 cents (2017: 675 cents) per ordinary share.

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

Last day to trade cum-dividend	Tuesday, 4 December 2018
Shares to commence trading ex-dividend	Wednesday, 5 December 2018
Record date	Friday, 7 December 2018
Payment of dividend	Monday, 10 December 2018

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 5 December 2018 and Friday, 7 December 2018, both days inclusive.

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

- The South African local dividend tax rate is 20%;
- The net local dividend amount is 367.2 cents per share for shareholders liable to pay tax on dividends and 459 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** Pinetown  
Company Secretary 13 November 2018

### DIRECTORATE AND ADMINISTRATION

**Directors:** MJ Hankinson\* (Chairman), GO O'Connor (Chief Executive), 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 LIMITED:** (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 Inc., 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:** Garlick & Bousfield, PO Box 1219, Umhlanga Rocks 4320

[www.spar.co.za](http://www.spar.co.za)