



## THE SPAR GROUP LIMITED

### UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017  
AND CASH DIVIDEND DECLARATION

#### SALIENT FEATURES

Rmillion	Unaudited six months ended March 2017	Unaudited six months ended March 2016	Change %
Turnover	47 353.4	42 056.4	12.6
Profit before taxation	1 229.7	1 141.1	7.8
Earnings per share (cents)	471.6	476.8	(1.1)
Headline earnings	915.5	831.0	10.2
Headline earnings per share (cents)	475.5	480.0	(0.9)
Dividend per share (cents)	240.0	255.0	(5.9)
Net asset value per share (cents)	3 005.6	2 002.0	50.1

#### REVIEW OF TRADING RESULTS

The SPAR Group achieved positive growth for the six months to 31 March 2017, largely supported by the recent diversification of its operations into international markets:

- SPAR Southern Africa defended its market position with continued growth in turnover and stable gross margins. This was despite a challenging trading environment characterised by heightened competition and constrained consumer spending. The store network grew to 2 069 stores, with new stores opened across all brands and the group completed 89 store upgrades.
- The BWG Group (SPAR Ireland) has continued to deliver solid euro-denominated growth despite a deflationary trading environment. It benefited from the positive contribution of recent acquisitions, including the Londis brand and Gilletts stores. However, rand strength against the euro substantially eroded this business result on consolidation. SPAR Ireland increased its store network in Ireland, bringing its total store network to 1 335 stores.
- An ongoing focus on improving the retail performance of the recently acquired SPAR Switzerland culminated in the appointment of a new Chief Executive Officer from SPAR South Africa to drive the process. The positive performance of the core distribution activities was dampened by disappointing results from the corporate owned stores. The group is aggressively driving interventions to enhance this retail performance. SPAR Switzerland's total store network remained constant at 301 stores.

#### SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	The SPAR Group Ltd
<b>Income statement</b>				
Turnover	32 498.2	9 636.7	5 218.5	47 353.4
Gross profit	2 636.9	1 175.7	725.6	4 538.2
Operating profit	1 010.4	204.7	(8.3)	1 206.8
Profit before taxation	1 084.9	184.6	(39.8)	1 229.7
<b>Financial position</b>				
Total assets	13 179.6	8 067.2	4 537.3	25 784.1
Total liabilities	9 287.1	6 655.7	4 054.1	19 996.9

<b>TURNOVER</b>	<b>HEADLINE EARNINGS</b>	<b>NET ASSET VALUE PER SHARE</b>	<b>INTERIM DIVIDEND PER SHARE</b>
^ <b>12.6%</b>	^ <b>10.2%</b>	^ <b>50.1%</b>	<b>240 cents</b>

#### PROSPECTS

In South Africa, the tough trading environment is likely to persist for the balance of this year, particularly with the political uncertainty undermining consumer and business confidence. SPAR's extensive distribution capacity and SPAR-branded products that offer exceptional value to consumers ensure that its independent retailers are suitably positioned to address these challenges.

The BWG Group's economic growth outlook is cautious, largely influenced by the Brexit uncertainties. However, management's proactive approach to addressing the slowing sales should ensure SPAR Ireland adapts to the changing conditions and will deliver a result in line with expectation. Recent acquisitions have strengthened this business and further retail consolidation opportunities will be evaluated to achieve its growth objectives.

In Switzerland, the new retail focused management team is tasked with addressing issues in the retail environment and the group recognises that this will take some time to achieve. The focus is primarily on retail execution and performance to achieve the required returns, supported by SPAR Switzerland's world-class distribution capability.

**Mike Hankinson**  
Chairman

**Graham O'Connor**  
Chief Executive Officer

#### DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim gross cash dividend of 240 cents per share has been declared by the board in respect of the six months ended 31 March 2017. The dividend has been declared out of income reserves.

The salient dates for the payment of the interim dividend are detailed below:  
Last day to trade *cum*-dividend Tuesday, 20 June 2017  
Shares to commence trading *ex*-dividend Wednesday, 21 June 2017  
Record date Friday, 23 June 2017  
Payment of dividend Monday, 26 June 2017

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Wednesday, 21 June 2017 and Friday, 23 June 2017, 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% (2016: 15%);
- The net local dividend amount is 192 cents per share for shareholders liable to pay tax on dividends and 240 cents per share for shareholders exempt from such dividend tax;

- The issued share capital of The SPAR Group Ltd is 192 602 356 (2016: 185 166 384) ordinary shares; and
- The SPAR Group Ltd's tax reference number is 9285/168/20/0.

By order of the board

**Mandy Hogan**  
Company Secretary

Pinetown  
30 May 2017

#### 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 31 May 2017, 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 Madir, M Mashologu\*, HK Mehta\*, P Mnganga\*, R Venter, 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:** Deloitte & Touche, PO Box 243, Durban, 4000

**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