OVERVIEW OF TRADING RESULTS

The SPAR Group reported a strong performance for the six months to 31 March 2018, boosted by satisfying contributions from the European operations. Total turnover grew 5.6% from R47.4 billion to R50.0 billion against the backdrop of tough trading markets.

- SPAR Southern Africa contributed a growth in wholesale turnover of 6.8%. The sales result was positively influenced by the earlier timing of the Easter holidays; however, this was muted by substantially lower internally measured food inflation and the general impact of the listeriosis outbreak. Sales in the chilled processed meat category were significantly affected, without a clear trend in substitute product sales becoming evident. The TOPS liquor brand continued to deliver impressive results with a wholesale sales growth of 12.6%. Despite a generally weak sector, the building materials business grew sales by 6.6% through increased retailer loyalty and strong marketing. The SPAR Southern Africa store network increased to 2 184 stores, with new stores opened across all brands. The group completed 131 store upgrades across all brands, compared to 89 upgrades in the previous period.

- The BWG Group (SPAR Ireland) has once again delivered solid euro-denominated results, with all retail brands reporting positive growth. The BWG Wines & Spirits and BWG Foodservice businesses reported impressive double-digit growth, while the Gilletts corporate stores continued to make a strong contribution to the overall Irish performance. SPAR Ireland's store network remained constant at 1 330 stores.

- Despite the challenging sales environment, SPAR Switzerland has made significant progress in addressing the business performance. While the reported turnover growth remained negative, this was partly due to the strategic closure, or sale, of five unprofitable corporate retail stores in this period. This has had a marked impact on the profitability of the overall business. The core wholesale and cash-and-carry businesses continued to record profitability improvements. SPAR Switzerland’s total store network declined to 289 stores.

PROSPECTS

Despite the early indications of improving 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 low levels, there is a real risk that this cycle will start to turn. Recent movements in fuel prices and foreign currency also suggest 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 thereby ensure that its independent retailers remain suitably positioned to meet these challenges.

The BWG Group’s growth outlook, still underpinned 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 expectation. The acquisition of the 4 Aces 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 performance. These plans will take time to realise but early signs point to positive change.

Mike Hankinson  Graham O’Connor
Chairman  Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim gross cash dividend of 270 cents per share has been declared by the board in respect of the six months ended 31 March 2018. 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, 19 June 2018
- Shares to commence trading ex-dividend: Wednesday, 20 June 2018
- Record date: Friday, 22 June 2018
- Payment of dividend: Monday, 25 June 2018

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 20 June 2018 and Friday, 22 June 2018, both days inclusive.

Mike Hankinson
Chairman

Mandy Hogan
Company Secretary
Pinetown
29 May 2018