



# THE SPAR GROUP LTD

Unaudited interim results for the six months ended 31 March 2022 and cash dividend declaration

**+5.2%**  
Group turnover

**+7.1%**  
Operating profit

**+3.7%**  
Diluted headline earnings per share

**175.0 cents**  
Interim dividend per share

**+10.4%**  
Net asset value per share

**+55**  
Net new stores



**OUR PURPOSE**  
to inspire people to do and be more

# 2022

## SALIENT FEATURES

Rmillion	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	% change
Turnover <sup>1</sup>	67 605.2	64 240.5	5.2
Operating profit	1 832.0	1 710.2	7.1
Earnings per share (cents)	605.5	616.4	(1.8)
Headline earnings per share (cents)	642.6	620.7	3.5
Diluted headline earnings per share (cents)	641.1	618.5	3.7
Dividend per share <sup>2</sup> (cents)	175.0	280.0	(37.5)
Net asset value per share (cents)	4 373.9	3 961.1	10.4

<sup>1</sup> Turnover represents revenue from the sale of merchandise.  
<sup>2</sup> On 16 February 2022, the board announced a change in the dividend policy for a period of two years to fund inter alia the strategic SAP implementation.

## SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	Poland	The SPAR Group Ltd
<b>Profit/(loss)</b>					
Turnover	44 621.4	14 853.3	6 864.7	1 265.8	67 605.2
Gross profit	4 420.6	2 096.8	1 279.0	230.4	8 026.8
Operating profit/(loss)	1 420.0	390.0	187.9	(165.9)	1 832.0
Profit/(loss) before taxation	1 355.8	314.7	158.4	(187.5)	1 641.4
<b>Financial position</b>					
Total assets	26 601.4	13 862.1	10 204.2	2 053.7	52 721.4
Total liabilities	21 603.2	11 433.5	8 374.7	2 892.8	44 304.2

## PERFORMANCE OVERVIEW

The group delivered robust turnover growth, increasing turnover by 5.2% to R67.6 billion. Group operating profit increased by 7.1% to R1.8 billion. SPAR Southern Africa delivered a strong performance. Profits in the foreign businesses have come under pressure due to increased labour and energy costs. Whilst loss making, the Polish business is showing improvement. Diluted headline earnings per share increased by 3.7% to 641.1 cents. The board has declared an interim dividend of 175.0 cents per share, in line with the temporarily adjusted dividend policy.

**SPAR South Africa** reported solid growth, with wholesale turnover increasing by 7.7% to R43.8 billion. The core SPAR wholesale grocery business reported a meaningful recovery in sales growth of 4.6%, assisted by increased marketing initiatives at retail, and unrestricted liquor trading, which drove increased footfall to SPAR stores. Internally measured wholesale price inflation for the period was 5.0%. Core business trading continued to be impacted by the stores which were closed due to the civil unrest in July 2021. At the end of the period, 13 SPAR format stores and nine TOPS at SPAR stores remained closed. Following the lifting of the COVID-19 nationwide liquor trading bans in September 2021, TOPS at SPAR made a strong recovery, increasing turnover by 41.6% for the period. On a combined basis, wholesale grocery and liquor turnover increased by 8.5% for the period. While Build it experienced a slowdown against the backdrop of extraordinary levels of home improvement seen during the pandemic, this business continues to deliver growth with turnover increasing by 1.4%. Build it trading was hampered by heavy rainfall in various regions across the country, as well as the impact of seven stores which have remained closed following the civil unrest. The total Southern African store network increased to 2 493 stores, with 53 net new stores across all formats.

**BWG Group** (Ireland and South West England) delivered excellent turnover growth of 8.3% in EUR-denominated terms. As consumers started to switch spend to out-of-home channels with the easing of COVID-19 restrictions, the retail brands have managed to deliver an overall robust performance. Sales in foodservices rebounded strongly with the reopening of the hospitality industry. Appleby Westward in South West England has continued to benefit from the growth of corporate stores. Despite many cost pressures the business has performed strongly and has again reported a solid profit result. During the period, there were a significant number of new store openings, increasing the store portfolio for the combined business to 1 432 stores (26 net new stores).

**SPAR Switzerland** reported a decrease in turnover of 1.6% in CHF-denominated currency and has seen a decline in trading against the extraordinary levels of growth in the prior period. As expected, the elimination of pandemic-related restrictions in the current period significantly reduced the level of neighbourhood store support which the business benefitted from during the height of COVID-19 restrictions. Increased electricity and fuel costs impacted overall profitability for this business. The SSAG petro-convenience stores have contributed positively for the full six months against only one month in the prior period. The TopCC cash and carry business has returned to growth, supported by the reopening of restaurants and hospitality. On a net basis, SPAR Switzerland closed five stores, taking the total store network to 381 stores at the end of the period.

**SPAR Poland** reported turnover growth of 6.5% in PLN-denominated terms. The further strategic closure of selected loss-making stores during the period impacted sales growth. Retailer loyalty for the independent retailers in the south of the country improved marginally to 31% at the end of March 2022 and further work to improve this level is in progress, which will drive growth for this business. The store closures resulted in a reduction in the store network of 19 stores to 208 stores at period end.

## OUTLOOK

In South Africa, inflationary pressures will continue to persist, with the consumer expected to remain under pressure. SPAR has increased its promotional calendar for the period ahead to continue to attract cash-strapped consumers and is focused on providing a renewed SPAR-brand fresh offering, including fresh produce, butchery, bakery and home meal replacement. There is great enthusiasm from our independent retailers to implement SPAR's new online shopping platform, SPAR2U. Our online platform is receiving positive reviews and a large number of stores are preparing to launch online within their communities in the coming months. Liquor sales should continue to rebound in the absence of further pandemic-related liquor trading restrictions. Post period end, KwaZulu-Natal experienced devastating floods. The damage to our SPAR stores was fortunately minimal and most of these retailers were trading again within 24 hours. Our Build it business has been negatively impacted by heavy rainfall, but remains well placed to assist with rebuilds, given the level of damage experienced within the region.

In the European regions, with the pandemic-related regulations set aside, management teams are optimistic ahead of the summer months, which are traditionally good for retail trading, and hospitality sector growth. BWG Group has several focus areas including the EUROSPAR supermarket strategy. Growth of the existing business remains the key area of focus for the Swiss team, along with converting the remaining SSAG stores to the SPAR Express brand and strategically transferring these stores to independent retailers. The next six months will be a crucial period for the Polish business and management are heavily focused on retailer loyalty growth and new business development. The partnership with Avia fuel courts continues to grow in line with the plan for the SPAR brand to gain traction in petro-convenience in Switzerland and Poland going forward.

The group continues to benefit from its diversity in terms of geographies and business segments and remains resilient in the face of ongoing challenges. Considering the inflationary pressures, greater collaboration, cost reduction and driving efficiencies across all our businesses are key areas of focus for the second half of the financial year. We remain well positioned to offer exceptional value to consumers through our SPAR house brand offerings. The return to more normal activity, as COVID-19 restrictions are lifted is widely welcomed. SPAR is a people business - freedom of movement and socialisation are essential for relationship building across our communities, and with new and existing stakeholders. The SPAR brand is embedded within the heart of its communities. We will continue to provide an excellent service to our independent retailers and to make a difference within the communities we serve.

**Graham O'Connor**  
Chairman

**Brett Botten**  
Chief Executive Officer

## CORPORATE INFORMATION

**Directors:** GO O'Connor\*\* (Chairman), BW Botten (Chief Executive Officer), JA Canny\*, MW Godfrey, LM Koyana\*, M Mashologu\*, P Mnganga\*, ST Naran\*, AG Waller\* (Lead independent) (\* Independent non-executive) (\*\* Non-executive)  
**Company Secretary:** KJ O'Brien **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:** JSE Investor Services (Pty) Ltd, PO Box 4844, Johannesburg, 2000  
**Auditors:** PricewaterhouseCoopers Inc., Waterfall City Helipoint, 4 Lisbon Ln, Jukskei View, Midrand, 2090 **Sponsor:** One Capital, 17 Fricker Road, Illovo, 2196  
**Bankers and corporate brokers:** 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



## DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim gross cash dividend of 175.0 cents (2021: 280.0 cents) per share has been declared by the board in respect of the six months ended 31 March 2022. The dividend has been declared out of income reserves.

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

Declaration date	Wednesday, 8 June 2022
Last day for shares to trade <i>cum-dividend</i>	Tuesday, 28 June 2022
Shares to commence trading <i>ex-dividend</i>	Wednesday, 29 June 2022
Record date	Friday, 1 July 2022
Payment of dividend	Monday, 4 July 2022

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 29 June 2022 and Friday, 1 July 2022, 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 140.0 cents per share for shareholders liable to pay tax on dividends and 175.0 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

**Kevin O'Brien**  
Company Secretary

Pinetown  
8 June 2022

## 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 or complete details.

The full announcement can be found on SENS at [https://senspdf.jse.co.za/documents/2022/JSE/ISSE/SPP/Interim\\_22.pdf](https://senspdf.jse.co.za/documents/2022/JSE/ISSE/SPP/Interim_22.pdf).

The full announcement is also available on the company's website at <https://thespargroup.com/> and copies may also be requested from the company's registered office and at the office of the JSE sponsor at no charge, during office hours. Any investment decision by investors and/or shareholders in relation to the company's shares should be based on the full announcement. The information contained in this short-form announcement has neither been audited nor reviewed by the company's external auditors.

[www.thespargroup.com](http://www.thespargroup.com)