



better
together

SPAR International Annual Review 2016



2016 – Our year at a glance

The 2016 statistics show the continuing strength and attractiveness of the SPAR Brand globally.

€33.1bn

GLOBAL SALES

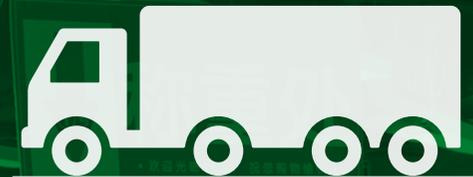


77

RETAIL & WHOLESALE PARTNERS

240

DISTRIBUTION CENTRES



7.2 MILLION
m²

GLOBAL RETAIL SALES AREA



574 m²

AVERAGE STORE SIZE GLOBALLY

€4,595 PER m²

AVERAGE ANNUAL SALES GLOBALLY

369

ADDITIONAL STORES GLOBALLY

SERVING **13**
MILLION
CUSTOMERS
PER DAY



SALES GROWTH

+4.5%

12,545
STORES
GLOBALLY



350,000

SPAR COLLEAGUES EMPLOYED



better together

SPAR International Annual Review 2016

A record year

For the second year in a row, with growth of 4.5%, SPAR grew at its fastest rate worldwide in 10 years. This record year was driven by a combination of like-for-like organic growth, successful acquisitions and new country expansion.

The success of SPAR in 2016 was built upon the brand mission set out 85 years ago, in the form of a simple yet highly effective idea - that through united co-operation all shall benefit.

That brand mission has remained constant over time and today it forms the core of SPAR's strategy: Better Together. Since our foundation, our purpose has been to grow our brand, our presence and our partners by enhancing the competitiveness, productivity and profitability of our retail and wholesale partners worldwide. Better Together captures this in a modern context. SPAR unites and connects leading retailers in the knowledge that working together we are stronger and better together. Sharing resources and the expertise of our combined global scale and vast network.

As the world's largest voluntary food retail chain, with 12,545 stores in 44 countries and a global turnover of €33.1 billion, SPAR harnesses its strength from its diversity and global network. During 2016, SPAR launched in five new countries and expanded through new regional partners in China and Russia. It was an exceedingly strong year of store expansion, with 369 new stores and 224,956m² in net sales area opened.



“In 2016, the SPAR worldwide organisation achieved excellent growth of 4.5%. Continued growth in Europe was enhanced by the rapid expansion of SPAR in emerging markets.”

*Tobias Wasmuht, Managing Director,
SPAR International*



Europe

SPAR had a very strong year in Europe, growing at 4.8%. In this region, SPAR benefited from a return in investment on store modernisation, particularly in the compact hypermarket as well as the neighbourhood / convenience channels. SPAR is operational in nine countries in the Eurozone and these SPAR Partners performed exceptionally well in 2016, growing to €15 billion retail sales, opening net 34 stores and increasing total selling area to 2.9 million m². Despite the economic and political uncertainty of Brexit, SPAR in the UK had record results, adding 186 net new stores and growing by £223 million, an increase of 8.5% in local currency.

SPAR in Europe benefits from customers demanding more convenience, as evidenced by the strong performance of convenience and neighbourhood channels across European grocery markets. With over 6,000 of these stores in Western Europe alone, SPAR is well placed to build on this strong position and shall continue to grow through the addition of both independent retailers and company owned stores.

Central and Eastern Europe

In Central and Eastern Europe, SPAR grew at an impressive 6.1%. SPAR Hungary, SPAR Slovenia and SPAR Croatia, owned and operated by ASPIAG (Austrian SPAR International AG), grew strongly. Hungary is the largest SPAR market in the region with over €1.67 billion turnover. SPAR Russia grew at 7.7%, continuing to show great resilience in the face of strong discount competition and cautious consumer demand.

Africa and the Middle East

SPAR now has a presence in 15 countries in Africa and the Middle East. The region showed continued growth driven by the SPAR Group of South Africa with sales in local currency increasing by 8.3% during the year. Despite volatility and a weakened South African Rand, this equates to a turnover of over €4.4 billion. In the Middle East, SPAR had an excellent year with both the UAE and Oman growing by 50% and 192% respectively. With a strong foothold established in the region, 2017 shall also see SPAR opening in both Qatar and Riyadh.

Asia

In addition to growing our presence in Asia through the launch of SPAR in Thailand, SPAR now has a presence in five Asian countries with 1.2 million m² in net retail sales area. In local currency, growth amounted to 6.7%; when reported in Euro this corresponds to €1.93 billion.

Growth in China was driven by the development of hypermarkets in cities as well as the launch of world class convenience stores in the urban centres of the seven provinces of China where SPAR has a presence.

12,545
STORES
44
COUNTRIES
77
PARTNERS

Expansion

2016 was a year of expansion through new market development. A key highlight was the launch of SPAR in Albania in partnership with Albania's largest privately-owned business conglomerate, the Balfin Group, which resulted in the conversion of former Carrefour stores to INTERSPAR Hypermarkets and SPAR Supermarkets. SPAR Albania's multi-format strategy has enabled the group to already seek independent retailers to grow further.

In Asia, a key development was the launch of SPAR Thailand, the largest and most developed modern food retail market in the ASEAN group of countries. In partnership with the Bangchak Corporation, a leading public listed Thai energy company operating over 1,000 Forecourts across the country, SPAR is set to develop integrated forecourts as well as stand-alone stores. The first seven SPAR Express stores opened in the Greater Bangkok area in November 2016, marking the start of SPAR's expansion into this strategically important new market. With an investment of €74 million, plans are in place to open 300 SPAR stores in Thailand by the end of 2020.

Outlook

The continued investment by SPAR Partners worldwide at both retail and wholesale level has driven growth and a sustained strong performance. The combined investment in the brand at international and national level strengthens all partners, enabling SPAR to attract new members seeking to grow and fast-track their development by benefiting from the scale and advantage the SPAR Brand offers.

During the second half of 2016, new licence agreements were concluded which shall see the continued expansion of SPAR in 2017 through entry into at least six new territories in Europe, Asia, Africa and the Middle East. We are well placed to continue to benefit from the growth in neighbourhood and convenience retail in the more mature markets in which SPAR operates and have set the foundation in developing countries to build on our scale.

SPAR International Board

The Board supports the development of the global strategy for the brand jointly with SPAR International. The Board meets in SPAR Partner countries and facilitates visits to retailers, creating the opportunity to exchange information and share local knowledge.



International SPAR Board

Chairman

Graham O'Connor South Africa

Members

Peter Blakemore United Kingdom
Gerhard Drexel Austria
Knut Johannson Norway
Paul Klotz Italy
Tobias Wasmuht SPAR International
David Moore SPAR International

International SPAR Guild

Members

Bjorn Bendikssen Norway
John Clohisey Ireland
Kevin Hunt United Kingdom
Dean Jankielsohn South Africa
Martin Pircher Italy
Christian Prauchner Austria

Strategy

As the world's largest food retail voluntary chain, with over 12,500 stores in 44 countries and a global turnover of €33 billion, all members of the SPAR worldwide organisation derive great strength from unifying under one strong global brand. During 2016, we launched our new strategy entitled 'Better Together' in the belief that with a concerted effort, all parts of the SPAR organisation will enjoy tangible and intangible benefits from leveraging our global scale and network through adopting the founding principle of SPAR:

**“Door Eendrachtig
Samenwerken
Profiteren Allen
Regelmatig – Through
United Co-operation
All Shall Benefit.”**

The principles and values of the Better Together strategy are increasingly relevant in an ever changing world faced with unpredictable financial, political and environmental challenges. The success of companies in today's social economy is built on sharing a collective of physical and human resources for mutual benefit connected by a strong international brand. This has been part of the DNA of SPAR since its foundation.

As part of the SPAR family, independent retailers and wholesalers leverage the power of the brand for improved efficiency, economies of scale, access to products, cost savings and retail expertise. They invest in the brand and share valuable local knowledge and experience, contributing improvements and innovations for the benefit of all members. If SPAR is successful internationally, everyone can grow stronger.



OUR PURPOSE

To grow our brand, our presence and our partners by enhancing the competitiveness, productivity and profitability of our retail and wholesale partners worldwide.

OUR GOALS

Be the No.1 retail brand of choice for retail partners globally

Fast track development of regional retailers in the face of international competition

Lead and innovate retail trends and developments

Provide insights and resources to allow our partners to excel globally

Grow and develop our SPAR people globally

Growth and scale

SPAR International is a growth and scale organisation. Our purpose is to continually grow our brand, our presence and our partners by enhancing the competitiveness, productivity and profitability of all partners.

Through working better together, we can harness our shared scale and the resources of our large global network. Leveraging this scale also enables us to generate value in the form of productivity gains and cost savings. In turn, this value generation is reinvested into greater centralised resources to provide a great scope of services to our partners, allowing us to improve their competitiveness.

Scope of Service



Expansion

With growth as our key driver, we are committed to expanding our presence to 48 countries, with 8 million m² of net retail sales area by the end of 2018. We will achieve this by working together with new and existing partners to develop into new territories, targeting expansion in Europe and Eurasia, South Asia, Africa and the Middle East. Our goal is to be the Nr. 1 retail brand of choice for retailers globally, seeking to fast track their development in the face of international competition.

Retail

SPAR International works with our partners to continuously modernise our retail offer, formats and concepts. Our goal is to lead and innovate retail trends and developments by being able to share our learnings gained from working globally and across all channels to allow our retailers to remain ahead of

the competition. Our partners benefit from an international knowledge pool and shared resources to implement tried and tested solutions faster and more efficiently, with greater confidence of success.

Buying

The power of co-operation through pooling our volumes and know-how is highly tangible in buying and procurement. The international development and buying of SPAR Own Brand has been a key pillar of our scope of service to our partners internationally. Today, we source on behalf of our partners from four continents. As we grow our network, we can directly source from an expanding range of local suppliers through our partners. In turn, we provide market access to our supplier partners and the possibility to grow together with SPAR.

Procurement

In 2016, SPAR Partners opened over 350 new stores in addition to the continuous development of store conversions, re-models and upgrades, impacting on almost 500,000m² of our retail sales area. Our retail growth is supported by major, ongoing investments in warehousing, supply chains and technology. Through the approach of better together, we unify our procurement needs and work with our accredited international supplier partners through a collaborative buying process, which harnesses the commercial scale and advantages of our group, whilst providing greater volumes and market access to our partners.

Supply Chain

In end-to-end supply chain, we work together within SPAR and with our suppliers to better manage inventory, reducing waste and costs to improve productivity in both retail and wholesale. Our goal is to provide the resources to allow our partners to excel globally. SPAR International allows partners to gain from the extensive expertise available within SPAR globally, whether in relation to a major supply chain network design, the development of a new Distribution Centre, or the re-development of an existing warehouse. The savings and productivity gains achieved are reinvested in our retail offer to better serve our SPAR retailers and their customers.

People

The 350,000 SPAR colleagues worldwide are our greatest asset. We have both the opportunity and challenge to harness their knowledge and develop their skills. This global SPAR talent bank provides the ability to share expertise across the group. We support our people in transferring knowledge as well as our brand culture, whilst providing additional career opportunities. Through sharing resources in training and development, we are well placed to build on the existing resources through the establishment of a multi-national and multi-lingual training academy for SPAR partners worldwide.

Responsible Retailing

As a food retailer, SPAR contributes to the communities in which we operate in many different ways. Community involvement is a core value of our brand and our people. From providing employment through to supporting those in need by volunteering time or generating funds for charities, SPAR adds value to local communities. SPAR International works with partners to bring together the extensive engagement in community giving, charities, environmental awareness, better sourcing and health and wellness. SPAR International partners directly with the Global Alliance for Improvement in Nutrition (GAIN) and has set Nutrition as a key focus area as part of the Better Together strategy.

Better Together today and tomorrow

We are better together – we buy better together, we learn better together, we succeed better together. This is what the core premise of our strategy is all about. It has been a success for 85 years because it is the brand that brings us together. It is the DNA, the cement of our relationships that pulls us together because every part of the organisation knows that international success strengthens all of us.

There is so much more opportunity to leverage this strength. As we look to the future, we will challenge ourselves to further unite and grow together. What we achieved together in 2016 was outstanding, but in 2017 and beyond we will do even better – together.

“In the last decade, SPAR International has grown from strength to strength in key strategic markets in Asia. Today, we have a significant multi-format presence including online in China, India and Indonesia. The launch of SPAR Thailand represents a significant step forward in the ongoing expansion of SPAR into Asian markets.”

*Tobias Wasmuht, Managing Director,
SPAR International*





Expansion

After more than a decade of expansion, SPAR is now present in some of the world's largest and fastest growing consumer markets: China, with a population of 1.3 billion people; India with 1.25 billion; Indonesia with 250 million; and Nigeria with 170 million.

Following another strong year of expansion, there are now 12,545 SPAR stores in 44 countries, giving every partner greater strength through the continuous growth of the SPAR Brand worldwide.

Highlighting this momentum, SPAR expanded further in 2016, entering new countries as well as expanding its store numbers in established markets.

New markets, new perspectives

A key strategic development for SPAR was the entry into Thailand. This is the largest grocery food retail market in value terms in the ASEAN group of countries. SPAR International has partnered with the Bangchak Group, a leading Thai public-listed energy company, operating over 1,000 forecourts across Thailand. The partnership brings together the internationally tried and tested retail expertise of SPAR with Bangchak's extensive knowledge of the Thai market and consumer.

The partnership is a true example of the SPAR ethos in which through working together all shall benefit. As a shared core value, SPAR and Bangchak focus on supporting the communities in which we operate.

SPAR Thailand is focused on sourcing produce and product locally. SPAR International is also working with Bangchak on the development and launch of a range of own brand products sourced in Thailand.

The first SPAR forecourt store opened in greater Bangkok in November 2016, rapidly followed by a further six stores including a stand-alone store in the centre of Bangkok. The establishment of the retail division was achieved in only a few short months – the project was commenced in February and the first opening was in November. With an investment of €74 million, there are plans to open a total of 300 new SPAR stores throughout Thailand by the end of 2020.

235,430m²

RETAIL SALES AREA
ADDED IN 2016

In Europe, the key expansion highlight has been the launch of SPAR in Albania. In partnership with the Balfin Group, the largest privately owned Albanian conglomerate, SPAR Albania and SPAR International successfully converted the former Carrefour stores to INTERSPAR Hypermarkets and SPAR Supermarkets. SPAR Albania benefits from its close geographic position to neighbouring DESPAR Italia and since the opening, an extensive range of SPAR Own Brand products formed a key part of the customer offer.



“We are delighted to be partnering with SPAR. Our multi-million Euro investment and ambitious plans for expansion are based firmly on our confidence in the SPAR offering. We look forward to bringing these modern new store formats, excellent products and great customer service to our customers in Albania”

Julian Mane, Vice-President Retail, Balfin Group

By applying the customer proposition, philosophy and slogan 'live better, spend less', SPAR Albania provides shoppers with the freshness, value, choice and service demanded by the modern shopper. Through the support of DESPAR Italia and SPAR International, SPAR Albania now has access to a range of 2,000 SPAR Own Brand products which supplement locally sourced Albanian products.

The converted stores have been well received by Albanian customers, seeing increases in both sales and gross margin. A further development in Albania has been the introduction of independent SPAR retailers. The Balfin Group plans to open over 100 SPAR Supermarkets and 10 INTERSPAR Hypermarkets, creating the largest retail network in Albania and investing over €50 million in the project.

Russia saw continued growth despite challenging economic conditions, with 10 strong regional Partners now operating 430 stores across the country. Knowledge sharing platforms developed by SPAR Russia and shared learning in distribution, have enabled developments in hypermarket formats in St Petersburg, Tula and Nizhny Novgorod. Modern EUROSPAR Supermarkets have also been established in Kaliningrad and Izhevsk, along with convenience stores in Moscow.

Growing our presence in Asia

SPAR in China continues to expand in a maturing food retail sector, with store numbers increasing by 14% to 395. SPAR China added 43,918m² of selling space in 2016 and today, 14% of the total SPAR worldwide selling area is in China. A new partner joined the group in Zhangjiakou, Hebei province, and plans are well advanced to add a further partner in 2017 in central China.

Launched in 2010, SPAR Online and Multi-channel retail has developed into a key channel, offering a convenient and fast service that meets the demands of the modern Chinese consumer. Further investment into the supply chain has seen SPAR China develop fully integrated food production centres and central bakeries as a key way of differentiating and excelling SPAR's fresh food offering.

After successfully launching in 2015, SPAR continued to grow rapidly in Indonesia, expanding to 23 SPAR Supermarkets operating 42,276m² of net retail selling space. The conversion of stores to SPAR has led to the improvement in the contribution of fresh food sales and gross retail margin. The remodelled and modernised stores have been successful. SPAR Partner, Ramayana, has built on this momentum and further investment is being made into modernisation of the supply chain and IT systems to enable effective future growth and productivity gains.



48

BY 2018 SPAR PRESENCE
IN 48 COUNTRIES

Tailored to local needs

There was also significant expansion across the Middle East in 2016. SPAR entered the United Arab Emirates (UAE) five years ago and store numbers have now grown to 23. The multi-format strategy of SPAR stores in Abu Dhabi and the surrounding region generated total annual sales of €113.3 million. A combination of new build supermarkets and conversions of existing convenience stores has enabled SPAR UAE to expand effectively.

SPAR Partner Khimji Ramdas in Oman has invested significantly in expanding their SPAR retail offer, moving into new regions and opening 12 new stores to end the year with 15 modern food service orientated supermarkets. By introducing express, convenience and supermarket solutions combined with home delivery services, SPAR Oman has greater opportunities and ambitious plans for future growth. The attractiveness and visibility of

the SPAR Brand in Oman has resulted in an agreement with Al Maha petrol forecourt operator to open SPAR Express convenience stores in 2017.

There is an equally exciting opportunity in Nigeria, where the population is forecast to grow by 90 million to 260 million within the next 15 years. SPAR Nigeria has already opened 10 modern SPAR Hypermarkets and large-scale SPAR Supermarkets. SPAR Partner Artee Group Ltd has invested substantially, building its own shopping malls and supporting infrastructure.

Growing independent retailers

SPAR UK is a leading convenience retailer in the market, supporting independent retailers through five wholesalers and six Distribution Centres. Despite the highly competitive market, SPAR UK had a great year, adding a further 186 stores to end the year with 2,620

stores trading out of 371,189m². Independent retailers benefited from strong own brand range development and a renewed focus on food service, convenience and locally sourced produce, fresh foods and ready meal ranges.

The well-established SPAR Partners in Hungary and Slovenia have expanded by developing infrastructure to support independent retailers, increasing brand presence throughout their countries. SPAR Slovenia grew store numbers by ten. SPAR Hungary invested 20 billion HUF to renovate and develop 24 supermarkets, and independent retailers opened 13 more stores, ending the year with 493 supermarkets.

SPAR Poland has been growing rapidly into new territories and was particularly successful in Krakow, growing the brand through an independent retailer with multiple stores. 18 new stores were opened in Poland in 2016, ending the year with 225 SPAR and EUROSPAR Supermarkets nationwide.

Expanding into the future

The strength of the expansion in 2016 has laid the foundation for another dynamic year in 2017. As part of our Better Together strategy we have set out the need to continually grow our presence through expansion into new markets as well as growing our scale and resources in both developing and mature SPAR markets.

In 2017, SPAR will expand and develop in Europe including the Baltics, Caucuses and Mediterranean countries, as well as realise the possibilities to penetrate deeper into the Middle East and Asia. With a strong foundation in place, the outlook for the development and growth of SPAR worldwide is robust and compelling.

“SPAR creates value on a global scale through our voluntary trading model and convenient delivery of fresh food and groceries.”

*Graham O'Connor, President,
SPAR International*





369

NEW STORES OPENED IN
2016, BY 77 SPAR PARTNERS
IN 44 COUNTRIES

Retail

The retail scope of service of SPAR International provides SPAR Partners access to international concept and format development. In 2016, we are proud to have collaborated with SPAR Partners to deliver over 75 international retail projects in 21 countries. This partnership enables access to a central resource of consultancy at SPAR International and in turn, through the close collaboration with our partners, we are able to trial and test retail innovations developed from identified and anticipated global consumer and retail trends.

Through the implementation of flagship stores and category innovation projects, we create a retail experience that meets the needs of our shoppers internationally. Over time, these new retail formats and category solutions are rolled out globally. Utilising a continuous cycle of retail innovations, ideas are shared and adopted.

Neighbourhood modernisation and urban supermarkets

A key feature of the strong performance of SPAR in 2016 has been the renaissance of modern neighbourhood retail in Western Europe. Of the 9,000 SPAR Supermarkets in Europe, more than 80% are stores ranging from 200m² to 1,000m² in size with the majority being operated by independent retailers.

Investment in the modernisation of neighbourhood SPAR stores and the resurgence of new urban city stores has been a key factor in the above average growth of SPAR in the UK, Ireland, Belgium, Denmark, Norway, and the Netherlands. SPAR International worked together with SPAR Denmark on a strategic project to develop a new SPAR retail proposition for the Danish market.

The resulting store concept launched at the end of 2016 was very well received by SPAR retailers and shoppers alike. In Belgium, the SPAR format development undertaken by SPAR International and Retail Partners Colruyt in 2015 contributed to the exceptional results of a 10% year on year sales growth.

Building on the success of the SPAR Mammut project in central Budapest in 2014, SPAR International, SPAR Hungary and ASPIAG joined forces on a second SPAR flagship store project in Kerepesi in the suburbs of Budapest. Both stores are performing above expectation and customers have responded positively to the market style layout, expanded fresh departments and the inclusion of a SPAR-to-Go counter serving hot and ready-made meals.



“SPAR Partners benefit from the advantages that come with a Brand which is well known and trusted – buying together enables better prices for partners.”

Martin Agnew, Managing Director, Hendersons UK

Food centric compact hypermarkets

In September 2016, SPAR Austria opened the latest INTERSPAR Hypermarket flagship store in Florisdorf, Vienna. Architecturally, the store sets itself apart and, in a compact urban location, creates an exciting shopping experience across three floors. An open fresh market is complemented by an artisan instore bakery and a full service INTERSPAR restaurant and café. Designed and developed to meet the way we live today, INTERSPAR Florisdorf encapsulates the trend to more compact and food-centric hypermarkets – a format that is increasingly successful for SPAR worldwide.

In neighbouring Hungary, ASPIAG and SPAR Hungary developed two further new INTERSPAR Flagships stores which set the standard internationally for SPAR.

During 2016, in addition to introducing INTERSPAR to Albania, SPAR International worked closely with partners in Tomsk and Kaliningrad to grow the INTERSPAR format in Russia.

Internationalisation of convenience

2016 reflects the expansion of SPAR convenience stores globally. Smaller households, urbanisation and dual-income parents are some of the macro-global trends that are driving the growth of convenience and proximity retail. In China, SPAR International worked with SPAR Partners in Shandong, Guangdong and Beijing to introduce SPAR Express stores in the urban centres of large-scale Chinese cities. Benefiting from the global expertise that exist in SPAR worldwide, our Chinese partners have introduced the latest proven SPAR convenience formats.

In the United Kingdom and Ireland, over the past sixty years, SPAR has become an integral part of daily life for customers seeking convenience in their neighbourhood or, more recently, at a petrol forecourt SPAR Express. In 2016, both SPAR Ireland and SPAR UK expanded their store network with 50 and 212 new stores added respectively. Today, SPAR in the UK operates over 1,000 SPAR stores on forecourt sites.

In 2016 the SPAR Express format also experienced strong growth in the Benelux region and was launched in partnership with Texaco at forecourts in the Netherlands, whilst SPAR Lambrechts in Belgium expanded the SPAR Express format through a combination of conversions and new store openings.



12,545

STORES MEETING 13 MILLION SHOPPERS NEEDS EVERY DAY



“SPAR and BCR share many key values such as a dedication to growth, a commitment to local suppliers, supporting communities and offering diverse retail solutions.”

*Mr Viboon Wongsakul,
Managing Director, SPAR Thailand*

Future format development

The launch of large-scale SPAR forecourt stores in Thailand was an opportunity to harness international convenience retail expertise within SPAR; the objective was to design a revolutionary concept which would disrupt and differentiate SPAR from the conventional C-store concept entrenched in the market.

Comprising a diverse range of new solutions adapted to Thai shoppers, a shopping mission approach, previously developed in international flagship stores in co-operation with SPAR Ireland, laid the foundation for the conceptual planning of the retail proposition – an open plan ‘foodvenience’ store.

Combining the best of global and local, a SPAR forecourt destination concept was developed which integrates the convenience of freshly prepared ready-to-eat food service with a wide range of groceries and fresh foods.

Core to the development of the concept has been the guiding principles of Freshness, Convenience and Health.

SPAR Natural is a pioneering new concept development launched in Gran Canaria based on the growing consumer demand for healthy choices. Working together with SPAR Gran Canaria and SPAR Spain, SPAR International developed this concept in response to the growing demand for health and wellness products from both visiting residents from Northern Europe and long term residents of the Island.

The resulting store appeals to both young and old. With a range of over 4,000 health and wellness products sourced internationally as well as locally, the store clearly differentiates itself. SPAR Natural has been developed to be rolled out as both a stand-alone store concept or as a large health and wellness category solution in SPAR Supermarkets and Hypermarkets.

“We are confident that SPAR Natural has great possibilities both now and in the future for SPAR. We aim to grow this new line of business in our market and are keen to share our knowledge with other SPAR Partners.”

*Jesús Díaz Quintana,
Managing Director, SPAR Mogan,
Gran Canaria*



Buying

Buying Better Together

The international development and buying of SPAR Own Brand has been a key pillar of our scope of service to our partners internationally. Today we source on behalf of our partners in 28 countries across four continents.

As we expand our network we realise the potential of sourcing directly from an ever-expanding number of local suppliers through our international SPAR Partners. In turn, we provide market access to our supplier partners and the possibility to grow together with SPAR.

One example of this type of better buying together can be illustrated by the launch of

SPAR Thai Jasmine Rice in international markets, utilising the cooperative farming network of our new Thai partner, Bangchak.

The significant and growing market presence of SPAR in the large-scale emerging markets of Russia, China, India, Indonesia, Africa and the Middle East provides an attractive opportunity for established FMCG suppliers in Europe to grow together with SPAR.

SPAR International actively engages with branded FMCG partners to facilitate market development and ensures that the benefits of the resulting volume growth are for the benefit of all.

International Own Brand

SPAR International brings together the forces of SPAR Partners to develop an international range of SPAR Own Brand products, harnessing economies of scale by pooling volumes and sharing resources to maximise efficiency and profitability for each member and as a group.

Through the international network of Buying International Group SPAR (BIGS), we can draw on each other's expertise and sourcing resources. A centralised buying team at SPAR International provides resources for product development, product specification and supplier negotiation. In 2016, consecutive category reviews resulted in strong growth and development of SPAR Own Brand ranges.



5,000

OWN BRAND AND EXCLUSIVE BRAND PRODUCTS OFFERED TO SPAR AUSTRIA CUSTOMERS

International consolidation

SPAR International provides a logistics support service to SPAR Partners by consolidating volumes and optimising the productivity of the supply chain. Located in the Netherlands, this service is utilised by SPAR Partners globally and in 2016 over 30 countries benefited from this service. In 2016, SPAR International also expanded its range of products through new product development and combining internationally developed SPAR Own Brand ranges, making them available through coordinated logistics to a great number of SPAR markets. An example of the success of this approach was that upon launch, SPAR Albania could offer over 2,000 SPAR Own Brands sourced via SPAR International and DESPAR Italia.

“What you experience in Norway, Austria, China, Russia or Switzerland can now be experienced in Oman, thanks to SPAR ... Everything that we do is built around how we can add value to our shoppers.”

*Sridhar Moosapeta,
Chief Executive Officer, Consumer Division, SPAR Oman*

151

AWARDS FOR OWN BRAND CATEGORY WON IN 2016

“SPAR Brand is what unites the individual members as a family and is the most important ingredient we have. SPAR Own Brand gives us a real point of difference and allows us to compete in the market place, driving customer loyalty.”

*Debbie Robinson,
Managing Director, SPAR UK*





Procurement

Collaborative buying

Our retail growth is supported by major ongoing investments in store development warehousing, supply chains and technology. Through the approach of better together, we unify our procurement needs and work with our accredited international supplier partners. Our collaborative buying process harnesses the commercial scale and advantages of our group whilst providing greater volumes and market access to our partners.

As the scale of SPAR continues to expand, there are increasing opportunities to reduce costs and create value for partners through coordinated purchasing from accredited

international SPAR suppliers of non-resalable goods, equipment and systems. Today, SPAR Partners reap the benefits of scale by combining volumes and coordinating requirements for equipment essential to business operations, profiting from cost savings and competitiveness.

In 2016, a consortium of purchasing directors from SPAR Partners worked together with SPAR International to target areas across material handling, transport, store equipment and systems to improve the international coordination of buying and negotiation. The standardisation of specification procurement processes has been very successful for all participating partners.

IT collaboration

A further key development has been the collaboration with our international IT systems partners. Through working better together, the knowledge and expertise of our IT teams worldwide are consolidated and made available to partners as they seek to expand and develop their own systems capability.

Utilising this way of working together, projects can be accelerated and partners can use technology in the knowledge that the system developments have been previously successfully implemented by SPAR Partners elsewhere.



“At SPAR, we focus on ensuring we can collaborate with our suppliers and support innovation, so that we can become the hypermarket of choice for our customers.”

*Rajeev Krishnan,
Managing Director, SPAR India*

“Despite constrained growth, 15.46 million cases were despatched, and the service level for St. Gallen averages 99.5% across store formats.”

*Hans Beer, Managing Director,
SPAR Switzerland*





Supply Chain

In end-to-end supply chain, SPAR's Better Together strategy means utilising our scale and extensive network to work with our suppliers to better manage inventory, reduce waste and costs to improve productivity at a retail and wholesale level.

SPAR International and SPAR Partners work together internationally to benefit from the extensive expertise available within SPAR globally, whether in relation to a major supply chain network design, the development of a new Distribution Centre or a cutting-edge refit of an existing warehouse or store.

SPAR International provides a platform for sharing knowledge from within and outside of the SPAR organisation. The learnings are then

made available to all SPAR Partners through SPAR Connect, our global intranet portal, where an extensive number of guidelines and manuals in all areas of logistics, transport, warehousing and supply chain can be found and adapted for local use.

State-of-the-art supply chain

Automation is an increasing feature of the supply chain – although it requires a large investment, it has the potential to cut costs significantly. In 2016, SPAR Austria opened the most technologically advanced logistics centre in Europe. Located in Ebergassing, it supplies the growing number of SPAR stores in the area of Vienna.

The original Distribution Centre in St. Pölten was no longer able to meet the needs of the increasing retail estate. SPAR Austria's logistics centre planning began in 2014, construction was initiated in 2015 and the partial opening took place in June 2016 – the result of an investment of €85 million. The entire centre will be fully functional in spring 2017.

In the new logistics centre, products move from inbound trucks to their position in the racks, then back to the outbound trucks on automated guided vehicles. One of the many cost-saving impacts of this is a reduction in forklift operators in the warehouse, which means the whole day-to-day operation costs less.



“SPAR Austria is a leader in innovation and has always invested in new technologies for logistics. Innovation supporting the security of supply and the support of our SPAR retailers in their day-to-day work is an ongoing investment.”

*Friedrich Poppmeier,
Board Member, SPAR Austria*

Working Better Together

At the same time as learning together with SPAR Austria about automation implementation, a key project for SPAR International was supporting SPAR Gran Canaria with the expansion of their Distribution Centre which needed to grow to meet the increasing demands of over 160 stores on the island. The local team benefited from the planning services of SPAR International as well as the collaboration of the supply chain project directors from other SPAR Partners. By transferring and sharing the practical experiences of SPAR colleagues from around the world, SPAR Gran Canaria was able to execute this major investment project whilst limiting risk. The expanded centre joins other best-in-class SPAR Warehouse developments internationally.

With a 120% increase in capacity; the additional stocking of 3,700 new products;

the inclusion of a dynamic gravitational order-picking system that optimises volumes; a hoist system that facilitates order consolidation; 17 new loading bays and 12,500 new pallet rack slots; the expanded centre has already delivered significant cost savings and improved efficiency and productivity levels.

The centre's software solution, called SO99+, was also successfully introduced, enabling the warehouse to forecast the demand from stores and refine the way they order from suppliers, thereby cutting inventory costs by 13%. Learning from the experiences of other SPAR Partners made the identification of the appropriate software solution easier for SPAR Gran Canaria.

Reflecting the ongoing investment into supply chain within SPAR, another project supported last year by SPAR International was the opening by SPAR Kaliningrad in Russia of a new warehouse: a 12,500m² Distribution

Centre supplying dry groceries, chilled produce and frozen seafood.

The new centre enables SPAR Kaliningrad to continue growing its retail stores, providing a better service with over 2,600 products being delivered from one source. Learnings taken from other SPAR Partners in Russia and other countries were adapted to meet the needs of local customers and tourists in the region.

“With this investment, we will be able to provide great service to the independent retailers we support on Gran Canaria for many years.”

*Ángel Medina Padrón, President,
SPAR Gran Canaria*



78,000

STORE DELIVERIES EVERY WEEK COMPLETED BY SPAR WAREHOUSES



Developing local expertise

Developing a Distribution Centre with an automated system can cost tens of millions of Euros, and it also takes time – a normal Distribution Centre can be open within six months, whereas a fully automated Distribution Centre can take over 18 months to complete.

Having access to a diverse range of solutions found throughout SPAR worldwide, from the highly automated to the very practical, enables SPAR Partners to develop the most appropriate Distribution Centres for their markets.

Tapping into that expertise, SPAR Thailand received extensive support from SPAR International whilst building up and launching the new retail organisation from the outset, including all the retail systems, logistics, supply chain and distribution network. This was done within a very short time-frame of nine months,

utilising knowledge from SPAR Partners to develop a solution that was most appropriate for the market. Advice was obtained from SPAR Partners in Indonesia, China, Japan and Australia, as well as SPAR International, resulting in the successful launch in October of SPAR Thailand.

Leaders in supply chain

SPAR Partners work together to review how to effectively use their warehouses and transport, collaborate with suppliers and share insights and knowledge. In the past 10 years, there has been significant investment within SPAR in growing warehouse capacity, modernising Distribution Centres and setting the foundation for future retail growth through a well-developed supply chain.

SPAR Netherlands launched an initiative to pool deliveries from three suppliers, cutting the cost of delivery per pallet by 18%. In such a

competitive market, reduction in costs through similar initiatives enables the independent retailer and the Distribution Centre to safeguard margins for sustainable businesses.

SPAR South Africa continues to remove significant transport and handling costs between suppliers and their warehouses through the adoption of an extensive supply chain modelling process.

In 2016, many traditional Distribution Centre capacity building initiatives were launched within SPAR, and SPAR Partners continued to take steps to reduce costs throughout the supply chain. By focusing on the entire process from production to the shelf in-store; leveraging shared best practice; improving the efficiency in the way of working; reducing costs and excess inventory, improved margins and profitable business growth were achieved.

Extending our expertise

The knowledge SPAR International gathers and shares through a variety of platforms is useful beyond the perimeters of the SPAR business. In 2016, SPAR International and SPAR China began supporting a long-term objective of the Chinese government to modernise retail in the country. The Chinese government is working together with FMCG and equipment suppliers towards this goal.

SPAR Partners are increasingly adapting automation in their supply chain, aimed at maintaining the profit margin for Distribution Centres and retailers whilst providing customers with products at fair prices.



The Brand

SPAR: Celebrating 20 years of European Athletics sponsorship

Through working better together at an international level, SPAR is able to unite resources to invest in major brand building, such as international sports sponsorship.

2016 marked 20 years as principal sponsor of European Athletics, a sponsorship partnership which has seen SPAR become synonymous with world-class athletics and allows SPAR Partners to leverage and extend the impact of the sponsorship locally. A true success story of extending our scope of service and reach by sharing the international resources at our disposal.

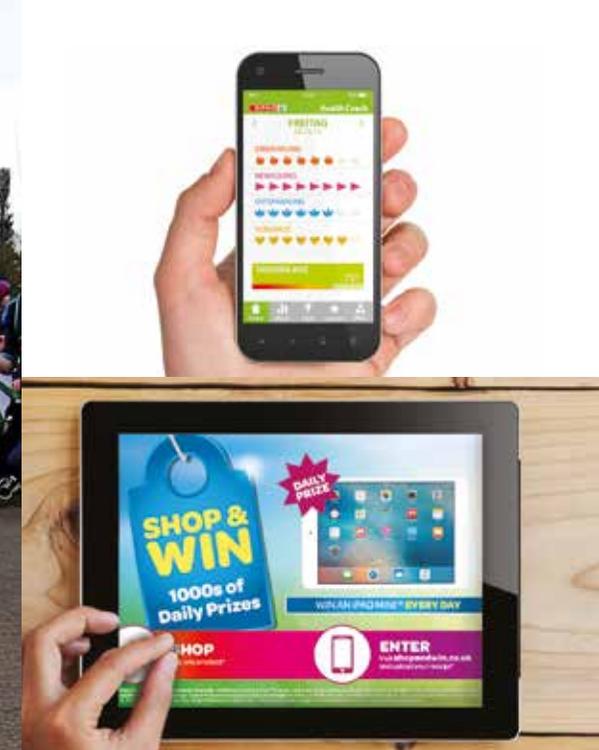
In July 2016, 1,473 of Europe's elite athletes from 50 countries competed at the highest level in the Olympic Stadium in Amsterdam. The venue for the Championships marked a fitting venue for this world-class competition and the 20th anniversary of our sponsorship of European Athletics.

As principal sponsor, the SPAR Brand was highly visible on the athletes' bibs and perimeter boards in the stadium and in addition to the thousands of fans who cheered the athletes on in Amsterdam, a cumulative audience of 111.2 million people tuned in to 462 dedicated television programmes – 987 hours of live broadcasts and 175 hours of highlights, news reports and sports programmes. An additional 152,000 viewers live streamed the action via the internet, watching 27 countries win 132 medals

in 44 events. The investment in the SPAR Brand was justified by the extensive brand exposure and reach that was achieved not only during the Championships but that lived on during the summer of 2016 in the build-up to the Olympic Games in Rio de Janeiro.

SPAR Netherlands leveraged the sponsorship via an extensive social media campaign and invited winning customers every day, including shoppers who won VIP tickets to the event.

A SPAR pop-up store sold and promoted SPAR Own Brand products onsite and for every product sold €1 was donated to the Johan Cruyff Foundation – a leading Dutch based international charity which encourages children of all abilities to participate in sport.



In the SPAR Nutrition Zone ‘fan zone’, children and parents learnt about healthy living and nutrition and received coaching and encouragement from qualified sports coaches to partake in sports.

Further events in December 2016 included the sponsorship of the SPAR European Cross Country Championships in Sardinia, Italy.

This long-standing sponsorship involvement by SPAR International is amplified by SPAR Partners internationally through their support of national, local and community based sports, ranging from major international city marathons, to fun runs, through to athletics and sports teams aided by individual SPAR Partners and retailers. All together this consistent sponsorship effort takes the SPAR Brand from world class championships to the heart of the communities we serve.

Technology tailored to customers

SPAR International has worked extensively with SPAR Partners to develop and offer customer loyalty programmes that utilise technology to better tailor our marketing and promotion to customer needs. Traditional points-based programmes consisting of collectibles continue to be a great way of rewarding shopper loyalty and are appreciated by our customers worldwide. Additionally, our growing number of card-based loyalty programmes give customers rewards while providing valuable insights into how our customers shop.

By monitoring customer behaviour, SPAR is increasingly able to adjust and adapt our retail proposition and offering, allowing us to improve how we serve customers in varying localities, meeting their unique preferences. This form of hyper local marketing works hand in hand with the existing strong relationships that individual SPAR stores have within their communities.

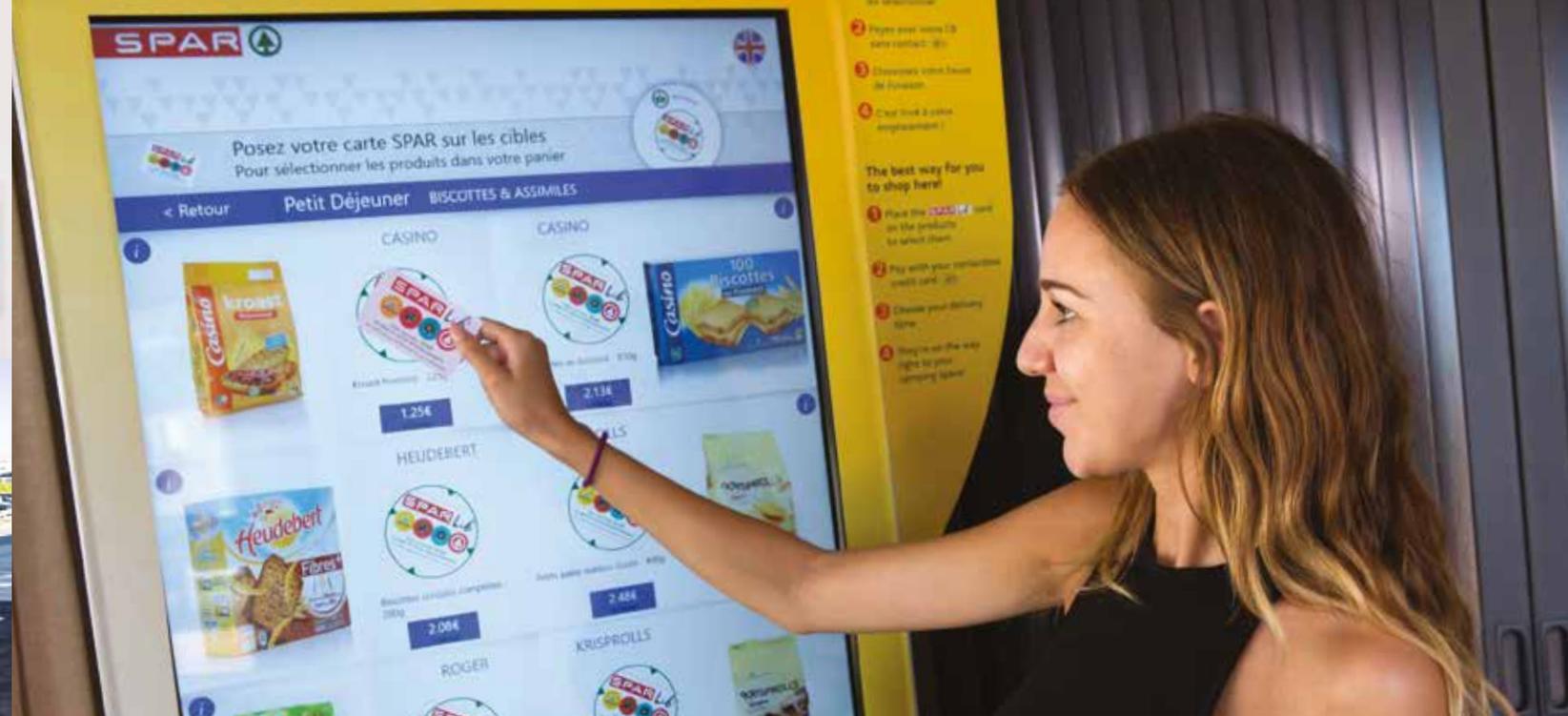
Combining the latest technology and in-person customer service provides an increasing amount of personalisation that is aligned with customer needs globally. SPAR China has had an online shopping presence since 2010, highlights its online shopping service using mobile technologies for ordering – customers can use instant messaging services WeChat and Weibo to place orders and pay through online channels.

With over 800 stores in France, SPAR has a particularly strong presence in tourist and holiday centres. Customers on holiday have different needs to residents. In France, campers can now go to a touch-screen kiosk and order their groceries, which are either delivered right to their tent or can be collected from a SPAR store en route to the campsite. This concept was rolled out to 30 large campsites in the summer, and a similar approach was used in the winter to provide an easy ordering solution to ski-resort visitors.

SPAR UK has tapped into a younger customer group through a shop and win programme run through mobile and desktop devices, building on the success of the initial launch and expanding in 2016 to higher value prizes and a wider range of products.

SPAR in Sicily launched the DESPAR Sicilia App in 2016, giving customers an easy way to find information about stores and get more rewards based on their location by playing a game.

SPAR Austria developed a unique and innovative healthy lifestyle app; initially available only to employees, the app was rolled out to customers, giving helpful tips and advice around four topics of wellness and healthy living.



“With online sales at growth rates of 25% per year in Austria, the time is right to enter the online retail market, complementing our brick and mortar INTERSPAR Hypermarkets.”

*Gerhard Drexel,
Chief Executive Officer, SPAR Austria*

The growth of online retail

SPAR is increasingly integrating our online retail proposition with our extensive international store network as an additional element of the SPAR multi-format strategy. The learnings and developments from pioneering online markets are shared through a project framework for other SPAR Partners to apply and expedite their own development.

To provide a centralised offer for customers, while maintaining the independent structure of the retail stores, SPAR Partners are adopting an approach known as humanised online retail. When a customer creates an order online, it is sent to the store that is closest to the customer’s desired collection or delivery point, ensuring the retailer retains the turnover. At the same time, the customer benefits from a personalised, local service.

After successfully launching in 2014, SPAR Netherlands expanded its online store to be integrated into over 150 SPAR stores, offering online shopping in a personalised way from the local SPAR retailer. SPAR became the first Dutch food retailer to offer a same-day delivery service: customers who order before 10am can have their shopping delivered, at no extra charge, after 4pm the same day.

SPAR Norway uses technology in training and marketing and has applied knowledge from other partners to launch its online platform. SPAR Norway’s solution focuses on the independent retailers supplying customers directly.

SPAR Austria researched the best possible solution for the market, applying expertise from the other web platforms they operate, and launched the country’s largest online food store in 2016, with 20,000 products available to

customers in the Vienna area. Customers are offered the choice of collecting their shopping from local pick-up boxes or having it delivered at home – on the same day, if they order before 12pm.

In Asia, SPAR Guangdong in southern China launched online shopping in 2010 and has expanded the service and functionality of the online store to be integrated into WeChat and Weibo - the largest social media platforms with over 400 million users in China. SPAR India, located in Bangalore, the technology capital of India, also launched online retail in 2016 in that city and will expand the service to other cities across India from 2017 onwards.

SPAR will continue to invest, develop and grow the number of online stores internationally whilst transitioning further marketing activities from traditional media to digital.



“Growing and continuously strengthening the SPAR Brand is key to our purpose. SPAR International, as custodian of the brand, works with all partners to invest in marketing activities that together build and strengthen the SPAR Brand. Our brand is the universal thread that unites us; each of our partners individually and collectively contribute and invest in the future of SPAR.”

*Tobias Wasmuht, Managing Director,
SPAR International*



People

The success of SPAR depends on its people – the people who are at the heart of the SPAR family. Our colleagues around the world represent and promote the brand, acting as ambassadors and enabling expansion into new markets, innovation in retail and modernisation of the supply chain.

Investing in people – through recruitment, training, talent exchange and leadership programmes – is a vital part of the Better Together strategy.

SPAR Partners work together across several different initiatives to jointly develop and improve these programmes.

Exchanging talent

The Talent Exchange Programme is built around facilitating secondments, internships and training, frequently in other SPAR Partner countries, to support current and future SPAR employees in their careers. The programme provides a platform for a better understanding of SPAR or a broader experience of the organisation from a new angle.

In 2016, participants of the programme benefited from the opportunity to learn from others – in a new market, they could grow and gain valuable experience, then return home with knowledge and insights that have an impact beyond their own personal development.

19.5 MONTHS
78 WEEKS
546 DAYS
13,104 HOURS

**OF PEOPLE
DEVELOPMENT
IN 2016**



350,000 +
COLLEAGUES IN 44 COUNTRIES



Onsite HR and training support

Another way to share knowledge throughout SPAR globally is consultancy training for SPAR Partners, which introduces their employees to the SPAR Brand, its values and the wider SPAR family, providing them with the key skills that make an excellent SPAR colleague.

SPAR Partners manage their own training but by working together to share best practice and apply the knowledge with local adaptations, the benefits of membership of SPAR become evident.

Although the concept of consultancy support is not new, in 2016 the number of topics covered and SPAR Partners that benefited was higher than ever before.

Support was given to Albania, Thailand and Azerbaijan in building brand understanding and customer service prior to launching, with a strong focus on what makes SPAR different.

HR audits and in-depth training on the SPAR Customer Service Legends Programme, as well as on employer branding, were provided in various markets. Established partners such as Nigeria were supported in reviewing and developing their training offer.

Although providing onsite support, consulting and training to partners is highly effective, it is limited in terms of capacity. A new development project that began in 2016 will extend the reach of SPAR training through an online learning platform.

Learning online

The SPAR Learning Platform will be tailored to the training and development needs of SPAR colleagues worldwide. The Platform will focus on four key areas: a SPAR Training Academy for employees, support material for trainers, professional development material for specialists and access to the Talent Exchange Programme.

The SPAR Training Academy will run ready-to-use online courses on a multilingual training platform, available to SPAR Partners to use and tailor. There will be many standard courses available, including an introduction to SPAR, customer service and food safety training.



“We continue to tap into the expertise available and shared between all SPAR Partners, developing our valuable human resources, through online and instore training.”

Mr Wang Peihuan, Chairman, SPAR China

Retail learning by gaming

SPAR International is delighted to announce that one of the feature courses, which will roll out in 2017, is a multi-lingual SPAR Training Simulation Game.

Originally a programme developed by SPAR in Norway, it enables retail employees to learn by playing a 3D game involving retail operational tasks.

More than 10,000 employees have completed the Norwegian modules, with 81% saying the training improved their performance.

“Our employees are our most important asset in ensuring customer satisfaction and building the brand.”

Ole Fjeldheim, Managing Director, SPAR Norway.





“SPAR strives to unite and combine our worldwide knowledge and expertise to create an international competence centre to fast track and facilitate the training and development of our people.”

*David Moore, Director,
SPAR International*





Responsible Retailing

As a food retailer, SPAR contributes to the communities in which we operate in many different ways. Community involvement is a core value of our brand and our people. From providing employment through to supporting those in need by volunteering time or generating funds for charities, SPAR adds value to local communities.

SPAR International works with our partners to bring together the extensive engagement of SPAR in community giving, environmental awareness, better sourcing and health and wellness. SPAR International partners directly with the Global Alliance for Improvement in Nutrition (GAIN) and has set nutrition as its key focus area as part of the Better Together strategy.

International partnerships help local communities

SPAR South Africa has embarked on an initiative to support local small-scale emerging farmers in three regions of South Africa who deliver fresh produce directly to SPAR stores. SPAR South Africa, supported by SPAR International's partnership with GAIN and the Dutch Ministry of Development, empowers local farmers by providing technical assistance and start-up funds to grow crops in the security that SPAR will purchase the produce. This model, trialled and developed with South Africa, is being rolled out into other markets in Africa and Asia. It is a continued focus area for SPAR International as it expands its future partnership with GAIN and other international agencies.

Local sourcing

SPAR Austria has a strong local sourcing strategy, and reported that 38,900 regional specialties and seasonal products were supplied by 2,500 regional and local producers in 2016; this has had a real impact at a national level. Similarly, in Gran Canaria, the SPAR Partner's support of local suppliers has stimulated production of potatoes and oranges on the island, boosting employment at the same time.

This local approach to sourcing is not just meeting the changing needs of our customers; it is supporting local economies through farmers, ensuring food security and giving them access to knowledge and technologies to produce the high quality fresh products SPAR seeks to offer in store.



Healthy lifestyles

Many SPAR initiatives focus on helping customers make healthy eating decisions. SPAR Austria took their health tips digital, by extending their free mobile app – SPAR Health Coach – to customers in 2016. First launched for employees in 2011, the app is based on four pillars: diet, exercise, relaxation and sickness prevention. Health sector experts support SPAR Austria’s healthy living platform, providing advice and tips on these four areas. It is also reflected in the own brand ranges, which include products to suit a variety of dietary needs.

At a store level, where the interaction with shoppers is direct and tangible, SPAR Partners focus on helping customers understand nutrition and the choices people have regarding food. At SPAR, we want to help improve the lives of the customers we serve every day,

giving them access to nutrition expertise and healthy products.

One innovation designed to carry the focus on health one step further is SPAR Natural. First launched in Gran Canaria in 2016, the concept offers customers a range of organic, vegan, gluten free and lactose free products, as well as health supplements and vitamins. SPAR Natural will be expanding during 2017 into other markets, meeting the growing need for a focus on healthy eating, particularly in Europe.

SPAR Partners are focusing on making their own brand products healthier: SPAR UK removed 10% of sugar from its range of own brand soft drinks – a huge 51.6 tonnes – cutting 206 million calories in the process in just one year. One of SPAR Austria’s responsible retailing objectives includes the goal of reducing sugar in own brand products to below recommended levels.

SPAR Ireland’s Better Choices range continues to grow, providing consumers with alternative choices for a wide variety of eating moments. Having been developed and launched with a limited number of products, the idea grew in 2016 to include SPAR Better Choices Kids focusing on lunch box options and snack items. A television campaign launched in early 2017 creates even greater consumer awareness of the choices available in their local SPAR store.

SPAR Partners in Italy, South Africa and the Netherlands support educating children about how food is grown by participating in programmes run together with schools.

SPAR International supports SPAR Partners promoting nutrition for children through the SPAR Nutrition Zone information platform, which features a diverse range of activities and games to make learning about food more fun.

Children’s charities and community support

SPAR UK and the National Society for the Protection of Cruelty against Children (NSPCC) have worked together for 10 years. In 2016, SPAR employees from the five partners of A.F. Blakemore & Son, Appleby Westward, James Hall, CJ Lang and Henderson’s raised over £5 million for NSPCC services through a variety of fundraising initiatives.

INTERSPAR Austria has been an important partner of the Austrian charity, SOS Children’s Villages, for 12 years, which provides shelter and care for abandoned, destitute and orphaned children.

For 15 years, SPAR has been a long-term partner of Children’s Cancer Aid Switzerland, which provides support to affected families. Every year, ‘Gleam of Hope’ shopping bags are sold for a limited period to raise money for the charity, with ten cents donated for every bag sold.

SPAR China has continued its involvement in a programme for children from poor families, focusing on the provision of funds for education. The business has been involved in this programme since 2010, providing education grants to children from migrant families who have moved to Urban Centres seeking employment and a better life.

“At SPAR we are committed to providing our customers with the best product offerings across our stores.”

Willie O’Byrne, Managing Director, SPAR Ireland

SPAR Worldwide

Western Europe

64.1% Global Sales Share
 29.2% Global Store Share
 52.3% Global Sales Area Share
 394m² Average Store Size

Regional Sales Share per Format

3.6% SPAR EXPRESS < 200m²
 68.2% SPAR 200 – 1000m²
 15.8% EUROSPAR 1000 – 2500m²
 12.4% INTERSPAR > 2500m²

Central & Eastern Europe

13.2% Global Sales Share
 25% Global Store Share
 15.1% Global Sales Area Share
 793m² Average Store Size

Regional Sales Share per Format

1.6% SPAR EXPRESS < 200m²
 59.4% SPAR 200 – 1000m²
 11.1% EUROSPAR 1000 – 2500m²
 27.9% INTERSPAR > 2500m²

SPAR EXPRESS

A distinct retail format responding to the convenience needs of today's consumer lifestyles.

SPAR

The local supermarket or neighbourhood store.

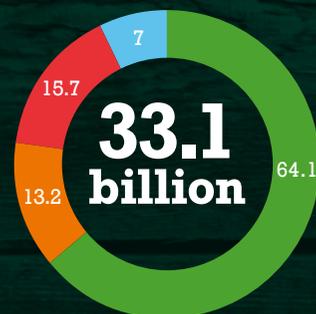
EUROSPAR

The large supermarket aimed at fulfilling the needs of weekly family shopping.

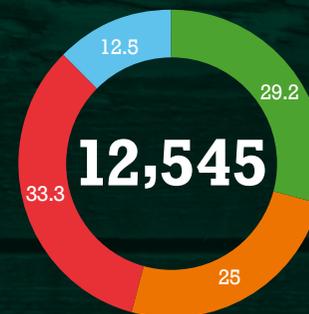
INTERSPAR

Hypermarket format with up to 50% of the sales surface in non-food.

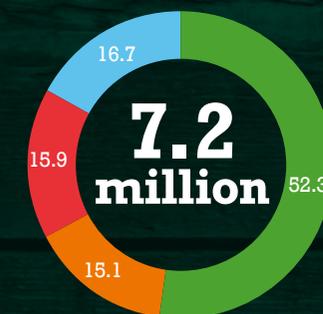
SALES % SHARE PER REGION €



STORE % SHARE PER REGION



SALES AREA % SHARE PER REGION m²



Africa & Middle East

15.7% Global Sales Share
 33.3% Global Store Share
 15.9% Global Sales Area Share
 1,158m² Average Store Size

Regional Sales Share per Format

0.3% SPAR EXPRESS < 200m²
 45.7% SPAR 200 – 1000m²
 54% SUPERSPAR > 1000m²

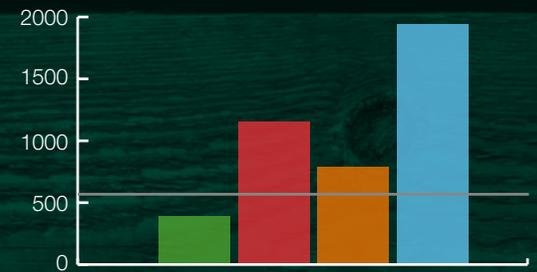
Asia Pacific

7% Global Sales Share
 12.5% Global Store Share
 16.7% Global Sales Area Share
 1,946m² Average Store Size

Regional Sales Share per Format

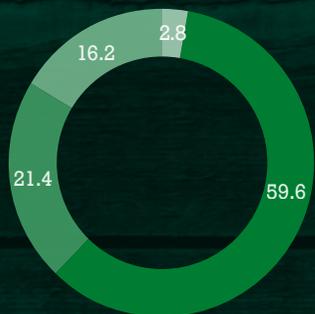
3.6% SPAR EXPRESS < 200m²
 13.2% SPAR 200 – 1000m²
 18.8% SPAR Supermarket 1000 – 2500m²
 64.4% SPAR HYPERMARKET > 2500m²

M² AVERAGE PER STORE



574 Average across all 4 store formats
 394 Western Europe
 1,158 Africa & Middle East
 793 Central & Eastern Europe
 1,946 Asia Pacific

GLOBAL FORMAT SALES



2.8% SPAR EXPRESS
 59.6% SPAR
 21.4% EUROSPAR
 16.2% INTERSPAR

COUNTRIES **14** Western Europe

SPAR Austria

167
NEW STORES

26,863m²
ADDITIONAL SELLING
AREA ADDED

4.25 %
SALES GROWTH OVER
PREVIOUS YEAR AT
CONSTANT CURRENCY
VALUES



2016 was a year of significant expansion and growth for SPAR Austria. Sales grew by 6.07% to €6.42 billion and total retail outlets grew to 1,560. For consecutive years, SPAR Austria was able to win market share through expansion and organic growth. Contributing to the growth was the acquisition and conversion of 28 Zielpunkt stores as well as the opening of an additional 30 stores nationwide. Investment into modernisation and expansion saw 100 stores re-developed.

In the supermarket sector, SPAR Austria developed a new store concept and store design, which was tested at several locations in 2016 and will be rolled out in 2017. In all new and modernised stores, this state-of-the-art store design will be implemented.

A concept SPAR store on Vienna University's Economics campus has recently been

transformed into a Digital Leadership Store, with the aim of offering customers a fast, timesaving shopping experience. The innovative technologies being put to use, mark a new era of shopping in Austria, setting the stage for the SPAR store of the future.

INTERSPAR Hypermarkets benefited from ongoing investment, revitalising three stores in only one year. In addition, the INTERSPAR division has one of the largest bakery operations in the country with eight regional fresh bakeries now operational.

September saw the launch of the INTERSPAR online food shop. With 20,000 food products available for order, it is the largest online food shop in Austria. Initially launched in Vienna, the online store will be rolled out to other cities in Austria with the

online shop service being rolled out to Salzburg in spring of 2017.

SPAR Austria continues to invest in the development of its supply chain and Distribution Centres. Work began in 2015 on the development of an innovative, environmentally friendly warehouse in Ebergassing which opened in mid-2016.

The expansion of the central warehouse in Wels to 10,000m² was also concluded during the summer. In 2016, SPAR Austria created 1,360 jobs, bringing the total number of employees to 42,800. The company continues to be the largest Austrian private employer.

SPAR Belgium



In a highly competitive retail environment, SPAR retailers in Belgium had an exceptionally strong year with sales increasing by 10% to €1.04 billion and sales per m² by 6.8%. The two partners operating the SPAR Brand in the market, Retail Partners Colruyt Group and Lambrechts Group, invested in independent retailers through upgrades and modernisation of stores. Retail Partners Colruyt rolled out a new local supermarket concept with double digit growth on conversion. Lambrechts expanded its store network by opening SPAR Express stores in high traffic locations offering food to eat on the go or to take home.

The expansion of fresh own brand ranges and the availability of fresh products instore has contributed to the growth. Increased usage of digital platforms has been effective to run promotional campaigns with an increased focus on local produce and community provided support by SPAR independent retailers.

SPAR Denmark



In 2016 SPAR shop owners and SPAR Denmark invested in a rejuvenation of the brand.

The project, 'SPAR 5.0', focused on strengthening the position in the market as 'One of the Locals' and making a point of difference to the increasing number of soft discount stores in the Danish market. The concept was developed closely with shop owners and SPAR International through a number of workshops with a final sign-off from the store owners to maximize impact in the market.

SPAR 5.0 has stopped the decline in sales and the Danish team is now working to strengthen the position and grow market share. Currently, defibrillators are being installed outside the stores and all staff are given a mandatory first aid course. A pilot store has been launched with new customer oriented layout and increased focus on convenience. The first results show a strong increase in both sales and profit.

SPAR France



Targeting the convenience market in holiday locations as well as smaller villages and towns, independent retailers operating the SPAR Brand in this market enjoyed an increase in sales of 3.8% to €953 million.

SPAR France has converted and modernised 50% of the 864 stores to a new SPAR generation concept. The new generation concept includes focus categories which demonstrate with passion and competence a point of difference, especially in fresh food and through competent personal service.

In 2016, SPAR France launched a new customer loyalty programme and a technical innovation has been the implementation of multichannel digital ordering points linked to SPAR.fr – the online store of SPAR France.

SPAR Germany



The niche market of convenience which SPAR Germany has continued to develop, bore fruit particularly in 2016 with sales increasing by 3.3% and store numbers growing by 30 to 469. The partnership with airports and railways has enabled a roll out of stores specifically aimed at the needs of shoppers on the go.

The product offer is targeted at food-for-now and food-for-later, appealing to both local residents and passing traffic in high footfall locations and petrol forecourt sites. With a smaller product range, SPAR Express stores are complemented by kiosks on railway platforms, supplied by the store in the station.

Western Europe

SPAR Greece



The food retail industry in Greece has undergone a major restructuring process with a wave of mergers and acquisitions redefining the food retail landscape. During this period of market consolidation, the former SPAR International partner Veropolous Bros S.A. was acquired by Metro S.A. of Greece and subsequently company owned SPAR and EUROSPAR stores were converted by Metro S.A.

SPAR International is in the process of relaunching in Greece in 2017 with new partners. Preparations are well advanced to open a new generation of SPAR stores throughout the country including the islands of Greece and in doing so will unite regional independent Greek retailers under the well known SPAR Brand.

SPAR Ireland



2016 saw significant recovery in the Irish economy and renewed consumer confidence. It was a strong year for SPAR Ireland with the opening of 27 stores and sales growth of 6.17%.

SPAR Ireland won many industry awards during the year - a testament to the high-quality stores and a reflection of the emphasis placed on continual innovation.

EUROSPAR grew further as a first-class supermarket with its 'famous for fresh' proposition. There was significant store development and investment with a renewed focus on fresh food departments.

The SPAR Better Choices health and wellbeing programme has been rolled out in response to changing lifestyle choices of consumers.

SPAR Italy



SPAR in Italy consists of six partners, operating a total of 1,144 stores and a total sales area of 689,724m² across the country. Together, the group grew sales by 2.6% to €3.28 billion.

ASPIAG, in the northeast of Italy modernised 15 stores, opened an additional 10 and refurbished an INTERSPAR Hypermarket in Parma. Independent retailers opened another 10 stores. Involvement in local community activities included supporting an education programme in schools focused on the origins of food.

Maiora, in the southeast region, invested in new EUROSPAR and SPAR stores, modernising their existing stores and expanding their local sourcing strategy. A strong community involvement strategy encourages staff to participate in volunteer programmes, raising funds for worthy causes.



Ergon, operating in Sicily, launched the DESPAR Sicilia App, featuring store location data, a points-based loyalty programme and promotional offers.

Fiorino, operating in the North-East of Sicily, opened another six stores in 2016, representing an increase of 25%. A long-established programme of community involvement includes sponsorship of a women's waterpolo team and a professional men's basketball team.

L'Alco S.p.a. grew strongly in 2016, expanding retail sales area to 110,000m². The EUROSPAR Supermarket in Brescia was renovated to improve energy efficiency using the latest technologies. Local sourcing of fruit and vegetables was a major strategic focus.

The conversion of an existing chain into the SPAR Brand was initiated by SCS on the island of Sardinia, enabling the partner to expand its business.

SPAR Netherlands



With a continued strategic focus on high footfall locations, SPAR Netherlands' 248 stores generated sales of €438 million, with the refurbished SPAR Supermarkets and newly launched city stores all experiencing strong increases in turnover. Further growth in 2017 will be achieved through a new partnership with Texaco, announced at the end of last year, which will see the SPAR Brand launching at petrol forecourt sites nationwide.

Sales through the innovative online platform continued to grow, contributing to increased turnover for independent retailers. SPAR Netherlands has a broad range of own brand products sought after by shoppers on the go or looking for healthy, convenient meals. Brand visibility was enhanced by the hosting of the European Athletics Championships in Amsterdam last year.

SPAR Norway



Part of NorgesGruppen A.S.A., SPAR Norway's sales grew by 3.2% last year to €1.51 billion, lifting its market share in the retail sector to 7%. Sales per m² grew from the total retail area of approximately 176,275m² by 4.2%.

SPAR Norway made further substantial investment in store modernisation and launched an online retail platform, which drives additional business to independent retailers across the country.

SPAR Norway's centralised fresh supply chain provides retailers with increased efficiencies, better shelf-life and a wider range of products, complementing the locally sourced products instore.

SPAR Portugal



Despite the foreclosure of a key multi-site retailer last year, the remaining 105 SPAR stores benefited from a strategic focus on improved ranging and availability, increasing sales per m² by a healthy 6.3%.

Further investment in the supply chain last year has made it possible to increase the range of products available from the 6,000m² Distribution Centre, which opened in January 2016.

Additional investment resulted in the opening of a further 28 company-owned stores across the country. The introduction in November of a new ERP system will provide more control of the operational aspects of the business, which is essential in such a highly competitive market.

SPAR Spain



SPAR Spain consisting of 13 partners located in the Spanish Peninsula, the Balearic and Canary Islands, had a good year with sales increasing by 2.7% to €1.32 billion. Together, the group operates a total of 1,077 SPAR, EUROSPAR and SPAR Express stores with 438,196m² net sales area. SPAR Own Brand penetration continued to rise throughout 2016 based on the expanded launch of SPAR fresh own brand products.

The extension of the SPAR Gran Canaria Distribution Centre will ensure they continue to meet growing retailer numbers. The opening of the first SPAR Natural store by SPAR Mogan, an innovative concept responding to customers' desire for an increased range of health and wellness products, sets the trend for future roll-out. Community involvement is firmly entrenched with many local activations by all partners.

Western Europe

SPAR Switzerland



The weakness of the Swiss Franc contributed to put pressure on margins and resulted in a sales decrease for SPAR Switzerland of 3.9% to €535 million. Despite this, independent retailers continued to invest in store refurbishment, modernising the convenience offer instore and the fresh service departments. SPAR Switzerland also expanded the range of own brand products.

In early 2016, an innovative loyalty card programme was introduced combining a credit card facility with a discount earning mechanism linked to purchases. New products aimed at healthier snacking and food choices for shoppers on the go were introduced in 182 SPAR Express and SPAR Supermarkets.

SPAR UK



SPAR in the UK is comprised of five regional companies working together to grow the brand with regional adaptations in line with consumer needs. Retail sales increased by 8.5% in local currency in a market with prominent food price deflation at the beginning of 2016. With the currency fluctuations, this equates to €3.48 billion.

In the face of increasing competition from the multiples, SPAR Partners in the UK recruited additional independent retailers in 2016, adding 186 stores during the year to bring the total to 2,620 stores with a total retail selling area of 371,189m². SPAR is now

the largest forecourt retailer in the UK, with significant growth coming from multi-site retailers.

Continued development of the Daily Deli food service solution has driven sales and increased customer satisfaction. Many larger stores added services during the year by incorporating butchery, specialised delicatessen and fish departments. This has been combined with a focus on additional fresh offers and a refreshed marketing approach.

Digital advertising has increased across a variety of channels and promotions targeted



at younger customers were very well received. Reflecting the success of different initiatives, sales per square metre improved by 4.2%. SPAR Own Brand remains a key driver of wholesale and retail sales with a particular emphasis on the modernisation of existing ranges and the introduction of a wider number of fresh food products.

Industry recognition was achieved with a number of awards being won across the group, reflecting the diversity from transient to supermarket retailing.

COUNTRIES **9** Central & Eastern Europe

120
NEW STORES

6.55%
SALES GROWTH

9.22%
RETAIL SALES AREA
INCREASED

SPAR Hungary *



Celebrating its 25th anniversary last year, SPAR Hungary marked the occasion by opening 46 new stores, including 22 SPAR Express forecourt stores, bringing the total to 493.

Investment in company-owned stores included a major redevelopment of an INTERSPAR Hypermarket and investment of €2.4 million into a new style SPAR Supermarket. The number of independent retailers affiliated with the brand rose by 25% over the year to more than 80.

Investment in stores, refurbishment of the meat processing plant and staff training delivered a 4.6% growth in sales to €1.65 billion. The retail modernisation programme resulted in SPAR Supermarket Mammut winning the store of the year award, while SPAR Hungary received industry recognition for its loyalty programme.

* ASPIAC Austrian SPAR International AG

SPAR Slovenia*



With a total of 109 stores, SPAR Slovenia achieved retail sales in 2016 of €754 million, an increase of 2.8%.

To grow the brand, SPAR Slovenia began licensing independent retailers and eight such stores were opened in 2016. SPAR Slovenia invested in two new company-owned stores, including a large supermarket in a state-of-the-art shopping centre in the capital city of Ljubljana. Four other supermarkets were refurbished.

In addition to many innovations in the fresh departments, the new SPAR stores score highly for their energy efficiency with the implementation of energy saving lighting and cooling systems.

SPAR's loyalty card continued to attract shoppers and represents an increasingly significant portion of turnover.

SPAR Croatia*



SPAR Croatia opened six new stores in 2016, including two INTERSPAR Hypermarkets in Split and Pula, increasing total store numbers to 58. Of these, 19 are INTERSPAR Hypermarkets and the remainder are SPAR Supermarkets.

Reflecting further improvements in the economy, SPAR Croatia had a strong trading year, with turnover increasing 3.1% to €375 million, while its national retail footprint expanded to 97,311m². Tourism increased and the converted Diona stores benefited from the brand awareness of these shoppers.

Future growth will be boosted by the acquisition of 62 Billa stores at year-end which will be converted during 2017. This will expand the current number of employees by 1,900 people and provide another Distribution Centre to support the expanding retail chain.

Central & Eastern Europe

SPAR Russia



In Russian Rubles annual sales grew by 7.7%, from 88.27 billion to 95.04 billion RUB. In Euro terms, sales rose 3.0% to €1.33 billion. Several partners made investments in new stores, including the introduction of the EUROSPAR format in Kaliningrad, SPAR Express in Chelyabinsk and Hypermarkets in the St. Petersburg area.

A new partner, Loza Limited, was licensed to develop the brand in Udmurtia, launching EUROSPAR Supermarkets based on learnings from other SPAR Partners. In Nizhny Novgorod, an online retail solution is being trialled and plans are in place to roll this out more widely in 2017.

SPAR Russia is now recognised as one of the top 10 retailers in the market, operating out of a total of 332,970m². This is a growth of 13% over the previous year despite a difficult trading environment. Of the total of 430 stores, 351 are company-owned and the remainder are operated by independent retail partners.

A significant investment was made during the year in the supply chain, with Kaliningrad opening a new Distribution Centre to facilitate ongoing expansion and Nizhny Novgorod establishing a logistics centre in Moscow.



Expansion of own brand continued in 2016, with an award being won for SPAR's innovative design and range offering.

A focus was placed by all partners on the development of their Food-to-Go offer and making bakery a destination department. The ongoing roll-out of new locally sourced products across a wide range of categories has also contributed to customer loyalty.

SPAR Poland



Celebrating 20 years in the Polish market, SPAR's results were very strong, increasing 3% to €185 million. Investment saw 18 new supermarkets added, bringing the total number to 225 and total retail space to 54,606m².

Independent retailers were recognised at SPAR Poland's 20th anniversary conference, with prizes awarded for exceptional achievements. The expansion in Krakow has been dramatic, increasing brand presence and market share in the city.

SPAR retailers are very involved in community activities and throughout the year supported local junior football teams, hosted city runs and held a golf tournament in October. Paralympic cyclist, Rafał Wilk, was honoured for his success in the Olympic Games during the gala evening celebration.

SPAR Georgia



SPAR Georgia grew rapidly in 2016, increasing retail sales by 85% to €19.2 million from a total retail footprint of 4,121m². The number of stores increased to 23, including the first store operated by a licenced independent retailer. The intention is to continue to expand through a combination of company-owned and independently-owned stores.

Investment was made in developing own brand, combining internationally sourced with locally sourced products. The instore offer was further increased by the expansion of ready-to-eat lunch options which contributed to annual sales per m² rising to €4,679. Home delivery is currently being trialled prior to national roll-out.

SPAR Albania



The introduction of the SPAR Brand into Albania was achieved by the rapid conversion of former Carrefour stores. Learning from the experience of other SPAR Partners, the roll-out of 17 SPAR Hypermarkets and Supermarkets was achieved within the year, starting in October with the opening of two key stores.

Customer reaction has been very positive, with transactions increasing by 27%, the average customer's basket growing 32% and sales per store increasing by over 30% within the first month of conversion. Sales of €29.6 million was achieved from a sales area of 18,277m². The extensive own brand range available completes the store offer, complementing locally sourced fresh products.

SPAR Azerbaijan



By implementing the learnings from a pilot store opened in December 2015, SPAR Azerbaijan opened an additional three stores towards the end of 2016 to bring its sales area to 4,300m². Plans are advanced for the opening of five more stores during 2017.

The instore restaurants, a concept new to this retail market, have attracted many new customers. For the health-conscious consumer, SPAR offers a wide range of nutritious, healthy meals and snacks, while a range of SPAR Own Brand products, sourced both locally and internationally, are available across 12 categories.

SPAR Ukraine



At year end, there were 15 SPAR Supermarkets operational in Ukraine. A new licence was granted on 1 December to Volwest LLC, a prominent retailer with over 200 supermarkets around the country and a strong track record of partnering with independent retailers. The new partner will work with existing SPAR retailers to strengthen brand presence in Ukraine, opening new convenience stores, supermarkets and hypermarkets.

To meet the supply chain demands of an expanded store network, SPAR Ukraine will utilise the existing Volwest Distribution Centre in Lutsk, maximising efficiencies through the use of new logistics technology.

COUNTRIES 15 Africa & Middle East

SPAR South Africa

31
NEW STORES

40,739m²
ADDITIONAL SELLING
AREA ADDED

9.35 %

**SALES GROWTH OVER
PREVIOUS YEAR AT
CONSTANT CURRENCY
VALUES**



In a market experiencing high food price inflation during 2016, SPAR South Africa focused on providing shoppers with value while continuing a programme of retail refurbishment investment by independent retailers. During the year, 254 stores were upgraded. This brings the total to more than 681 stores that have been revamped by retailers in the last three years.

Sales per m² increased by 6% in Euro terms, and sales for the year from SPAR South Africa's 821 stores were €4.47 billion.

Sales of SPAR Own Brand products performed particularly well, rising 12.3%,

while previous year investment in fresh food and meat offerings also contributed strongly to sales growth.

SPAR South Africa continues to invest in the supply chain and associated technology to cater for the growing needs of its retail estate, delivering goods to retailers right across the country from its six Distribution Centres.

These centres also continued to supply the neighbouring markets of Namibia, Botswana, Zambia, Zimbabwe and Mozambique as well as the island economies of the Seychelles and Mauritius with ambient products.

SPAR South Africa maintained its commitment to local sourcing, engaging with an ever-increasing group of small-scale emerging farmers who are being trained and supported by SPAR South Africa to provide fresh, quality produce to individual retailers.

The well-established responsible retailing strategy ensures strong community engagement on a national, Distribution Centre and community level which has ensured the group has moved beyond donation-making to partnering with communities to contribute toward sustainable projects.

SPAR Botswana



Once again SPAR Botswana enjoyed a strong year of growth, recording organic growth of 17.2% in 2016. The 29 SPAR and SUPERSPAR stores achieved sales of €151 million in the year. An investment of ZAR 9.8 million in the refurbishment of six of these stores played a significant part in this growth.

Customers responded enthusiastically to the SPAR Rewards instant gratification electronic couponing programme, with 1.4 million transactions recorded within the scheme in just six months. A highlight each year is the MySPAR MyBotswana campaign. In 2016 this campaign was a special one as it was celebrated in conjunction with Botswana's 50th Year of Independence celebrations.

SPAR Namibia



Sales growth in local currency was 8.7%, with an underlying organic growth of 5%. Total retail sales of ZAR 2.5 billion were generated, with food price inflation at around 9%. In Euro terms sales rose to €151.9 million. SPAR Namibia's retail selling space totals 32,990m² with a combined portfolio of 29 SPAR and SUPERSPAR Supermarkets. All stores offer extensive ranges of fresh produce, incorporating in-house bakeries and butcheries, complementing the home meal selection.

A strong emphasis continues to be placed on both local skills development and Corporate Social Responsibility, with engagement and support by SPAR Namibia at both local and national levels with the objective of promoting positive self-sustainability through social change and gender equality.

SPAR Mozambique



Despite challenging trading conditions, SPAR Mozambique continued to grow by adopting a strategy of store development and expansion. SPAR is now represented in five cities through Mozambique, Maputo, Chimoio, Nacala, Nampula and Tete, with the country's six stores generating total sales of €39.9 million.

Three new supermarkets were opened and the existing stores were refurbished during the year. Store footprint and formats range from the smallest convenience outlet of 390m² to the largest supermarket of 4,264m². Independent retailers operating in this market anticipate further sales growth as the economy recovers.

SPAR Cameroon



In its first full year of operation the SPAR Supermarket in Douala, with a retail sales area of 2,400m², generated strong retail sales of €6.6 million. Consumer response to the extensive SPAR Own Brand selection available instore has been very positive.

SPAR Seychelles

An independent retailer operates a 900m² SPAR Supermarket on Eden Island, having been granted a licence to operate under the brand in 2015 from SPAR South Africa. Leading retail development and design, SPAR Own Brand products and training are all provided by SPAR South Africa.

Africa & Middle East

SPAR Nigeria



2016 saw SPAR Nigeria continuing to invest in its retail portfolio, opening another three stores and bringing the total retail area to 25,643m². Sales for the year were €75.3 million, reflecting the strength of the non-food offer available in the partner's larger supermarkets and hypermarkets.

SPAR Nigeria won the highly regarded award for 'Best Supermarket in Nigeria' as well as 'Brand of the Year' – which reflected industry recognition for its focus on delivery of quality products and service. Community involvement is an important facet of operations, with a programme of sourcing from local farmers complemented by an exciting new small-scale producer procurement initiative.

SPAR Malawi



Opened in the fourth quarter of 2015, the 1,505m² SPAR Supermarket in Malawi's capital, Lilongwe reported sales of €3.6 million in 2016. A second store opened in the city of Blantyre in December 2016 and expansion plans are in place to open five more stores.

SPAR International is working with other partners in Africa to support the training of staff to SPAR's high standards and ensuring the provision of quality products to SPAR Malawi.

SPAR Mauritius



Continuing to operate six SPAR Supermarkets, SPAR Mauritius consolidated during the year, strengthening relationships with SPAR South Africa to support the procurement of product. In addition to having access to a wide range of SPAR Own Brand products available from South Africa, SPAR Mauritius benefits from access to a wide range of ambient products.

Sales remained static at €24.5 million. SPAR Mauritius benefits from the tourism on the island, with many customers coming from markets nearby where shoppers are familiar with the SPAR Brand.

SPAR Zambia



Retail sales for the year generated by 15 SPAR Supermarkets, with a total retail area of 19,094m², were €46.8 million. SPAR Zambia operates two SPAR formats: SPAR and SPAR Express.

SPAR Zambia's shareholder, Inncor Retail, has sought to divest, however new partners – SPAR South Africa and an independent retailer – working together with the Zambian stakeholder will enable the business to recommence growth in 2017. SPAR South Africa provides support through the provision of a wide range of SPAR Own Brand products and access to their training facilities.

The SPAR independent retailers and company-owned stores source fresh produce locally and engage in community events, supporting a number of charitable causes at a local level.

SPAR Zimbabwe



As in Zambia, the divestment by Inncor Retail in supermarket trading has opened the door for investment by a local group of stakeholders. Independent retailers are licensed to operate the brand and today there are 21 stores which are 100% owned by independent Zimbabwean retailers in addition to the 10 stores operated by SPAR Zimbabwe Ltd. Both generated retail turnover of €89.9 million from 31 SPAR Supermarkets with a total selling area of 21,099m².

An increased focus on procurement of locally produced goods has enabled SPAR Zimbabwe to support small-scale entrepreneurs as well as small-scale farmers. Consumers have been very positive about the move to expand the range of locally sourced items to complement the popular Own Brand range supplied by SPAR South Africa.

SPAR UAE



Growth in the UAE was rapid in 2016, with the opening of 10 stores bringing the total to 23, operating out of 23,160m² of retail space. Sales for the year grew 54.7% to €113 million. The combination of SPAR Hypermarket, SPAR Supermarket and SPAR Express formats has enabled SPAR UAE to reach a broad segment of the market.

The expansion has been driven by a focus on convenience stores with a smaller footprint. This has resulted in greater awareness of the brand and a significant increase in the number of outlets. The modern stores offer a broad range of locally and regionally sourced foods in the fresh departments to complement the expanded SPAR Own Brand offer.

SPAR Oman



SPAR Oman has also enjoyed dramatic growth during the year with the addition of 12 new stores, bringing the total number to 15 with combined retail space of 6,801m². This expansion is reflected in the near doubling of turnover, up 193% to €18 million.

SPAR Oman launched its first 24-hour store in the fourth quarter of 2016, entering Madinat Darsait with a unique retail proposition. Further growth will be seen from the partnership with Al Maha petrol forecourt operator in Muscat to convert 15 stores to SPAR Express during 2017.

Brand awareness amongst shoppers grew with the introduction of social media platforms, the launch of recipe videos, a campaign promoting home cooking and an initiative targeting breakfast nutrition.

SPAR Saudi Arabia



Licence partner, Al Sadhan, which joined SPAR in 2016, immediately set about developing the supply chain in Saudi Arabia. SPAR Saudi Arabia is now set to launch and grow the SPAR Brand in this very progressive market, with the first store due to open in the second quarter of 2017.

SPAR Qatar

QNIE, the licence partner for Qatar, joined SPAR in 2015 and has focused on establishing the most appropriate retail and supply chain model for the market. Although procurement of suitable retail estate proved challenging, development of the first SPAR Supermarkets and a SPAR Hypermarket is well underway and will commence trading in the third quarter of 2017.

6 Asia Pacific

619

STORES TRADING
IN THE REGION

65,403m²

ADDITIONAL SELLING
AREA ADDED

SPAR China



SPAR China enjoyed another exceptional year of growth, increasing the number of stores by 48 to a total of 395 and expanding the retailing area in the process by 4.3% to 1,033,000m². This sustained investment in the retail portfolio helped deliver turnover for the year of €1.93 billion, marginally ahead of 2015.

All SPAR China Partners opened new stores, with established partners investing in refurbishment of their retail estate. There are now 10 Distribution Centres within the SPAR Partner network in China, reflecting ongoing investment into the development of a truly modern supply chain.

The first ever SPAR Congress in China brought together delegates in Shandong from all of the SPAR Partners. Held to coincide with the SPAR International Board meeting, the Congress afforded partners the

opportunity to meet and share best practice with international as well as national participants. The event was covered by national print and broadcast media, helping to increase brand visibility.

SPAR is now a major employer in China, with over 50,000 employees, and recognises the responsibility that this represents through ongoing training and development programmes. Community support is tailored to meet the needs of the local communities.

Towards year end SPAR Shandong, the founding member of SPAR in China, undertook an Initial Public Offering on the Shanghai stock exchange. The offer was heavily over-subscribed and the partner is well set to continue expansion of both supply chain and retail divisions of the business.

SPAR India



With the full year of operation of 17 SPAR Hypermarkets and the launch of a new hypermarket mid-year, SPAR India saw turnover increase by 13% to €138 million in 2016. Trials are underway of pilot click-and-collect and home delivery online services in Bangalore to shoppers in target neighbourhoods. Investment in staff training was a key focal area for both wholesale and retail staff, resulting in improved service levels and customer satisfaction.

Investment in supply chain was considerable with three Distribution Centres providing goods to 18 stores in eight cities. The improvements included 99% availability of orders, a 25% reduction in stock pick time and the handling of 28% more goods within the same warehouse capacity.

SPAR Australia



Despite the challenges represented by changing legislation in the key region of Queensland and intense competition from national chains, SPAR Australia added six stores to bring the total number of outlets to 135, with a combined sales area of 46,745m². Turnover of €174 million reflected the investment by independent retailers in the modernisation of their stores, improvement in the SPAR Own Brand range and a very successful 'Every Day Low Price' campaign.

Brand awareness was boosted by a major corporate sponsorship with World Wildlife Sanctuaries which focuses on education and support for endangered and other wildlife, flora and fauna. A very successful conference attended by all retailers was held, recognising successes and sharing best practice.

SPAR Indonesia



The opening of an average of one new store per month has continued since SPAR Indonesia was launched in 2015, bringing the number at the end of 2016 to 23. Reflecting this rapid growth in selling area to 42,276m², turnover increased to €46.8 million. Significantly, sales per square metre also increased over the same period, by 34%, reflecting the ongoing focus on an improved product offering.

Investment in a new Enterprise Resource Planning system has enhanced retail management, while improvements in the supply chain systems contributed to the profitability of the business. At retail level, an ongoing staff training programme has continued to raise customer satisfaction levels and develop SPAR colleagues' skills.

SPAR Thailand



In early 2016, SPAR International granted a licence to Bangchak Retail Company Limited (BCR) to develop and grow the SPAR Brand in Thailand. A team was established to focus on the creation of a convenience focused food offering to implement in forecourt locations.

SPAR Thailand is developing forecourt retailing stores and worked with SPAR International to generate detailed store designs and layouts to procure an optimum product range. SPAR Thailand opened seven stores in the last quarter of 2016 with an average of 300m² sales area. Shopper reactions have been very positive and the launch of a television advertising campaign in early 2017 will contribute significantly to brand awareness.

SPAR Mongolia



In 2016, a licence was granted to the local chain, family run business Max Group LLC, to introduce the SPAR Brand into Mongolia. Prime Minister of The Netherlands, Mr Mark Rutte, attended the signing ceremony on July 19th during a visit to the country. The partnership will see up to 60 SPAR-branded multi-format stores in Mongolia by 2020.

Max Group is one of Mongolia's leading retailers and operates the Max Food Supermarket chain. With the support of SPAR International, Max Group will convert its existing stores to the SPAR Brand, tailored to suit the local market, with the first opening in 2017.

Statistics

All sales in reported in EURO using constant Annual AV exchange rates

* Albania launched October 2016, Thailand opened November 2016.

** Ukraine Eastern partners unable to report sales and will relaunch in 2017.

Seychelles, Saudi Arabia and Qatar will all report figures in 2017.

Country	Year joined SPAR	Retail Sales 000's	Retail Store Numbers	Retail Sales Area (m ²)	Average Store Size (m ²)
Austria	1954	6,420,000	1,560	1,160,863	744
South Africa	1963	4,471,073	821	967,439	1,178
United Kingdom	1956	3,480,448	2,620	371,189	142
Italy	1959	3,282,000	1,144	689,724	603
China	2004	1,930,465	395	1,033,725	2,615
Hungary	1992	1,657,974	493	408,368	828
Norway	1984	1,517,564	280	176,275	630
Russia	2000	1,338,613	430	332,970	774
Spain	1959	1,321,971	1,077	438,196	407
Ireland	1963	1,181,642	440	115,846	263
Belgium	1947	1,038,021	316	151,444	479
France	1955	953,000	864	230,000	266
Slovenia	1992	754,169	109	158,427	1,453
Switzerland	1989	535,763	182	70,937	390
Denmark	1954	474,921	124	79,368	640
Netherlands	1932	438,019	248	97,145	392
Croatia	2004	375,334	58	97,311	1,678
Germany	1953	330,000	469	37,574	80
Greece	1969	187,700	135	123,529	767
Poland	1995	184,950	225	54,606	243
Australia	1994	174,526	135	46,745	346
Namibia	2004	151,942	29	32,990	1,138
Botswana	2004	151,848	29	29,528	1,018
India	2014	138,498	18	76,691	4,261
UAE	2011	113,354	23	23,160	1,007
Zimbabwe	1969	89,968	31	21,099	681
Nigeria	2009	75,320	10	25,643	2,564
Portugal	2006	59,670	105	23,420	223
Zambia	2003	46,800	15	19,094	1,273
Indonesia	2015	46,789	23	42,276	1,838
Mozambique	2012	39,939	6	8,552	1,425
Japan	1997	33,614	45	4,815	107
Albania*	2016	29,600	17	18,277	1,075
Mauritius	2000	24,511	6	5,700	950
Georgia	2014	19,284	23	4,121	179
Oman	2014	18,602	15	6,801	453
Azerbaijan	2014	7,685	4	4,300	1,075
Cameroon	2014	6,625	1	2,400	2,400
Malawi	2014	3,651	2	1,505	753
Ukraine**	2001	-	15	11,355	757
Thailand*	2016	-	3	787	262
Total		33,105,855	12,545	7,204,195	574

2014 – 2016 Growth at a glance



€510 million

INCREASE IN RETAIL SALES IN **AUSTRIA**

10.7%

GROWTH IN RETAIL SALES IN **UK**

11%

GROWTH IN SALES PER M² IN **NORWAY**

18.3%

GROWTH IN RETAIL SALES IN **BELGIUM**

27%

INCREASE IN RETAIL SALES IN **POLAND**

16%

GROWTH IN **CENTRAL AND EASTERN EUROPE**

175

NEW STORES IN **CENTRAL AND EASTERN EUROPE**

28.3%

GROWTH IN RETAIL SALES IN **RUSSIA**

18.1%

INCREASE IN RETAIL SELLING AREA IN **CROATIA**

99

NEW STORES IN **CHINA**

13.2%

INCREASE IN RETAIL SALES IN **SOUTH AFRICA**

108%

GROWTH IN RETAIL SALES IN **UAE**

