



Where People Make the Difference

SPAR International Annual Report 2011





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Managing Director's Overview

SPAR, Where People Make the Difference

2011 was another good year for SPAR. We are pleased to report our growth continued with SPAR worldwide retail sales growing by €1.36 billion to reach €31.1 billion, an increase of 4.6% on the previous year. Eighty years after our foundation people continue to make the difference in SPAR.

SPAR achieved outstanding growth in 2011 driven by our worldwide network of SPAR partners and independent retailers. This continues our excellent growth pattern during the global recession with a cumulative retail sales increase of 16% over the last three years.

Consumer confidence remained low during 2011. This was driven by continued high levels of unemployment and concerns about savings and pensions. In addition, wages remained under pressure as many governments implemented austerity packages which included higher levels of taxation.

These factors, together with rising fuel prices, resulted in reduced levels of disposable income and consequently, food expenditure remaining static or even declining in the majority of our markets. Competition intensified with both national and international chains fighting for market share. This resulted in increased promotional activity and a strong focus on everyday low prices.

SPAR responded to the needs of our customers by placing a focus on fresh, convenient, value shopping in an exciting modern retail environment. The increase of 4.6% in turnover to €31.1 billion is an excellent result in this very challenging trading environment.



Managing Director's Overview

The Performance of SPAR in 2011

Retail Sales €31.14 billion

Sales Increase 4.6%

Sales Increase 3 Years 16.0%

SPAR Countries 36

Stores 12,124

Sales Area m² 6,440,853

There are now SPAR retail operations in 36 countries on 4 continents with the first SPAR stores opening in the United Arab Emirates, Malawi and Mozambique during 2011. Western Europe remains the core SPAR market accounting for 65% of worldwide retail sales. Eastern and Central Europe (15%) and Southern Africa (16%) are of increasing significance while the Asia Pacific region (4%) is showing strong growth.

Europe

SPAR performed well across Europe with excellent sales results in our larger markets including Italy (+6.2%), Austria (+4.5%), Belgium (+3.9%), Spain (+2.8%) and the UK (+3.1%). Sales growth was driven by a number of factors, but the most important were new store openings and the redevelopment of existing stores. For example, SPAR Austria opened 89 new stores, including their first city convenience stores, continued the rollout of SPAR Express, and upgraded 100 SPAR stores. SPAR Italy opened 2 new hypermarkets and 19 large EUROSPAR supermarkets.

The SPAR multi format retail strategy played a key role in sales growth with a move into convenience retailing in city centre and petrol forecourt stores in a number of SPAR countries. Consumers are making less shopping trips and prefer to shop nearer to home.

SPAR private label sales grew as a proportion of total retail sales in all SPAR countries during 2011. Of particular importance was the launch of new and

extended SPAR private label ranges. These include the launch of the *SPAR Premium* range in Italy and Austria, the extension of *S-Budget* in five markets and its launch in Ireland and the UK. The launch of *SPAR Sensations*, a health and beauty range, had a positive impact on retail sales in Spain.

Eastern and Central Europe

Although economic conditions remained very difficult in Eastern and Central Europe we are pleased to report that sales increases were achieved in all countries. SPAR Hungary and SPAR Slovenia celebrate their 20th anniversaries with sales increases of 2.2% and 2.8% respectively. The Czech Republic (+5.3%) and Croatia (+13%) also had positive results.

Southern Africa

SPAR South Africa had another excellent year. Retail sales increased by 9% to Rand 47.2 billion (€4.6 billion). As in Europe, growth was achieved through new store openings and a strong focus on redeveloping and expanding existing stores. 25 new stores were opened and 126 upgrades completed.

SPAR Zimbabwe continued its strong recovery, opening a number of large Flagship supermarkets, and achieving a sales increase of 20%. Botswana and Namibia delivered strong growth and Zambia made good progress. The first supermarkets opened in Malawi and Mozambique. Nigeria opened its second large SPAR supermarket.

Strong Growth in Key Strategic New Markets

Dramatic increases in retail sales were achieved in the key strategic new markets of China, Russia and India. SPAR International continues to support the SPAR Partners in expanding their retail and distribution operations as well as recruiting new partners.

Growth accelerated in China in 2011: 25 new hypermarkets and 25 supermarkets were opened, and although most of the new openings were in the second half of the year, retail sales increased by 77% to €716 million.

In Russia retail sales grew by 21% to €935. Three new partners joined SPAR Russia, opening stores in St Petersburg, Chelyabinsk and Krasnoyarsk in December. This included the first SPAR hypermarkets in Russia. Further new partners will be added in 2012.

Growth also accelerated in India; with a total of 10 hypermarkets sales grew by 45% to €65 million.

SPAR Australia underwent a great transformation in 2011 with new ownership and new management. Retail sales increased by 16% and there are good prospects for future growth.

SPAR made a strategic move into the Middle East. The first SPAR supermarket opened in the United Arab Emirates in Abu Dhabi. The UAE will provide the platform for further expansion in this region.



Managing Director's Overview

80 Years of People Making the Difference

We celebrate 80 years of SPAR in 2012. Our founder, Adriaan van Well, had a vision that if retailers worked together in partnership all would benefit. Could he have imagined that today SPAR would be the world's largest voluntary retail chain?

80 Years of SPAR

As we enter 2012 we begin to celebrate the 80th anniversary of the foundation of the unique SPAR partnership. Founded in The Netherlands in 1932 by Adriaan van Well with the slogan *"Door Eendrachtig Samenwerken Profiteren Allen Regelmatig"* – through joint co-operation all benefit.

The SPAR system enables retailers to work together purchasing from their regional Distribution Centre, sharing all the advantages of joint buying, national promotions, and private label. The SPAR retailers can focus all their attention on their customers' needs so that at SPAR our customers can be treated as an individual by an individual.

This partnership has given SPAR a unique competitive advantage and has driven the expansion of SPAR first throughout Europe and then into developing markets. It has enabled our new partners in emerging markets to learn quickly and to introduce modern attractive retail store concepts and to introduce state-of-the-art supply chains.

SPAR is the world's largest voluntary retail chain with 12,124 stores in 36 countries. Together with our multiformat retail strategy, this gives our customers a choice to shop at SPAR hypermarkets or supermarkets or to shop in a SPAR neighbourhood or convenience store. Our network of independent retailers specialise in personal friendly service and in the provision of regional and local products.



SPAR, Where People Make the Difference

People have been making the difference at SPAR for more than 80 years. The core competitive strength of SPAR has been the free and open exchange of knowledge and information between the SPAR countries. This exchange has been actively facilitated over the years by the dynamic leadership of many SPAR partners through our International Board, at the annual International Congress and through our many working parties and seminars.

And today in SPAR people continue to make the difference. The Reisch, Drexel and Poppmeier families, founder members of SPAR Austria, continue to drive growth in Austria and the Aspiag countries, with total retail sales in excess of €12 billion. Three generations of the families have given service to SPAR Austria, Aspiag and SPAR International and contributed to the worldwide success of SPAR International.

The Board of DeSPAR Italia under the leadership of Mr. Gatto have driven strong growth in the last decade and will accelerate their expansion further with the recruitment of five new partners. They anticipate 350 new stores and a sales increase of 20% when all the new stores are integrated into SPAR formats.

In the UK A.F. Blakemore recently acquired the Capper & Co regional wholesale business. Three of the other four regional wholesale companies are owned and managed by their founders, namely the Agnew, Hall and Lang families. All four families have given many years service to SPAR UK and SPAR International.

BWG Foods, operators of SPAR in Ireland, own the fifth UK wholesale company Appleby Westward, which is based in the South West of England. BWG Foods CEO, Leo Crawford, serves as Chairman of SPAR International.

In Spain, Managing Director, Ángel de la Torre, has worked ceaselessly for SPAR at wholesale, retail and central office level since 1959. He has given 53 years of dedicated service, and continues to drive growth in an extremely difficult market.

South Africa has played a very active role in SPAR International. This year they host the 57th International SPAR Congress. Their CEO, Wayne Hook serves on the International Board, and his predecessor Peter Hughes was a long term member of the Board.

In Norway the Johannson family has been a very active supporter of SPAR. NorgesGruppen Chairman, Knut Hartvig Johannson has served for many years on the International Board.

The new SPAR partners are also making a difference participating actively in our conferences, seminars and study tours. They bring renewed life and vigor to the worldwide SPAR organisation.

We have been fortunate to have SPAR partners who provided vision and leadership over the last 80 years. Many of them have been recognised by the award of the Van Well Medal, first awarded to our founder Adriaan van Well.



Prospects for 2012

In our core Western European market we anticipate SPAR retail sales will continue to grow in 2012 at least at the same level as in 2011. We can expect another year of strong growth in Italy following their successful recruitment of new partners. SPAR is responding to consumer needs through our multi format retail strategy which meets all shopping missions from full weekly shopping for the family to stock up, to daily fresh products to express shopping for convenience items and food to go.

The macro economic outlook for 2012 looks more positive than in 2011. The United States and German economies have returned to growth and are generating employment. There is evidence of growing confidence in the Euro and early indications that the major financial crisis in the Eurozone countries is easing.

Consumers continue to place a strong focus on value and convenience and express a preference for fresh and healthy food choices. SPAR is well positioned to satisfy these consumer needs. All SPAR countries are further improving their fresh offer not only in fruit and vegetables but also in bread, delicatessen, fresh meat, and food to go.

Trading conditions in Eastern and Central Europe will remain difficult in 2012. However, a combination of new store openings and innovative marketing programmes will ensure growth continues.

SPAR South Africa, now the second largest SPAR country, is by far the major SPAR presence in Africa. It faces many economic and demographic challenges but continues to deliver strong year on year growth. SPAR is now present in eight sub Saharan African countries and our presence will be further strengthened through new store openings in these markets in 2012.

The prospects for the new strategic countries are excellent. In China, the majority of new store openings in 2011 were in the second half and these will deliver full year sales increases in 2012. In addition, they plan to open 30 hypermarkets and 70 supermarkets during 2012.

In Russia, we expect to end 2012 with 10 SPAR partners. We are targeting retail sales of €1.3 billion, a 40% increase, which will make SPAR the 7th largest food retailer in Russia. Three new partners were added in 2011 and a further three will be recruited in 2012.

In India we are seeking new partners to extend our geographic coverage of the market. In the Middle East we will expand our presence in the United Arab Emirates, in Abu Dhabi and Dubai. SPAR will open in Qatar in the second half of 2012. We will also seek opportunities to enter other markets.

*Dr. Gordon R Campbell,
Managing Director, SPAR International*





InterSPAR Executive Meeting



Leo Crawford



Peter Blakemore

Gerhard Drexel

Claudio Giannetti

Henrik Gundelach



Wayne Hook

Knut Johannson

Gordon Campbell

Tobias Wasmuht

SPAR International Board

The SPAR International Board met on 4 occasions in the last year. The meetings were held in Norway, Washington, Preston and Amsterdam. The Meeting in Norway was held in conjunction with the Annual Meeting of the InterSPAR Executive.

The principal focus of the SPAR Board remains on the continued growth and development of the worldwide SPAR organisation, with a focus on the expansion of SPAR to new countries.

The A.J.M. van Well Award Winners

SPAR has been well served by the organisation's leaders over the last 80 years. These leaders have built on the initiative and founding vision of Adriaan van Well.

Some of these leaders, who have made an outstanding contribution towards the development of SPAR in their own country and who have inspired and supported their colleagues in the worldwide organisation, have been acknowledged with award of the van Well medal.

The A.J.M. van Well Award Winners:

1964	Mr A.J.M. van Well
1965	Mr H. Reisch
1968	Mr W. Hagen
1970	Mr H.A. Holland
1972	Mr H.K. Green
1976	Mr B.J. Elkins
1977	Mr E.A. Mayer
1978	Mr L. Drexel
1982	Mr E.S. Hall
1982	Mr W. Zauner
1994	Mr J.G.A. Irish
1994	Mr H.J. Zijderveld
1997	Mr B.A. Schmidt
1999	Mr R. Burnhill
1999	Mr. F.Th. Poppmeier
2001	Mr H. Drexel
2003	Mr N. Nishio
2005	Mr H.M. Reisch
2007	Mr P. Hughes
2008	Mr I. Hall



SPAR International Board

Chairman: Leo Crawford

Members:

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

InterSPAR Executive Committee

Chairman: Leo Crawford

Members:

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



SPAR

bring's klimaschonend!

Österreichs erster Hybrid-LKW



EMPL

MBE Palfinger

SPAR

New Country Development

SPAR International continues to drive new country development as a key strategic objective. The strategic focus remains on the large high potential markets of China, Russia and India. Considerable progress was made in each of these markets in 2011. Expansion also continues in sub-Saharan Africa. SPAR entered the Middle East with the first supermarket in the UAE. Expansion and growth are at the heart of the continued success of SPAR.

New country development remains vital for the future success of the SPAR brand. Each new country makes its own unique contribution to the culture and development of worldwide SPAR and strengthens the organisation. The last year has seen the achievement of a number of key milestones.

In China and Russia significant progress has been made, with the SPAR Partners making major investment in retail selling space, in recruiting independent retailers and investing in modern distribution centres.

2011 has seen important developments by SPAR in Africa, with the foundations being put in place for a strongly growing SPAR business in a number of African Countries. The last year has also seen the opening of the first SPAR store in the Middle East.

There have been significant developments in Russia in the last 12 months, with continued growth and consolidation by existing partners, the recruitment of four new partners and the launch by SPAR of a new format, with the opening of SPAR Hypermarkets in Tula and Chelyabinsk.

The new Partners are successful regional retailers, who have developed a leading position in their local market, but who now see the value of the support offered by an International brand such as SPAR. With retail sales now exceeding €935 million, SPAR is well positioned to become a major retailing brand in the Russian market.

Sustained growth also describes the progress made by SPAR China in terms of retail sales, selling space and store numbers. With strong growth in the second half of 2011, SPAR China will soon see sales exceed €1 billion. This momentum will be carried into 2012 when it is planned to recruit new SPAR partners.

The focus in China will be on the continued development of SPAR with 2 formats – the SPAR Hypermarket, which today accounts for the majority of sales and the SPAR supermarket, which is a newer format in China.

2011 saw the launch of SPAR in the Middle East with the opening of the first SPAR supermarket in the United Arab Emirates (UAE). SPAR UAE worked closely with the retail development and design teams of SPAR International to create a supermarket proposition that delivers an international shopping experience based on the SPAR brand retail values of freshness, quality, convenience and friendly personal service.

The last year has seen important progress in the development of the SPAR brand in Africa with the opening of the first SPAR supermarkets in Malawi, Mozambique and Nigeria. These stores are performing strongly and are ahead of plan.

SPAR has also enjoyed excellent growth in Zimbabwe and Zambia, with ambitious plans in place to drive the continued growth of the SPAR business.

Albert Gusev building his business.

Throughout the SPAR Worldwide organisation, there are many outstanding SPAR Managers and their teams who together have built excellent SPAR businesses at a local, regional or national level. Albert Gusev and Yuri Markin have together built such a business in SPAR Middle Volga, which is the largest of the 9 SPAR Russia Partners. Like many SPAR entrepreneurs, Albert's first involvement with retail was through establishing a wholesale distribution business.

Recognising the emerging opportunities in retailing, Albert secured from SPAR International the SPAR Licence for the Middle Volga and surrounding regions in 2003, and has developed a chain of company owned stores and independently owned SPAR stores. The team at SPAR Middle Volga has been hugely successful in providing their customers with international best practice retailing.



Investing in our Supply Chain

A major investment in developing and modernising the supply chain has underpinned the sustained growth enjoyed by SPAR Worldwide in retail sales. This investment in technology, capacity, transport and people, ensures that the required products are available at store level at the right time and the lowest cost. This investment in established and new SPAR countries reflects the commitment to supply our customers with quality products in a cost effective manner.

In parallel to the major investment made at retail level, SPAR Partners have made significant investments in developing their supply chain capabilities. Examples of such developments can be seen in most Countries as SPAR seeks to continuously improve the efficiency of its operations.

These achievements have only been possible with the enthusiasm and skills of management and staff in constantly seeking new ways to improve operational performance.

The implementation of new technology to improve all aspects of operations is of particular importance. This new technology includes the increased application of IT and new advances in hardware. In recent years major investments in automation have been undertaken by SPAR partners.

The introduction of warehouse management software, RF scanning and voice picking have contributed hugely to improved performance in warehouses. We also see major advances in transportation with the application of scheduling and routing software and telemetrics, resulting in significant advances in service level and reduction in running costs and CO₂ emissions.

SPAR has also seen the increasing adoption of new approaches to working with suppliers, with increasing emphasis placed on backhauling to increase the usage of vehicles and reduce operation costs.

Over the last 5 years significant investment has been made in adding capacity to match the growth of the business and also in developing the capability to deliver chilled and frozen product. The investment in expanding capacity has accommodated significant growth in the volume delivered to SPAR stores, through a combination of adding capacity at existing distribution centres and also constructing new facilities.

In the last year, SPAR Partners opened new distribution centres, reflecting their commitment to growing their SPAR business. The family owned and managed James Hall, the North of England based SPAR UK wholesaler, opened a 35,000m² facility. In the Netherlands, SPAR has relocated to a new distribution centre and head office, which will support improved service to SPAR retailers.

Investment in new warehousing facilities has also been undertaken in new SPAR countries. This has been most notable in China, where all the SPAR partners have recognised the importance of investing in the development of their supply chain, in the context of an underdeveloped industry supply chain.

2011 saw the opening by SPAR Shanxi of a 49,000m² facility to service the rapid expansion of SPAR in Shanxi and Inner Mongolia. We also see ambitious plans to develop modern distribution centres by the SPAR Partners in Russia, notably SPAR Middle Volga and SPAR Tula.

SPAR Netherlands open new Distribution Centre and Offices

SPAR Netherlands opened its new distribution centre and head offices in September 2011. Sjaak Kranendonk, Managing Director, SPAR Netherlands, underlined the importance of the neighbourhood supermarket for local communities. He emphasised that the SPAR neighbourhood supermarket played a vital role in supporting social cohesion in small villages by providing both local shopping and employment. This is reflected in the slogan 'My neighbourhood, my SPAR'.

The new 23,000m² distribution centre is designed to meet the needs of the independent SPAR retailer, by providing a regular delivery of fresh and ambient products in a cost efficient manner. The DC is environmentally efficient, with surplus energy from the deep-freeze section used in the under-floor heating of the grocery section and in the head office. The energy efficient theme also applies to the new fleet of 50 low carbon trucks.



Retail Formats driving Growth

The average size of SPAR stores worldwide has increased by 27% in the last 5 years. This has been driven by the SPAR multi-format strategy, particularly the introduction of EUROSPAR supermarkets and the INTERSPAR and SPAR Hypermarkets. Some 35% of global SPAR sales are accounted for by these two formats. SPAR International has actively supported the roll-out of these formats through the Flagship Programme and the Retail Design Manuals.

SPAR International works with the SPAR member countries in the development and introduction of the SPAR retail formats through a programme of flagship stores. Through this programme SPAR partners are able to draw on the worldwide expertise and best international practice by implementing tried and tested international formats.

In the last year SPAR International, through the development of flagship stores, supported SPAR Spain in the Canary Islands and SPAR Norway. This work on developing flagship stores will support the on-going expansion of the EUROSPAR format in those countries.

An important development in 2011 has been the development of the SPAR supermarket format in Africa. The large format SPAR supermarket was successfully introduced in new emerging markets such as Malawi. SPAR International worked with the founders of SPAR Malawi to launch the 1st SPAR supermarket located in the capital Lilongwe.

The SPAR hypermarket format continues to be a major area of growth. At the end of 2011, SPAR operated 235 hypermarkets worldwide. The launch of SPAR hypermarkets in Russia, India and China has continued to be a key focus for SPAR in 2011, and plans are advanced to introduce the format into new countries. Working in collaboration with our SPAR partners in Russia, the first SPAR hypermarkets were opened in the cities of Tula and Chelyabinsk. Operating with

approximately 6,000m² selling area and retailing over 20,000 items the stores provide a world class shopping experience to meet consumer demand.

The strength of the SPAR hypermarket format lies in the proportionate mix of fresh foods, groceries and non food worlds. The new hypermarkets feature an onsite bakery producing more than 200 hot food lines, and the stores offer freshness and convenience as well as choice and value. The initial results have been ahead of target and it is planned that the SPAR hypermarket format will be opened in an increasing number of regions throughout Russia.

In 2011, a total of 29 new SPAR hypermarkets were opened in China. A highlight of 2011 has been the opening of flagship SPAR hypermarkets as anchor sites in major shopping centres developed and operated by the partners of SPAR China.

In the cities of Taiyuan, Qingdao and Dongguan, SPAR International in co-operation with SPAR China have been actively developing a series of premium compact hypermarket flagship stores targeted at the growing middle classes of China. In addition to a greater proportion of fresh foods and delicatessen the stores also feature services, products and events targeted at creating a mother and child shopping experience.

In 2012, SPAR International shall support SPAR Italy in a series of flagship EUROSPAR and INTERSPAR stores.

EUROSPAR: Tomás Barreto in La Palma, Spain

In San Pedro, La Palma, in the Canary Islands the independent SPAR partner, Tomás Barreto S.A., enlarged and converted a SPAR supermarket to a EUROSPAR within only 20 days. Working closely with the retail design team at SPAR International, a modern design was created which suits the requirements of the local residents and tourists who shop in this supermarket. Work was carried out with the SPAR International lighting supplier to develop an effective solution for this new layout and design that reflected the importance of the service departments and the fresh food offer.

A strong communication campaign was developed for consumers, emphasising the increase of product range, the expansion of fresh produce on offer, wider aisles with improved quality of shopping experience as well as good value for money through targeted promotions.

The store has seen an increase in customer numbers resulting in a 20% rise in gross sales. The team at Tomás Barreto is embarking on a second conversion of a store at Los Llanos de Aridane in consultation with SPAR Spain.





Convenience Retailing at SPAR

SPAR International identified the growing demand for express shopping from consumers on the move. In response, the SPAR Express format was launched which provided a modern shopping experience designed to meet consumers' needs for daily, stock up, impulse and emergency purchases. A special emphasis was placed on 'Food to Go' for the time pressed customers. SPAR Express has been strongly developed in Ireland and Germany but is now quickly spreading in new markets.

SPAR Express is a high convenience format particularly successful in transient and high footfall locations such as forecourts, airports, railway station and city centres. SPAR UK and SPAR Ireland have a long established core competence in the convenience sector. Today some 11 countries operate 650 SPAR Express stores.

SPAR UK with 2,500 stores at an average store size of 143m² continues to receive national and international recognition particularly in the petroleum and forecourt retailing sector. Operating 500 plus forecourt stores, these international award winning stores have provided a great basis for the transfer of knowledge and experience to SPAR country organisations.

Success in convenience retailing also underpinned the success of SPAR Ireland where the SPAR Express format was piloted as a dedicated format for the petrol forecourt market. Today there are 66 SPAR Express stores operating in Ireland in petrol forecourt locations owned by independent retail operators.

SPAR Germany has focused on the convenience sector with the SPAR Express format and today operates some 340 stores primarily in partnership with one forecourt operator. SPAR Austria has also rolled out the SPAR Express format with a forecourt operator and currently operates 28 stores under this retail brand.

While the SPAR Express concept differs from country to country in terms of store size, product range, and pricing policy there are a number of common features.

The range of products is broad from 'Food to Go', to fresh, to dry goods, to non-food but the assortment is very narrow. Hygiene and food safety are of a SPAR standard and are therefore higher than in a normal forecourt store, while customer service is friendlier and more personal than in a normal forecourt store.

More recently the format has extended across Europe, notably in Germany, Austria and Belgium. SPAR International has also successfully introduced the concept into new countries.

Worldwide, SPAR Express convenience stores are also prospering with growth in store numbers being achieved with the format in Australia, Russia and Ukraine.

In the last year we have seen the emergence of the SPAR Express format in Africa and Asia with the first stores opening in Zimbabwe and China.

With a growing urbanised consumer class in these developing markets the future potential for convenience and SPAR Express is excellent.

The SPAR Express format continues to expand in more and more countries worldwide. The SPAR Express format was introduced to Switzerland in 2011 with the opening of the first store which was integrated into an Avia branded forecourt location. SPAR Switzerland also plans to expand with the format in high footfall location in city centres.

Rapid roll-out of SPAR Express in Austria

SPAR Austria launched SPAR Express in 2009, originally in 6 stores throughout the country in co-operation with the Doppler Group, one of Austria's largest petroleum operators. The initial test stores have seen dramatic sales increases and have surpassed their expectations. By the end of 2011, 28 stores were operational and expansion is on target to increase numbers to over 70 sites by 2013. In research published by a leading business weekly in Austria, SPAR Express ranks highest in the country for image and value leadership.

The modern store design combined with an assortment of 1500 products, including offering a range of freshly baked breads, regional fruit and vegetables has been well received by customers.

Open 7 days a week the stores provide customers the convenience to shop when they require at supermarket prices. The extensive range of SPAR own brand products provides outstanding value and SPAR Express is the price leader in the Austrian Forecourt sector.



Sports Sponsorship and SPAR

SPAR International confirmed it will continue as principal sponsor of the European Athletics Championship Events for another four year term. For the first time this will include two European Championships, Helsinki June 2012 and Zurich August 2014. SPAR builds international awareness of its brand through the massive TV and press coverage of these prestigious events. This sponsorship is part of our commitment to encouraging active healthy lifestyles.

The SPAR Sponsorship of European Athletics in 2011 featured 3 events, which enjoyed a total audience of 235.3 million viewers for the 651 hours of television coverage to some 78 countries.

The flagship event in the last year was the European Indoor Championships held in Paris. This event, which attracted a total viewership of 170 million, also demonstrated the value of sponsorship in terms of promoting the brand.

SPAR France used the event as an opportunity to involve retailers in the event, while SPAR UK linked the event with its sponsorship of junior athletes 'The SPAR Sprints Initiative'.

The international scope of the sponsorship is underlined by the fact that the other two events in the annual programme; the SPAR European Team Championship and the SPAR European Cross Country Championships were held in Sweden and Slovenia, respectively.

2012 marks the beginning of a new 4 year cycle of sponsorship by SPAR International as the principal sponsor of European Athletics, which will run until 2015.

The highlight for 2012 will be the European Athletics Championships in Helsinki, which for the first time will be held during an Olympic year. This event will be based in Helsinki from June 27th to July 1st and is part of summer of sport leading up to the London Olympics.

SPAR is committed to a great variety of sports sponsorship in addition to European Athletics. The scope of sponsorship extends from individual retailers sponsoring a local school to national events which are varied.

In the last year these include the SPAR sponsorship of the Unihockey Women World Championship in Switzerland, the Zimbabwe Sevens Rugby Team and the SPAR Great Ireland Run in Ireland. The latter event attracted more than 11,000 adults and children for Ireland's largest mixed 10km run.

SPAR Norway has for many years given its support to 'Right to Play', a now global initiative to support social development through sport in the poorest countries, which was founded originally by a Norwegian athlete.

The vision of Right to Play 'to create a healthier and safer world through the power of sport and play' is one that SPAR retailers and staff strongly identify with and support by raising funds through selling red mini-balls which have become the symbol of the organisation.

The focus on wellness and active healthy living is an important part of the Corporate Social Responsibility Programmes adopted by SPAR countries. It also reflects the commitment to community and people, core values of SPAR for 80 years.

SPAR UK Brand Ambassador

As the official sponsors of UK athletics, SPAR has a deep involvement at all levels with the sport. The SPAR Sprints Initiative is but one of a number of sports related sponsorships undertaken at local, regional and national level by SPAR UK retailers and Regional Wholesalers. Through this Initiative SPAR UK provides training, motivation and support to young high potential sprinters. Eight talented British sprinters, selected by UK athletics, will receive financial support and other benefits to assist them make the transition from junior to senior athletics.

Underlining the close link of SPAR to UK athletics it is very appropriate that Jenny Meadows, a leading woman athlete, has agreed to be the SPAR Sports Ambassador. Jenny in a recent interview about her role said "It is fantastic that SPAR has been supporting athletics for so long and I am very pleased that such a big brand has backed athletics the way they have, and am delighted that they have chosen me to be their ambassador for the sport."



People Making the Difference

In an increasingly competitive environment, it is vital to differentiate the SPAR retail proposition and build long-term relationships with our customers. SPAR people have succeeded in making a difference for our customers through our core values of freshness, quality, value and outstanding customer service. SPAR International continues to support the exchange of best practice in customer care and people development through our programme of conferences.

SPAR Partners undertake a major investment each year in the recruitment, development and retention of talented management and staff. This investment in our social capital goes hand in hand with the investment in new stores and supply chain. This commitment to investing in people ensures that throughout the SPAR worldwide organisation, SPAR consistently delivers on outstanding customer service. This is even more important in an increasingly competitive environment.

The commitment to customer service has always been part of the SPAR philosophy from our origins in the Netherlands in 1932 as a network of family owned and managed wholesale and retail businesses. 80 years later, SPAR remains committed to the same family values of respect and concern for our community, colleagues and environment.

Because of the focus we place on people, great attention is paid to the attraction and recruitment of new colleagues to ensure that SPAR is identified as an employer of choice. SPAR Austria and SPAR South Africa have pioneered initiatives in the area of employee branding to attract talented new colleagues to SPAR.

The investment by SPAR Partners in training and development results in many SPAR organisations achieving national recognition. The commitment to developing people has won training awards presented by industry bodies recognising excellence. In 2011 the SPAR UK Regional Companies again dominated the industry training awards.

SPAR Austria received the Austrian Integration Award in recognition of the success of their apprenticeship training. The commitment to developing people is also evident in new SPAR Countries, with National awards being achieved in China and India.

The growing commitment to the development of our people is seen in the increasingly important role that SPAR academies play in delivering a programme of training for SPAR management and staff. The first academies were established in Austria and South Africa, where management recognised the need to invest in training but also to design and develop material tailored to SPAR.

Today the SPAR Academy in Austria is the largest training company in the country with more than 2,700 trainees. In South Africa, SPAR invested more than 3% of total payroll on skills development.

The concept of the SPAR Academy has today been rolled out to many SPAR countries, with SPAR organisations increasingly implementing training tailored to the needs of their market.

A number of SPAR countries have developed Virtual Academies, whereby training material is made available online to retailers and their staff. Training can be undertaken at times convenient to the individual. Among the countries actively engaged in the development and roll-out of SPAR academies are the UK, Norway, Ireland, Switzerland, Netherlands and China.

China Academy

SPAR China has received national recognition for its SPAR China Academy. In a recent award ceremony, the China Chainstore and Franchise Association presented SPAR with the prestigious award for 'its highly innovative Online Training Academy for retail employees'.

Tobias Wasmuht, Managing Director of SPAR China said: "We are delighted that our work and team efforts have been celebrated by the rapidly growing retail

industry in China. This award shows that SPAR China has been recognised as a leading company within the Chinese retail industry."

He further commented that trainees can watch best practice videos online, giving examples of successful retail tips and advice from other SPAR countries, adapted to suit the market in China. The Academy is available to SPAR employees in all regions of China.





PARIS

2011 PARIS 2011 PARIS 2011

European-athletic

Lewicki

Wojta

7

Customer Centred Innovation

SPAR Countries have actively embraced the advances in technology over the last decade in order to better meet the needs of our customers. Many countries are exploiting the opportunities offered by social media, the development of applications for smart phones and the opportunities offered by loyalty cards to build relationships with our customers. SPAR International promotes innovation in retail and supply chain through its programme of flagship retail stores and distribution centres and the work of its Action Groups.

The major advances over the last 2 decades in the application of technology combined with the revolution in ICT have impacted on all aspects of retail. We have seen the introduction of new retail technology, the increased application of modern web based IT, the emergence of a new retailing channel eRetailing; the increasing role of smart phones in our business for both communication and transactions and the ever increasing importance of social media.

SPAR partners worldwide have responded positively to the opportunities offered by the new technologies to communicate with SPAR customers, to improve customer service and also reduce operational costs. They are also increasingly recognising the opportunities offered by social media to communicate with customers by developing a two-way dialogue.

Today we can find our customers using social media to discuss SPAR products, the local SPAR stores and the product range in online discussions. We recognise the importance of ensuring that SPAR facilitates these discussions and actively engages in them to ensure that the brand values are communicated in a consistent way. Many SPAR countries have launched Facebook and Twitter pages to be part of this increasingly important method of customer communication.

The development and spread of smart phones has created the opportunity for SPAR to focus on implementing mobile applications. Many SPAR Countries have started to innovate using the functionality offered by smart phone technology.

SPAR Czech Republic has rolled out an application which offers a free download which customers can browse to locate stores, look for recipes, make a shopping list and download promotional flyers. A highlight is that customers can select products from the promotional flyers and add them to their shopping list.

Other innovations with mobile technology include the development of cashless payment. SPAR Switzerland has pioneered the implementation of such a system. SPAR UK have played a leading role in promoting the introduction of contactless cards in their market to speed up the payment process for smaller purchases.

Customers at SPAR and INTERSPAR stores in Hungary can pay using their mobile phone. SPAR have partnered with two of the largest mobile providers in order to offer this service. SPAR retailers in Denmark, Norway and Spain are investing in the latest generation of cash management systems.

SPAR International has worked closely with the SPAR Partners to facilitate the adoption and integration of the advances in technology, by facilitating the exchange of knowledge on developments through its Action Groups and the publishing of reports and newsletters tracking new applications and sharing the experience of individual SPAR retailers and wholesalers.

The STOREIT reports have monitored developments in retail technology, while a series of reports on social media have prompted the undertaking of a joint Facebook Promotion in the first half of 2012.

SPAR Slovenia – Implementing a SPAR Loyalty Card

SPAR Slovenia's Managing Director, Igor Mervič, has recognised the strategic importance of implementing a sustained customer loyalty programme. In the past two years, Slovenia has experienced a shift in consumer shopping behaviour with customers shopping in a range of supermarkets in order to obtain the best value for money. This resulted in a reduced basket spend per visit and a focus on promotions and discounts.

In response to this shift, SPAR Slovenia introduced a SPAR loyalty card in 2010. The goal of the 'SPAR Plus Card' was to gain 300,000 holders in the first year, with 50% of turnover using loyalty cards. The launch was well advertised with billboards, leaflets, posters and website information. The programme was an outstanding success, achieving 400,000 cardholders and 70% turnover by year end.



SPAR Working with Local Growers

Local sourcing from regional growers is integral to the SPAR way of doing business; it is part of our brand and our philosophy. SPAR has an 80 year tradition of working with local producers and supporting local communities. The Strategy2Sustain Initiative of SPAR International highlights important examples of best practice in local sourcing throughout the SPAR world. SPAR International also works with government and development agencies in sourcing partnerships to support local growers.

SPAR, being locally owned and operated, has a long standing tradition of over 80 years of working directly with local producers. Today, regionalism and the ability to procure directly from the source is a key form of differentiation for SPAR retailers across the globe.

From the valleys of Wales and the mountains of Norway to the Venda farming communities of South Africa, our proudly local SPAR stores ensure that they are sourcing from the region for the region. The best demonstration of the commitment to local sourcing is through a number of examples drawn from different parts of the SPAR world.

The philosophy of working with local producers is also evident in the UK where the regional SPAR wholesaler Blakemore's has championed sourcing from regional and local producers through its specialist company, Heart Distribution. This approach has been embraced by their customers and independent retailers.

A particular strength is the ability of independent retailers within SPAR to work directly with producers and growers from their locality.

An excellent example is the initiative of a SPAR retailer, Conrad Davies who owns and operates 2 EUROSPARs and 1 SPAR store in Wales. Conrad Davies was named True Taste Champion of Wales in recognition of his support for local Welsh food producers.

The award was made to Conrad for his passion and drive to promote local producers and their products. Each item is displayed highlighting its origin and the distance travelled to the store. This initiative has been commended by the former Welsh Minister for Rural Affairs, Elin Jones, for the support given for local sourcing of Welsh food and drink.

Another illustration of this co-operation can strongly be found in Austria, where SPAR sources from regional Austrian regional growers. By sharing a passion for food and a belief for the need of authenticity in food production, SPAR work together with small and specialist producers observing generations of tradition in producing unique and exceptional foods.

This co-operation provides an important access to retail distribution for smaller family owned producers. At present, SPAR Austria works directly with 560 local suppliers to source over 5,300 products for its INTERSPAR hypermarket division, thus providing often small scale producers with large scale opportunities to develop and prosper. The establishment of the SPAR own brand ranges such as SPAR Natur*Pur, SPAR Wie früher and SPAR Premium places a strong emphasis on rediscovering the taste of authentic regional foods.

A large scale example of this SPAR spirit of co-operation is found with the purchasing by SPAR Austria of 100 million apples from apple growers in the region of Styria.

Working in partnership with local producers – SPAR South Africa

The SPAR retailers of South Africa are leaders in developing sustainable partnerships between the local farming community and the local SPAR store. One of the pioneers of this approach is SPAR retailer Philip Snyman, who works in partnership with local farmers to guarantee purchases of fresh produce for his stores.

African government, has access to land and irrigation. Resources such as seedlings, fertilizers, machinery, diesel and transportation are financed through micro loans provided by the SPAR retailer. A SPAR agriculturalist also provides training and knowhow to improve the farmer's yield and produce quality.

The initial model started with 27 farmers for a single store and has scaled up across South Africa. The local community, with the support of the South

The partnership between the retailer and the farmers is a formalised contract, which states the produce to be grown, the selling price and the quality standard.



Delivering Value to our Customers

SPAR Partners worldwide have responded to the ever increasing importance of value and price to our customers. Value is delivered through a combination of competitive pricing, added value promotions and an enhanced SPAR private label range. By actively growing our SPAR Private Label ranges we are providing our consumers with quality and value. The International SPAR brands continue to complement the national SPAR ranges.

Consumers globally have responded to the financial crisis by placing more attention on value and price. This applies to all forms of shopping; from the weekly food shop through to shopping for apparel and household goods. The emergence of web services offering price comparisons has also accentuated the focus on price. In response retailers have developed private label ranges to offer customers better value and savings without compromise on quality.

SPAR countries have been actively engaged in the development of comprehensive private label ranges to offer consumers the range of products they require to meet the requirements of their family in terms of quality, nutrition, variety and price.

The range of international SPAR brands sourced and marketed by SPAR International continue to play an important role in supporting the national private label ranges. Working with the support of the BIGS buying group a number of important new products were added to the 350 sku international range.

By pooling the volumes of these products on an international level, SPAR International uses a transparent tendering process to ensure that the best quality/price ratio is achieved. This process also ensures that the participating SPAR countries can offer their customers good quality products at great value prices.

SPAR International through its trading company, IGT, now provides a full sales and logistics service to the

SPAR countries. More than 20 SPAR Partners are now sourcing their international SPAR brands through our logistics facility in the Netherlands. This facility enables SPAR International to supply our Partners with full or mixed containers of an ever increasing range of internationally sourced products.

In 2011 this service was extended beyond Western and Central Europe to Russia, China, Zambia and Zimbabwe. The international dimension of these products is reflected in the families of products available including Italian, Mexican and American ranges. SPAR International also supplies a full package of POS support emphasizing the internationality of the products but also the quality price relationship.

Over the last 5 years all SPAR partners have extended the role of private label in order to respond to the increasing focus by consumers on value. SPAR Italy has launched a 200 strong range of products targeting consumers wishing to help the environment through their shopping. SPAR Switzerland introduced a new range produced according to strict organic guidelines tailored to the demands of the Swiss customer.

In Spain, the *Sensations* range of cosmetics which was introduced in the last year as an exclusive brand for SPAR has proved a winner with the price conscious consumers. SPAR Netherlands have introduced a new product range called 'SPAR from the region' developed in response to the growing demand from customers for locally sourced produce.

SPAR Austria offering value through Private Label

SPAR Austria has developed the most comprehensive private label range, responding to the needs of its customers. The company's strategy is to offer a full range from discount through to best in category.

The SPAR Private label remains the core range, but is supported by niche ranges. The success of this strategy is seen in the growth of private label to 29.8% of sales. Over the last 5 years SPAR Austria has extended the role of private label in its business in order to respond

to their customers who look to their retailer of choice to meet their needs in terms of price and quality as well as issues concerning production.

The private label offer has been expanded to offer a core range focused on price and value, and a number of niche categories including organic, Vital, Fairtrade, Free From products and the S-Budget discount range. SPAR Premium was recently launched with the focus on affordable luxury products.



Our global family...

SPAR Austria have rolled out SPAR Express on Petrol Forecourts

SPAR Austria has developed a comprehensive range of private label products

SPAR Middle Volga providing consumers with best practice retailing

SPAR Netherlands opened its new DC to meet the needs of retailers

UK athlete, Jenny Meadows, is the SPAR UK Brand Ambassador

Tomás Barreto SA, Canary Islands, converted an existing store to EUROSPAR

SPAR Slovenia launch 'SPAR Plus Card to reward loyal customers'

SPAR China Academy wins national award for training initiative

Western Europe

Austria, Belgium, Denmark, France, Germany, Greece, Italy, Ireland, Netherlands, Norway, Portugal, Spain, Switzerland, United Kingdom.

Eastern Europe

Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovenia, Ukraine.

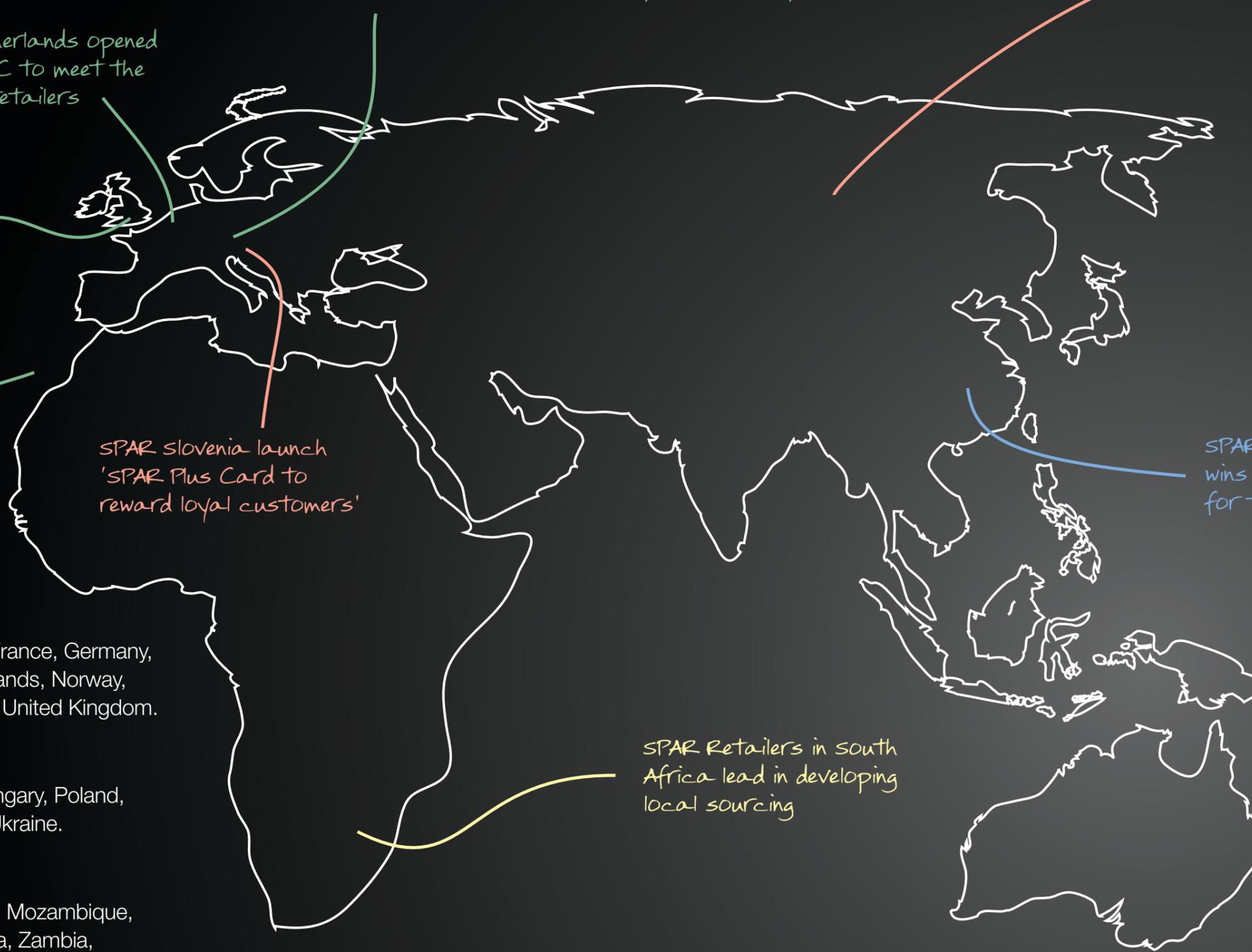
Africa

Botswana, Malawi, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Zambia, Zimbabwe.

Asia Pacific

Australia, China, India, Japan, UAE.

SPAR Retailers in South Africa lead in developing local sourcing



Austria



SPAR Austria enjoyed continued success in the last year with retail sales growing by 4.5% to a record €5.36 billion. Retail space now exceeds 1 million m² and the number of SPAR outlets increased to 1,470.

Throughout the year 80 SPAR stores were upgraded. To ensure that all communities have access to a local SPAR store some 70 new stores were opened in small communities, some of which only number a few hundred inhabitants.

SPAR Austria has continued with their roll out of SPAR Express petrol station stores, increasing numbers by 50%. This expansion will continue in 2012, with a plan to open a further 60 SPAR Express stores on petrol forecourts.

Convenience was the major focus of the last year. In Vienna, Salzburg and Innsbruck SPAR opened its first three convenience stores specifically targeted at people living in cities. This new store type is called 'Food in the City', offering a wide assortment of products available both in 'Food to Go' and 'Food to Stay'.

During 2011 an additional 750 jobs were created. This resulted in SPAR now employing 38,800 persons, of which some 2,700 are apprentices. These numbers confirm the position of SPAR as the largest private employer in Austria.

A huge importance continues to be placed on Corporate Social Responsibility. Their contributions to charity totalled €750,000 by the end of the year.

As a pioneer in climate protection SPAR implemented the first full hybrid truck in Central Europe. The hybrid truck has 20% less fuel consumption and CO₂ emissions than a conventional truck.

SPAR became a member of WWF Climate Group, Austria's biggest private climate initiative at the start of the year.

In cooperation with WWF, SPAR developed measures to protect the climate, with ambitious targets to be achieved over the next three years. The company has also taken a stance against overfishing and species protection.

Belgium



SPAR Belgium continued to experience growth in 2011, with retail sales increasing 3.9% bringing their total sales to €814 million.

SPAR is operated in Belgium by SPAR Retail (part of the Colruyt Group) and Lambrechts N.V. SPAR Retail is responsible for 229 stores, 217 of which are operated by independent retailers and Lambrechts N.V. is responsible for 62 stores, all of which are run by independent retailers.

SPAR Retail undertook significant investment in advertising during the year. The highlight of this programme is a SPAR tram which ran along the coastal cities of Belgium on one of the longest tram routes in the world. This gained valuable advertising exposure for SPAR in Belgium. This advertising initiative commenced in mid 2011 and will run for 12 months.

To increase awareness of the tram, a competition was created for customers to take photos of themselves with the tram and then submit the images to win a prize.

Denmark



SPAR Denmark is the largest chain of independent retailers nationwide. The introduction of the EUROSPAR format has helped to strengthen the SPAR brand.

A period of consolidation was entered into this year. Store numbers fell to 504 and retail selling space declined to 170,309m². Total retail sales decreased 3% to €1.07 billion. The performance is reflective of the very difficult economic environment, as unemployment figures are rising and GDP levels decreasing.

A major investment in a new neon-light technology started this year, which saves the climate the equivalent of 73 tons of CO₂ per year and reduces electricity bills.

To help make the project more attractive to SPAR retailers, SPAR Denmark have negotiated a bonus of 2% per saved kWh. This means that the €37,000 investment generates €13,000 per year in savings. As a result, retailers have changed 1,600 light fittings to this new neon light technology.

France



SPAR France recorded a growth in store numbers to 956 during the year, 765 of these are franchise operated stores, which represents an increase of 1.6%. Total retail selling space over the period also increased to 245,000m².

Retail sales in France remained at €970 million throughout the year. This is an excellent performance as the economy recovers from recession.

Lower than expected growth and increased unemployment rates impacted negatively on government revenues and increased borrowing costs. This has resulted in a fall in consumer confidence.

The dominant store format in France is the SPAR supermarket. These stores provide a wide assortment of products that meet customer demands. The range of produce is flexible, with an increasing focus on the supply of regional and local goods. Stores also offer extended opening hours and customer services such as free Wi-Fi.

Germany



Greece



Ireland



Italy



Netherlands



SPAR Germany performed well in 2011. The focus remained on the development and expansion of SPAR Express stores nationwide, with store numbers increasing to 340 by the end of the year, representing an increase of 10%. The average store size is 80m².

The majority of SPAR Express stores in Germany are located in petrol forecourts, in particular they have strengthened their relationship with Jet/Conoco, the major oil company.

SPAR Germany will continue to expand on this success by partnering with other major petrol companies. The first SPAR Express store was opened in partnership with Shell in 2010, this year saw a further 14 stores open on Shell petrol forecourts. It is anticipated that this partnership will be further strengthened next year.

A new design and layout for SPAR Express was launched to great success during the year in Germany. This new layout places a much greater emphasis on 'Food to Go' and convenience.

SPAR Greece faced an exceptionally difficult retail environment this year. Total retail sales declined marginally to €683 million, which is an outstanding result as the Greek economy continued to experience a decline in consumer spending.

The total number of stores remains at 189 with a retail sales area of 142,700m². During the year one new store was opened, while an underperforming store was closed.

Consumer behaviour in Greece has changed. Customers now plan their shopping list, therefore eliminating impulse purchases. Consumers are looking for budget products without sacrificing on quality.

According to Nielsen data, both turnover and the sales volume of branded products has decreased, while private label sales have increased. In 2011, SPAR Private Label sales have grown 8%, with profitability increasing 5%. Since 2010, turnover and profitability of SPAR private label products have increased by 20%.

SPAR Ireland further consolidated its position as the premier convenience brand in Ireland achieving some significant milestones during the year. The group added to its flagship stores with the opening of two new stores at Dublin's national airport as well as a store on one of Ireland's busiest motorways. They also achieved a milestone with their digital and social media programme when SPAR Facebook reached 50,000 fans.

SPAR Ireland reported total sales of €1.12 billion. This represents a 5% decrease from 2010, but is a very strong performance in the context of the difficult economic conditions.

2011 saw continued investment in the growth and development of SPAR own brand, which resulted in a 10% growth in sales of the range.

SPAR Ireland also introduced a number of very well received promotional campaigns including 'EUROSPAR Pay Less Than The Rest' and 'SPAR Cheapest Prices Around' benchmarking the supermarket chains.

DeSPAR Italia returned to growth in 2011 with total retail sales increasing 6.2% to €3.9 billion. This was a significant growth considering the difficult retail environment.

Store numbers also increased during the year. There are now 1,549 stores in Italy representing an increase of 4% since 2010. 517 of these stores are company owned.

SPAR operates stores under three formats in Italy – neighbourhood supermarkets, EUROSPAR and INTERSPAR. The majority of turnover is accounted for in the larger format stores, which are company owned. However, the independently owned, local supermarkets, also remain a key part of the future business.

Product offering has been a major focus through the development of high quality private label products at affordable prices and also on communicating this value to consumers.

DeSPAR Italia launched a new organic, Fairtrade range called *Scelta*

Verde, meaning Green Choice. The 200 strong product range is designed to appeal to customers that want to help the environment through their daily shopping. The range comprises products from organically farmed food items to energy saving light bulbs.

The first issue of DiVita magazine was made available to customers this year. With a fresh look and feel, DiVita covers a range of health and environment conscious topics.

There were several major developments throughout the year. Five new companies joined the consortium, and as a result of this, turnover is expected to reach €5.4 billion in 2012, representing an increase of 40%. The number of stores are also projected to increase to 2,000.

The new companies are based in different regions in Italy: Lombardy (L'Alco), Apulia (Cannillo), Piedmont (Viale) and Sicily (Ergon and Gicap). L'Alco will be the first chain to convert their stores to SPAR.

SPAR Netherlands achieved retail sales of €491 million this year, a marginal decrease of 1% since 2010. This is a satisfactory performance as market conditions proved difficult with considerable pressure on price.

A new DC and Head Office was opened by SPAR Netherlands during the year. This new DC is designed around the needs of the independent SPAR retailer.

The past year has seen SPAR focus on their sustainability strategy. They have taken the lead in a project to reduce CO₂ emissions and noise pollution. 50 new sustainable lorries began serving SPAR neighbourhood supermarkets late this year. The aim is to achieve a reduction in CO₂ emissions and a reduction in diesel consumption of 160,000 litres.

A new private label range 'SPAR from the region' was launched in 2011. The products are clearly labelled as being from Dutch origin. This new range reflects Dutch consumers growing interest in supporting local producers.

Norway



SPAR Norway continued their pattern of growth this year, with sales of €1.4 billion, representing an increase of 1.6%.

Seven new stores were opened this year, however due to a major consolidation project of underperforming outlets, the total number of stores were reduced by eighteen to 276.

The main focus throughout the year was to increase sales share in areas such as Fruit and Vegetables, fresh Baked Bread and Meat & Deli. A promotion and instore sales program was developed to give customers a more focused discount offer. Fruit and Vegetable promotions are now held weekly with a 40% discount.

SPAR actively support sports at a local and national level in Norway, thereby developing close ties between the store and the local community. They sponsor Norway's largest women's race, where over 20,000 women from 32 Norwegian cities participated this year. They also sponsor the National Men's Handball Team.

Spain



SPAR Spain retail sales continued to grow during the year with an increase of 2.8% to €1.15 billion. This was an excellent performance as the Spanish economy continued to experience a decline in consumer spending with high levels of unemployment and loss in consumer confidence.

There was a focus on a programme of store upgrades and consolidation throughout the year. In the Canary Islands, a supermarket was converted to a EUROSPAR in 20 days. By working closely with the retail design team at SPAR International, a modern store was created catering to the residents and tourists who shop there.

One of the retailers in the Canary Islands continues to pioneer modern retail technology. In the last year, cash management systems have been introduced in two stores on a pilot basis.

The new SPAR Partner in Spain, Miquel Alimentacó Group have confirmed plans to convert ten existing supermarkets to the SPAR brand. There are also further new

Portugal



store openings planned for 2012.

SPAR Spain launched a line of cosmetic products called 'Sensations'. The range was launched with 22 products but it is expected to grow to 130 products in 2012.

This was developed in response to SPAR's policy of continuously adapting to its customer's needs. This new range will be positioned against the best tertiary brands.

SPAR Portugal experienced significant growth in 2011, achieving retail sales of €44 million, representing an increase of 17%.

The growth recorded is an impressive performance as Portugal continued to experience the effects of the economic crisis throughout the year, impacting all sectors of the economy, including a marked decrease in consumer spending power.

There were a number of new store openings this year. There are now 58 SPAR stores in Portugal, a 30% increase since 2010.

Switzerland



SPAR Switzerland performed very well in 2011 with retail sales figures of €455 million.

The first two SPAR Express stores were launched in Switzerland, which both opened at AVIA petrol forecourts. These stores offer fresh and healthy convenience food. The store layout is young and trendy and they meet the needs of their customers through the offering of high quality fresh produce every day.

SPAR Switzerland continue to focus on their sustainability strategy. They are achieving significant reductions in CO₂ emissions through the development of intelligent distribution logistics. This utilises computer assisted software to ensure vehicles are used to full capacity. Trucks are also equipped with the latest generation of engines which have seen a reduction of 5% in fuel consumption.

Consideration for animal welfare is becoming increasingly important to SPAR customers. Meeting this demand, EUROSPAR now offers Swiss veal from animal friendly, CO₂ neutral farming under the label 'Swiss Premium Veal'.

United Kingdom



SPAR UK performed strongly this year, with retail sales growing by 3.1% to reach €3.2 billion.

The company focused on ensuring their range meets the needs of their customers whatever the eating occasion; breakfast, lunch, food on the go, or something for a family meal. One of the key successes this year was in the cake category.

SPAR UK Ltd is the official sponsor of UK Athletics and has committed to continue support until 2013, ensuring a legacy for athletics beyond 2012. Great benefits have been gained through this sponsorship, including Perimeter Boards displaying SPAR branding at 6 UK Athletics televised events reaching over 6 million viewers and SPAR adverts appearing in 6 Event guides.

The 'Stores of the Future' initiative was further developed throughout the year, with the opening of a number of stores. SPAR Dalrymple opened its doors in August. The store design responds to new consumer requirements in relation to range, price positioning, layout and space allocation.

An energy efficient eco-store opened during the year, featuring LED lighting and energy saving doors fitted with electronic timers to save on unnecessary energy use. The new store will use 30% less energy than a standard supermarket and will be the benchmark for future stores.

S-Budget was launched this year as part of a new value proposition to reduce the cost of local shopping. Thirty-three S-Budget lines were launched across the grocery, fresh and frozen categories. The range includes products sourced by SPAR Austria plus lines developed specifically for the UK.

There was a focus on promotional activity in 2011 with the second National Wine Festival. This was a great success as total sales increased 1.86% during the promotion. SPAR brand wines were awarded Own-Label Range of the Year at the Grocer Gold Awards.

Leaflets were also distributed to local customers highlighting special offers available instore. Promotional sales during the year increased 23.9% compared to 2010.

EUROSPAR
Сыры...

басы...

Мясо...



Hungary



SPAR Hungary achieved €1.4 billion turnover in 2011, a 2.2% increase. This is an outstanding performance as the purchasing power of consumers has considerably decreased over the past few years. With more than 13,000 employees, SPAR is registered as the 5th largest employer in Hungary.

The 20th anniversary of SPAR in Hungary was celebrated this year. To commemorate this, a number of events were organised including a comprehensive marketing campaign which attracted media exposure and a number of in-store events.

There was a focus on improving the quality of SPAR stores during the year, with a major programme of store modernisations. 13 Kaiser supermarkets were transformed into SPAR stores with state-of-the-art equipment, and 27 former Plus stores and 3 SPAR supermarkets were modernised.

SPAR Hungary also extended their private label offering, with the introduction of the luxury 'SPAR Premium' brand.

Slovenia & Poland

Romania & Ukraine



Russia



SPAR Russia sustained its strong performance through 2011, with a 21% increase in retail sales to €935 million. This is a remarkable achievement as the national growth was 4.3%. Total sales are soon expected to exceed €1 billion. Store numbers also increased to 254, representing a 9% increase.

A major development for SPAR in Russia has been the recruitment of 4 New Partners, three of which have now opened their first SPAR store.

All of the new Partners are successful regional retailers and have developed a leading position in their local market, but now see the value of the support offered by an International brand such as SPAR. It is planned to recruit additional SPAR Partners in Russia over the next few years.

A major focus this year is the development of their Private Label offering for consumers. An ambitious programme has been launched to develop a comprehensive range of locally and internationally sourced products.

SPAR Slovenia grew steadily by 2.8% in the last year to €714 million. This is a strong performance as the economic crisis continued to impact negatively on consumer spending. The number of stores increased to 86, with retail selling space at 142,000m².

The private label range enjoyed significant growth during the year, with an increase of 11% in food and non-food items. There are now 273 private label products on offer.

The production in the SPAR bakery increased 12.7% and now accounts for 46.6% of the baked goods on offer in SPAR stores nationwide. This year marked the 20th anniversary of SPAR in Slovenia. This important jubilee was marked with customers being offered numerous additional benefits and advantages.

SPAR Slovenia remains one of the most reputable and trustworthy companies in the country. A project undertaken by AC Nielsen ranked SPAR first in the categories of freshness, quality, selection and trustworthiness.

SPAR Poland retail sales performed strongly in 2011 with retail sales of €85 million. They continued to roll out an expansion plan with 33 new store openings, which added a further 9,300m² of retail selling space. The company will maintain its focus on store openings in 2012, with an additional 35 stores.

SPAR Romania saw significant change in the last year. While retail sales are unchanged at €10 million, underperforming stores have been closed and the focus placed on identifying and developing new locations in the Brasov Region. Ambitious plans have been put in place, which will see the return to growth of SPAR in 2012.

SPAR Ukraine continued to strengthen its position in the last year, with retail sales increasing 41% to €72 million. This is a significant achievement as the economy was estimated to grow just 4% over the same period. While the number of stores remained at 32, investment was made in opening new stores.

Croatia



SPAR Croatia experienced continued growth in 2011 with retail sales reaching €263 million, representing an increase of 13% since 2010. By the end of the year SPAR operated a total of 15 hypermarkets and 4 supermarkets, with a total retail sales area of over 68,000m².

The fourth supermarket was opened this year. This new store is located in one of Croatia's top holiday destinations. The average hypermarket is 4,200m² and the average supermarket is 1,400m².

This year saw the launch of a new loyalty programme called 'Stickermania', which has been especially welcomed by the younger population. Another marketing campaign saw the successful introduction of 'SPAR Premium', with Pierce Brosnan as the figurehead. Half of the 70 SPAR Premium products are made in Croatia.

A digital and social media campaign was also rolled out through Facebook and a new online SPAR Newsletter, which has been distributed to over 20,000 customers.

Czech Republic



SPAR Czech Republic retail sales increased by 5.3% this year to €550 million. This was an excellent performance in the context of the financial crisis which impacted negatively on many economies.

The company focused on developing and launching new private label ranges in 2011. One of the most successful launches was 'SPAR Fine Cuisine', which is a selection of 20 Czech and International cuisine products. Another successful launch was the 'SPAR Premium' range, which has 64 products with an emphasis on Czech suppliers.

There were a number of new marketing campaigns launched during 2011. 'Quality for the family', focused on satisfying customers requirements for high quality, low cost products. A new fresh campaign called 'Fresh as it Gets' was also launched in 2011.

During 2011, funding was received from the EU for staff training initiatives. These have been developed in cooperation with the Commercial and Tourist Association.

Botswana & Malawi Mauritius & Mozambique

South Africa



Namibia & Nigeria



Zambia



Zimbabwe



SPAR South Africa experienced a challenging year with consumer spending still under pressure in a highly competitive retail environment. Despite the difficult trading conditions SPAR enjoyed a turnover increase of 9% to 47.2 billion rand (€4.6 billion).

The number of stores increased marginally to 806, with retail selling space also increasing to 875,000m². Throughout 2011, 5 Pharmacies @ SPAR were also opened. It is anticipated that this project will gain momentum.

The six SPAR distribution centres dispatched in excess of 181.6 million cases, representing a 6.5% increase in volumes handled. Volumes through SPAR facilities have increased in excess of 50% over the last five years.

There was a continued focus on Corporate Social Responsibility during the year. The second Children's Environmental Awareness Conference was hosted by SPAR in Durban which was attended by participants from a number of African Countries. The importance

of this initiative was seen in the commitment by young people trying to make a difference and spreading the message about the dangers of climate change.

The new 'My SPAR' marketing campaign has helped the brand differentiate itself by celebrating the successful link that SPAR has made with the community. They are connecting with customers emotionally which helps to strengthen the bond with the community.

The launch of the innovative 'AWEH – Be the Best' customer care campaign has set SPAR stores apart from their competitors with regards to exceptional levels of customer service.

SPAR received an award for store design in 2011 at the Retail Design & Development Awards, which honour the best of the South African Retail Industry. The awards celebrate exceptional creative distinction and excellence within the design and development industry. The SPAR group is very committed to consistently meeting these high standards.

SPAR Botswana again performed well in 2011 with retail sales now at €98 million. The number of stores remained at 26 with retail selling space increasing to 23,250m². There is an ongoing focus on the delivery of excellent customer service.

SPAR Malawi opened its first store during the year. The 1,690m² store includes key fresh food departments including bakery, butchery, fresh produce and delicatessen. There is a plan in place to open a further 10 supermarkets and Express convenience stores.

SPAR Mauritius recorded growth in retail sales of 6% in 2011 to €22 million. The 8th store was opened in Mauritius during the year, increasing retail selling space to 7,000m². They plan to increase market share in 2012 through new developments and acquisitions of existing stores.

Mozambique opened its first store this year, with the support of the SPAR South Africa Lowveld Distribution Centre.

SPAR Namibia experienced considerable growth in 2011, with retail sales increasing to €128 million, representing a gain of 15%.

The large SUPERSPAR format accounts for the majority of SPAR sales. Store numbers increased to 27 with retail selling space now up to 27,670m².

The second SPAR Challenge Road Race run was held in Namibia during the year. Proceeds from the race were paid to the Quinton Steel Botes Cancer Fund which helps cancer patients in Namibia.

SPAR Nigeria opened its second store this year. Figures show that there has been an increase in basket spend and customer count since 2010.

The company plan to expand their operations next year and work has already begun on two further SPAR stores, which will open in early 2012. In addition, plans are underway to start building 3 further stores, which are expected to open in 2013.

SPAR Zambia recorded retail sales of €52 million. There were four additional store openings during the year, bringing the total number of stores in Zambia to 11.

The roll out of franchise stores in Zambia has been successful. There are now 5 franchise stores, with two of these added this year.

SPAR Zambia also launched the first SPAR Express store in Foxdale. The store measures 829m² and has an estimated monthly turnover of €148,000.

There were also a number of store upgrades during the year, including the flagship store at SPAR Arcades.

The Deli concept, 'Golden Chicken', was launched in the Soweto store this year. It was developed as a direct result of the knowledge gained from the International SPAR Congress and the Travelling Retail Seminar to London in September. The benefits of this new concept have been consistency in quality, better controls and affordable prices.

SPAR Zimbabwe continued to record significant growth during the year with retail sales increasing 20% to €233 million. A new store format was launched in Zimbabwe with two SPAR Express stores opening. In addition to this an upgrade programme is currently being rolled out to improve store standards nationwide.

The company focused on the development of their Private Label products during the year. 25 of the 64 private label products were created this year.

There was also a continued focus on CSR activities. The Zimbabwe Rugby Sevens team participated in the International Rugby Board Tournaments, thanks to sponsorship from SPAR Zimbabwe. Also, in June the annual SPAR Fun Run was held to raise funds and awareness for Childline Zimbabwe.

A new bio-degradable carrier bag was launched in 2011. The design used was created by the winner of a nationwide school competition.



Australia & India

Japan & UAE

China



SPAR China again achieved exceptional growth in the last year, with retail sales increasing 77% to €716 million. The number of stores increased to 175 nationwide, with 657,000m² of retail sales space.

There was a focus on store development during the year as 2 new flagship stores were opened. It is anticipated that the new rural store concept will be rolled out during 2012.

A new Food Safety initiative has been developed. The purpose of this project is to position SPAR as a leader in food safety in China. The first steps of this initiative have already begun with a link created between the China Chain Store & Franchise Association (CCFA) and the Dutch government.

SPAR China has been recognised for its highly innovative Online Training Academy for retail employees with a prestigious award from the CCFA. The online training allows employees of individual stores to register, develop and carry out their own personal training online.

The first HR conference was held in China in early 2012. The purpose of this was to put a focus on developing international best practice HR in China. The result of this was the creation of five specific Action Plans for each of the regions.

SPAR Australia continued to perform very strongly in 2011, with retail sales of €172 million, representing a 16% increase from 2010. This is a strong performance when compared to the GDP growth of 1.8% for the year. Store numbers remained at 100.

There was a programme of store consolidations during the year, some of the underperforming outlets were closed and new stores were opened. The new stores offer quality fresh products and a tailored grocery range.

Corporate Social Responsibility remained a focus in 2011. SPAR Australia continues to help 'The Cancer Council' to raise funds. Money is raised by SPAR stores nationwide through events such as Daffodil Day and Pink Ribbon Day.

SPAR India continued to record considerable growth. Retail sales increased by 45% this year to €66 million. Store numbers also increased 50% to 10. The success of the SPAR hypermarket in India can be seen in winning the award for the 'Most Admired Food & Grocery Retailer of the Year'.

SPAR Japan experienced an increase in retail sales in 2011 to €86 million. Store numbers saw a slight decline to 89. This is a satisfactory result as GDP over the same period declined 0.5%, bringing the Japanese economy back into recession, as a direct result of the devastating earthquake that struck in March 2011.

SPAR UAE opened the first SPAR supermarket in Abu Dhabi during the year. The store measures 2,200m² and offers a range of 20,000 products. The key focus of the store is on freshness, quality, value and service. There will be further store openings next year, and the target is to have 9 stores operational by the end of 2013.

SPAR Partners Worldwide

Australia

SPAR Australia Limited

Austria

SPAR Österreichische Warenhandels AG

Belgium

SPAR Retail NV (part of Colruyt)
SPAR Lambrechts NV

Botswana

SPAR Botswana
The SPAR Group Limited, South Africa

China

SPAR China

SPAR Regional Companies:

SPAR Shandong
SPAR Guangdong
SPAR Hunan (and Guizhou)
SPAR Shanxi (and Inner Mongolia)
SPAR Beijing

Croatia

SPAR Hrvatska d.o.o. (part of ASPIAG)

Czech Republic

SPAR Česká obchodní společnost s.r.o. (part of ASPIAG)
SPAR Šumava s.r.o.

Denmark

SPAR Danmark A/S (part of Dagrofa A/S)

France

SPAR France SAS (part of Groupe Casino)

Germany

SPAR Handelsgesellschaft mbh

Greece

Veropoulos Bros S.A.

Hungary

SPAR Magyarország Kereskedelmi Kft. (part of ASPIAG)

India

MAX Hypermarket India Pvt. Ltd.

Ireland

SPAR Ireland (part of BWG Foods)

Italy

DESPAR Italia Consorzio a r.l.

SPAR Regional Companies:

Aligrup S.p.A.
Aspiag Service S.r.l.
C.A.D.L.A. S.p.A.
DESA - CS&D scpa
FIORINO S.r.l.
G.A.M. S.p.A.
Gruppo 6 G.D.O. S.r.l.
GRUPPO TUO S.p.A.
IPA SUD S.r.l.
L'ALCO S.p.A.
SADAS S.p.A.

Japan

Hokkaido SPAR Co., Ltd.

Malawi

SPAR Malawi

Mauritius

SPAR Mauritius

Mozambique

SPAR Mozambique
The SPAR Group Limited, South Africa

Namibia

SPAR Namibia
The SPAR Group Limited, South Africa

Netherlands

SPAR Holding B.V.

Nigeria

SPAR Nigeria

Norway

SPAR Norway (part of NorgesGruppen ASA)

Poland

SPAR Polska Sp. z o.o.

Portugal

SPAR Portugal S.A.

Romania

SPAR Brasov

Russia

SPAR Russia

SPAR Regional Companies:

SPAR Chelyabinsk
SPAR Krasnoyarsk
SPAR Middle Volga
SPAR Povolzhye
SPAR Retail Moscow
SPAR St. Petersburg
SPAR Tula
SPAR Tyumen
SPAR Vostok

Slovenia

SPAR Slovenija d.o.o (part of ASPIAG)

Spain

SPAR Española, S.L.

SPAR Regional Companies:

Agrucan, S.L.
Cencosu, S.L.
Domingo Marqués, S.A.
Excluib, S.A.
Fragadis, S.L.
Grupo Upper Sociedad Cooperativa
Insular General Alimentaria, S.A.
José Padilla Francés, S.L.
Líder Aliment, S.A.
Miquel Alimentacó Grup, S.A.U.
Romen, S.L.
Supermercados Marcial, S.L.
Tomás Barreto, S.A.
Victoriano Moldes Ruibal, S.A.

South Africa

The SPAR Group Ltd.

Switzerland

SPAR Handels AG (Schweiz)

Ukraine

SPAR-Ukraine

SPAR Regional Companies:

SPAR Dnipropetrovsk
SPAR Kharkiv
SPAR Luhansk

United Arab Emirates

SPAR UAE

United Kingdom

SPAR UK Ltd.

SPAR Regional Companies:

Appleby Westward Group Plc
A.F. Blakemore & Sons Ltd.
James Hall & Co. (Southport) Ltd.
Henderson Wholesale Ltd.
C.J. Lang & Son Ltd.

Zambia

SPAR Zambia Ltd.

Zimbabwe

SPAR Zimbabwe Ltd.

SPAR Regional Companies:

SPAR Eastern Region
SPAR Western Region

Action Groups

The Action Groups provide a unique platform for working together and exchanging knowledge.

Marketing Action Group

Chairman: Tobias Wasmuht SPAR International: Gary Harris, Hanna Schober, Niels Dekkers, Penny van der Kaars

Gerhard Fritsch	A	Jesús González	ESP	Marielle Witjes	NL
Manu Suffeleers	B	Stratis Batagias	GRE	Andreas Gjosund	NOR
Wolfgang Frick	CH	Suzanne Weldon	IRL	Adam Margolin	UK
Linda McBeth	DK	Marco Orsenigo	ITA		

Human Resources Action Group

Chairman: Frank O'Donoghue SPAR International: Jutta Klassen, David Moore

Raimund Lainer	A	Helene Renton Eidsvig	NO	Sam Davidson	UK
Allan Nielsen	DK				

Warehouse Action Group

Chairman: Frank O'Donoghue SPAR International: Dieter Dornauer

Per Tellef Arning	NO	Trevor Currie	SA	Dominic Hall	UK
Haibin Tang	CN	Anthony Barton	UK	Pat McGarry	UK

BIGS Action Group

Chairman: Gordon Campbell BIGS: Michel Laurant, Natasha Crabtree

Robert Schaumburger	A	Jacob Heinz	DK	Simone Pambianco	ITA
Johannes Holzleitner	Aspiag	Menelaos Roufis	GRE	Jan-Hein van Spaandonk	NL
Luc Lauwers	B	Simon Marriott	IRL	Mark Keeley	UK
Bernhard Schwendinger	CH				

STOREIT Action Group

Chairman: Frank O'Donoghue

Hannes Leobacher	A	Enno Stelma	SA	Joanne Kelly	UK
Preben Gaardsøe	DK	Roy Ford	UK	Martin Rushton	UK

statistics 2011

Country	Retail sales 000's	Retail store Numbers	Retail sales Area (m ²)	Average store Size (m ²)
Austria	5,360,000	1,470	1,067,681	726
South Africa	4,628,469	806	874,810	1,085
Italy	3,855,662	1,549	831,423	537
United Kingdom	3,189,273	2,504	357,860	143
Norway	1,440,539	276	156,351	566
Hungary	1,400,000	389	391,467	1,006
Spain	1,152,174	904	327,075	362
Ireland	1,116,144	422	116,720	277
Denmark	1,072,740	504	170,309	338
France	968,382	956	245,214	257
Russia	935,000	254	126,453	498
Belgium	813,500	291	137,743	473
China	716,000	175	657,000	3,754
Slovenia	713,546	86	142,133	1,653
Greece	683,389	189	142,658	755
Czech Republic	550,000	39	138,293	3,546
Netherlands	491,455	282	111,309	395
Switzerland	455,094	164	69,838	426
Croatia	263,426	19	68,036	3,581
Germany	250,000	340	27,200	80
Zimbabwe	233,009	64	40,826	638
Australia	172,008	100	36,271	363
Namibia	127,706	27	27,670	1,025
Botswana	97,506	26	23,249	894
Japan	86,224	89	9,559	107
Poland	84,903	71	18,288	258
Ukraine	71,817	32	23,745	742
India	65,505	10	47,103	4,710
Zambia	52,139	11	19,142	1,740
Portugal	44,132	58	20,013	345
Nigeria	22,167	2	5,414	2,707
Mauritius	22,041	8	7,000	875
Romania	10,000	7	3,000	429
Malawi*				
U.A.E.*				
Mozambique*				
Total	31,143,961	12,124	6,440,853	531

* Malawi, UAE and Mozambique all opened their first SPAR store in 2011. Their first full trading year will be 2012.



SPAR International

Rokin 99 -101,
NL-1012 KM Amsterdam
Tel: +31 (0)20 626 6749
Fax: +31 (0)20 627 5196

www.spar-international.com