THE SPAR GROUP LIMITED
ANNUAL RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 AND CASH DIVIDEND DECLARATION

+ 5.3% TURNOVER

+ 1.0% PROFIT BEFORE TAXATION

+ 8.7% NET ASSET VALUE PER SHARE

675 cents ANNUAL DIVIDEND PER SHARE

SALIENT FEATURES

Rmillion		Year ended 30 September 2017	Year ended 30 September 2016	% change
Turnover		95 461.1	90 688.5	5.3
Operating profit		2 582.5	2 577.3	0.2
Profit before taxation		2 464.7	2 439.2	1.0
Earnings per share	(cents)	945.2	1 010.0	(6.4)
Headline earnings per share	(cents)	952.5	1 020.0	(6.6)
Dividend per share	(cents)	675.0	665.0	1.5
Net asset value per share	(cents)	3 414.6	3 140.1	8.7

REVIEW OF TRADING RESULTS

The SPAR Group's financial results for the year under review were modest, with turnover increasing by 5.3% and profit before tax by only 1.0%. These results reflect the weak state of consumer buying power and confidence, which have been exacerbated by retrenchments, political uncertainty and climatic challenges in South Africa. Increased price competition among retailers is evident. Despite these challenges, the group is encouraged by the strong performances from our business in Ireland and the early positive signs of the turnaround in Switzerland. Continued rand strength against the euro substantially eroded the European results on final consolidation. The group served a retail store network of 3 768 at year-end.

- SPAR Southern Africa experienced a significant slowdown in sales which, together with cost pressures, resulted in net margin contraction. The core SPAR business reported muted sales growth of 4.2% in difficult trading conditions. The liquor sales continued to achieve double-digit growth, despite an increasingly competitive retail sector. The building materials business reflected the performance of the whole industry and reported wholesale sales growth of 2.1%.
- The group's operations in Ireland weathered deflationary pressures, with solid operating profit growth and market share gains across most of its retail brands. The SPAR and XL brands reported strong sales growth, while the successful integration of the Londis business into the BWG (SPAR Ireland) supply chain is being reflected in the 4.6% growth experienced by that brand. The Gilletts acquisition in South West England late last year further contributed to the impressive Irish result.
- SPAR Switzerland reversed a half-year loss as a result of early gains from implementing its plan to improve the retail offering. The results of this business are recognised for the full financial year, but only from the 1 April 2016 acquisition date in the comparative.

SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	The SPAR Group Ltd
Income statement				
Turnover	64 500.8	20 528.7	10 431.6	95 461.1
Gross profit	5 269.0	2 487.0	1 874.9	9 630.9
Operating profit	2 005.3	508.2	69.0	2 582.5
Profit before taxation	1 933.0	465.8	65.9	2 464.7
Financial position				
Property, plant and equipment	2 438.9	1 586.1	2 528.9	6 553.9
Goodwill and intangible assets	565.3	3 281.0	315.9	4 162.2
Current assets	10 552.8	4 125.4	1 953.0	16 631.2
Current liabilities	8 807.1	4 513.5	964.9	14 285.5
Non-current liabilities	1 263.7	2 851.2	3 235.2	7 350.1

Reported group turnover grew to R95.5 billion (2016: R90.7 billion). Tough overall trading conditions in Southern Africa led to a 4.5% growth in turnover to R64.5 billion (2016: R61.7 billion) in the region. The BWG Group contributed R20.5 billion (2016: R23.1 billion) to group turnover, reflecting a very positive 1.5% euro-denominated growth. However, the euro's approximate 10.0% weakening against the rand over the year eroded the strong trading performance in Ireland. SPAR Switzerland contributed 10.9% of the group's turnover for its first full period of consolidation.

SPAR's gross margin continues to be buoyed by its offshore businesses, which service the higher margin convenience sector, increasing to 10.1% (2016: 9.3%) during the year to finish at R9.6 billion, of which 45.3% was generated in the northern hemisphere. In line with its strategy, SPAR Southern Africa continued to support its retailers through better pricing, and gross margins declined marginally to 8.17% (2016: 8.24%).

Due largely to pressure on margins in Southern Africa, which eroded the benefit of improved operating margins in both Ireland and Switzerland, the group's overall operating profit was flat at R2.6 billion. SPAR Ireland contributed R508.2 million, while SPAR Switzerland added R69.0 million for the full year.

Headline earnings increased marginally to R1.8 billion, while headline earnings per share dropped 6.6%, almost exclusively as a result of two substantial share issues that took place in the prior year.

The board declared a final dividend of 435 cents (2016: 410 cents) per share, resulting in a total annual dividend of 675 cents (2016: 665 cents) per ordinary share.

SPAR's ongoing focus on working capital management supported cash generation from operations which increased to R3.3 billion for the year. Capital investments amounting to R1.2 billion to support SPAR's long-term growth objectives included, most notably, store refurbishments in Ireland and Switzerland, together with expansions to the North Rand and Western Cape perishables facilities in South Africa, as well as the acquisition of the West Rand property for future distribution centre development.

PROSPECTS

In Southern Africa, despite the expectation that political and economic uncertainties will continue, SPAR remains committed to driving its key strategic focus areas to support retailer profitability and deliver real business growth. These initiatives include ongoing, significant investments in the group's distribution network, competitive pricing and ensuring a comprehensive product range.

The BWG Group's growth outlook remains cautious as economic uncertainty in the region continues. Local management has reacted to the prevailing market conditions and are confident of delivering further strong results. This business will be evaluating further potential acquisition opportunities to expand its offering to consumers, while improving services to the existing retail network.

The results achieved in this period are early signs that the turnaround strategy being implemented in Switzerland has started delivering the expected benefits. The management team will continue to focus on retail performance to deliver SPAR's expected returns.

With its geographically diversified businesses comprising well-established retail brands in its chosen markets, SPAR's board and management are confident that the group is well placed to continue creating value for shareholders.

Mike Hankinson
Chairman

Graham O'Connor
Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 435 cents per share has been declared by the board in respect of the year ended 30 September 2017. The dividend has been declared out of income reserves.

This brings the total gross dividend for the year to 675 cents (2016: 665 cents) per ordinary share.

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

Last day to trade *cum*-dividend	Tuesday, 5 December 2017
Shares to commence trading *ex*-dividend	Wednesday, 6 December 2017
Record date	Friday, 8 December 2017
Payment of dividend	Monday, 11 December 2017

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 6 December 2017 and Friday, 8 December 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 348 cents per share for shareholders liable to pay tax on dividends and 435 cents per share for shareholders exempt from such dividend tax;
- the issued share capital of The SPAR Group Ltd is 192 602 355 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
14 November 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 15 November 2017 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, MP Madi*, 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

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