

THE SPAR GROUP LTD

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2019
AND CASH DIVIDEND DECLARATION

Group turnover **+8.6%**

Southern Africa turnover **+7.7%**

Operating profit **+5.1%**

Normalised diluted HEPS **+7.4%**

Interim dividend per share **+5.2%**

Net asset value per share **+10.1%**

SALIENT FEATURES

Rmillion	Unaudited six months ended 31 March 2019	Unaudited six months ended 31 March 2018	% change
Turnover [^]	54 273.2	49 981.5*	8.6
Operating profit	1 382.5	1 314.9*	5.1
Earnings per share (cents)	520.0	534.6*	(2.7)
Headline earnings per share (cents)	523.6	542.1*	(3.4)
Normalised diluted headline earnings per share* (cents)	522.5	486.7*	7.4
Dividend per share (cents)	284.0	270.0	5.2
Net asset value per share (cents)	3 662.5	3 328.0*	10.1

* Restated prior year figures

* Headline earnings adjusted for fair value adjustments to, and foreign exchange effects on financial liabilities, and business acquisition costs

[^] Turnover represents revenue from the sale of merchandise

PERFORMANCE OVERVIEW

The SPAR Group delivered a strong performance for the six months to 31 March 2019. Total turnover grew 8.6% from R50.0 billion to R54.3 billion in tough trading markets across all business geographies. Earnings were adversely impacted by the finance costs, which included significant foreign exchange effects on the translation of liabilities to acquire the minority interests in the Irish and Swiss businesses. After adjusting for these costs, normalised headline earnings per share increased by 7.5%, which is more reflective of the group's performance.

- SPAR Southern Africa contributed growth in wholesale turnover of 7.7% in a challenging environment. Turnover was adversely influenced by the later timing of the Easter holidays in the current financial period and consumers facing increasing living costs. During this period, internally measured food inflation has risen to 1.9%. The TOPS liquor brand again delivered excellent results with wholesale sales growth of 19.3%. The building materials business, Build It, delivered another exceptional performance in a weak sector with wholesale turnover up 8.3%. The SPAR Southern Africa store network grew to 2 308 stores (FY 2018: 2 236 stores), with new stores opened across all brands. The group completed 175 store upgrades, compared to 131 upgrades in the comparable period.

- The BWG Group (SPAR Ireland) delivered solid euro-denominated results, with all retail brands continuing to report good turnover growth. The overall performance was positively impacted by the acquisitions of the 4 Aces wholesale business and Corrib Foods during the previous year. These acquisitions highlight the ability of this team to identify and integrate acquisitions which deliver increased value. SPAR Ireland's retail network is now 1 381 stores (FY 2018: 1 371 stores).

- Despite making real progress in addressing strategic issues, SPAR Switzerland's profitability for the first half fell short of expectations. While turnover performance has shown improvement in what remained a challenging trading environment, this result was attributable to an aggressive marketing campaign in the second quarter. SPAR Switzerland's total store network has increased to 327 stores (FY 2018: 315 stores).

SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	The SPAR Group Ltd
Income statement				
Turnover	37 315.7	11 855.1	5 102.4	54 273.2
Gross profit	3 265.2	1 517.1	868.4	5 650.7
Operating profit	1 094.9	270.3	17.3	1 382.5
Profit before taxation	1 065.3	256.4	(27.4)	1 294.3
Financial position				
Total assets	16 644.2	9 863.8	5 096.4	31 604.4
Total liabilities	13 050.8	7 159.0	4 342.3	24 552.1

PROSPECTS

Expected consumer and business sentiments in Southern Africa are predicted to improve over the remainder of the year, but the trading environment is likely to remain extremely competitive in the medium term. Indications are that food prices will increase, while most measures continue to suggest that consumer spending will remain under pressure. Against this backdrop, we are confident that SPAR's distribution capability and market-leading brands are well positioned to support independent retailers to continue delivering exceptional value to price-sensitive consumers.

The threat of Brexit on the Irish economy has temporarily diminished, but the shadow of uncertainty still lingers. Management remains positively cautious in their outlook for the remainder of the year and believe that adequate plans are in place to respond to any market changes, thereby ensuring that SPAR Ireland will again deliver results in line with expectation. The recent wholesale acquisitions will further strengthen the Irish group's profit.

The management of the Swiss business will maintain their focus on implementing the identified strategic initiatives to further improve the overall performance. The immediate operational objectives are to drive sales volumes, while strictly managing margins. A far stronger second half result is expected from this business.

Mike Hankinson
Chairman

Graham O'Connor
Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim gross cash dividend of 284 cents (2018: 270 cents) per share has been declared by the board in respect of the six months ended 31 March 2019. 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, 4 June 2019
Shares to commence trading ex-dividend	Wednesday, 5 June 2019
Record date	Friday, 7 June 2019
Payment of dividend	Monday, 10 June 2019

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 5 June 2019 and Friday, 7 June 2019, both days inclusive.

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 227.2 cents per share for shareholders liable to pay tax on dividends and 284 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 14 May 2019

CHANGES TO THE BOARD OF DIRECTORS

Prof. Phinda Madi retired as an independent non-executive director with effect from 12 February 2019.

Mr Lwazi Koyana has been appointed as an independent non-executive director with effect from 14 May 2019.

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 15 May 2019, and can be found on the company's website at 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. 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, LM Koyana*, 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, The Square, Umhlanga Rocks 4021

Attorneys: Garlick & Bousfield, PO Box 1219, Umhlanga Rocks 4320

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