

THE SPAR GROUP LIMITED

ANNUAL RESULTS

For the year ended 30 September 2019 and cash dividend declaration

8.4% TURNOVER

7.2% OPERATING PROFIT

9.9% NORMALISED DILUTED HEPS

9.7% DIVIDEND PER SHARE

Our purpose
to inspire people
to do and be more

PERFORMANCE OVERVIEW

The SPAR Group Ltd ("the group") reported an excellent performance for the financial year under review, with turnover increasing by 8.4% to R109.5 billion, against the backdrop of markets that remain tough in all regions of operations. Through focused margin management and tight cost and efficiency control, the group increased operating profit by 7.2% to R3.0 billion. The group's diluted headline earnings per share increased by 9.9% to 1160.6 cents per share on a normalised basis.

- SPAR Southern Africa delivered solid growth of 8.0% in wholesale turnover in a competitive environment. The core SPAR business grew turnover by 7.0% to R57.6 billion, supported by strong marketing initiatives which continued to attract cash-strapped consumers. The TOPS liquor brand again delivered an impressive result with wholesale sales growth of 17.6%. Combined, food and liquor wholesale turnover increased by 8.1%. Despite a generally weak building materials sector, Build It increased sales by 6.9% to R8.0 billion, underpinned by effective marketing and improved retailer loyalty. The SPAR Southern Africa store network increased to 2 349 stores, with 169 new stores opened. The group completed 298 (2018: 276) store upgrades across all brands.
- The BWG Group in Ireland has once again reported a strong financial performance with euro-denominated turnover growth increasing by 6.2% to €1.5 billion. The result was positively impacted by acquisitions, in particular, Corrib Foods acquired in November 2018. Adjusting for these new businesses, comparable turnover increased by 2.2% in a market with negative price inflation. All retail brands reported positive sales growth. The Foodservice business reported impressive double-digit turnover growth and has become a significant part of the Irish business, while MACE, XL and SPAR retail brands all delivered turnover growths of over 4%. During the year the business implemented a number of logistics and supply chain initiatives which have ensured cost-efficient deliveries, despite increased labour rates. BWG Group opened 60 new stores and finished the financial year with 1 360 stores.
- SPAR Switzerland's wholesale business reported turnover growth of 1.2% in CHF terms, reflecting strong trading from upgraded retailer-owned stores. While the second half saw an improved performance, operating profit for the full year remains impacted by the aggressive marketing initiatives in the first half. The market remained challenging, but the brand is gaining positive support as initiatives continued to gain traction. SPAR Switzerland had a total store network of 322 stores at year end, adding 26 new stores during the financial year.

PROSPECTS

In Southern Africa all indicators continue to suggest that consumers will remain under financial pressure. Confidence is expected to remain unchanged in the medium term and this will add further pressure to a constrained spending outlook. Against this economic backdrop, SPAR's extensive distribution capability and market-leading brands will ensure that its independent retailers remain suitably positioned to deliver exceptional value to consumers.

The Irish outlook continues to be influenced by Brexit concerns, however this management team remains cautiously optimistic in both the Irish and South West England regions. Management's active and effective responses to market changes should ensure that the BWG Group will deliver a result in line with expectations. The acquisition of the Corrib Foods business will further strengthen the Irish group's growth objectives in foodservice.

The Swiss business remains confident that the identified strategic initiatives to improve the turnover performance are gaining momentum. The group does acknowledge that much positive change has been achieved and are confident that this will translate into expected results.

Despite the current consumer concerns across all trading environments, the group is satisfied that it remains well positioned to create continued value for shareholders through its growing, diversified business and well-positioned retail brands.

Mike Hankinson
Chairman

Graham O'Connor
Chief Executive Officer

12 November 2019



SALIENT FEATURES

Rmillion	Year ended 30 Sept 2019	Year ended 30 Sept 2018	% change
Turnover [^]	109 477.1	101 018.0	8.4
Operating profit	2 978.9	2 779.3	7.2
Earnings per share (cents)	1 124.1	948.9	18.5
Headline earnings per share (cents)	1 129.1	965.7	16.9
Normalised diluted headline earnings per share* (cents)	1 160.6	1 055.7	9.9
Dividend per share (cents)	800.0	729.0	9.7
Net asset value per share (cents)	3 879.9	3 692.2	5.1

[^] Turnover represents revenue from the sale of merchandise

* Headline earnings adjusted for expected future profits and foreign exchange losses on financial liabilities, and business acquisition costs

SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	Poland	The SPAR Group Ltd
Income statement					
Turnover [^]	74 283.7	24 835.2	10 357.0	1.2	109 477.1
Gross profit	6 610.5	3 232.0	1 817.3	0.1	11 659.9
Operating profit	2 240.0	686.1	83.3	(30.5)	2 978.9
Profit before taxation	2 151.3	657.2	2.8	(29.5)	2 781.8
Financial position					
Total assets	17 451.9	10 636.2	5 487.8	477.0	34 052.9
Total liabilities	13 686.8	7 645.4	4 749.0	504.4	26 585.6

POST BALANCE SHEET EVENTS

On 1 October 2019, the group acquired a majority holding in the Piotr I Pawel group in Poland. The Piotr I Pawel group is a retail supermarket chain, with both franchised and corporately-owned stores, together with a wholesale distribution network.

The SPAR Group also purchased a 50% shareholding in Monteagle Africa Limited, subject to final approval by the Competition Commission. Monteagle Africa is a wholesaler in the food retail sector and a key supplier to SPAR of its private label products.

CHANGES TO THE BOARD OF DIRECTORS

Mr Roelf Venter retired as an executive director with effect from 1 October 2019. Mr Wayne Hook will retire as an executive director on 31 December 2019.

DIRECTORATE AND ADMINISTRATION

Directors: MJ Hankinson* (Chairman), GO O'Connor (Chief Executive), MW Godfrey, WA Hook, LM Koyana*, M Mashologu*, HK Mehta*, P Mnganga*, 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

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 516 cents per share has been declared by the board in respect of the year ended 30 September 2019. The dividend has been declared out of income reserves. This brings the total gross dividend for the year to 800 cents (2018: 729 cents) per ordinary share.

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

Last day to trade <i>cum</i> -dividend	Tuesday, 3 December 2019
Shares to commence trading <i>ex</i> -dividend	Wednesday, 4 December 2019
Record date	Friday, 6 December 2019
Payment of dividend	Monday, 9 December 2019

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 4 December 2019 and Friday, 6 December 2019, 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 412.8 cents per share for shareholders liable to pay tax on dividends and 516 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
12 November 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 and does not contain full details thereof. The full announcement can be found at <https://senspdf.jse.co.za/documents/2019/jse/isse/SPP/FY19Report.pdf>. The full announcement is also available on the Company's website at <https://investor-relations.spar.co.za/> and copies may be requested from the Company's registered office at no charge, during office hours. Any investment decision in relation to the Company's shares should be based on the full announcement. The information contained in this announcement has neither been audited nor reviewed by the Company's external auditors.

www.spar.co.za