

## **MEDIA RELEASE**

**Wednesday, 14 November 2018**

**Full year results for the year ended 30 September 2018**

### **The SPAR Group Ltd (the group)**

The group today announced its full year results for the year ended 30 September 2018, reporting a pleasing performance, despite continued challenging trading conditions. Turnover increased by 5.9% to R101.0 billion. The result has been positively impacted by improving contributions from the European businesses. The group increased operating profit by 7.9% to R2.8 billion and headline earnings per share grew 8.9% on a normalised basis.

### **Commenting on the result, CEO, Graham O'Connor said:**

*"I am very pleased with this result. Yes, we have challenges across our markets, however I am confident that we have the right leadership team in place to continue to deliver results and make a difference in the markets we serve.*

*"We have a refreshed strategy for our Southern African business. Our vision remains the same, because we will always aspire to be the first-choice brand in the communities we serve. However, we have developed a new purpose – to inspire people to do and be more. It's much broader and has better relevance in the country we live in."*

### **Highlights**

#### **The group**

- Turnover growth of 5.9% to R101 billion
- Operating profit up 7.9% to R2.8 billion
- Headline earnings per share up 8.9% on a normalised basis\*
- Dividend per share up 8.0% to 729 cents per share
- Result positively impacted by improving contributions from the European businesses in Ireland (includes South West England) and Switzerland

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

#### **SPAR Southern Africa**

- Wholesale turnover up 6.7%; excluding S Buys up 5.3%
- Continued impressive wholesale turnover growth of 13% for TOPS at SPAR
- Strong wholesale turnover growth of 7.5% for Build it, despite weak sector
- Return to positive case volumes through distribution centres: volumes up 3.2%
- Retail turnover of SPAR stores increased 4.2% to R79.7 billion (2017: R76.5 billion)
- Combined food and liquor retail turnover, which allows for a better industry comparison, increased by 5.1%
- Internally measured food price inflation +1.4% (2017: +6.0%)
- Continued growth in house brands offering real value and quality for customers
  - House brands up 4.3% to R10.7 billion
  - SPAR only private label up 5.8% to R8.5 billion

- Retail turnover of TOPS at SPAR increased by an impressive 11.3% to R11.2 billion
- Build its' retail turnover growth increased by 9.7% for the year, significantly higher than the building sector's calculated inflation of 3.8%
- S Buys pharmaceutical wholesale business acquired 1 October 2017 and consolidated for full year
- Completion of purchase of Knowles property
- Accelerated pace of store upgrades with 276 stores (2017: 259 stores)
- Increased store network to 2 236 stores with 145 new stores across all brands

### **BWG Group (SPAR Ireland)**

- Continued to deliver strong euro-denominated results
- BWG Foodservice business reported impressive double-digit turnover growth, while all retail brands enjoyed positive sales growth
- Kilcarbery distribution centre warehouse turnover up 6.9%
- Completed the acquisition of 4 Aces Wholesale Limited which operates three cash-and-carry businesses in central Ireland
- Store network increased by a net 41 stores to finish the year at 1 371 stores

### **SPAR Switzerland**

- Significant progress made in addressing overall business performance, despite the difficult Swiss retail environment
- Strategic closure and sale of corporate retail stores impacted turnover growth, but had a marked positive impact on the profitability of the overall business
- Core wholesale business continued to improve profitability
- 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 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.

**ENDS**

**For more information:**

The SPAR Group Limited

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

+27 (0) 31 719 1801

***About SPAR South Africa:** In 1963, SPAR South Africa was granted its license by SPAR international, which is the world's leading voluntary food retail chain and the biggest independent supermarket retail network in the world. This global brand, prides itself on supporting independent retailers, working in partnership to provide a high quality, value for money shopping experience for the communities it serves.*

*The SPAR Group Ltd (SPAR) listed on the Johannesburg Stock Exchange in October 2004. Listed in the Food and Drug Retailers index, it is a warehousing and distribution business, supporting a network of independent retailers who trade under the SPAR retail brand. In South Africa, SPAR's brands include SUPERSPAR, SPAR, KWIKSPAR, SPAR Express, TOPS at SPAR (liquor offering), SaveMor, Build it (home building offering) and Pharmacy at SPAR (pharmaceutical offering).*

*SPAR South Africa has controlling shareholdings in its Irish and Swiss operations. In Ireland (and South West England) its brands include SPAR, Eurospar, MACE, XL, Londis and VALUE CENTRE. In Switzerland, its brands include SPAR, SPAR Express, MAXI and TopCC.*

*SPAR also owns licences for Namibia, Botswana, Mozambique, Swaziland and Zambia, which are all serviced through its South African distribution centres. SPAR has a green field operation in Sri Lanka, a share in SPAR Zambia and owns pharmaceutical wholesaler S Buys Group.*

**Information on The Spar Group Ltd is available at [www.investor-relations.spar.co.za](http://www.investor-relations.spar.co.za)**