



Growing our **Future** Together

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SPAR International Annual Report 2013



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Managing Director's Overview

Dr. Gordon R. Campbell, SPAR International



Growing our Future Together

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SPAR International Annual Report 2013

2013 was a year of sustained global expansion for SPAR.

We continued to enlarge our footprint in developing markets while also growing market share in most of the core European countries. SPAR remains global yet local; while SPAR operates 12,163 stores in 35 countries, our commitment to local communities and local producers ensures that SPAR provides an interesting individual experience for our customers. SPAR is customer centric and our multi-format retail strategy enables SPAR to service a wide variety of different customer lifestyles.

The consistent execution of the SPAR Brand Values of freshness, choice, value and service attracts the custom and loyalty of consumers all over the world.

Whatever the country and whatever the retail format, from hypermarket to convenience, SPAR stores offer the consumer a wide range and selection of quality fresh foods. The value proposition is underpinned by our private label products, which, in addition to our extensive range of SPAR Brands, also features premium, budget and organic ranges. Friendly personal service is another core value of SPAR stores.

The dramatic development of SPAR in new countries has been driven by the innovative implementation of the SPAR multi-format retail strategy.

SPAR does not believe that one size fits all. Our formats are flexible and tailored to meet the needs of local communities. We have driven huge innovation in the development of the hypermarket format. This is clearly seen in the introduction of the highly innovative SPAR Premium Hypermarket in

China. This compact hypermarket responds to the needs of the new emerging middle class. It has a premium look and feel and offers a wide selection of added value products and imported goods. Another innovation, the SPAR Mass Market Hypermarket, for 3rd and 4th tier cities, meets the needs of the price conscious shopper with good value fresh products and a wide range of non-foods.

The innovative development of the EUROSPAR concept has resulted in its highly successful expansion across key markets.

This concept has driven sales and market share growth in a number of SPAR countries most notably in Austria, Norway, Denmark, Belgium and South Africa (as SUPERSPAR). The service fresh departments are at the core of the store with fruit and vegetables, meat, fish and bakery of special importance. The stores meet the daily fresh requirements of their customers and stock many local products thereby supporting local growers and producers.

SPAR has led the way for many years in convenience retailing with the UK and Ireland at the forefront.

The SPAR Express format is now also important in Germany, Austria and Switzerland, and is being introduced to Russia, Spain and South Africa. Innovation in 'Food to Go' and 'Food to Stay' has been the key to success in this format.

Online and mobile retailing will become the 5th SPAR store format bringing SPAR into the multichannel world. We recognise the importance of this growing channel and seek opportunities for SPAR. We are actively developing an international concept, based on a SPAR Netherlands pilot, with a number of countries.



The Performance of SPAR in 2013

Major investments by SPAR countries are now taking place. We are seeing extensive investment throughout SPAR worldwide in new stores and in redeveloping existing stores. We are also seeing investment in the supply chain with new Distribution Centres being built, transport fleets updated, and new technology implemented.

This investment is taking place despite the difficult economic situation in Europe. The economic conditions are showing signs of recovery in many countries. However, Governmental action to reduce deficits both through higher taxes and expenditure cuts impacted negatively on business recovery and consumer expenditure.

The continued credit squeeze makes it difficult for small and medium sized businesses to invest in redevelopment or expansion. While most SPAR countries are achieving growth, the difficult economic situation has had a negative impact on SPAR in a number of countries most notably Italy and Greece.

Results

SPAR worldwide retail sales grew by 4.1% in 2013 at constant currency values

While strong sales growth was achieved in many markets (+ €1.127 billion in 20 countries) the impact of this was significantly reduced by the strengthening of the value of the Euro against most notably the South African Rand (ZAR), the UK Pound (GBP), the Norwegian Kroner (NOK), the Hungarian Forint (HUF) and the Russian Rouble (RUB).

When account is taken of the strengthening of the Euro, total retail sales increased by 0.6% to €32.2 billion.

SPAR achieved outstanding growth in China and Russia in 2013

SPAR International achieved considerable worldwide success in 2013 supported by the rollout of the new strategy 'Growing our Future Together'. This new strategy places a strengthened focus on growing the SPAR Brand in new countries. Our SPAR Partners in China and Russia continued the rapid expansion of their store networks.

- SPAR China grew to €1.4 billion retail sales, an increase of 19% on 2012.
- SPAR Russia reached retail sales of 57 billion Roubles, up 26% on 2012 which, due to the sharp decline of the Rouble against the Euro, equated to €1.343 billion an increase of 18%.

In Europe a number of SPAR Partners also achieved outstanding success

The continued investment by SPAR Partners in opening new stores and redeveloping and expanding stores has driven growth in many European countries.

- SPAR Austria continued its long-term growth pattern with sales up 4.3% to €5.8 billion.
- SPAR Belgium sales grew by 4.3% to €879 million.
- SPAR Hungary grew 7.8% in local currency and in Euro 4.8% to €1.529 billion.
- SPAR Spain added 54 new stores and sales grew 4.6% to €1.306 billion.
- SPAR Norway grew by 4.3% in local currency and was the fastest growing supermarket chain in Norway.

SPAR South Africa had another good year in 2013

SPAR South Africa invested in extensive renovation with 155 stores upgraded. Logistics efficiency was improved with Distribution Centre capacity increased to 250,000m².

- SPAR South Africa Retail sales of 57 billion Rand showed strong growth of 9.1% in 2013.
- However, due to the sharp decline of the Rand against the Euro, especially in the last months of the year, the retail sales equate to €4.31 billion a decrease of 7% on 2012.



Growing our Future Together



The new SPAR International strategy, 'Growing our Future Together', was developed with the Board and introduced at the 58th International SPAR Congress in May 2013. While this new strategy builds on and develops the long-term mission of SPAR International, it places a strong focus on growing the SPAR Brand in new markets.

The strategy contains three strands: Growing our Presence; Growing our Partners; and Growing our Brand.

Detailed action plans and targets have been put in place to ensure the delivery of the strategic objectives by 2016. These targets include growing SPAR worldwide retail sales to €36 billion and having SPAR operations in 40 countries.

Growing our Presence

The goal of SPAR International is to grow our brand and our presence by enhancing the productivity and the profitability of our partners. We provide new partners with the SPAR Brand and with the most appropriate retail formats for their respective markets.

We assist in implementation of best international practice not only in retail but also in modernising and developing the supply chain. New partners can access SPAR private label products from a variety of sources including the International SPAR Brand ranges. We assist in choosing and implementing the latest IT systems for business and supply chain management.

New SPAR Partners also have access to the SPAR worldwide network both through study visits and participation in SPAR International conferences and events. This is a compelling offer, which is attracting new partners both in new and existing markets.

Russia

SPAR continued its dramatic growth pattern in 2013 with retail sales growing to 57 billion Roubles – an increase of 26% on the previous year. This equated to €1.343 billion, which despite the weakening of the Rouble during 2013, still represented an 18% increase on SPAR Russia's 2012 Euro annual results. SPAR now has 13 regional retail Partners in Russia and expects to add four more in 2014, increasing the already extensive geographic coverage of the Russian Federation.

Four new Partners joined SPAR Russia in 2013, namely SPAR Tomsk, SPAR Altai Region (TD Anix), SPAR Kaliningrad (Semya Group), and SPAR Bashkortostan (Prodtovary), which secured the brand position in Siberia, Urals and the Western part of Russia.

SPAR Middle Volga, the leading SPAR Partner in Russia, added 25 stores in 2013 and now operates 194 SPAR stores. SPAR Russia is now placing a strong focus on hypermarket development and new hypermarkets are in the course of construction in St Petersburg, Tomsk, Tula, Tyumen, Chelyabinsk and Middle Volga regions for opening in 2014.

SPAR Western Siberia (Tyumen) has shown strong growth since opening their first SPAR store in April 2012. Store numbers doubled in 2013 to 10 stores, including two hypermarkets in the cities of Tyumen and Nizhnevartovsk. SPAR Chelyabinsk opened eight stores in 2013 while SPAR Irkutsk opened 10 stores. SPAR St. Petersburg continued its rapid growth, having opened 18 stores. We plan to have 17 partners at the end of 2014 and 20 in 2015. The above map of Russia shows the location for the current 13 SPAR Partner companies. The target is to be a Top 5 retailer in Russia by 2020.

China

SPAR China also grew dramatically in 2013 with retail sales up 19% to €1.409 billion. Most notably, the retail sales area is now 780,500m², over 10% of all worldwide SPAR retail space. The strongest development was in Northern China in the Shanxi and Beijing regions. SPAR is growing rapidly in Beijing with four new hypermarkets under development.

The hypermarket is the core SPAR format in China delivering 80% of retail sales. The standard hypermarket of 8,000m² sales area is no longer sufficient to meet all consumer needs. SPAR China, supported by SPAR International, has innovated to introduce the premium compact hypermarket in Shandong and Shanxi provinces. This high-end store features value added and imported

products and caters for the emerging middle class. Another development is the mass market hypermarket for 3rd and 4th tier cities where consumers are more focused on price.

A key target for 2014 is the introduction of two new regional partners. We plan to have nine regional retail partners in China by the end of 2015 and to be a Top 5 retailer by 2020.

Middle East

Early last year SPAR International announced ambitious plans to grow SPAR in the Middle East in partnership with Abu Dhabi Co-Op (ADCOOPS). A SPAR Supermarket and SPAR Express store were opened in 2012 and when the first SPAR Compact Hypermarket opened in Abu Dhabi in January 2013, this completed the first phase of development. There are now 14 retail projects under development in the UAE and we anticipate having 12 SPAR stores trading by year-end.

The first four SPAR stores will open in Oman in May 2014, while in the Lebanon we plan to open three stores during the year. In Qatar SPAR Hypermarkets are being developed in three major shopping centres with planned opening dates in 2015 and 2016.

We are well on the way to achieving our target of 30 SPAR stores in the Middle East by 2016.



Growing our Partners

Our mission is to initiate and support the implementation of best international practice in all areas of operations. SPAR International facilitates this best practice implementation through the free exchange of knowledge and knowhow within the SPAR network. We provide support in a number of key areas.

Business Support

- Our multi-format retail strategy is constantly updated through the flagship store programme, which involved 25 SPAR countries in the last decade. Key projects have included the introduction of EUROSPAR and SPAR Express to new markets; the innovative evolution of the hypermarket to the premium compact and mass market hypermarket concepts; developing convenience formats for airports, railway stations and petrol forecourts; the development of innovative 'Food to Go' and 'Food to Stay' categories.
- We will continue to support partners in Europe, China and Russia with the modernisation of the supply chain.
- Human Resource support in 2014 will be broadened to include Induction programmes and HR workshops for new partners.

Best Practice Exchange

- A Store Development Seminar in Düsseldorf alongside EUROSHOP in February 2014 was attended by almost 100 delegates from 20 countries. Delegates shared experiences in format development.
- A Travelling Retail Seminar for April 2014 included over 60 registered delegates. The seminar focused on growing sales through Innovation.

- Action Groups on Marketing, Human Resources, Buying, Logistics, Transport and Store IT will meet throughout the year.

Buying Services

A comprehensive range of over 400 International SPAR Brands and Taste the World products are available for SPAR Partners to purchase either directly from preferred suppliers or through our third-party warehouse in the Netherlands.

- Considerable progress has been made in introducing the private label product into new markets in Russia, Africa and China. This will continue in 2014.
- In 2014 the plan is to grow existing markets and extend our ranges, especially Taste the World.
- Launch the new Home & Living non-food range.

SPAR International has a list of Preferred Suppliers for non-resalables from whom SPAR Partners can purchase an extensive range of retail equipment, warehouse handling equipment, retail and logistics technology, and services.

- In 2014 we plan to increase the number of participating SPAR Partners.
- List additional Preferred Suppliers of retail technology, transport, office supplies and security services.
- The Buying team works in close co-operation with the Retail Operations and Design teams to introduce preferred suppliers.

Innovation

In response to the growth of online retail within the grocery sector, SPAR International has initiated a proposal to bring together the synergies of a group of SPAR countries who are currently exploring the possibility to launch an online retail platform in conjunction with their retailers.

A SPAR Netherlands case study is an interesting example for they have created an online platform, which allows each of the participating independent retailers to benefit from a consistent and professional online presence.

- Directs customer traffic to their nearest participating online store.
- Orders are sent to store and picked in-store, either to be delivered to the customer or to be collected by the customer in the store.
- The objective of SPAR International is to identify synergies and costs savings for the development of an online retail platform suitable for different markets.
- A project proposal including costing and planning has been presented to the countries.
- The introduction of online and mobile retail solutions are now a priority.

Growing our Brand

The third strand of the strategy is to grow global awareness of the SPAR Brand. Our brand strategy is aimed at increasing the awareness of SPAR among potential new partners and to retain and grow partner relationships. We seek to develop and protect the SPAR Brand and trademarks and enhance the SPAR Brand equity.

Communications Model

Our communications model is based on:

- Corporate Communications – Positioning SPAR as a leader in global retailing.
- Brand Communications – Strengthening the global yet local positioning of the SPAR Brand.
- Partner Engagement – Promoting SPAR as a partner of choice in retail and distribution.
- Digital Communications – Growing the brand building on the heritage of the past 80 years.
- Corporate Social Responsibility – Emphasising the community involvement of SPAR.

A number of the above areas have been prioritised for action in 2014.

Brand Communications – Sports Sponsorship

SPAR International will be the principal sponsor of the European Athletics Championships in Zurich in August 2014. The Championships are one of the top ten sporting events in Europe and will build SPAR Brand awareness.

- It will be broadcast live on TV for up to 1,500 hours.
- It will be viewed by a cumulative audience in the region of 300 million.
- The SPAR Brand will be visible for 35 – 40% of the TV broadcasts.
- Many SPAR Partners will be involved in and interact with the Championships.
- A SPAR Nutrition Zone will be featured at the event.

SPAR International Board



The SPAR International Board met four times during 2013. The first meeting of the Board took place together with the International Guild Executive Meeting in Hasselt, Belgium. The Guild Executive was addressed by Frans Colruyt, Executive Board Member, The Colruyt Group, who outlined their plans to grow SPAR in Belgium and their investment of €50 million in a new Distribution Centre and Central Office for SPAR.

In May the Board met in Dublin during the 58th International SPAR Congress hosted by SPAR Ireland. The October meeting in Athens was addressed by Nick Veropoulos, Managing Director SPAR Greece, who outlined the challenges they faced and the action taken to survive the serious financial crisis. The final meeting took place in Amsterdam in December.

The main focus of the Board during 2013 was on the completion of the new SPAR International Strategy, 'Growing our Future Together'. This was completed at the March meeting and outlined at the Congress in Ireland. The Board monitored developments in all SPAR countries and focused on development in the newer countries, especially Russia and China.

At the end of the year the Board received with regret the resignations of Henrik Gundelach, Denmark, and Wayne Hook, South Africa, both of whom had made a significant contribution to the work of the Board.

SPAR International Board

Chairman: Leo Crawford

Members:

Gerhard Drexel	A
Henrik Gundelach	DK
Leo Crawford	IRL
Claudio Giannetti	ITA
Knut Johannson	NOR
Wayne Hook	SA
Peter Blakemore	UK
Gordon Campbell	SPAR INT
Tobias Wasmuht	SPAR INT



International SPAR Guild Executive

Chairman: Leo Crawford

Members:

Gerhard Drexel	A	Leo Crawford	IRL	Wayne Hook	SA
Karl Feurhuber	A	John Clohisey	IRL	Dan Maluleke	SA
Stefan Knäbke	D	Claudio Giannetti	ITA	Peter Blakemore	UK
Henrik Gundelach	DK	Martin Pircher	ITA	Kevin Hunt	UK
Finn Degn Ovesen	DK	Knut Johannson	NOR	Gordon Campbell	SPAR INT
		Bjorn P. Bendiksen	NOR	Tobias Wasmuht	SPAR INT

Top Row: Leo Crawford, Peter Blakemore, Henrik Gundelach (resigned during 2013), Gerhard Drexel, Claudio Giannetti, Gordon Campbell, Wayne Hook (resigned during 2013 replaced by Graham O'Connor), Knut Johannson, Tobias Wasmuht



INTERSPAR





Growing our Presence

International Expansion

Our mission is to ensure that SPAR remains the world's leading food voluntary retail chain and that we continue to grow our brand, our presence and our partners by enhancing the competitiveness, productivity and profitability of our retail and wholesale partners worldwide.

SPAR unites independent and regional retailers in a strong global partnership, which provides new partners to the SPAR organisation with the scale and resources of a major international retail group, whilst maintaining their independence. This combination of leading local and regional retailers together with best international practice, provides the basis for our SPAR Partners competing successfully in an increasingly competitive market.

Despite difficult economic conditions SPAR has prospered in the last five years, growing by 18% globally with particularly strong growth being achieved in China, Russia, Africa and the Middle East. By pooling the resources of a global organisation with over 80 years of history, SPAR provides new partners access to an international network of resources, which allows them to fast-track their growth and development. By retaining local ownership and presence, profits and economic growth are reinvested back into local communities, thus contributing to local/regional growth.

In China, SPAR has seen rapid growth of 140% over the last five years, moreover 10% of SPAR's global selling space is now in China and with both a strong retail and logistic presence in place, SPAR is positioned for sustainable growth. As a result of the success of SPAR in China,

we see significant growth opportunities in Asia, focusing on the growth markets of Indonesia, Philippines and Vietnam and are actively seeking to partner with local retail chains in those markets in the coming three years.

SPAR in Russia has seen rapid expansion in both partner numbers and sales revenue in the last five years. With 13 partners in place at the end of 2013, we shall grow to 17 partners this year and to 20 by 2015. Strong development plans are in place to develop store numbers, with a particular emphasis on the rollout of the hypermarket format.

With a presence in eight African countries today, we have the ambition to grow our presence in this dynamic growth continent. The tried and tested SPAR model of meeting both the needs of the emerging consumers, as well the urban consumer groups, is well placed for introduction to new African countries by 2015.

An exciting new growth region for SPAR is the Middle East. Utilising our multi-format strategy, SPAR will continue to expand and rollout large format stores supported with neighbourhood retail formats. Over 30 stores will be operational by 2016.

Listen to an interview by clicking on this code : m.spar-international.com/presence.html



Building SPAR in China

Since its launch in April 2005, SPAR China has now grown to the 7th largest SPAR country with retail sales exceeding €1.4 billion. Operating over 104 large format hypermarkets, SPAR in China has net sales area of 780,500m² and as such has now over 10% of the SPAR global sales area footprint. With 130 million Chinese urban households set to join the middle classes by 2020, this sales area footprint is a strong foundation for future growth.

SPAR China recorded another very strong year of growth with retail sales increasing by 18.8%. An important driver of growth has been the continuous expansion of large format hypermarkets with an additional net 100,000m² of sales area added in 2013.

At an average 6,500m² per store, the hypermarket continues to be a key scale and growth driver of SPAR China with 80% of sales being derived from the format. The focus in 2013 has been to continue to strengthen market penetration in tier 2, 3 and 4 cities. This has been achieved by strategically using the SPAR logistics network

of 10 Distribution Centres across 7 provinces. The core SPAR Hypermarket is positioned to meet the needs of the mass market with a strong focus on fresh foods to drive customer footfall.

A new development in 2013 has been the development of a new premium compact hypermarket targeting the growing affluent customer base in regional cities of China. This strategy allows SPAR China Partners to utilise the scale of the core formats to target a more affluent consumer profile with a tailored retail offering.

During 2013, two premium flagship stores were developed with assistance from SPAR International. These stores were located in Weihai, Shandong and Taiyuan, Shanxi. A key feature has been the level of imported goods offered – with over 4,000 imported SKUs making up the range. Utilising SPAR's international network, the SPAR China partners have been able to benefit from sourcing International SPAR Brands as well as direct imports of frozen seafood, meat, wine and partnering with preferred International suppliers to innovate in categories such as instore bakery.



A key part of the strategy since the launch of SPAR in 2005 has been the development of strong geographical store clusters, initially with large format stores and then through the development of modern Distribution Centres to introduce a convenient lifestyle supermarket format ranging between 600 to 1,500m² in size.

The next phase of the multi-format strategy in 2013 has been the development of convenience retailing in larger Tier 2 cities; this strategy will be accelerated in 2014 / 15.

In response to the very high growth of online retail in China, SPAR in Guangdong has developed a store based online retail model meeting the needs of communities in its catchment area and beyond with a range of over 10,000 products.

A key development in 2013 has been to combine customer insights from SPAR loyalty card programme holders and combine this with digital media channels to offer tailored promotions and drive online retail traffic. Over 5 million households in China actively use a SPAR loyalty card, and in certain regions up to 70% of transaction are conducted with a loyalty card. We see significant future opportunities to build on this platform and to drive our digital and online presence in 2014.

SPAR's growth strategy in China can be summarised as one of combining leading regional retailers in China into one strong group to share synergies of scale, whilst maintaining both a strong regional focus and entrepreneurial management. In 2014 it is forecast that two new partners shall join the SPAR China group and that we shall develop over 50 new stores and over 150,000m² of net selling space.

In 2013, SPAR China was honoured to be elected to the leadership committee of the Chinese Chain and Franchise Association (CCFA) as well as the board of ECR China. In 2014, SPAR will build on its reputation and standing in the Chinese retail industry to continue to promote standardisation and harmonisation of both retail and supply chain operating systems and standards.

To read more about SPAR in China scan the code : m.spar-international.com/china.html



The Story of Russia

To read more about two of our Russian Partners scan the code : m.spar-international.com/russia.html



SPAR continued its dramatic growth in 2013 with retail sales growing to 57 billion Roubles – an increase of 26% on the previous year. SPAR now has 13 regional retail Partners and expects to add four more in 2014, increasing the already extensive geographic coverage within the Russian Federation.

SPAR Middle Volga continues to be the top-performing partner both in terms of sales and store numbers. They operate a combination of company owned and sub-licensed stores across their regions, demonstrating the strength of SPAR's licensing and sub-licensing model. Following the opening of 25 SPAR stores in 2013; the teams are now working hard to launch their first SPAR Hypermarket by the end of 2014. This launch will pave the way for further hypermarket launches in 2015.

SPAR Tula operates 58 SPAR and SPAR Express stores and recently opened their first SPAR Hypermarket. The team are now engaged in launching their second

hypermarket, which will help protect the leading market position of SPAR. SPAR Tula is focused on driving a number of operational efficiency projects.

SPAR International is currently working with our SPAR Partners in Moscow to understand how we can service the needs of the huge population. SPAR currently operates stores across the city with two partners, SPAR Retail Moscow and SPAR Vostok. The stores are well placed to cater for mid to premium customers with a real focus on giving customers the best ranges, service, convenience and value. The focus in 2014 is to accelerate growth in Moscow and increase the market share of SPAR in the city.

SPAR in St Petersburg continued to expand at a rapid rate adding 18 SPAR stores, including the most northerly store in Russia in Murmansk. They recently opened their second EUROSPAR, which offers customers the convenience of self-scan checkouts. The focus is now on opening the first SPAR Hypermarket in late 2014.

SPAR Chelyabinsk has launched three formats including hypermarkets, supermarkets and convenience stores and store numbers continue to grow rapidly. Eight new SPAR stores were added in 2013 and a further five in early 2014. The team has developed their own multi-temperature Distribution Centre to allow daily direct fresh deliveries.

SPAR in Krasnoyarsk finished 2013 with 10 stores trading, and have opened a further two stores early in 2014. The offer is well received by customers who enjoy the emphasis given to 'Food to Go' and the outstanding food quality of the in-house production ranges. The team place a particular focus on their local roots by offering customers product sourced from local farmers.

SPAR Western Siberia has launched SPAR Hypermarkets and Supermarkets across the region with store conversions and new constructions. Customers have been introduced to a revolutionary serviced island fresh food offer that includes a cook on demand 'Food to Go' offer of international cuisine.

In Eastern Siberia, SPAR Irkutsk has rolled out nine stores totalling almost 6,500m² of new sales space. The first few weeks of 2014 have already seen three more new stores open with a further seven scheduled this year. This is our first Russian partner to source fresh fruit & vegetables directly from the Netherlands. The journey covers a distance of more than 7,700km.

In 2013 SPAR Tomsk was approved for licensing by the SPAR International Board and since then the team have been busy working on introducing SPAR in this region. The first store, a SPAR Hypermarket, will open in April of 2014. Plans are also in place to open a number of larger SPAR Supermarkets.

Towards the end of 2013 the SPAR International Board welcomed three new partners to SPAR in Russia in Kaliningrad, Bashkortostan and Altai Region. All three partners are due to launch SPAR as a new brand in their respective regions in 2014.



SPAR in the Middle East



A focus for SPAR International in 'Growing our Presence' is the development of SPAR in the Middle East through its strategic partnership with SPAR UAE.

This development will result in a combination of convenience stores, supermarkets and hypermarkets and represents the next stage of the multi-format strategy implemented by SPAR UAE with the launch of three flagship stores in Abu Dhabi over the last two years.

The successful entry of SPAR in the Middle East has laid the foundation for the acceleration of growth in 2014. SPAR International, in close partnership with SPAR UAE, has secured new partners in Lebanon, The Kingdom of Qatar and The Sultanate of Oman.

The fast pace of development in the Middle East will kick off with the opening of four SPAR Supermarkets in Muscat, Oman in June 2014, while In Lebanon, three modern supermarkets will open in Lebanon's capital Beirut and the neighbouring cities in summer 2014. In Qatar our SPAR Partners have secured two 7,000m² sites for opening in early 2015.

SPAR UAE has embarked on securing whole shopping malls, by taking the head lease. It has secured shopping malls in Nemath, Yahar and Al-Ain. In addition, SPAR UAE will open three SPAR Express stores in a regional development project in summer 2014. SPAR UAE has also acquired a hypermarket & supermarket chain based in Sharjah and Dubai all of which will convert to SPAR in 2014.

In Abu Dhabi the 2,800m² 'Khalifa' compact hypermarket boasts strong sales per square metre with in excess of 50,000 SKU's. The 'Kitsu™' food service counter, developed by SPAR International and tailored by SPAR UAE, is adapted to cater for the Emirate market and local cuisine. The 'Treehouse™' Juice Bar is featured prominently and a SPAR 'Roastery' was developed featuring dates, nuts, figs and confectionery. Khalifa is a true example of store design and innovation adapting to the local market.

To support the scale of development planned, SPAR UAE requested the support of SPAR International in modernising its supply chain. The priority was developing a master plan for a new Distribution Centre. This is located at the Kizad Development Zone, which is strategically located to service other cities in UAE and Oman. A review was also undertaken of the existing warehouse operation in order to identify opportunities to improve performance.

To read more about our Khalifa store scan the code:
m.spar-international.com/middle-east.html





Growing our Partners

Delivering Service to our SPAR Partners

SPAR International undertakes a comprehensive programme of activities to support the continued growth and expansion of our network of SPAR Partners throughout the world. This programme is wide-ranging and extends from the constant updating of our retail formats, providing technical support on retail operations and supply chain, through to supplying a SPAR International private label solution. Underpinning this programme is the commitment to support SPAR Partners in the implementation of best international practice in all areas of their SPAR business.

The SPAR multi-format retail strategy is constantly updated through the flagship store programme where we have collaborated with some 25 SPAR countries in the last decade. The Flagship projects involve collaboration by the local SPAR team with the Retail Design and Retail Operations teams of SPAR International to implement a new store concept which will act as a future benchmark for development. Such flagship projects have been undertaken to launch a new SPAR format such as the introduction of EUROSPAR and SPAR Express.

Flagship projects have also been drivers of innovation e.g. the innovative development of the SPAR Hypermarket format to include both premium compact and mass market hypermarket concepts; tailoring convenience formats for airports, railway stations and petrol forecourts. We are actively developing an international online concept, based on a SPAR Netherlands pilot, which will become the 5th SPAR store format.

SPAR International also provides comprehensive supply chain support to SPAR Partners in Europe, China and Russia. This work includes developing a supply chain strategy to meet the future development of the business, planning the layout of new warehouses, through to undertaking reviews of existing operations in order to improve performance. The implementation of best practice is supported through publishing a number of best practice guides. This work is supported by the members of Action Groups drawn from experts in individual countries.

The last year has seen the publication of more Manuals by SPAR International to support best practice. Manuals have been produced on Energy Management, Managing Store Conversion and a Hypermarket Design Manual.

SPAR Partners are offered a comprehensive range of over 400 International SPAR Brands and 'Taste the World' products together with marketing support material. Thus new SPAR Partners have access to a Private Label solution, which can be sourced in quantities to match their requirements, either directly from our preferred suppliers or through our third party warehouse in the Netherlands. In 2014, we will extend our ranges, especially 'Taste the World' and launch a 'Home & Living' non-food range.

SPAR International is also active in using its worldwide scale to secure best terms for retail equipment, warehouse handling equipment, retail and logistics technology and services. This is achieved through a series of formal preferred supplier agreements with leading international suppliers, which we will continue to extend.

Implementing Best Practice



Part of our mission at SPAR International is to initiate and support the implementation of best international practice in all areas of the SPAR Business from retail design and operations, implementing advanced retail technology, training and developing our people; through to managing our supply chain to guarantee quality for our SPAR customers worldwide.

It is possible to identify three strands of activities undertaken by SPAR International each year that support the adoption of best practice. The annual programme of SPAR International Conferences and Seminars offer opportunities for sharing of knowledge.

The second strand is supporting best practice at local level, when SPAR International engages with the teams of individual SPAR Partners on a wide range of retail and supply chain projects. These can include flagship store design projects, store conversions, improving retail operations to addressing issues with warehouse efficiency.

The third strand is supporting best practice through a series of published manuals and guides. The findings from the other strands are documented and thus the key learnings made available to all SPAR Partners on an 'as required' basis. These manuals are available both in hard copy, but more importantly on 'SPAR Connect', the SPAR International intranet, which is available to all SPAR Partners.

2013 saw the publication of a number of important manuals, including the Hypermarket Design Manual and manuals on Energy Management and Managing Store Conversion projects. A number of draft manuals were also developed including a Warehouse Design Guide and a 'Taking Care of our People' Human Resources tool kit.

Innovation in formats, product range, product categories and responding to technological advances is fundamental to the commitment to identifying best practice. With the support of the Action Groups, SPAR International actively monitors retail developments and advances in technology and develops pilot projects to test new concepts.

Examples of such initiatives can be seen in the development of the compact hypermarket, the adaption of the 'Kitsu™' product category in the Middle East or the work on the reduction of CO₂ in transport. A current project is exploring the possibility of launching an online retail platform, exploiting synergies from the launch of this initiative by SPAR Netherland. Another online platform, the SPAR Wine App, launched successfully in 2013 in Ireland and is now available for SPAR Partners to adapt to their markets.

The Hypermarket Manual is based on learning from a series of international SPAR Hypermarket flagship stores, with know-how from developments by other SPAR countries. This manual illustrates the adaptability of the SPAR Hypermarket format in meeting the needs of customers in stand-alone locations and shopping mall environments.



The SPAR Store Refurbishment Manual and SPAR Store Energy Efficiency Manual were unveiled to an attendance of almost 100 SPAR delegates from 20 countries at the Store Development Seminar.

Store Refurbishment Manual

SPAR International recently released a new Store Refurbishment Manual that supports partners with an approach to delivering a programme of store upgrades and SPAR rebrands in the most cost effective way, drawing on international best practice. The manual helps partners understand the importance of having the right focus and balance to store refurbishments. Carefully managing the conversion will see a significant uplift in sales and margin.

The manual explains the importance of underpinning capital investments in stores with a full review of key metrics across store operations. These include service, availability, customer satisfaction and range. Research shows that this approach, combined with an effective marketing strategy, gives stores the best opportunity to grow sales, customer numbers and basket size, as well as improving overall customer satisfaction.

Store Energy Efficiency Manual

The SPAR Energy Efficiency Manual is designed to create awareness around energy efficiency in the retail environment, as well as providing SPAR Partners with tips and checklists for implementation in their businesses. The implementation of these checklists will see both short and long-term benefits.



Effectively managing energy consumption is critical to combat the rapid upward cost of energy, which account for an increasing proportion of operating costs. At a time of pressure on margins, it is particularly vital to manage these costs. Emphasis is given to the importance of an Energy Assessment and Energy Management Plan as well as outlining the steps for implementation. The overall purpose of the manual is to create awareness, mitigate risks, reduce costs and increase revenue by means of global best practice.

View our wine app for ideas and advice : m.spar-international.com/wineapp.html



SPAR International Buying Services



In supporting partners to grow their SPAR business, SPAR International offer an extensive range of Buying Services which provide an opportunity to purchase the SPAR International Private Label range at prices which reflect the €32 billion purchasing scale of SPAR worldwide. The worldwide scale of SPAR is also reflected in the special terms available for purchases of equipment from leading suppliers.

SPAR International continues to develop its Private Label. Some 400 SPAR International Brands and 'Taste the World' products are available for SPAR Partners to purchase either directly from preferred suppliers or through our third party warehouse in the Netherlands. This range offers SPAR Partners a unique selling point to build customer loyalty, while driving increased sales and margin.

The increasing importance of Private Label can be found in all markets. Europe continues to lead with nine of the top

ten countries in the world with the highest Private Label penetration. In many markets, Private Label development has reached the stage of the world's largest grocery retailers actively supporting their Private Label ranges with extensive promotional and brand support.

Through the Buying International Group SPAR (BIGS), with membership drawn from 14 European SPAR countries, SPAR International provides a platform for our Partners to share and exchange best practice.

By combining its purchasing power, SPAR International can secure the highest quality at the best price to ensure a competitive price for our customers and an attractive margin for SPAR retailers. The members of the Buying International Group SPAR are the principal customers for the SPAR International Brands with SPAR Austria continuing to be the strongest participant in our international Buying Group.

The SPAR International Private Label ranges are designed to support locally produced SPAR products with an international range. The 'Taste the World' range has been developed to meet the demand for premium quality international product. Merchandising is provided to support the introduction of the SPAR International and 'Taste the World' product ranges.

The introduction of SPAR International Private Label in Russia has accelerated over the course of 2013. Many products are being regularly ordered by Russian Partners and show strong growth. In cooperation with our Partners in Russia, SPAR International is seeking to expand existing ranges and introduce new products to compete with the local A-brands.

The successful introduction of the SPAR 'Taste the World' range confirmed the potential for such products in the Russian market. In a competitive market, SPAR is actively working to build volume which, will drive lower transport and distribution costs.

The year 2013 was the start of a successful introduction of many SPAR International Brands in Eastern European countries with the supply of the existing range of SPAR Products, and also the successful piloting of the new SPAR 'Home & Living' range. The development of this range will continue in 2014, with the introduction of the range to more SPAR Partners; communicating a strong message that SPAR also offers value for money in non-food.

Whilst Private Label is undeveloped in China, conditions are ripe for Private Label growth in the heavily urban setting of Chinese cities where SPAR is active. SPAR China is supporting its locally sourced SPAR Private Label range with SPAR International Brands from our third party warehouse. SPAR International is also active in sourcing other products including the supply of French wine.

Considerable progress has been made in introducing Private Label into several African countries – Nigeria, Zambia and Zimbabwe. An important part of the strategy in Africa involves close co-operation with SPAR South Africa.





Growing our Brand

Building Awareness of the SPAR Brand

The new SPAR International strategy, 'Growing our Future Together', places a strong focus on growing the global awareness of the SPAR Brand. Our brand strategy is focused on both our existing SPAR Partners and also new potential SPAR Partners and their customers. We therefore undertake a programme of activities to increase awareness of SPAR; including Sports Sponsorship, extensive print and digital communication and a wide range of conferences and seminars to support knowledge exchange.

SPAR Partners are engaged in sponsoring local, regional and national sports. Sponsorship of individuals, teams or events reflects community involvement and builds brand awareness. The single biggest element of brand awareness is the sponsorship of European Athletics.

SPAR has been principal sponsor of European Athletics since 1996 and the SPAR Brand is strongly identified with sport and healthy lifestyles. We also seek to develop and protect the SPAR Brand and trademarks thereby enhancing the SPAR Brand equity.

Personal interaction and relationships remain at the cornerstone of the SPAR way of working. SPAR International holds a series of conferences and working groups across all areas of the business, bringing together expertise and sharing best practice amongst SPAR Partners. These events enhance the partnerships that exist within SPAR; being held in different countries each year reflecting our global presence whilst providing a platform for interaction.

Increasing awareness of SPAR amongst potential new partners whilst retaining and growing relationships with existing partners forms the core of our brand strategy. An essential support tool is the corporate website www.spar-international.com which takes a leading role in sharing information about the organisation, SPAR Partners and provides a platform for media.

SPAR Partners are also able to tap into the wealth of resource incorporated within the SPAR International Intranet site, spanning all areas of retail and distribution. New web platforms are being supported by SPAR International to provide tools for SPAR retailers. These include a wine platform and a webshop tailored for independent retailers.

Sharing information about the wide range of corporate social responsibility activities within SPAR is managed through our website www.spar-strategy2sustain.com. Corporate Social Responsibility has increasingly become integrated into daily business activities at both retail and distribution levels. For over 80 years, community involvement has been inherent to the SPAR way of working and this is the most publicly recognised element of our CSR activities.

SPAR Partners are involved in their local, regional and national communities in all countries where the SPAR Brand is present. SPAR Partners have a long tradition of supporting local charities and are increasingly important as supporters of national charities. In recent years the reduction in energy use has become a priority throughout our business – thereby reducing both CO₂ emissions and energy costs.

Building SPAR through Sports Sponsorship



The largest and most important activity undertaken by SPAR International to build awareness among consumers of the SPAR Brand is the sponsorship of European Athletics, which SPAR has been principal sponsor of since 1996. This continuity of sponsorship has helped build awareness of the SPAR Brand and its association with sport and healthy lifestyles.

Sponsorship of European Athletics has delivered great brand awareness for SPAR throughout 2013. Brand visibility was generated at the events, through television and press coverage and also online through social media and live-streaming. In 2013, SPAR International also sponsored the live-streaming of the European Athletics Junior and the Under 23 Championships.

The reach of the coverage was not restricted to Europe. Media presence at the three events of which SPAR was principal sponsor, totalled 1,000 individuals writing about, recording or photographing the 2,400 athletes from 50 European nations competing. Television coverage exceeded 600 hours.

SPAR International will be the principal sponsor of the European Athletics Championships in Zurich in August 2014. The Championships are one of the top ten sporting events in Europe and will build SPAR Brand awareness with live broadcast of 1,500 hours and an expected cumulative audience of 300 million.

There will be a great interest by local SPAR consumers in the Championships as a result of SPAR Switzerland undertaking consumer and retailer promotional events. These will build interest and enthusiasm for the Championships. Instore promotions will also be undertaken in many SPAR countries, with the support of SPAR International, designed to connect to the increasing interest and popularity of athletics.

At the Championships, SPAR International will again have a SPAR Nutrition Zone, which communicates the benefits of a balanced diet in an educational but fun style. We will emphasise the foods that are essential to obtain the minerals and vitamins we need.

SPAR Sponsorships Worldwide

SPAR Partners are engaged in sponsoring local, regional and national sports in addition to a number of other community related activities. Sponsorship of individuals, teams or events enhances community involvement and generates additional brand awareness. The list of sponsorships and the range of sports involved is impressive.

In Switzerland, SPAR supports the Women's Premium League handball with an innovative loyalty card scheme, which generates income for the organisation. In Italy, SPAR supports water polo and running. SPAR Austria provides healthy living advice online and instore whilst sponsoring skiing.

In the UK, SPAR Partners support different athletics and running competitions throughout the country, but are particularly associated with long distance events. SPAR Norway sponsors men's national handball and skiing. These are but a sample of the sponsorships undertaken by SPAR Partners each year.

Running is becoming increasingly popular as a form of exercise as it can be most easily integrated into our daily routine, irrespective of where people live. This is reflected in the number of running events which SPAR supports, ranging from the series of events held across South Africa to the SPAR Great Ireland Run through to the marathon in Gran Canaria. These sponsorships fit well with the international athletics sponsorship.

The sports sponsorship is strongly linked to the promotion of healthy lifestyles and healthy eating. SPAR provides a variety of recipes for consumers wishing to find healthy meal solutions both instore where the focus is on fresh produce and also online.

SPAR International plays an important role in communicating to a wider audience the wide range of local and regional community initiatives undertaken by SPAR retailers and their staff working in their community.



Building Awareness of the SPAR Brand



Awareness of the SPAR Brand is a result of the collective actions of all SPAR Partners and SPAR Retailers in 35 countries worldwide. It is through the consistent execution of the SPAR Brand Values of freshness, choice, value and service by our 12,163 retailers in their local communities that SPAR has earned the custom and loyalty of our customers.

Communication of the SPAR values is undertaken locally, regionally and nationally, using a wide variety of channels to increase awareness of the Brand. SPAR International actively supports awareness of the brand by communicating the SPAR values and the commitment to community to an international audience using digital and traditional media.

Facebook is a platform that encourages immediate consumer involvement and has been embraced by an increasing number of independent retailers in SPAR. Following on from the SPAR International Facebook campaign 'See the World with SPAR' a number of different promotions have been run by SPAR Partners using social media.

These include the innovative SPAR South Africa 'MySPAR' campaign, through to online marketing initiatives run by SPAR Italy, Spain, Slovenia, Belgium, France, Zambia to name a few. However, Facebook is not the only social media platform becoming integrated into SPAR communications.

Twitter is growing in usage with messages posted that directly relate to consumer needs. Instagram and Pinterest generate interest for new store openings, product launches and other activities taking place within SPAR. Increasingly we see the SPAR Brand also linked to platforms which promote healthy lifestyles, including partnering with chefs preparing meals aired via television or online. SPAR Norway, Ireland, Russia and Hungary have all seen great success from such partnerships.

To create greater awareness of the convenient store locations of their independent retailers, SPAR France embraced online media to launch a campaign focused on consumer shopping moments that highlight the benefit of the proximity of their SPAR stores.

Television advertising remains a great medium for advertising promotions and generating brand awareness. 2013 saw a return to TV by SPAR UK with a strong link to a well-known programme. In Ireland, SPAR focused on private label for their campaign, which won an award.

SPAR Austria continued to advertise private label and loyalty programmes through commercials. In many cases, the commercials are also made available via YouTube either in full or as a teaser campaign ahead of television launches.

Building Awareness of SPAR as a Responsible Retailer

SPAR Brand awareness is also developed through the community involvement that is an integral part of the way in which SPAR operates. Supporting those in need, volunteering time or generating funds for charities through sporting endeavours are just some of the ways in which SPAR adds value to local communities.



Through its www.spar-strategy2sustain.com website SPAR International actively communicates how SPAR delivers on its commitment as a Responsible Retailer. The following are but some of the example initiatives undertaken in SPAR countries in delivering on its commitment to support **People, Place and Planet**.

SPAR Switzerland is one of the first retailers in that country to collect empty drink cartons for recycling. By recycling, less CO₂ emissions are released and more trees can be protected.

SPAR Netherlands has made a sustainability pledge as part of a government programme to encourage local businesses to improve the economic viability of residential areas that face a declining population.



SPAR Zimbabwe retailer and staff from Bonsa SPAR donated various products ranging from sweets, suckers, biscuits and crisps, which they took to the children at Ethandweni Children's Orphanage on Christmas Day.

EUROSPAR Denmark celebrated its 4th birthday with a promotion when customers were invited to donate to the Christmas Seal Homes, which for over 100 years has helped children facing loneliness and social isolation. EUROSPAR doubled the amount raised at store level.

SPAR Austria shoppers donated €30,000 to a children's charity, Kinderseelenhilfe, which offers counselling to children and adolescents in mental distress. From January to June, SPAR sold heart-shaped breads, from traditional bakery Haubi's with part of the proceeds donated to the charity.

Growing **Stronger**

SPAR Partners continue to innovate in their markets, bringing the Brand to more consumers around the world through a variety of retail solutions.



Western Europe

We now have 9,672 stores in Western Europe with increased store numbers in the larger supermarket format.



Austria

SPAR Austria enjoyed another strong performance with retail sales increasing to a record €5.8 billion, an increase of 4.3%. This growth in retail sales was accompanied by an investment in retail selling space, which grew by nearly 3% to now exceed 1.1 million m².

Store numbers increased by 5% to 1,566 of which 780 are independently operated. The programme of store modernisations continued, with 110 stores undergoing refurbishment. The SPAR Express forecourt rollout progressed with an additional 22 stores opened, bringing the total to 89 nationwide.

Major investment continued in the INTERSPAR network, with the opening of a new hypermarket in Styria where a former EUROSPAR store was converted following its extension to 3,100m². Vienna is also seeing a major investment programme with three new INTERSPAR projects underway.

High footfall locations remain a focus for new stores, including a convenience format opening at the new University in Vienna.

Corporate Social Responsibility remains a major focus, with contributions to charity totalling €900,000. SPAR maintained its position as the largest private Austrian employer by creating 1,000 jobs, bringing total employed to 41,000.



Belgium

Retail sales in SPAR Belgium continued to grow reaching €879 million, an increase of 4.6%. This is an excellent outcome in a difficult market. SPAR Belgium is operated by SPAR Retail (part of the Colruyt Group) and Lambrechts N.V. Lambrechts are responsible for 66 stores, all of which are run by independent retailers.

SPAR Retail accounts for 87.5% of total SPAR sales generated through a total of 221 stores, almost all operated independently. The major driver of success for SPAR Retail has been the 69 EUROSPAR Supermarkets. Commitment to continued growth is evident in the investment of €50 million by SPAR Retail in a new SPAR Distribution Centre and Central Office at Mechelen.



Denmark

Following a major restructuring by Dagrofa, the parent company, retail sales increased by 10.7% in local currency. This rapid expansion followed the conversion of 57 stores to EUROSPAR, bringing the total number to 98. The restructuring also saw the removal of the SPAR branding from smaller stores, which resulted in store numbers reducing by 51% to 217.

There was a major focus on rebranding and strengthening the SPAR Brand in Denmark during the year. The new campaign offers customers weekly promotional deals as well as a large discount programme.

The NorgesGruppen purchase of 49% of the Dagrofa Group was approved in October 2013. This will result in benefits to both SPAR Denmark and SPAR Norway.



France

With retail sales approaching €1 billion, SPAR continued to experience some growth in a difficult market. There was a reduction in store numbers to 931, but an increase in average size to 287m². SPAR France launched a brand communication plan during the year, supported by a print and digital campaign. The campaign focused on helping customers reconnect to the SPAR Brand.

The print campaign, which comprised of instore posters and leaflets, was reinforced by a powerful video campaign aired on the internet. A new mobile website was launched during the year. This helped customers find their nearest SPAR store. It also collected useful information relating to customers.

2013 also saw the appointment of a new SPAR France Managing Director, Mr Eric Delaune.



Germany

Retail sales increased to €280 million in 2013 with a marginal increase in store numbers to 377. There was also an increase in retail selling space to 32,000m². SPAR Express is the only SPAR format in Germany. These stores average 85m² in size and place a great emphasis on their 'Food to Go' and Convenience offering.

The majority of SPAR Express stores are currently located in petrol forecourts; they have strong partnerships with Jet / Conoco and Shell, major worldwide oil companies. Three new stores have opened at a prestigious train station. The key focus for next year will be targeting high footfall locations, with plans in place to rollout an additional 90 stores in airports and railway stations.



Greece

Faced by the continued economic recession, SPAR saw a decline of 5.7% in retail sales during the year, bringing the total to €558 million. Low consumer spending throughout Greece resulted in more intense competition. Despite the difficult economic climate, store numbers grew to 181, with retail selling space increasing by 2%.

SPAR Greece invested €5 million in a nationwide communication plan, 60% of this spent on TV advertising. The campaign ran for 310 days, promoting everyday promotions. The focus instore is on price and value, with €5 million invested to permanently reduce the cost of 480 everyday products. In addition to this, ensuring freshness and sourcing of local produce acts as a key differentiator in the market.



Ireland

2013 was a landmark year, marking the 50th anniversary of the SPAR Brand in Ireland. As part of the celebrations SPAR Ireland welcomed the 58th International SPAR Congress.

retailing. The innovative SPAR Christmas TV advert was named 'Best TV Advertising Campaign' for retail in Ireland.

SPAR Ireland continued to top the polls for retail standards claiming the country's top awards for convenience and forecourt

The Irish retail climate remained incredibly challenging, but SPAR Ireland went on to achieve €1.1 billion in retail sales. 35 new stores were opened, resulting in a net increase of seven stores. SPAR Ireland's Facebook community reached a major milestone when it grew to over 150,000.



Italy

With the loss of a regional wholesaler partner, retail sales declined by 4% to €3.5 billion. There are now nine wholesale companies responsible for DESPAR.

The continuing recession impacted most heavily on the independently owned smaller DESPAR local neighbourhood stores, which experienced a 13% decline in store numbers and sales.

The nine Regional Wholesalers continue to invest in company owned stores, which

increased in number by 22 to 542. As a result of this investment, sales only declined by 0.5% and company owned stores now account for 74% of all sales.

DESPAR Partners operate stores under three formats – DESPAR Neighbourhood Supermarkets, EUROSPAR Supermarkets and INTERSPAR Hypermarkets. Many of the larger format stores are company owned, reflecting the scale of investment required. However, the independently owned, neighbourhood local supermarkets, also remain a key part of the future business.



Netherlands

The last year has seen a number of important initiatives by SPAR Netherlands. The SPAR online ordering system has been rolled out with considerable success. This important e-commerce initiative allows customers to order their groceries online and collect instore or opt for home delivery.

As part of its programme of targeting high footfall locations, a new store, which only offers self-checkout, was opened near Amsterdam's University. Students can vote on the store's product range and special offers using Facebook.

In a very competitive market, retail sales totalled €446 million, a decrease of 3.25%. Store numbers also fell slightly to 272.



Norway

With retail sales growing by 4.3% in a market that grew by 2.9%, SPAR increased its market share and is now the fourth largest food retail brand in Norway. Five new stores were opened, bringing the total number to 276.

SPAR celebrated its 20th Anniversary in February 2013. To mark this great

occasion, a party was held, with all SPAR retailers invited to attend. The event was a great success, with 600 delegates in attendance.

There has been a focus on the refurbishment and redevelopment of existing SPAR stores. 60 stores were renewed during the year. It is anticipated that a further 60 stores will be redeveloped in the course of 2014.



Portugal

The progress of SPAR in Portugal was maintained with retail sales increasing by 38%. This excellent performance was due to the continued focus on business development with store numbers growing by 24% to 92 nationwide. The majority of stores are the SPAR Neighbourhood format.

A major initiative has been investing in company owned stores, which act as flagships for the brand. There has also been a focus on redevelopment of existing stores to a new modern 'look and feel'.

The SPAR business has been supported by the continued investment in expanding the capacity of the Distribution Centre.



Spain

SPAR Spain enjoyed continued growth with retail sales increasing by 4.6% to €1.3 billion. This was an excellent performance as the Spanish economy continued to experience a decline in consumer spending with high levels of unemployment.

Store numbers also grew to 1,133, a 5% growth since 2012. Retail sales area increased by 4.6% to now total 415,000m².

A major initiative is the agreement to enter into partnership with Galp Energia petrol stations to launch SPAR stores in their 600 forecourt sites throughout Spain.

Corporate Social Responsibility remains a key focus for the Group. SPAR Gran Canaria was honoured with a Special Award from the Spanish Federation of Food Banks presented by Queen Sofia to mark the unique contribution of SPAR Cencosu.



Switzerland

In a difficult retail environment, characterised by intense price wars, SPAR Switzerland had a successful year. With an increase in retail sales of 3.9%, SPAR increased its market share.

The number of stores increased, with a strong performance by the SPAR Express format. 10 new SPAR Express stores were opened, bringing the total to 15 nationwide.

Corporate Social Responsibility remains a key focus with €11,000 sponsorship to support youth handball teams; this money was provided to assist them in organising events.

SPAR is a major employer in Switzerland with 2,190 employees, 317 of these are trainees that attend the SPAR Academy. 2014 will be an important year, as SPAR will celebrate its 25th Anniversary.



UK

With consumer expenditure under pressure, SPAR experienced a 1.8% decline in retail sales. The decline in sales was primarily as a result of the decline in store numbers, which fell to 2,380 and retail selling space declined by 2.8%.

Format development was a key focus in 2013. The Macro Space Model was created to support retailers to position their stores by target market and product range.

Another key initiative was the opening of the first SPAR branded petrol station in partnership with Harvest Energy.

Private label products continued to achieve excellent results during the year. More than 100 awards were received, including 4 in the prestigious 'Great Taste Awards'.

In a highly competitive market, the SPAR Sales Plan focused on value initiatives such as Baby Prices, Fresh for Less, £1 Value and Dinner Deals.

Digital marketing plays a key role in supporting the Sales Plan. The SPAR UK website achieved 56,000 unique hits during the year, with the newly launched Facebook and Twitter at 11,500 followers. An E-newsletter was received by 22,000 recipients.

Eastern & Central Europe

We now have 1,095 stores in Eastern & Central Europe reflecting an increase in store numbers by 10.2%.



Croatia

2013 was a historic year for Croatia as they became the 28th Member of the EU on 1st July. This event was a major focus for promotional activity highlighting lower prices due to the removal of duties.

Retail sales increased by 2.4% to reach €295 million. Store numbers also increased by 4 to 26. By the end of the year SPAR

operated a total of 16 hypermarkets and 10 supermarkets, with a total retail sales area of over 74,000m².

EU membership also provided a platform for a TV campaign to launch SPAR organic and high quality private label products, including SPAR Veggie and SPAR Natur*pur.



Czech Republic

Retail sales increased marginally in the intensely competitive Czech retail market. The number of stores grew by 4 to 48, with total retail selling space extended to over 157,300m². A new INTERSPAR was opened in one of the largest Shopping Centres in the country.

The INTERSPAR website has been turned into a virtual travel agency in partnership with the largest travel agent in the country. Customers can book their holidays, airline tickets and accommodation online.

In March 2014 it was announced that the SPAR Czech Republic business had been sold to Royal Ahold NV.



Hungary

SPAR enjoyed strong growth, with retail sales increasing by 7.8% and store numbers increasing by 10 to 401. There were a number of important store openings during the year. An Eco INTERSPAR opened in Budapest and the first SPAR Express petrol forecourt was launched. In addition, a SPAR convenience store opened in Budapest's International Airport.

The fourth Stickermania campaign took place in SPAR and INTERSPAR stores. Customers could collect 200 different stickers instore, with some of the proceeds donated to the Hungarian Zoo.

SPAR Hungary's Facebook community grew to over 250,000; they are now the second most popular Facebook page amongst food retailers in Hungary.



Poland

With an increase in retail sales of 46% SPAR enjoyed a record year. This impressive growth was achieved as a result of the continued improved performance of existing stores and the opening of 42 stores. This major programme of store openings brings the total number of stores to 144 with 39,350m² retail selling space.

SPAR Poland relocated to a new Head Office with a flagship SPAR store on the ground floor. It has a new modern look and feel and will be used as a best practice model for future store development.

Sport Sponsorship continues to be a key focus for SPAR Poland including sponsoring sports teams and leading individual athletes.



Russia

SPAR Russia continued its dramatic growth with retail sales growing to 57 billion Roubles – an increase of 26% on 2012. Store numbers grew by 21% to 363 and retail selling space increased by 40%.

SPAR Russia have embraced the multi-format strategy and operate SPAR Express, SPAR, EUROSPAR and SPAR Hypermarket with 63% of all stores company owned.

The success enjoyed by SPAR in Russia is driven by the continued investment by existing SPAR Partners in refurbishing

existing stores, investing in new stores and the recruitment of new Partners.

Four new Partners signed agreements in 2013 bringing the total to 13.

Throughout the last year, SPAR Russia has led a major programme in supporting private label development and negotiating federal contracts.

SPAR Russia also organised a comprehensive range of conferences to share knowledge including the 2013 SPAR International LOGIT conference hosted jointly with SPAR Middle Volga.



Slovenia

Retail sales grew 1% during 2013 to €727 million, in very difficult economic conditions. Store numbers increased by 2 to total 90. Two store formats dominate, with 13 INTERSPAR and 77 SPAR Neighbourhood Supermarkets. Major investment was undertaken with the expansion of the Distribution Centre by 9,000m² which will increase warehouse capacity by 30%.

SPAR is one of the most trusted companies with Nielson research placing SPAR first in terms of freshness, quality and range.

The SPAR Plus loyalty programme has remained a key marketing focus. Currently an impressive 85% of Slovenian households possess cards. Sports sponsorship also remains important with the sponsorship of the Slovene National Basketball Team.



Ukraine

The economic and political crisis impacted on SPAR Ukraine. Sales declined 25% to €50 million. SPAR maintained sales in Eastern Ukraine as a result of investment in refurbishment of stores and the introduction of SPAR International Brands. SPAR in Kiev and Dnepropetrovsk experienced a collapse in sales and profitability.

In the context of the continuing political and economic uncertainty, the SPAR Ukraine business will consolidate in the course of 2014.

The business will be managed with the objective of returning to growth and the recruitment of new regional SPAR Partners to increase the footprint of SPAR.

蔬果萃 Fresh for You



Africa

We now have 1,050,938m² of retail selling space in Africa, with the SPAR Brand present in nine countries.



South Africa

The SPAR Brand celebrated its 50th anniversary in 2013. South Africa was the first country outside Europe to join the SPAR organisation.

The anniversary was marked by a programme of store refurbishment with 155 stores undergoing extensive renovations; this had a positive effect on retail turnover.

Retail sales grew by 9.1% during the year to a record 58.5 billion Rand. Retail selling space increased by 2.2% to 920,000m² and store numbers increased by a net 12

to 817. Due to the continued weakening of the Rand in foreign exchange markets, sales in terms of Euros are down to €4.3 billion.

Major investment was also taken in increasing warehouse capacity with an additional 10,000m² expansion of the KwaZuluNatal dry warehouse. As a result of this, the total warehouse space has grown to in excess of 250,000m², and the capacity in terms of case dispatched increased by 4.3%.

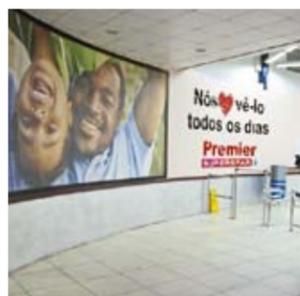
The first SPAR Express store was opened in partnership with Shell.



Botswana

Retail sales performed very well with a growth of 10% to 1.35 billion Rand in 2013. This was a good performance in a difficult market. Due to the strengthening of the Euro against most currencies, the performance translates into a decline of 4.4%, when converted to Euro. Store numbers declined by 1 to 26.

SPAR Botswana operates 20 SPAR Neighbourhood Supermarkets and six SUPERSPAR stores, with the latter accounting for 30% of total sales. The key focus in Botswana remains on the delivery of excellent customer service. Both retail operations support and much of the imported product is sourced from the North Rand Distribution Centre in South Africa.



Mozambique

SPAR enjoyed a trebling in retail sales in 2013. Store numbers have increased to four, including a SUPERSPAR. The successful introduction of SPAR into the Mozambique market has been achieved with the sustained support of the SPAR South Africa Lowveld Distribution Centre.

Malawi

Inflation remained in double digits, which impacted negatively on retail sales; these were recorded at €1.46 million. The local currency lost over 100% of its value against the US Dollar and South African Rand from May 2012 to April 2013 creating a very difficult retail trading environment.



Mauritius

There was a 10% decline in retail sales to €19.7 million recorded during the year. The retail environment remains very challenging, with the major competitor, 'Pick n Pay', deciding to exit the market after two years of operation. The number of stores remains unchanged with six stores and 5,700m² of retail selling space.

Nigeria

Progress continued in developing the SPAR presence in Nigeria with the opening of the fourth store and retail sales growing by 16%. Growth in sales and store numbers is expected in 2014 as seven projects are currently underway for new store development. Four of these projects are self-funded and three are leased.



Namibia

Retail sales and selling space increased in 2013. Retail sales grew by an impressive 16% to 1.7 billion Rand.

All stores offer an extensive range of fresh produce together with a comprehensive ambient range in an attractive shopping environment.

Retail selling space increased by 8.6%, while store numbers remained unchanged at 28; three SUPERSPAR Supermarkets and 25 SPAR Neighbourhood stores.

This strategy has contributed to the continued success of SPAR. Retail operations support and imported product is sourced from the Western Cape Distribution Centre in South Africa.



Zambia

SPAR enjoyed an impressive 20% increase in retail sales during the year in which store numbers increased to 13, of which six are company owned. Ambitious plans are in place to open a further nine stores in 2014, of which six will be Corporate run. All of the stores operated are large supermarkets with an average of 1,700m²

Corporate Social Responsibility continued to remain a focus with SPAR Zambia becoming the country's first corporate supporter of Childline. They aim to raise awareness for the charity through instore marketing campaigns.

2013 also saw the appointment of a new SPAR Zambia Managing Director, Roselt van Eyssen.



Zimbabwe

SPAR experienced a loss of nine stores, resulting in a total at the beginning of 2014 of 42. This decline resulted in a 25% reduction in retail sales area and a fall in retail sales of 31%. It is planned to increase the number of Company owned stores to 20 in the next two years.

Through its CSR programme, SPAR has a tradition of working together with local people and businesses and SPAR retailers are known as 'local heroes'. The 12th SPAR Zimbabwe Family Fun Run was held in aid of Childline.

To support development of the business a new 10,000m² Distribution Centre will open in 2014.

Asia Pacific & Middle East

SPAR now has 455 stores across these markets, having grown retail sales area by 14.5% to 840,229m² in the past year.



Australia

It was a challenging year for SPAR retailers with the growth of discounters Aldi and Costco. In this difficult market, SPAR Retail sales fell by 1.4% in local currency. Store numbers increased during the year by 19, bringing the total to 141 with a 9% increase in retail selling space.

The 'SPAR System' was launched during the year. SPAR Australia is providing €240,000 to support independent retailers with funds to continually improve their stores and develop their offers. Marketing initiatives remained a key focus for 2013, with a number of consumer promotions held during the year to build loyalty to the SPAR Brand.



China

SPAR China again enjoyed excellent growth in 2013, with retail sales reaching €1.41 billion, a growth of 19%.

The strongest performance was achieved in Northern China, with Shanxi and Beijing performing exceptionally well. There was a 14.6% increase in retail selling area to 780,500m²; this includes the opening of the first SPAR store in Sichuan.

A new SPAR Premium Hypermarket was launched during the year in Shandong and Shanxi. Beijing has also seen an impressive increase in store numbers during the year.

Four new SPAR Hypermarkets were opened and this pattern of growth is expected to continue into next year.

The number of SPAR Partners is expected to increase in 2014, with two potential new Partners currently in discussions regarding license agreements. Further growth in store numbers is planned for 3rd and 4th tier cities with the expansion of mass market hypermarkets.

A number of important appointments were made in 2013. SPAR China was appointed to the Board of ECR China. In addition to this, SPAR is now part of the Leadership Committee for the very influential CCFA.



Japan

The SPAR business experienced further consolidation in the last year with the loss of 5 stores and the reduction in retail sales area by 5.2%. Retail sales during this period have declined by some 8%. Since 2009 the SPAR business has only operated on the island of Hokkaido, centred in Sapporo.

UAE



SPAR Abu Dhabi operates three SPAR stores, one flagship store for each format, a hypermarket, a supermarket and a SPAR Express store. 23% of the newly introduced SPAR stores are dedicated to fresh sections which reflects the intention to be 'best in fresh'. The stores perform strongly and reflect the diverse needs of a multicultural country.

2014 will see rapid progress in the development of SPAR in the region, with the opening of three SPAR Express stores and the conversion of recently acquired stores in Dubai and Sharjah. In addition to its focus on retail development, SPAR Abu Dhabi is investing in developing a modern Distribution Centre.

Lebanon

Plans are well underway to open the first of a number of SPAR Neighbourhood stores in Lebanon. The first store is expected to launch in mid 2014.

Qatar

Plans are in place to open two 7,000m² SPAR Hypermarkets in Qatar in early 2015.

Oman

The Licence for Oman has been signed with Khimji Ramdas, a US \$1 billion Distribution Company. Four store conversions are scheduled to open in late 2014.

SPAR Abu Dhabi in partnership with SPAR International has secured regional partners in Lebanon, Qatar and more recently Oman. The first stores in these countries are planned to open in 2014.

SPAR Partners Worldwide

Over 80 Partners work together in SPAR to develop the brand; operating 12,126 stores in 35 countries; SPAR is global yet local.

Australia

SPAR Australia

Austria

SPAR Austria

Belgium

SPAR Retail (part of Colruyt)
SPAR Lambrechts

Botswana

SPAR Botswana
The SPAR Group, South Africa

China

SPAR China

SPAR Regional Companies:

SPAR Shandong
SPAR Guangdong
SPAR Shanxi (and Inner Mongolia)
SPAR Beijing
SPAR Sichuan

Croatia

SPAR Croatia (part of ASPIAG)

Czech Republic

SPAR Czech Republic (part of ASPIAG)

Denmark

SPAR Denmark (part of Dagrofa)

France

SPAR France (part of Groupe Casino)

Germany

SPAR Germany (part of Edeka)

Greece

SPAR Veropoulos

Hungary

SPAR Hungary (part of ASPIAG)

Ireland

SPAR Ireland (part of BWG Foods)

Italy

DESPAR Italia

SPAR Regional Companies:

Aspiag Service
C.A.D.L.A
Cannillo
Ergon
FIORINO
G.A.M.
Gruppo 6
L'Alco
Sardegna

Japan

Hokkaido SPAR

Lebanon

SPAR Lebanon

Mauritius

SPAR Mauritius (part of Groupe Casino)

Mozambique

SPAR Mozambique
The SPAR Group, South Africa

Namibia

SPAR Namibia
The SPAR Group, South Africa

Netherlands

SPAR Netherlands

Nigeria

SPAR Nigeria

Norway

SPAR Norway (part of NorgesGruppen)

Oman

SPAR Oman

Poland

SPAR Poland

Portugal

SPAR Portugal

Qatar

SPAR Qatar

Russia

SPAR Russia

SPAR Regional Companies:

SPAR Altai Region
SPAR Bashkortostan
SPAR Chelyabinsk
SPAR Irkutsk
SPAR Kaliningrad
SPAR Krasnoyarsk
SPAR Middle Volga
SPAR Retail Moscow
SPAR St. Petersburg
SPAR Tomsk
SPAR Tula
SPAR Western Siberia
SPAR Vostok

Slovenia

SPAR Slovenia (part of ASPIAG)

South Africa

The SPAR Group, South Africa

Spain

SPAR Spain

SPAR Regional Companies:

Agrucan
Cencosu
Domingo Marqués
Excluib
Fragadis
Grupo Upper Sociedad Cooperativa
Insular General Alimentaria
José Padilla Francés
Líder Aliment
Miquel Alimentació
Romen
Supermercados Marcial
Tomás Barreto
Victoriano Moldes Ruibal

Switzerland

SPAR Handels

Ukraine

SPAR Ukraine

United Arab Emirates

SPAR UAE

United Kingdom

SPAR UK

SPAR Regional Companies:

Appleby Westward
A.F. Blakemore
James Hall
Henderson Wholesale
C.J. Lang

Zambia

SPAR Zambia

Zimbabwe

SPAR Zimbabwe

Statistics 2013

* Qatar, Lebanon and Oman will all open their first SPAR store in 2014.

** Average currency rates to Euro used in calculations.

Country	Year joined SPAR	Retail Sales 000's	Retail Store Numbers	Retail Sales Area (m ²)	Average Store Size (m ²)
Austria	1954	5,800,000	1,566	1,115,906	713
South Africa	1963	4,308,792	817	920,802	1,127
Italy	1959	3,475,537	1,363	773,394	567
United Kingdom	1956	3,009,068	2,380	365,156	153
Norway	1984	1,551,525	276	165,474	600
Hungary	1992	1,529,903	401	398,316	993
China	2004	1,409,375	230	780,479	3,393
Russia	2000	1,343,145	363	205,946	567
Spain	1959	1,305,666	1,133	415,159	366
Ireland	1963	1,077,684	417	114,598	275
Denmark	1954	1,110,226	217	152,754	704
France	1955	988,300	931	267,244	287
Belgium	1947	879,205	283	141,556	500
Slovenia	1992	727,304	90	144,506	1,606
Greece	1969	558,054	181	139,266	769
Czech Republic	1992	539,754	48	157,333	3,278
Switzerland	1989	478,605	184	74,591	405
Netherlands	1932	446,179	272	104,196	383
Croatia	2004	295,049	26	74,233	2,855
Germany	1953	280,000	377	31,865	85
Australia	1994	172,543	141	45,601	323
Zimbabwe	1969	148,925	42	31,616	753
Namibia	2004	133,726	28	30,517	1,090
Poland	1995	131,522	144	39,350	273
Botswana	2004	106,095	26	25,583	984
Portugal	2006	65,730	92	30,591	333
Zambia	2003	60,000	13	22,832	1,756
Japan	1997	58,427	81	8,849	109
Ukraine	2001	50,070	23	12,797	556
Nigeria	2009	47,496	4	5,513	1,378
U.A.E.	2011	37,500	3	5,300	1,767
Mozambique	2012	35,934	4	6,725	2,242
Mauritius	2000	19,680	6	5,700	950
Malawi	2011	1,461	1	1,650	1,650
Qatar*	2013				
Lebanon*	2013				
Oman*	2013				
Total		32,182,481	12,163	6,815,398	560