



**better
together**

SPAR International Annual Review 2017

2017 YEAR AT A GLANCE

The 2017 statistics show the continuing strength and attractiveness of the SPAR Brand globally.

€34.5
BILLION
GLOBAL SALES



+5.3%
SALES
GROWTH



12,777
STORES GLOBALLY



GLOBAL RETAIL
SALES AREA

7.4
MILLION **M²**



13.5
MILLION
CUSTOMERS
SERVED PER DAY

48
COUNTRIES



105
RETAIL &
WHOLESALE
PARTNERS



AVERAGE
STORE SIZE
GLOBALLY

581

M²



232

ADDITIONAL
STORES GLOBALLY

€4,644

AVERAGE
ANNUAL SALES
GLOBALLY
PER M²



242 DISTRIBUTION
CENTRES



350,000
SPAR COLLEAGUES
EMPLOYED





“IN 2017, THE SPAR WORLDWIDE ORGANISATION ACHIEVED EXCELLENT GROWTH OF 5.3%. THE RENAISSANCE IN NEIGHBOURHOOD RETAILING IN EUROPE, FURTHER INTERNATIONAL EXPANSION AND TAILORING SPAR FORMATS TO DIFFERENT MARKETS WERE ALL KEY DRIVERS OF THIS STRONG PERFORMANCE.”

Tobias Wasmuht,
Managing Director, SPAR International



A YEAR OF UNPRECEDENTED EXPANSION

With the launch of SPAR in five new countries combined with a growth of 232 new stores and a sales increase of 5.3% to €34.5 billion, 2017 has been an unprecedented year of expansion for SPAR internationally.

Our SPAR 'Better Together' strategy launched in 2016, represents SPAR's core ethos of uniting together the global scale and resources of the SPAR network so that all shall benefit. In 2017 we have witnessed SPAR grow at a record pace in terms of sales and number of stores, as well as the number of markets we have a presence in globally. Our purpose has been to grow our brand, our footprint and our partners by

enhancing the competitiveness, productivity and profitability of our retail and wholesale partners worldwide. Reaping the benefits of this shared scale and strength has never been more important than it is today.

SPAR's ability to localise, and take a tailored approach to integrate into individual markets, informed by international best practice and working better together, has secured its position as the world's largest voluntary food retail chain, with 12,777 stores in 48 countries and global turnover of €34.5 billion at the end of 2017.

As SPAR grows its presence and global network, we must reinvest this growth into additional resources from which the entire SPAR group worldwide can benefit. In this manner, we are stronger and better together.



CONTINUED GROWTH

WESTERN EUROPE

SPAR across all Western European markets had a strong year with sales growing by 3.5% to €21.3 billion in all 13 Western European markets where SPAR has a presence.

Increasingly homogeneous pan-European trends of smaller households, aging populations and urbanisation have contributed to a growth in the proximity of smaller store format channels. We are witnessing a renaissance in modern neighbourhood retailing across the continent.

Our SPAR network of over 6,000 smaller format stores, operating within the neighbourhood and convenience channel across Western Europe, is a unique strength and point of differentiation. With the successful roll-out of a new generation of neighbourhood stores and the expansion of modern urban city stores, SPAR Netherlands achieved a record 7.7% growth in 2017. This strong trend in neighbourhood renaissance was also recorded with SPAR Spain growing by 5.1% and SPAR Ireland growing by 4.8%.

In the nine countries in which SPAR operates within the eurozone, SPAR recorded sales of €16.2 billion which equates to growth of 4%.

For the sixth year in a row SPAR Austria was the largest market share winner in the Austrian market. This has been driven by the launch of new SPAR and EUROSPAR concepts, new centralised bakeries and meat production facilities, fully automated Distribution Centres and entry into the online retail market. SPAR Austria's €650 million investment has already reaped rewards with a recorded domestic growth of 4.4% in 2017.

In the Nordics, Denmark and Norway recorded growth of 2.5%. SPAR Norway grew its market share to 7.2% and SPAR Denmark successfully converted 25 supermarkets to SPAR.

CENTRAL AND EASTERN EUROPE

The eight countries in which SPAR has a presence in Central and Eastern Europe had an outstanding year growing 17% to combined sales of €5.2 billion. After last year's successful launch in Albania, the SPAR Brand was successfully launched at the end of 2017 in Belarus and Western Ukraine.

A key highlight has been the 59% growth in sales of SPAR in Croatia as a consequence of



the acquisition of the Billa store network in the country. SPAR Hungary had a superb growth year with an 8.8% increase in sales driven by the investment in new INTERSPAR Hypermarkets, and the expansion of both company-owned and independent retailer operated SPAR stores. Slovenia further strengthened its market share with an impressive growth of 3.8% rounding off an exceptional year of growth for Austrian

2017 ANNUAL GLOBAL SALES OF €34.5 BILLION.

€34.5



SPAR International AG (ASPIAG), the owner and operator of SPAR Hungary, SPAR Slovenia and SPAR Croatia.

Russia outperformed the market both with strong like-for-like growth as well as overall year-on-year growth of 18.8%. This exceptional result was driven by investment in EUROSPAR and SPAR Supermarkets with a strong opening programme of stores especially in Moscow, St. Petersburg and Kaliningrad. The latest EUROSPAR format, with a high penetration of fresh sales including extensive home meal replacement and Food-To-Go, has been universally popular and achieved excellent results.

SPAR Albania, which launched at the end of 2015, achieved growth of 27.1% in retail sales in 2017 through the combination of improving return per square metre productivity of Hypermarkets and aggressively opening smaller format stores. After one full year of operation, the SPAR Brand enjoys high brand recall and loyalty from Albanian shoppers and has the ambition to become the number one food retail brand in the country.

SPAR Poland has invested extensively in store modernisation and introduced international

SPAR best practice into convenience and neighbourhood stores. The results have been very encouraging as SPAR Poland continues for the third year in a row to outperform the Polish market with growth of 29% based on constant exchange rates.

AFRICA AND THE MIDDLE EAST

SPAR now has a growing presence in 15 countries in Africa and the Middle East. Across this region SPAR witnessed the continued strong growth of 8.5% to achieve a consolidated regional turnover of €5.7 billion.

SPAR South Africa's turnover grew to €4.84 billion, an increase of 7% at constant 2017 exchange rates for the full calendar year of 2017. Throughout the year 259 store revamps were completed and like-for-like sales witnessed growth of 4.2%. Investments in expanding the world-class Distribution Centre and supply chain led to 225 million cases being delivered to 839 SPAR stores throughout South Africa.

2017 was a year of market expansion for SPAR in the Middle East and SPAR now has a presence

in four of the six Gulf Cooperation Council (GCC) States. Highlights of the year included the launch of large format SPAR stores in Saudi Arabia and Qatar at the end of 2017, as well as the dynamic expansion of SPAR in the UAE with sales growing at 17.7%. Having launched in 2014, SPAR Oman has grown its store portfolio to 24 stores and sales grew by 50% year-on-year. SPAR Oman is the first SPAR Partner to launch the first independent retail operated stores in the region and also won the accolade as the most trusted supermarket brand as voted by a national shopper poll conducted by the Times of Oman.

ASIA PACIFIC

Today SPAR has a presence in six countries in the region. Over a decade ago, the growth of SPAR in Asia commenced with large format SPAR Hypermarkets in China. SPAR China operates 408 SPAR stores, with 1.1 million m² sales area which is equivalent to 15% of our global sales area footprint. SPAR China is also expanding by transferring international best practice in convenience and developing smaller format urban SPAR stores in major cities of Southern and Northern China.

Integration of online retail and digital payments are key to the development of these new format stores. In 2017 SPAR India launched its online shopping platform commencing with the metropole of Bangalore. Digital and online advancements in Asia are very much at the forefront of trends in retail globally and the local based expertise of our teams in India and China is increasingly important in providing digital capability to the SPAR International network.

SPAR Thailand is now firmly established in the market with over 30 stores opened in its first year of operation. The results of opening modern lifestyle convenience stores in conjunction with Bangchak service stations, as well as the first stand-alone sites in Bangkok, have been very positive as we seek to scale up nationwide in the coming three years. SPAR Australia witnessed an exceptional year of growth; sales grew by 14% last year, average store size increased and the return per square metre improved across the 130 SPAR stores. SPAR Own Brand is a key growth driver in Australia as SPAR Australia increasingly benefits from access to product supply via the international SPAR network in Europe and Asia.

**“DOOR EENDRACHTIG
SAMENWERKEN
PROFITEREN ALLEN
REGELMATIG – THROUGH
UNITED CO-OPERATION
ALL SHALL BENEFIT.”**

*Mr. Adriaan van Well,
Founder of SPAR*

OUR GOALS

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

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

Provide insights and resources to allow our partners to excel globally.

Lead and innovate retail trends and developments.

Grow and develop our SPAR people globally.

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.

FUTURE OUTLOOK

Consistently the SPAR Brand is witnessing strong worldwide growth. Increasingly, we are meeting our goal of being the number one choice for regional and independent retailers globally, with the aim of fast-tracking their development in the face of international and national competition.

With our strong store network, SPAR is well positioned to continue to benefit from the growth in the neighbourhood and convenience retail channels in Western Europe. This strength and expertise also allows us to scale up quickly in developing markets as this channel grows in size and importance.

The outlook for 2018 and beyond is very positive. SPAR will continue to build on the solid performance in the mature markets of Western and Central Europe and South Africa, and capitalise on the growth opportunities in the fast developing markets of Eastern Europe, Asia, Africa and the Middle East. As SPAR grows internationally we create a continuous cycle of reinvesting in that growth in resources and the development of the SPAR network and the SPAR Brand worldwide. In conclusion, we grow stronger and better together.

REINVESTMENT OF GROWTH AND SCALE

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



Through working better together we are able to harness the shared scale and resources of our large global network in 48 countries worldwide.

Together our SPAR Partners leverage the power of the brand for improved efficiency, economies of scale, access to products, cost-savings and retail innovation and expertise.



To drive this growth, the Better Together Strategy of SPAR International depends on the leveraging of our scale to provide unrivalled access to shared global resources to the independent SPAR Country organisations. This is defined within the strategy as our scope of service and is focused on the reinvestment of our growth in eight core strategic pillars which are:

- Targeted growth through expansion
- Retail Development and Innovation
- Generating value through better buying
- Leveraging our scale in procurement
- Collaboration in our Supply Chain
- Investing together in our Brand Communications
- Growing our People through building an international training and people development platform
- Building on the contributions SPAR makes as a responsible retailer by amplifying our local activity through international roll-out.



Peter Blakemore, Managing Director of SPAR UK Partner, A.F. Blakemore and Son Ltd., was awarded the Adriaan van Well Medal at the 2017 congress for his outstanding contribution to SPAR.

THE BOARD SUPPORTS THE DEVELOPMENT OF THE GLOBAL STRATEGY FOR THE BRAND JOINTLY WITH SPAR INTERNATIONAL.



SPAR INTERNATIONAL BOARD

The SPAR International Board meets with SPAR Partners during the course of the year, with three of the four Board meetings being held outside of Amsterdam. These visits provide an opportunity to not only see the retail and distribution developments in these markets but also to hear about the future plans of those Partners.

In October, the SPAR International Board met for the first time in 2017 in Lisbon during which a review of SPAR Portugal's plans was discussed. The final Board meeting of the year was held in Amsterdam in December, when the budgets for 2018 were approved.

In early March 2017, the SPAR International Board and the International SPAR Guild came together in Italy to review the global developments for the SPAR Brand. This Guild brings together representatives of SPAR retailers and SPAR wholesalers from several countries to debate major issues facing the organisation. The Guild structure is carried through into SPAR countries and is a cornerstone of the SPAR Partnership. A highlight of this visit was to see the EUROSPAR Supermarket in Teatro which reflects the sustainable approach of DESPAR Italia.

The second Board meeting was held in Gran Canaria, in conjunction with the 62nd International SPAR Congress, during which the Board members also had the opportunity to meet with delegations from 44 countries.



CHAIRMAN

Graham O'Connor, South Africa.

MEMBERS

- Gerhard Drexel, Austria.
- Knut Johannson, Norway.
- Paul Klotz, Italy.
- Peter Blakemore (retired 2017) and Dominic Hall, UK.
- Tobias Wasmuht and David Moore, SPAR International.



INTERNATIONAL SPAR GUILD

MEMBERS

- Bjorn Bendikssen, Norway.
- John Clohisey, Ireland.
- Kevin Hunt, UK.
- Dean Jankielsohn, South Africa.
- Martin Pircher, Italy.
- Christian Prauchner, Austria.

SPAR 







EXPANSION

A RECORD YEAR FOR GROWTH

SPAR enjoyed an exceptional year of retail expansion in 2017, entering and opening stores in five new countries: Ukraine, Saudi Arabia, Pakistan, Belarus and Qatar. In addition, the newly licensed countries of Sri Lanka, Cyprus, Greece and Malta are expected to begin operations in the first half of 2018, making this a record year for SPAR International's expansion into new countries.

SPAR ENTERS PAKISTAN, BELARUS AND UKRAINE

Together with our partner Burque Corporation, one of Pakistan's largest sales management and FMCG brand distribution companies, SPAR opened two supermarkets of over 900m² in Karachi in the autumn of 2017. The SPAR stores bring a modern, fresh offering to our Karachi customers, focused on dairy, fruit and vegetables and everyday shopping needs in a market dominated by traditional traders and smaller stores. SPAR Pakistan will expand and develop in new cities throughout Pakistan in 2018.

In August 2017, SPAR was also delighted to launch the brand in Minsk in the Republic of Belarus. This 500m² modern convenience store is the first international supermarket to open in the country. Partnering with Almi Group, whose subsidiary Unifood CJSC will operate the SPAR Brand in the market, SPAR Belarus plans to open 60 high-quality stores by 2020. SPAR Belarus has a long-term ambition to develop SPAR further in the cities of Minsk, Grodno, Gomel, Brest and their respective regions.

In May 2017, SPAR Ukraine Corp. LLC, part of VolWest Group, opened its first SPAR Supermarket of 250m² in the city of Rivne. SPAR Ukraine now operates 11 modern stores with a retail sales area of 3,411m². Its latest store, SPAR Kharkov, was a finalist in the Ukrainian Retail Design Awards contest and 20 SPAR stores are planned for development in Ukraine in 2018.

The success of the SPAR launch has generated interest from other retail groups now seeking to jointly collaborate on SPAR's growth in the country. 90% of the products in the SPAR Ukraine stores are of Ukrainian origin, supporting domestic producers and suppliers in line with their 'Better Together' and supporting local strategies. SPAR Ukraine Corp. LLC intends to open 50 more SPAR outlets by 2020.

2017 WAS AN EXCEPTIONAL YEAR OF GROWTH, WITH SPAR INTERNATIONAL LAUNCHING INTO FIVE NEW COUNTRIES.

232

NEW STORES OPENED IN 2017
ACROSS ALL FORMATS.





“WE ARE VERY PROUD OF THIS PARTNERSHIP WITH SPAR INTERNATIONAL. HAVING THE RIGHT MIX BETWEEN SPAR INTERNATIONAL’S KNOWLEDGE AND BEST PRACTICE ALONG WITH OUR EXPERIENCE IN THE LOCAL MARKET WILL PROVIDE OUR CUSTOMERS WITH AN EXCELLENT RETAIL EXPERIENCE.”

Mr. Mohammed bin Abdul Aziz Al Sadhan, Chairman of Al Sadhan



MIDDLE EAST GROWTH

SPAR now operates 52 modern multi-format supermarkets in four of the six Gulf Cooperation Council countries, the United Arab Emirates, Saudi Arabia, Oman and Qatar. A further 27 SPAR stores are scheduled to open there in 2018, including large hypermarkets in Abu Dhabi, Ras al-Khaimah and Riyadh, new supermarkets in Dubai and further expansion of convenience formats in the Sultanate of Oman with our partner Kimji Ramdas.

SPAR Saudi Arabia launched a further two modern hypermarkets in early 2018, Nuzhah (3,374m²) and Monasiah (2,900m²). The official launch was attended by Tobias Wasmuht, Managing Director SPAR International, and senior officials from the Embassy of the Kingdom of the Netherlands to the Kingdom of Saudi Arabia. Our partner, the Alsadhan family, plans to open 30 SPAR Supermarkets by the end of 2020.

In Abu Dhabi, our partner finished 2017 with 25 stores and a retail sales area of 23,714m². SPAR UAE has eight confirmed projects for development in 2018, which will add over 8,000m² to SPAR UAE’s trading area.

SPAR Qatar opened its first store B-Square in November 2017. Its 1,080m² trading area offers the highest standards and range in fresh foods, bakery and meat in the local catchment. The store in the prestigious Tawar Mall (4,000m²) is expected to open in 2018, with two further high-profile sites under development in Doha for opening later in the year.

SPAR Oman opened 10 stores in 2017 and now operates 24 supermarkets (16 corporate and eight independent stores) with a retail trading area of 8,286m². 16 additional SPAR stores are planned for development there in 2018. SPAR Oman has enjoyed a 50% increase in sales since 2016 and was awarded the prestigious ‘Oman’s Most Trusted Brand’ award for 2017. Its series of community-based initiatives include educational programmes for children undertaken in partnership with Kellogg’s, free basic health checkups for customers undertaken in association with Apollo Hospitals, and a ‘Kid’s Healthy Lunch Competition’ nutritional education programme all contributed to its strong and trusted brand. SPAR Oman is the first partner in the Middle East to implement the SPAR sub-licensing retail model working with local families and entrepreneurs.

SPAR CROATIA WELCOMED
1,900 NEW EMPLOYEES.

19000



ACQUISITIONS IN EUROPE AND RUSSIA

SPAR continues to grow in scale and strength through acquisitions. In 2017 our partners sought to capitalise on expansion opportunities in Europe, Russia and the Caucasus countries.

In December 2016, SPAR Croatia acquired 62 BILLA stores and the BILLA logistics centre in Sv. Helena from competitors Rewe. SPAR Croatia welcomed 1,900 new employees as a result. With 41 BILLA stores converted to SPAR, the number of SPAR Croatia stores increased to 103 and sales rose by 59% to €596 million.

In Russia, Albert Gusev, Chairman SPAR Russia and owner of SPAR Middle Volga, concluded a management deal with 7th Continent chain in Moscow acquiring rental rights on 37 former 7th Continent stores in iconic locations in Russia's capital city. Logistics have been integrated since September 2016 and SPAR Middle Volga is now operating seven world-class SPAR stores from 650m² to 2,000m², with ambitions for another 20 stores by the end of 2019.

“THE TAKEOVER OF BILLA IS AN IMPORTANT STRATEGIC MOVE THAT MARKS THE NEXT STAGE OF SPAR’S EXPANSION IN THE CROATIAN MARKET.”

Helmut Fenzl, CEO of SPAR Croatia

FUELING SPAR’S GROWTH

Petrol forecourts are a growing format for SPAR. It now has over 1,700 petrol stations in operation worldwide, with over 400 sites in SPAR Germany, 1,054 sites in SPAR UK and a developing

forecourt business with Bangchak Petroleum in Thailand, with 33 stores. SPAR also has partnerships worldwide with LukeOil, Shell, British Petroleum, EuroGarages and OMV.

After the first store launch in early 2017, SPAR Netherlands and EG Group (operating company of Texaco Service Stations) have agreed to rollout SPAR Express stores to all 130 Texaco filling stations across the Netherlands commencing in early 2018. These new forecourt stores will have a tailored offer reflecting the forecourt location and demographics. In addition to Food-To-Go and bakery products, the offer will include Home Meal Replacements, salads, soups and daily groceries. These forecourts will add to the existing SPAR City Store developments.

SPAR Oman opened a 200m² SPAR Express Petrol Forecourt store in June 2017 as part of a growth-based partnership with al Maha petrol operators. The store highlights the new approach that SPAR Oman is bringing to forecourt retailing, incorporating products beyond the traditional convenience store. The store offers a diverse assortment including fresh fruit and vegetables, frozen meat and poultry, ready to cook meals, confectionery and snack items.



CASE STUDY RESPONSIBLE RETAILING

WASTE MANAGEMENT

As SPAR expands through the opening of new markets and more stores in existing markets, the opportunity to reduce our environmental impact also increases.

An area which is of concern to many markets and SPAR Partners is that of managing waste. For SPAR Croatia, which has rapidly grown the number of stores through acquisition, the need for easy waste disposal of electronic goods was identified as a way in which consumers and the environment could benefit.

A system has been put in place which enables shoppers to bring their electric and electronic devices to INTERSPAR Hypermarkets and SPAR Supermarkets for recycling by placing them in easily identifiable containers. Shoppers can access a wide variety of non-food items in SPAR Croatia's stores and the recycling option enables them to safely and sustainably dispose of non-functioning items when purchasing new ones.



RETAIL

RETAIL EXPANSION

Developing the SPAR Brand globally is one of SPAR International's key priorities. Providing our SPAR Partners with access to international concepts and format development is a vital part of our retail scope of service. This collaboration supports both new and established partners with format development, store design, international best practice, knowledge sharing, category innovations and a range of new retail initiatives that help to grow their businesses.

A NATURAL SOLUTION TO HEALTH & WELLNESS

Health conscious consumers demand more from the wellness industry and are turning to supermarkets and local convenience stores, as an alternative to the traditional specialist suppliers, to meet their day-to-day health needs. As a recognised leader in the convenience sector, SPAR is well-placed to respond to changing customer needs.

SPAR Natural was launched on the island of Gran Canaria in January 2017 as a joint venture between SPAR International, SPAR Gran Canaria and SPAR Spain. It is a pioneering new concept that provides health and wellness solutions for three specific customer needs – customers who have special dietary requirements or suffer from food intolerances such as gluten and lactose, consumers who have made lifestyle choices and changed their eating habits, such as vegetarians or vegans, and thirdly, customers who do not follow a specific diet based on dietary needs or lifestyle values, but simply wish to eat more healthily.

This sector of the market is growing year-on-year and SPAR Partners across our network are responding. SPAR Oman were one of the first SPAR Partners to recognise the opportunity that SPAR Natural offers and implemented the concept across their stores.

SPAR Maiora, our partner in Southern Italy, also implemented the concept and at the same time broadened the range of products offered to include 'Paraben Free'. SPAR India also implemented SPAR Natural and used the concept to launch the revival of millets, a group of seed grasses which are rich in nutrients and can help reduce the risk of obesity and heart disease.

Building on the success of SPAR Natural, SPAR International worked with Henderson Group, SPAR UK, on a design solution that brings products together in one zone under a Health and Wellbeing umbrella.

The concept was successfully trialled in six EUROSPAR stores and is currently being rolled-out to the rest of the estate through 2018.

TAILORED SERVICES

In 2017, SPAR continued to lead the way in tailoring its offering and services to different markets by increasingly personalising the customer experience through initiatives such as the introduction of Amazon self-service delivery lockers in SPAR UK locations, seating areas, charging points, cashless payment systems, a full grocery and fresh food offering and click and collect services.

Another way in which SPAR has evolved is the wide variety of formats it offers across its network-specifically adapted to the needs of the customers and communities it serves.

100+

SPAR INTERNATIONAL WORKED IN PARTNERSHIP WITH 35 SPAR PARTNERS TO DELIVER MORE THAN 100 RETAIL DEVELOPMENT FLAGSHIP PROJECTS IN 25 COUNTRIES.





“IN EG GROUP SPAR HAS FOUND AN AMBITIOUS PARTNER THAT TRUSTS STRONG BRANDS IN ORDER TO MAKE THEIR SERVICE STATIONS MORE RELEVANT. WITH THIS PARTNERSHIP, SPAR’S STORE NUMBERS WILL GROW BY AT LEAST 130, INCREASING THE VISIBILITY AND AWARENESS OF THE SPAR BRAND IN THE COUNTRY.”

Sjaak Kranendonk, former Managing Director of SPAR Netherlands



LARGE SUPERMARKET MODERNISATION

EUROSPAR, our large supermarket format aimed at weekly family shopping, experienced a resurgence during 2017 as several SPAR Partners launched new stores with a refreshed look and feel, an enhanced fresh offering and new technology.

SPAR Kaliningrad, one of SPAR Russia’s largest partners, continued to focus on modernising and expanding its retail network, including the opening of four EUROSPAR Supermarkets. SPAR Middle Volga also launched EUROSPAR stores, including a state-of-the-art store in Central Moscow, its first EUROSPAR store in the Russian capital.

NEW STORE SOLUTIONS IN CHINA

With the support of SPAR International and the Shanghai Office, SPAR China partners continued to explore new market opportunities and invest in store expansion in 2017. SPAR Beijing held a grand re-opening of SPAR Guanzhuang. SPAR Sichuan relaunched the SPAR Hongya store, which is a popular community-based, lifestyle supermarket and SPAR Hebei launched their first premium SPAR store at EnjoyCity Mall in October.

In December 2017, SPAR Shandong opened its W37 Shopping Centre, a high-end complex in the central commercial area of Weihai. SPAR Guangdong closed out 2017 with the opening of SPAR Xinji Plaza, a 8,800m² SPAR Hypermarket and largest retail outlet in the city of Jiujiang.

BAKERY AND BAKE-OFF

Bakery is a major part of all SPAR stores worldwide, therefore SPAR International placed a major focus on this category, with special attention to the creation of Bake-Off solutions with our SPAR Partners.

SPAR International worked in collaboration with SPAR Switzerland on the development of a Bake-Off solution that places Bakery as the Hero Category of the store. As part of SPAR Switzerland’s ongoing store improvements, the Bake-Off solution was implemented in four trial stores: SPAR Schindeleggi, SPAR Triesen, SPAR Express Bilten and SPAR Express Rümlang, with Rümlang being the best performing store. The Bake-Off solutions are currently being fine-tuned for further implementation across the retail estate during the course of 2018.

SPAR AUSTRIA'S ONLINE STORE OFFERS
A RANGE OF 20,000 PRODUCTS.

20,000

In Denmark, as part of its Strategic SPAR repositioning project, SPAR Denmark introduced a refreshed Bakery offer that combined international best practice with local adaptation. The results were extremely positive and SPAR Denmark is rolling out the concept to other sites. In parallel, SPAR International supported the implementation of Bakery solutions in Italy, Oman and Saudi Arabia.

ONLINE RETAILING SOLUTIONS

SPAR Partners continue to develop solutions for the fifth format (online). SPAR Slovenia launched a new online store, offering a range of over 15,500 products for collection or home delivery, including groceries, household, personal care and fresh produce. Orders online can also be collected from the SPAR Online pick up and pay drive-in station.

EUROSPAR Hunstad in Bodø, Norway, is the first store in the north of Norway to launch an online site that provides everyone in Bodø with access to quality fresh goods online. EUROSPAR employees pick all products in store and customers can choose to pick up the goods themselves or have them delivered.

Following a successful launch of Austria's largest online shop in the Vienna region in September 2016, SPAR Austria has expanded the INTERSPAR concept to include Salzburg and the surrounding area. The online shop offers 20,000 products available for collection from centrally located pick up boxes or to have the order delivered to their homes.

INTERNATIONAL RECOGNITION

A measure of the success of the SPAR Brand in 2017 is the international success achieved in global retail awards by many SPAR Partners for their stores, people and own brand.

One concept that successfully combined stores, people and own brand within a groundbreaking solution was the SPAR Natural store in Gran Canaria, which won the NACS Insight International Convenience Retailer of the Year Award. The judges agreed that SPAR Natural broke new ground in Health and Wellness by offering a holistic approach to local customers seeking better health care, healthier lifestyles and a greater access to natural products and solutions for food intolerance.

INTERSPAR, our larger hypermarket format, also received acclaim with INTERSPAR Érd in Hungary receiving the title of Store of the Year 2017 in the national Hungarian Awards.

Similarly, INTERSPAR has come out as the clear winner in an evaluation on customer satisfaction in the supermarket sector in Austria by the Austrian Association for Consumer Studies (ÖGVS).

There were also many other awards – SPAR UK won the top prize of Symbol / Fascia Group of the Year at the highly-regarded UK Retail Industry Awards; SPAR India won several awards in 2017, including 'Large Format Retailer of the Year' from Franchise India; and SPAR Ratchapruet, Thailand, was shortlisted in the 'Innovative Store of the Year' category at the 2017 IGD Business Excellence Awards.

It is highly satisfying to be recognised by our peers and industry experts as leaders in the food retail sector and serves to highlight the innovation being driven by SPAR in both our established and developing markets.



CASE STUDY RESPONSIBLE RETAILING

SUSTAINABLE DESIGN

SPAR International works with SPAR Partners to develop retail concepts which are sustainable, sharing information and trialling ideas.

A leading SPAR Partner in this field is SPAR Austria, which since 2014 has implemented LED lighting solutions in over 300 stores. The new stores require 50% less energy than traditional stores, through efficient cooling, heating circuits and other measures. 84% of electricity required for SPAR Austria's business, including stores, warehouses and logistics, is from sustainable sources, with the upward trend set to continue. Photovoltaic systems have been placed on the roofs of over 36 SPAR stores and plans are in place to expand the use of solar power further.

The sustainability of the SPAR Supermarkets has received the Gold certification from ÖGNI (Austrian Sustainable Real Estate Association) which is recognised internationally.



BUYING

OVER THE SPACE OF A DECADE, PRODUCT INNOVATION HAS BECOME A KEY DRIVER FOR PRIVATE LABEL BECAUSE IT FACILITATES DIFFERENTIATION FROM THE COMPETITION. TODAY, A THIRD OF ALL FOOD INNOVATIONS AND RENOVATIONS ARE DEVELOPED BY PRIVATE LABEL BRANDS.

Our international buying network is a critical facet of the SPAR Better Together strategy illustrating the tangible benefits of us working together. The Buying International Group SPAR (BIGS) represents a combined buying volume €24 billion in sales and allows partners to draw on each other's expertise and sourcing resources. SPAR International also uses its global network to source products from SPAR countries where we have long-standing and local buying expertise. There are three key areas of buying – Own Brand, International Partnerships and the Global Sourcing Network.

OWN BRAND

As an organisation, SPAR International strives to drive efficiencies, unify trading functions and identify all possible opportunities for group buying. We achieve this through benchmarking prices and terms to ensure competitiveness, while maintaining and even improving quality and product specification and by working closely with existing suppliers. In addition, marketing materials are produced and made available to SPAR Partners to advertise the SPAR International Own Brand products at retail level and increase consumer awareness of the diverse, quality range.

SPAR INTERNATIONAL OWN BRAND PRODUCTS ARE OFFERED IN 29 COUNTRIES.

29



NEW PRODUCT DEVELOPMENT

By unifying volumes and synergies in own brands we can generate economies of scale and value, ensuring ongoing new product development and allowing for ongoing product reformulation to continuously improve our excellent range of products. SPAR International continues to seek to improve the quality and taste of the existing Private Label portfolio. One aspect of this is the reformulation of products to remove palm oil and reduce where possible sugar, salt and fat content.

The popularity and success of SPAR Own Brand products are demonstrated by the figures – they are now available in more than 29 countries worldwide and enjoyed a volume increase of more than 6% in 2017.

SPAR NATURAL

Today, customers are not only looking for delicious products, they are actively seeking out healthier and more sustainable products. SPAR Natural is the answer to this changing consumer behaviour, focusing on categories such as vegan, organic, lactose-free and gluten-free.

With the launch of the SPAR Natural flagship store concept in Gran Canaria last year, we immediately sought to integrate a SPAR Natural Own Brand range to this concept. Working with the Buying International Group SPAR (BIGS) members, a core range of SPAR Natural products was agreed for development, including leading categories such as organic, vegetarian, lactose-free and gluten-free. In addition, SPAR sought to work with certified suppliers in the areas of sustainability in Fairtrade and UTZ certified products. The initial products were selected in 2017 and the range will expand in 2018 with launches of SPAR Natural in Russia, Southern Africa and the Middle East.

INTERNATIONAL PARTNERSHIPS

Through international partnerships, SPAR offers suppliers of branded products an international platform to develop their business within the SPAR global network in 48 countries worldwide.

Continuing to grow our presence worldwide, provides the opportunity not only to international FMCG suppliers but also smaller, national suppliers to work with SPAR International to expand their distribution further and to innovate

through category projects in partnership with SPAR's retail and concept development teams.

A great example of successful co-operation in 2017 has been with Carabao, a leading energy soft drink in Thailand, which seeks to grow its presence to key markets in Europe and Asia where SPAR has an extensive retail network.

GLOBAL SOURCING NETWORK

The successful exchange of products between various SPAR members worldwide continued at pace in 2017. With a presence in 48 countries in four continents, SPAR's unique sourcing advantage enables us to buy locally and use our global network to harness the synergies of our international group with a €34.5 billion turnover.

The high quality authentic Italian products delivered through the long-established relationships our local Italian colleagues have with their suppliers, illustrates this point well. Italian DESPAR products sourced for the Italian shopper are now being internationalised by the SPAR International team as far afield as Eastern Russia and China.

CASE STUDY RESPONSIBLE RETAILING

PROMOTING HEALTH THROUGH PRODUCT REFORMULATION

At SPAR, we want to provide consumers with good quality products and the relevant nutritional information to ensure balanced, healthy diets.

As part of its healthy eating campaign, focused around promoting a sugar-free or sugar reduced diet, SPAR Austria reduced sugar in more than 50 SPAR Own Brand products. Over the next few years, the SPAR Partner aims to remove at least 1,000 tonnes of sugar from its own brands.

SPAR Croatia has reduced the amount of salt in all 30 types of daily baked bakery bread by 1.4%, and in some cases even lower than the recommended amount, which is in line with the World Health Organisation's dietary recommendations.

SPAR International's development of the SPAR Own Brand Water+ range further supports the drive for healthier consumers, offering a 0-calorie flavoured water drink.

PROCUREMENT



IN 2017 PARTNER-LED BUYING GROUPS DEMONSTRATED THE ENORMOUS POWER THEY HAVE IN THE MARKETPLACE AND THE OPERATIONAL COST-SAVINGS THEY CAN SECURE. SPAR INTERNATIONAL IS LEADING PARTNER BUYING GROUPS IN WAREHOUSING, TRANSPORT, STORE DEVELOPMENT AND TECHNOLOGY.

THE GROUP REALISED A 31% SAVING ON THE LOWEST INDIVIDUAL PRICE.

31%



LEVERAGING GLOBAL SCALE

Our warehouse buying group realised a 31% saving on the lowest individual price available for shrink wrap. This pricing has since been made available to all partners.

Our partner-led buying groups coordinate purchasing initiatives to leverage SPAR's global scale, delivering operational cost-savings that can be invested in the customer offer and improve profitability. The partner-led buying groups are facilitated by SPAR International and bring together the specialised buyers from our partners worldwide around a common buying objective. With an agreed lead negotiator, approach plan and regular updates on progress, the groups combine their buying power to realise significant cost-savings, proving we are truly 'Better Together'.

In 2017, our warehouse buying group led by the Netherlands and UK, supported by the SPAR International purchasing team, coordinated the buying of warehouse shrink wrap. Through the alignment of the product specification, combining the volumes for Switzerland, Ireland, three Partners in the UK and the Netherlands, the group produced a tender and negotiated offers with suppliers.

The group realised a 31% saving on the lowest individual price offered, for a high-volume commodity item for our warehouses the savings are thousands of euros for all involved. The negotiated pricing has been made available to all partners enabling them to benefit from the cost reduction.

BUYING POWER

Partner-led buying groups are leveraging our combined buying power in a wide range of areas, including trucks, tyres, refrigeration, store equipment, software licences, manual handling equipment and market analytics enhancing our operations worldwide.

Building on the store, digital marketing, supply chain and warehouse design support for SPAR Partners worldwide, SPAR International offers a wide range of carefully selected preferred suppliers that can maintain the SPAR standards and offer special rates.

SYNERGIES WITH SUPPLIERS

The regional and international structure of the programme provides clarity on the needs of each region with dedicated suppliers and enables

coordination of purchasing to maximise the benefit to the SPAR Partners. The first regional programme has been established in Africa, with outstanding support from SPAR South Africa, giving our partners access to the best insight, knowledge, suppliers and pricing available on that continent. Regional programmes are being established in Asia, Eastern Europe and the Middle East.

Connecting suppliers with our business plans is key to our collaborative growth and development. Regional events in Oman and Russia have focused on equipment suppliers with presentations on current plans, supplier services, store visits and one-to-one discussion opportunities. Building on this great success, regional development workshops will be held in Africa, Middle East, Asia and Europe connecting partners and suppliers in forums to be 'Better Together'.

With eight new suppliers joining the programme, store projects in Pakistan, Saudi Arabia, Belarus and warehouse projects in the UK, China and Azerbaijan, the programme is going from strength to strength delivering value to our partners and supporting their growth.

CASE STUDY RESPONSIBLE RETAILING

ENHANCED EFFICIENCY OF REFRIGERATED FLEET

SPAR UK Partner, Henderson Group, has reduced its environmental impact at the same time as lowering its operating costs by upgrading its refrigerated delivery fleet with the more sustainable SLXi300 Whisper units from SPAR International preferred supplier, Thermo King.

The units will help make the delivery of temperature sensitive products to retailers more efficient, thanks to telematics and communication, lower fuel consumption and enhanced temperature management options. The Whisper noise reduction kit will also reduce the sound levels of the units, allowing reduced disturbance during deliveries.

Thermo King works closely with SPAR International through its global network delivering solutions like the SLXi units in Northern Ireland, Frigoblock electric units in Austria, CryoTech liquid carbon dioxide technology in Norway and T-Series truck units in the Middle East.



SPAR 

SPAR 

SPAR 

SUPPLY CHAIN

The SPAR International supply chain team, accesses the information from our working groups as part of our support for an array of partner projects including warehouse developments in Saudi Arabia, Spain, Russia, Thailand and Azerbaijan ensuring best practices are implemented across the SPAR network.

GAINING INTERNATIONAL INSIGHTS

Insights shared through our warehouse group and visits helped SPAR UK partner Hendersons Group develop a new 16,700m² warehouse to supply 447 independent and company-owned stores across Northern Ireland, incorporating cutting-edge design from across the SPAR International network.

According to Martin Agnew, Managing Director of the Henderson Group, "We looked at all of the new logistics techniques being used by warehouses in the SPAR International network across Europe, South Africa and China and considered what was best for us."

Pat McGarry, Logistics Director of the Henderson Group, said that "in designing the facility the focus was on achieving maximum efficiencies, both in terms of energy consumption and in the speed of loading and unloading products, especially in the bulk stack area where fast moving products such as promotions are managed."

WORKING BETTER TOGETHER - SUPPLY CHAIN GROUP

Our focus on the end-to-end supply chain continues to grow, driven by the supply chain group comprising of colleagues from the UK, the Netherlands, Ireland, South Africa, Norway and Spain. The group has shared best practice on inventory optimisation and reduction which is now available for all partners. The group has also developed a benchmarking for supplier and supply chain performance that has highlighted opportunities for collaborations with our suppliers to enhance the flow of products to the shelf instore and maximise customer availability.

DELIVERING EFFICIENCIES

Effective transport management benefits the environment, service to our retail stores and reduces costs.

Henderson Group has implemented an electronic proof of delivery (ePOD) system to optimise delivery fleet efficiency. Providing a centralised delivery portal integrated with the warehouse management and route planning systems to provide a single view of all delivery data, means colleagues no longer need to navigate multiple systems. A real-time back office dashboard view tracks all vehicles and deliveries, allowing accurate time of arrival to be communicated to stores, along with updates and temperature alerts in real time to ensure products are delivered in the best possible condition.

78,000

STORE DELIVERIES EVERY WEEK COMPLETED BY SPAR WAREHOUSES.



**“WE LOOKED AT ALL OF THE NEW LOGISTICS TECHNIQUES
BEING USED BY WAREHOUSES IN THE SPAR INTERNATIONAL
NETWORK ACROSS EUROPE, SOUTH AFRICA AND CHINA AND
CONSIDERED WHAT WAS BEST FOR US.”**

Martin Agnew, Managing Director, Henderson Group



STORES MEETING 13.5 MILLION SHOPPERS' NEEDS EVERY DAY.

12,777

With continued growth SPAR China partners are developing their supply chains, improving service to stores and customers.

In Shandong province work has started on two ambient warehouses, a chilled warehouse and production facility. With a floor space of 80,000m² the facilities will serve stores in Yantai City and the surrounding area with regional deliveries and operate as a central warehouse for the whole Shandong province. The latest technologies are being adopted in the new flagship Distribution Centre, including a modern warehouse management system, automation for fast movers, voice picking and automated storage.

EMBRACING TECHNOLOGIES

SPAR Partners continue to embrace the rapidly changing technology landscape to enhance customer interaction before, during and after the sale with insight and knowledge being shared through the IT Director's forum.

Shared knowledge and best practice has helped SPAR UK partner AF Blakemore, which is working with Norway-based retail software provider Visma

Retail, to modernise its technology, bringing innovative IT solutions to help grow and develop a sustainable business for the long-term. Building on the systems used by SPAR Norway the Visma end-to-end software platform, Visma Retail Suite, serves A.F. Blakemore's trading, buying and retail operation needs, both in HQ and central processes and store back-office. The solution platform enables modern instore technologies such as self-scanning, self-checkout, mobile point of sale and mobile back-office operations such as real-time sales reporting, Food-To-Go preparation, task management and store logistics.

DIGITAL ENGAGEMENT

Our customers are embracing new technologies as part of their shopping mission with partners meeting and exceeding customers' needs with self-scanning checkouts in Austria, the Netherlands and India and many other countries. Our customers are also making use of the latest scan and go technology using their own mobile phones to do their shopping, utilising mobile payment and leaving the store, now being rolled out across India, with trials in the Netherlands and Belgium underway.

In India customers can also now create their shopping list online or on their mobile, choose to have it delivered or visit the store and find things easily through the instore navigation system with self-assist kiosks to obtain product information.

Digital engagement with our customers extends beyond the stores with online shopping platforms launched in Austria, Slovenia, France and Russia with information sharing building on the successful platforms in the Netherlands, Norway, India and China. In Austria, the INTERSPAR digital platform allows customers in the Vienna area to shop from the comfort of their own homes or while at work with options for instore collection or home delivery with a one-hour delivery slot, achieved using a dedicated fleet of vehicles managed by the store team.

Whilst in Russia, SPAR Nizhny Novgorod has launched a full end-to-end digital solution that allows customers to shop online with a quick, easy and seamless delivery. The website has been well received by customers with over 250 orders a day being received from over 3,000 regular shoppers.



CASE STUDY RESPONSIBLE RETAILING

SPAR NORWAY TO PIONEER HYDROGEN-POWERED DELIVERIES

SPAR Norway and its distribution partner ASKO are seeking to reduce the impact of the business on the environment. ASKO is on target to reduce energy consumption by 20%, become self-sufficient in renewable energy and to use 100% renewable fuels by 2020.

The first to introduce electric/diesel hybrid trucks and 100% renewable diesel, SPAR Norway will soon become the first partner in Europe to use zero-emission hydrogen-powered vehicles. Using fuel made by ASKO at a new plant where 9,000 solar cells create energy for the process and Scania hydrogen-powered distribution trucks, ASKO's mid-Norway chief Jørn Arvid Endresen hopes 30 trucks will be in use by the end of 2023.

ASKO and SPAR Norway intend to buy Tesla Semi all-electric trucks when they are launched in 2019.



BRAND

The SPAR Brand has gone from strength to strength in 2017, not only through expansion and presence but also in brand value. Our partners have invested in SPAR Brand equity through digital innovations, health, wellness and sports projects, ownership of local initiatives and a series of significant anniversaries and events.

BRAND – EUROPEAN ATHLETICS SPONSORSHIP

SPAR first partnered with European Athletics in 1996, a relationship which continues today. The various sporting events each year not only increase awareness of the brand globally but also provide opportunities for SPAR Partners to integrate the events into their local marketing campaigns, helping to support their national athletes.

There were four athletics events in 2017, including the European Athletics Indoor Championships in March and the SPAR Cross-Country Championships in December. The competitions were broadcast on TV and live streamed online. Visibility was also generated through digital media platforms and print publications.

SPAR France supported the European Team Championships in Lille in June, incorporating the sponsorship in their regional promotion programme and creating brand awareness through onsite activations and support for volunteers. SPAR Poland fully embraced the opportunity created by the U23 European Championships in July, placing billboard advertisements and running digital and promotional campaigns before and during the event. SPAR Partners engaged in many other activities around these four events, building on their own local and national sponsorships. In total, these four SPAR sponsored events were watched by 162 million viewers worldwide.

In 2018, the key focus for SPAR International will be the European Athletics Championships in Berlin in August, where top athletes from 50 European nations will compete in the iconic Olympic Stadium. With an ever-growing focus being placed on helping customers lead a healthy lifestyle, such sporting events enable our SPAR Partners to target their communications to consumers instore and online.

HEALTH, WELLNESS & SPORTS

SPAR has always been a destination for customers seeking healthy lifestyle solutions. Through dedicated projects and sponsorships 2017 has again been a year of driving healthy living. The award-winning SPAR Natural store on Gran Canaria was one of the biggest innovations launched in 2016, and last year SPAR Natural continued to be rolled out into other markets. Incorporated as shop-in-shop and category solutions, SPAR Natural is now also operational in Oman and Italy.

The opportunity in SPAR Own Brand is also apparent and the BIGS group has begun the development of a SPAR Natural product range.

Sports sponsorships have again strengthened the link between the SPAR Brand and healthy living. SPAR has been a keen supporter of football in Ireland and over 28,000 children participated in the SPAR FAI Primary School 5s Programme five aside tournament. SPAR Ireland also expanded their running programme to include fiftive. In Spain, SPAR sponsored the annual sailing regatta in the Cartagena region, with SPAR participating with its own team. SPAR Hungary is now in the second year of the 'SPAR Lifestyle' programme which aims to educate people on eating healthily and keeping fit through an extended sponsorship of running events, a new mobile app showcasing a 30-day lifestyle challenge and internal employee motivation initiatives.

162

SPAR SPONSORED
EVENTS WERE WATCHED
BY 162 MILLION VIEWERS
WORLDWIDE.





“THIS LOCALLY-FOCUSED STRATEGY RESONATED WELL WITH CUSTOMERS AND FITS OUR OBJECTIVE OF MAKING EVERYDAY SHOPPING MORE CONVENIENT WITH A WIDE RANGE OF PRODUCTS.”

Michał Zych, Marketing Director, SPAR Poland



DIGITAL ENGAGEMENT

SPAR's share of digital marketing has again grown steadily, with partners continuing to invest in this versatile channel to communicate and transact with our customer base. Full service online retailing is now present in China, the Netherlands, France, Norway, India, Austria and Russia. SPAR Russia launched online in Nizhny Novgorod, while SPAR Netherlands relaunched its customer website together with the new strapline 'Je vindt het bij SPAR' ('You can find it at SPAR'). James Hall in the UK ran a pilot programme of allowing customers to order their Christmas shopping online for collection at their local SPAR store.

Mobile is also gaining more traction, with SPAR South Africa's continued investment in the MySPAR Rewards programme, allowing 3.3 million cardholders to receive reward points on their mobile devices. Poland and India also invested in the launch of mobile loyalty apps to drive customer value.

Mobile is also providing new ways for customers to pay. SPAR Russia launched Google Pay in Kaliningrad and in India customers can use their smartphone to pay for their shopping through a dedicated app. SPAR Nigeria, Russia and India

further explored the opportunity of using location-based advertising online. In Nigeria, personalised ads targeted potential shoppers in the catchment areas of new and existing stores, driving considerable marketing ROI.

OWNING LOCAL

Changes in consumption habits resulting in more frequent, smaller shopping trips has brought about a renaissance in neighbourhood retailing in recent years.

In 2017 the SPAR Brand was repositioned in Poland as 'My Neighbourhood, My SPAR' with the supporting pillars of 'Proudly Polish', 'Supporting Local', 'Great Range & Great Price' and 'Everyday Convenience'. Denmark has adopted 'One of the Locals' as its brand proposition and it forms the basis for a new format rolled out into 25 flagship stores around Denmark, while Switzerland drove its local positioning with a 'Good Neighbour' campaign.

In Portugal, the new theme of 'Your Favourite Neighbour' was supported with an instore communications pack and targeted marketing to customers living in the close vicinity of the stores.

MILLION SOUTH AFRICAN MYSPAR
CARDHOLDERS TO RECEIVE REWARD
POINTS ON THEIR MOBILES.

3.3 MILLION



ANNIVERSARIES & EVENTS

After over 85 years of retailing across the globe, it is inevitable that every year there will be a SPAR Partner somewhere with something to celebrate.

In 2017 SPAR in Albania celebrated its first anniversary following the Carrefour conversion while, at the other end of the scale, SPAR UK celebrated its 60th anniversary. Over 1,700 retailers, wholesalers, store staff and suppliers attended a spectacular celebration in Manchester city centre. In keeping with the ethos of community involvement, over £100,000 was raised at the event for SPAR UK's new charity partner Marie Curie, which provides care and support to people with terminal illnesses. Through further donations prior to the event and a commitment from the SPAR UK Board to double the money raised, a total of £640,000 was donated to Marie Curie.

SPAR has had many more things to celebrate in 2017. Christmas is always a key trading period in grocery retailing and SPAR Partners always make the most of this opportunity. SPAR Switzerland and DESPAR Italy engaged in Christmas related activities, with SPAR Switzerland aiming to donate

to 161 different charities over the Christmas period and DESPAR Italy hosting 12 dinners for over 10,000 people, as well as gift giving to children and the elderly in local care centres in the south of Italy. SPAR Nigeria implemented school related charitable drives – hosting kids fun days and supporting primary health care centres.



SPAR tapped into this trend by repositioning the EUROSPAR Brand in Northern Ireland as 'Your Community Supermarket', supporting it with a variety of local initiatives such as coffee mornings, celebrating 'superheroes' from the community and partnering with local instore butchers.

CASE STUDY RESPONSIBLE RETAILING

CREATING VALUABLE PARTNERSHIPS

SPAR Ireland has announced it will be the new national charity partner for Cystic Fibrosis Ireland for two years. Cystic Fibrosis is a genetically inherited disease that primarily affects the lungs and the digestive system. Ireland has the highest incidence of the disease in the world.

With the placement of collection boxes at 400 SPAR stores nationwide, a donation on selected SPAR Own Brand products, and a number of key events, the SPAR Partner has set the ambitious goal of raising €300,000 to support the independent living of those with the disease.

SPAR Ireland is just one of many countries providing extensive support to charities. The money generated through a variety of fundraising activities, primarily through the retailers and their employees, all go a long way towards improving the lives of people in SPAR's communities.

PEOPLE

“WE ALL KNOW THAT THROUGH REPETITION, WE LEARN BEST. BY ENGAGING STAFF TO PLAY THE 3D RETAIL GAME AGAIN AND AGAIN, WE HAVE A GREAT EDUCATIONAL IMPACT.”

*Ole Fjeldheim, Chief Executive Officer,
SPAR Norway*

OUR PEOPLE

Sustaining competitive advantage is a significant challenge facing the retail industry. With growing competition in the retail market, enthusiastic and knowledgeable staff can make all the difference. Our employees are the SPAR ambassadors in the communities they serve, hence investing in our people through training, development and best practice people management is vital in growing our business.

EMPLOYER BRANDING

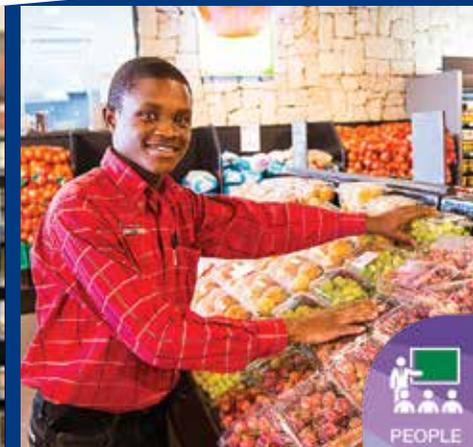
In many countries, potential employees have a wide choice of possible employers. Therefore, SPAR must seek to create a people-focused environment that makes us an employer of choice. In 2017, SPAR International supported various SPAR Partners in promoting their brand in their local labour market through tailored Employer Branding workshops.

A special achievement was recognised by the industry in 2017 for DESPAR Italy, which won the Best Talent Hunter Award 2017 from the University of Padua. Another great achievement was the certification of Top Employer 2017 for SPAR South Africa.



HOURS OF ONLINE TRAINING AVAILABLE THROUGH THE SPAR ACADEMY.

250



SERVING OUR CUSTOMERS

With grocery online shopping on the rise, personal service in our stores has become increasingly important. In 2017, SPAR International continued to support its partners in training their staff in delivering excellent customer service. The 'SPAR Legends' customer service programme was further developed and delivered to SPAR Partners in such countries as Belarus and Ukraine.

In June 2017, Clive Gould, Manager of Glenacres SUPERSPAR in South Africa, won the prestigious Food Marketing Institute's Store Managers Award.

NEW TECHNOLOGIES

The modern retail landscape is evolving at an unprecedented rate, with technology radically changing how our employees expect us to interact with them. Recognising this, SPAR Partners worldwide put a strong emphasis in 2017 on evaluating and implementing digital tools in HR management, be it in recruitment, onboarding, communication or training. The HR Action Group visited the HR TechWorld in Amsterdam, which showcased the newest technical developments in Human Resources.

ONLINE TRAINING

A blended learning approach of classroom learning, on-the-job experience and online training has proven to be most effective in developing people's skills and facilitating continuous learning. Providing people with choices on training content, time and location via online training programmes is essential to engaging with the new generation of employees. In recent years, many SPAR Partners have developed online Training Academies and additional digital learning tools such as the SPAR Quizzer, a learning App developed by SPAR Austria.

THE SPAR LEARNING PLATFORM

In the fourth quarter of 2017, SPAR International launched the SPAR Learning Platform, which is designed to support SPAR Partners and retailers with the professional development and training of their employees. The Learning Platform consists of two parts: the SPAR Learning Website and the SPAR Academy.

The SPAR Learning Website is targeted at retail professionals and trainers and includes webinars

and key learnings on the latest development in the industry and training support material.

The SPAR Academy provides ready-to-use online courses within a secure Learning Management System that our SPAR Partners can tailor by uploading their own materials. The Academy also includes a state-of-the-art 3D Retail Simulation Game, which is designed to help store employees learn key retail skills in a fun and engaging way.

DEVELOPING TALENT

SPAR is dedicated to talent development, be it through the annual SPAR Future Leaders Programme or the International Talent Exchange Programme built around secondments and internships in other SPAR Partners. SPAR Partner initiatives in 2017 include the SPAR Inspire Residential, a SPAR UK leadership programme to develop store managers.

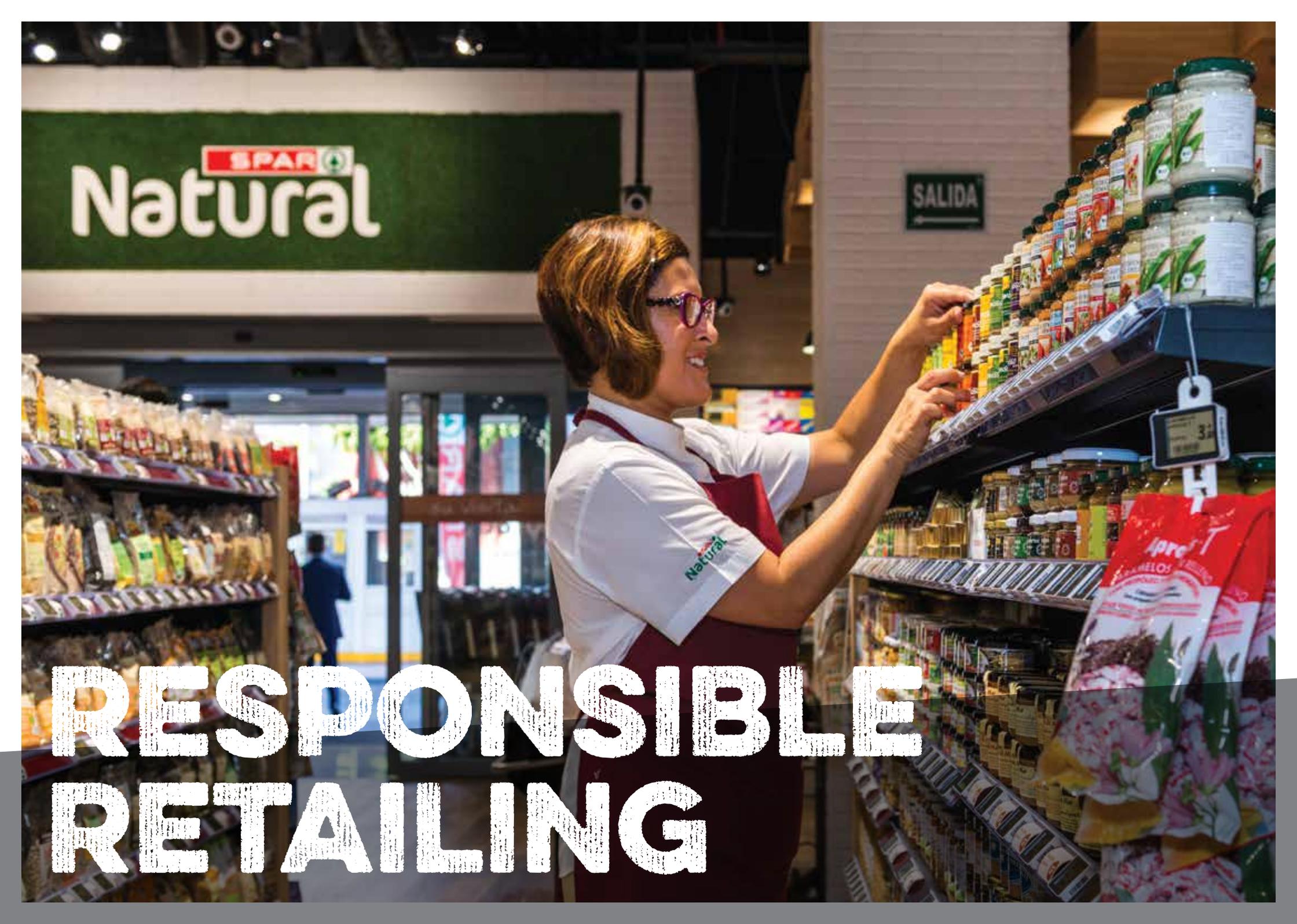
AS A VOLUNTARY FOOD RETAIL CHAIN, WE RECOGNISE WE ARE ONLY AS STRONG AS OUR RETAILERS.

CASE STUDY RESPONSIBLE RETAILING

SPAR SOUTH AFRICA WINS TOP EMPLOYER AWARD FOR FIFTH YEAR

Operating seven Distribution Centres and supplying goods to over 1,700 stores across Southern Africa, the SPAR Group was awarded the Top Employers South Africa certification for the fifth consecutive year. Besides South Africa, it also services retailers in Swaziland, Botswana, Lesotho, Mozambique, Zimbabwe and Namibia employing 4,000 people.

The certification process involved a comprehensive analysis of the organisation's employee conditions, including internal and external review. It was awarded the 'Top Employers' certification benchmark, with the awarding body saying SPAR South Africa "provides exceptional employee conditions, nurtures and develops talent throughout all levels of the organisation and has demonstrated its leadership status in the HR environment, always striving to optimise its employment practices and to develop its employees."

A woman with short brown hair and glasses, wearing a white short-sleeved shirt and a maroon apron with the 'Natural' logo, is smiling as she works in a grocery store aisle. She is reaching up to adjust items on a high shelf. The shelves are stocked with various products, including jars of jam and bags of coffee. In the background, a green sign with the 'SPAR Natural' logo is visible above a doorway. To the right, a black sign with the word 'SALIDA' and an arrow pointing left is mounted on the wall. The overall atmosphere is bright and professional.

SPAR
Natural

SALIDA

**RESPONSIBLE
RETAILING**



LONG-TERM RESPONSIBLE RETAILING

As a food retailer present in 48 countries around the world, SPAR is committed to adding value to the communities in which we operate. We recognise our responsibility in helping to tackle and negotiate the challenges faced by our customers and communities around the world.

We are uniquely placed to identify opportunities for knowledge sharing and collaboration that allow SPAR to address local challenges that have

a global impact. Taking international best practice examples, SPAR Partners provide opportunities for knowledge sharing and inspiration to tailor initiatives to local needs.

The United Nations Sustainable Development Goals, particularly in relation to good health and wellbeing, responsible consumption and production are reflected in the strategies of SPAR. To date, achievement of 14 of the Sustainable Development Goals are being worked towards by SPAR Partners. To maximise our impact, SPAR's responsible retailing strategy focuses on six key areas, with SPAR Partner initiatives highlighted throughout this report. Our commitments and initiatives across the world, whilst tailored to community specific needs, are largely focused on health, sourcing, community, environment, supply chain and are all linked to our people.

NUTRITION & WELLBEING

SPAR seeks to provide customers with access to more nutritious products and where possible, options to choose healthier alternatives. SPAR has also set out a clear strategy for offering customers organic products, natural products and products for shoppers with food intolerances.

Austria, Spain, Thailand, Italy, Hungary and Ireland are just some of the markets where the focus on nutrition has grown rapidly in the past year, both in the development of SPAR Own Brand product solutions or more clear identification of these products for shoppers. Our focus on nutrition compliments the SPAR initiatives targeted at exercise, promoting a healthy lifestyle and fighting malnutrition.



6

RESPONSIBLE RETAILING
STRATEGIC KEY AREAS.



“WE RECOGNISE OUR RESPONSIBILITY IN HELPING TO TACKLE AND NEGOTIATE THE CHALLENGES FACED BY OUR CUSTOMERS AND COMMUNITIES AROUND THE WORLD. WE ARE ALSO UNIQUELY PLACED TO IDENTIFY OPPORTUNITIES FOR KNOWLEDGE SHARING AND COLLABORATION THAT ALLOW SPAR TO ADDRESS LOCAL CHALLENGES THAT HAVE A GLOBAL IMPACT.”

LOCAL SOURCING

SPAR Partners continue to develop ways to provide customers with products produced under conditions with a reduced impact on the environment, promote animal welfare and provide equal opportunities for farmers and fishermen.

In South Africa, small scale emerging farmers are given training to ensure high quality produce and good crop yield of produce is being supplied to SPAR Supermarkets. Similarly, SPAR Nigeria has worked with local farmers to not only provide them with access to market but to also provide a knowledge sharing platform.

In working towards animal welfare, SPAR Austria has over the past few years, fully converted their entire SPAR Own Brand fish range and all fish sold instore, whether fresh or frozen, to being sustainably sourced.

COMMUNITY

The contribution to local communities by SPAR is shown in a variety of ways, including the development of youth initiatives, partnering with charities and fundraising through a wide

variety of different activities and events. Through these engagements, SPAR adds value to the communities which we serve.

Many of the charities supported assist children, the elderly or those with chronic illnesses. In Albania, Austria and the United Kingdom, the chosen charities are supported with national campaigns whilst in other markets, local or regional beneficiaries are selected.

ENVIRONMENT

In tackling waste reduction and negative environmental impacts, significant advances have been made in the reduction of plastics – specifically through the development of sustainable packaging and recycling programmes. Recycling programmes, such as those developed by Norway and Italy, not only reduce the impact on the environment but also benefit the communities in which SPAR operates. A further reduction in plastics is targeted by SPAR Partners through the development of sustainable bags for groceries and the reduction in the packaging used instore, particularly in fresh produce departments.



DISCUSSIONS AT THE G7 SUMMIT FOCUSED ON TRANSFORMING OUR GLOBAL FOOD SYSTEMS FOR IMPROVED NUTRITION.



CLIMATE

With the supply chain at the heart of the retail industry, SPAR understands that to reduce its environmental footprint, it needs to embrace the most innovative and sustainable end-to-end supply chain practices and processes, whilst continuing to provide customers with excellent service and quality.

AS A GLOBAL BUSINESS, WE AIM TO MAKE A REAL AND TANGIBLE DIFFERENCE TO LOCAL COMMUNITIES.

As a food distributor, transitioning to new transport fleets for product deliveries, which have a lower CO₂ output, can have a significant impact. Recent examples of such initiatives include those from Austria, the United Kingdom and Norway.

Another focal point is the reduction in energy consumption. Many SPAR Partners have become more sustainable through the installation of solar panels to capture energy, as well as reusing energy generated by internal systems.

PEOPLE

SPAR is committed to develop and grow our people as our extensive training programmes clearly illustrate. SPAR Partners provide various traineeships and apprenticeships, and through these programmes also actively contribute towards our communities. SPAR employees, young professionals and students have opportunities to improve their skills in specific roles, gain practical experience, and develop an understanding of other fields of interest.

Community training programmes such as South Africa's Jump Start initiative, which provides unemployed youth with valuable life skills and hands-on work experience specific to SPAR's retail experience is just one example.

RESPONSIBLE RETAILING WITH PARTNERS

SPAR has developed partnerships with organisations such as the Global Alliance for Improved Nutrition (GAIN) and is making an impact, particularly in the areas of food transformation and nutrition, through portfolio's such as the Amsterdam Initiative against

Malnutrition (AIM). During 2017, several other initiatives were identified in which SPAR could work together with GAIN in developing markets.

As part of the G7 Summit in Italy in 2017, Tobias Wasmuht, Managing Director of SPAR International, was a panellist for a major 'Food Systems for Nutrition' event at the invitation of GAIN which brought together influential development leaders and organisations from around the world. Discussions centred on how to transform our global food systems for improved nutrition. This includes making food with a higher nutritional value more accessible to all consumers, as well as empowering local industries to develop independent and sustainable food production.

In India, SPAR participated in a CEO round table event on 'Transforming the Food Economy' with the Rt Honourable Shri Narendra Modi, Prime Minister of India. The round table with industry leaders was held as part of the Global Food India 2017 conference in New Delhi. Insights were shared about empowering partners to drive initiatives such as reducing post-harvest waste in markets such as Zimbabwe, South Africa, China, Nigeria and India.

CASE STUDY RESPONSIBLE RETAILING

TRANSFORMING THE FOOD SYSTEM

SPAR South Africa is making nutritious fresh produce more affordable through the development of the SPAR Rural Hub Project. As part of the Amsterdam Initiative against Malnutrition (AIM), run in partnership with the Global Alliance for Improved Nutrition (GAIN) and SPAR International, the key focus is on providing small-scale emerging farmers with agricultural training and access to the formal retail market through SPAR stores.

With the support of designated technical partners, selected small-scale emerging farmers in the proximity of the hubs are being supported and empowered with agricultural expertise, financial loans, equipment and market access.

Through the establishment and strategic placement of Fresh Assembly Points (FAPs) near farmers, rural retailers and consumers, the value chain is shortened providing access to better quality and more nutritious fresh produce for a more affordable price.

SPAR WORLDWIDE

REGIONAL SALES SHARE % PER FORMAT



SPAR EXPRESS < 200M² A distinct retail format responding to the convenience needs of today's consumer lifestyles.



SPAR 200 - 1000M² The local supermarket or neighbourhood store.



EUROSPAR / SUPERSPAR / SPAR SUPERMARKET 1000 - 2500M² The large supermarket aimed at fulfilling the needs of weekly family shopping.



INTERSPAR / SPAR HYPERMARKET > 2500M² Hypermarket format with up to 50% of the sales surface in non-food.

GLOBAL SALES % PER FORMAT

SPAR EXPRESS

2.8%

SPAR

58.8%

EUROSPAR

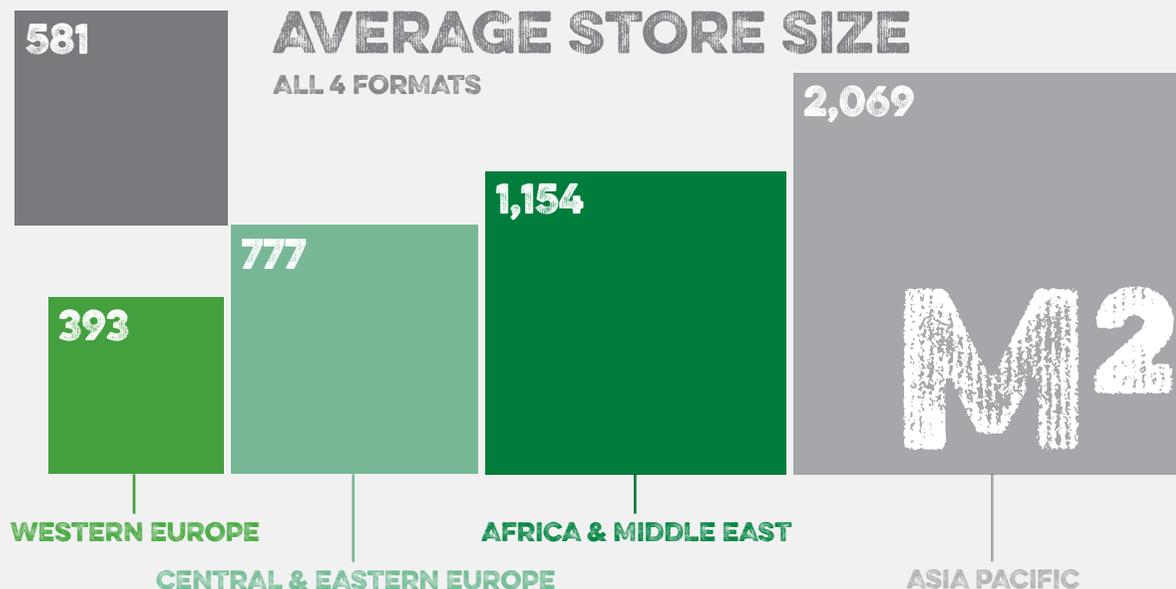
22.8%

INTERSPAR

15.6%

AVERAGE STORE SIZE

ALL 4 FORMATS



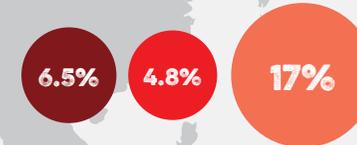
GLOBAL RESULTS



WESTERN EUROPE



EASTERN & CENTRAL EUROPE



ASIA PACIFIC



AFRICA & MIDDLE EAST

GLOBAL RETAIL SALES

€34.5BN

● % GLOBAL SALES SHARE

GLOBAL STORE NUMBERS

12,777

● % GLOBAL STORE SHARE

GLOBAL SALES AREA

7,425,019M²

● % GLOBAL SALES AREA SHARE

WESTERN EUROPE

SPAR AUSTRIA



€520 MILLION SALES GROWTH

8,357 M² ADDITIONAL SELLING AREA

2.5% SALES GROWTH OVER PREVIOUS YEAR AT CONSTANT CURRENCY VALUES

Euro sales growth calculated in constant currency values year-on-year.



© WIRZ/Thomas Benesch

SPAR Austria's gross sales growth outpaced the average Austrian retail growth rate to reach €6.7 billion in 2017. The total number of SPAR, EUROSPAR and INTERSPAR stores in Austria totalled 1,556, of which 757 are operated by independent retailers. In 2017, 82 SPAR and EUROSPAR stores were modernised and 33 were newly opened, with an expansion focus placed on Vienna. A new store concept was rolled out for SPAR Supermarkets in 2017 with plans also presented for a EUROSPAR refresh.

SPAR is the largest private training organisation for young apprentices. High level tuition is given to 2,300 apprentices in several special SPAR-classes all over the country. The apprentices in Vienna are trained in SPAR Austria's own academy in Vienna. In 2017, the academy was completely renovated and transformed into the most modern training school in the city.

A highlight for INTERSPAR in 2017 was the opening of a hypermarket in the western part of the Tyrol. Located in a state-of-the-art shopping

centre, an investment of €28 million was made in this 3,000m² INTERSPAR, creating 130 new jobs. The complete renewal of the 3,500m² INTERSPAR in Wels commenced in August 2017 with an investment of €20 million.

The INTERSPAR online shop, with more than 20,000 products, continues to be Austria's largest online food store and the only one offering delicatessen, frozen items and goods in environmentally friendly reusable containers. About 10% of orders are processed through collection boxes. In addition to the greater Vienna area, the online shop was introduced to Salzburg and its surrounds in March 2017.

SPAR Austria's focus on own brands has seen their wholesale sales share exceed 40% in Austria. In addition to taste and origin, the focus regarding own brands is on health. In 2017, an initiative was launched to reduce sugar in SPAR Own Brands. Sugar has been reduced already in 50 products, with 300 more reductions planned in products.

€280 MILLION INCREASE

17,566 M² INCREASE

4.4% SALES GROWTH

SPAR BELGIUM



SPAR in Belgium is operated and developed by Colruyt group and the Lambrechts Group. SPAR in Belgium recorded sales growth of €998 million, reaching 320 stores with a total sales area of 155,408m².

The investments in new neighbourhood retail formats has seen independent retailers experiencing growth of up to 30% on conversion to the latest formats. The launch of new ranges of SPAR Own Brand products in Fresh and Groceries have been a further catalyst of growth for the SPAR Brand in Belgium.

The strong neighbourhood positioning has been reinforced with extensive local campaigns strengthening the SPAR Brand within the local community. Local initiatives were supported through extensive fundraising at store level; enabling neighbourhood clean-up campaigns, schools and sports clubs to receive support from SPAR.

3.2% SALES GROWTH

SPAR DENMARK



SPAR Denmark had a good year of growth, adding 23 new stores throughout 2017 and expanding the sales area by 20.6%. The investment in store conversions and modernisations resulted in a growth of 2.5% with total turnover growing to €487 million.

SPAR Denmark launched a new positioning campaign entitled 'One of the Locals' which has been very well received by both retailers and shoppers.

Additionally, a contributor to growth was the development and introduction during the year of a new neighbourhood store format which has delivered good results for the business.

SPAR in Denmark is well placed for growth in 2018 with the conversion of 25 former Kiwi soft discount stores to SPAR having been confirmed.

18.5% STORE GROWTH

SPAR FRANCE



SPAR France launched a new neighbourhood retail format which places a strong emphasis on differentiation by taking leadership locally in key service areas such as butchery, cheese, bakery and wines and introducing greater ranges of local and regional products. This investment in passion for food has been very successful in strengthening the local positioning of SPAR as an independent retailer and brand. Retail sales grew to €969 million with a 9.2% increase in retail sales area to 251,204m². A new loyalty programme was launched, providing customers additional benefits such as an extra 5% discount on the purchase of own brands.

SPAR France continued its investment in technology, including multichannel shopping screens in tourist locations, as well as the significant continued roll-out of integrating online shopping to its national network of stores.

Three SPAR France retailers were recognised at the Federation of European Partnership and Franchise Networks awards.

21,204 M² INCREASE

SPAR GERMANY



SPAR Germany operates 466 SPAR Express convenience stores throughout the country. SPAR Express is a leading convenience format in this market with a strong presence in petrol forecourts, railway stations, airports and urban locations. Building on this strength and expertise in the convenience sector, SPAR Germany has developed new SPAR Express concepts including tests with ultra-convenience kiosks as well as pop up stores.

Utilising the experiences of SPAR Express stores in train stations, during 2017 a hybrid store of 200m² was achieved at the Jena train station, rebuilding a well-known local bakery. In central Berlin, SPAR Germany has launched a new SPAR Express store with a retail selling area of 105m². at the famous train station, Zoologischer Garten.

Looking ahead to 2018, SPAR will be the principal sponsor of the European Athletics Championships being held in Berlin in 2018.

466 STORES NATIONWIDE

WESTERN EUROPE

SPAR IRELAND



SPAR Ireland performed well in 2017 with the opening of new stores and sales growing by 4.8% to €1.2 billion. With a focus on world-class retailing, fresh foods and innovation, SPAR Ireland is well placed to continue to lead the Irish convenience market.

2017 was a very positive year for SPAR Ireland with a number of exciting initiatives, the most prominent being the significant investment in the new SPAR Better Choices advertising campaign, which launched in March.

SPAR Ireland grew its sponsorship of the Football Association of Ireland (FAI) Primary School 5s Programme, attracting entries from 28,576 students and 1,495 schools nationwide. This represents a growth of 49% in the three years that SPAR has been sponsoring this sporting initiative. The grassroots programme is now the largest primary schools' competition in the country.

453 STORES NATIONWIDE



EUROSPAR continued to expand its position in Ireland as a first-class supermarket with its 'famous for fresh' proposition. There was significant store development and investment in the EUROSPAR concept, with a particular focus on fresh food departments.

EUROSPAR also launched a new charity initiative whereby each store fundraises to provide a life-saving defibrillator for the store, ensuring that EUROSPAR Supermarkets cement their position at the heart of their local communities.

At the country's top industry awards, the ShelfLife C-Store Awards in November, SPAR performed very well with SPAR Fermoy, County Cork and SPAR IFSC, Dublin named as national winners and other stores receiving top accolades in their categories. This is a testament to the quality of the convenience offering and shows the emphasis placed on continual innovation in the SPAR group.

4.8% SALES GROWTH

SPAR ITALY



Modernisation of the retail shopping experience in all regions and the opening of 74 new stores across the country resulted in the growth of SPAR Italy's retail sales by 2.9% to €3.3 billion. SPAR Italy ended the year with 1,218 stores operating from a total of 738,890m², an increase of 7.1%.

2017 has been a strong year of store investments across all four formats in Italy. The launch of a SPAR store in central historic Venice in the former Teatro Italia was a clear highlight, with the store winning widespread acclaim from residents, tourist and industry observers alike.

In Southern Italy, in collaboration with SPAR International, a new generation of EUROSPAR stores has been developed in addition to the SPAR Natural health and wellness shop-in-shop concept.

Working together, the six regional SPAR Partners in Italy offer an extensive range of over 2,500

2.9% SALES GROWTH



SPAR Own Brand products, sourced locally and regionally to complement the products sourced internationally through co-operation with other SPAR countries.

SPAR Italy has a proud history of supporting social initiatives, assisting not only local and regional sports clubs but also providing extensive aid for food donation to worthy causes and education about nutrition in schools.

SPAR Italy has been a pioneer in developing sustainable own brand ranges including the sub brands Scelta Verde, Biologico, Eco Rispetto and Equo Solidale. In 2017, the company further strengthened its commitment to the environment by removing palm oil from all DESPAR Own Brand products and introducing new environmentally friendly packaging and shopping bags.

1,218 STORES NATIONWIDE



WESTERN EUROPE

SPAR NETHERLANDS



2017 was an excellent year for SPAR Netherlands. The growth in the number of SPAR Express forecourt stores at Texaco locations complemented the ongoing focus on university campuses, city stores and selected train stations. These high footfall locations saw 261 stores deliver a turnover of €471 million, an increase of 7.7% over the previous year from a retail selling area of 94,547m².

Retailers benefited from the increased locally sourced products and strong SPAR Own Brand range as well as the strength of the fresh offer focused on food-for-now and food-for-later in these locations.

SPAR Netherlands re-launched its online retailing solution and further emphasised the individual store offering, resulting in an increase in consumer use of the platform.

SPAR Netherlands introduced new trucks which can carry more cargo and reach further distances. An additional advantage these vehicles have is that they use about 30% less fuel than traditional vehicles, resulting in lower CO₂ emissions.

7.7% SALES GROWTH

SPAR NORWAY



SPAR Norway had another good year in 2017, recording sales growth of 2.5% in constant currency values to €1.5 billion from 291 SPAR and EUROSPAR Supermarkets, with the sales area of 180,325m². SPAR Norway grew its market share to 7.2% of the grocery sector.

The new SPAR neighbourhood format is being continuously rolled out and the market position of EUROSPAR is strengthened through expansion, particularly in northern Norway.

SPAR Norway has pioneered an online shopping solution utilising a centralised ecommerce platform which allocates orders to local independent retailers. The fast order response has been embraced by shoppers. SPAR Norway continues to invest in innovative interactive training solutions with the aim of making its quality training a competitive advantage within the independent retail sector.

During 2017 SPAR Norway continued to focus on sustainability, introducing programmes targeting waste reduction, and environmentally friendly logistics using hydrogen powered trucks.

2.3% SALES AREA GROWTH

SPAR PORTUGAL



With an increase in sales of 21.2% to €72 million from a total of 131 SPAR Supermarkets, an increase of 26 stores over the previous year, operating from a total retail selling area of 32,395m² which is a growth of 38.3%, SPAR Portugal is well set for ongoing success.

The combination of company-owned stores and independent retailers licensed to operate the brand has enabled the continued roll-out of new stores, meeting the needs of both local residents and the important tourist sector.

SPAR Portugal reaped the benefits of the investment made over the last few years in its supply chain capability, thereby improving both the selection of ranges and product availability at the retail level.

The ERP system introduced late in 2016 provided improved operational control and insights which are supporting the growth of the business into new locations across the country.

21.2% SALES GROWTH

SPAR SPAIN



SPAR Spain sales grew by 5.1% to €1.3 billion from 1,088 stores. This growth has been driven by investment in store modernisation, resulting in an improvement in productivity per square metre.

In partnership with SPAR International, the first SPAR Natural store opened on the Island of Gran Canaria. The pioneering concept, which combines health and wellness and sustainability, has proven successful with locals and international tourists. The learning has been used for the international roll-out of SPAR Natural to Europe, Africa and Asia.

All 13 regional SPAR Partners in Spain have strong integrated regional roots and play an active role in community initiatives, ranging from sponsorship of local and national sports events and teams to providing support for children through fundraising and product donation.

In May 2017, SPAR Spain hosted the 62nd International SPAR Congress in Gran Canaria, enabling the partners of SPAR Spain to present the growing strength of the SPAR Brand in their market to visitors from over 40 SPAR countries.

1,088 STORES NATIONWIDE

SPAR SWITZERLAND



SPAR Switzerland's retail sales in 2017 were €515 million, from a total of 183 stores with a retail sales area of 70,469m². The ongoing weakness of the Swiss Franc and the propensity of Swiss shoppers to partake in cross border shopping in neighbouring countries has had an impact on the retail environment.

Brand and Consumer communication was refreshed and relaunched in the last quarter of 2017, with the positioning of 'your good neighbour' to emphasise the community nature of their retail stores.

Further investment was also made in the instore retail offer, increasing the range of locally sourced products, introducing new hot and cold take-away menus and launching a new 'Bean-Tree' coffee concept. The bakery department was remodelled and relaunched with a new bakery solution. The ongoing investment in training saw a further 110 SPAR trainees and apprentices graduate in early 2017, bringing new skills and knowledge into the business.

110 TRAINEES GRADUATED

SPAR UK



SPAR UK celebrated its 60th anniversary with a strong performance in 2017. Despite the ongoing uncertainty of Brexit and a weakened pound, retail sales increased 4.0% in local currency equivalent to €3.2 billion.

With a continued growth in independent retailers and national account stores, net store numbers totalled 2,620 at year-end, operating from a retail selling area of 384,094m² across the country.

The United Kingdom continues to be one of the most competitive markets in which to operate in the convenience sector, but SPAR is still the number one symbol group. This strong financial performance of 2017 marks SPAR's fifth consecutive year of growth, hugely outpacing the wider symbol group and convenience market. The strength of its business is down to the stability, determination and resilience of the five wholesale partners.

€3.2 BILLION RETAIL SALES



With 1,200 forecourt sites SPAR continues to be the largest forecourt retailer in the UK. SPAR in the UK employs approximately 40,000 people.

Amongst the many accolades received during the year, there were awards for forecourt retailing, store design, own label and SPAR UK won the prestigious Symbol Group of the Year award.

In the fourth quarter of 2017, SPAR UK signed a three-year sponsorship deal with British Athletics, further enhancing SPAR International's long-standing partnership with European Athletics.

SPAR also chose to work with a new national charity partner – Marie Curie – whose nurses care for people living with a terminal illness in their own homes and the charity's hospices. After only six months of working together, a cheque for £600,000 was presented to Marie Curie at SPAR's 60th celebrations.

2,620 STORES NATIONWIDE

NEW PARTNERS

During 2017, SPAR International granted licences to independent operators in three Western European markets, building upon the strength of the brand in this core region.

SPAR GREECE

SPAR Hellas is due to launch the first 10 stores by July 2018 with plans to develop more than 350 SPAR stores nationwide over the next four years. SPAR Hellas aims to operate a total of 80 stores by the end of the year through its own new openings and the conversion of the stores of its two partners Asteras and Mesis.

SPAR MALTA

The Azzopardi Group of Malta will develop and operate the SPAR Brand in the market. It plans to introduce the brand in 2018 through conversion of an existing retail chain focused on the neighbourhood and convenience market and to develop larger supermarkets and hypermarkets in subsequent years.

SPAR CYPRUS

Ermes Departments Stores PLC, a member of the Cyprus Trading Corporation PLC, will develop the SPAR Brand in this market. SPAR Cyprus will initially focus on opening company-owned supermarkets and expand through partnering with independent retailers with a target of opening more than 20 SPAR Supermarkets over the next five years.

3 NEW MARKETS LICENSED



CENTRAL & EASTERN EUROPE

169 NEW STORES

**109,674 M²
ADDITIONAL
SELLING AREA**

**17% SALES
GROWTH OVER
PREVIOUS YEAR
AT CONSTANT
CURRENCY
VALUES**

Euro sales growth calculated in constant currency values year-on-year.

SPAR HUNGARY



SPAR Hungary modernised 19 SPAR Supermarkets and two INTERSPAR Hypermarkets during the year, while an innovative new INTERSPAR Hypermarket operating in Erd won the 'Store of the Year' award.

Three new company-owned SPAR Supermarkets were also opened, while additions to the independent retailers' portfolio included 17 new SPAR neighbourhood supermarkets and nine petrol forecourt stores. These combined investments resulted in total retail sales of €1.8 billion, an increase of 8.8%, from 519 stores covering 416,079m² of retail sales area.

SPAR Own Brand continued to expand with the roll-out of healthy ranges endorsed by celebrities, as well as ongoing staff development. There was also a continued focus on community engagement, including sport sponsorships, charity partnerships and food waste initiatives.

€159 MILLION INCREASE

* in constant currency values year-on-year

SPAR SLOVENIA



For the first time, SPAR Slovenia granted sublicences to independent retailers, enabling them to increase their retail portfolio and bring the SPAR Brand to new consumers. A total of five sublicences were granted, resulting in five new locations now having SPAR neighbourhood supermarkets. SPAR Slovenia invested in the modernisation of four SPAR Supermarkets and the INTERSPAR Hypermarket restaurant in Koper.

The total number of stores at year-end was 115, trading out of a total retail sales area of 161,316m² and achieving turnover growth of 3.9% to €783 million. There are now 102 SPAR Supermarkets and 13 INTERSPAR Hypermarkets in operation.

The very successful loyalty card programme continues to deliver strong results, supported in 2017 by a campaign encouraging local entrepreneurs to develop products for sale in SPAR and INTERSPAR stores.

5.5% STORE GROWTH

SPAR CROATIA



The acquisition of BILLA at the end of 2016 brought a near doubling in the number of SPAR Croatia's stores and its retail turnover for 2017 grew by 59% to €596 million. Trading during the year reflected several factors, including just eight months of trading under the SPAR banner for the 40 BILLA stores integrated into the SPAR portfolio and the induction of over 1,900 new employees. The BILLA logistics centre in Sv. Helena was sold in January 2018.

The number of stores is now 103 with 142,385m² of retail space. SPAR Croatia is now a leading player in the food retail sector with a market share of approximately 10%.

During the year SPAR Croatia continued to focus on the SPAR Own Brand offer, and introduced exclusive new fresh food products growing sales of own brand to 20%. There continues to be strong support given to community initiatives whilst sustainability programmes include food waste reduction through production and supply chain efficiencies.

59% SALES GROWTH*

CENTRAL & EASTERN EUROPE

SPAR RUSSIA



Economic recovery in Russia benefitted the SPAR Brand in two significant ways. Firstly, it led to an increase in the number of organisations keen to be licensed as SPAR Partners. In addition, many existing partners undertook expansion through the introduction of new formats, for example in Moscow, where a joint approach between three partners is enabling the brand to develop strongly.

In Kaliningrad, the growth of SPAR and EUROSPAR Supermarkets has been rapid, with a total of 39 stores open at the end of 2017. In the north-west region, 158 SPAR Supermarkets are operational.

In euro terms retail sales grew by 18.8% to €1.7 billion. This came from 466 stores, a net increase of 36 over the previous year. More significantly, sales growth was driven by an increase in the average size of outlets. At the year-end the total retail sales area in Russia was up 12.9% at 376,049m².

In 2017 a licence was granted for the Astrakhan region and three SPAR Supermarkets have already opened. A licence was also granted for the Veronozh region and the SPAR Brand will launch there in the first half of 2018.

SPAR Own Brand continues to attract customer loyalty throughout Russia, with overall share increasing to 5.4% in 2017. The 1,254 regionally sourced products foster local production, support local farmers and supplement larger producers from whom SPAR Russia source 760 products. The 570 internationally sourced products completes the entire range of 2,800 SPAR Own Brand products available in the market.

For 2018, further growth is anticipated for all partners through retail expansion and work will continue in the areas of supply chain, procurement, development of people and sharing best practice in fresh and retail design.

43,079 M² INCREASE

18.8% SALES GROWTH*

SPAR POLAND



SPAR Poland ended the year with 250 stores and a retail trading area of 67,648m². Retail sales for the year were €244 million, reflecting a phenomenal year-on-year growth of 29%, while like-for-like growth was 5%.

SPAR Poland continues to explore new concepts, adapting the retail offer in those areas, such as Warsaw, where there are many tourists and a high transient population seeking different solutions to neighbourhood store customers.

Sales growth was supported by the launch of a mobile app highlighting promotional offers and store locations. The expansion of the SPAR Own Brand range to include new international products was also undertaken in 2017. A new brand proposition, 'My neighbourhood, My SPAR', has been well received by consumers.

SPAR Poland is deeply rooted in the communities in which it operates, supporting a wide variety of charities, funding sports events and promoting healthy lifestyles with an emphasis on exercise.

29% SALES GROWTH*

SPAR GEORGIA



SPAR Georgia had another year of growth, opening 19 stores to bring its total complement across the country to 42, an increase of 82.6% over the previous year. Reflecting this strong investment into the expansion of their store portfolio, retail sales grew by 51.1% in constant currency values to €26.9 million from a total retail selling area of 6,519m².

The ongoing focus on enhancing the fresh offer has been positively received by consumers, particularly the open kitchen solutions for pizza and pancakes.

SPAR Georgia has developed the business through focusing on neighbourhood and convenience solutions during their first three years of trading and on which basis it will continue to build the brand in the coming year.

There are plans in place to move into sub-licencing in 2018, enabling independent retailers to benefit from the retail concept available under the SPAR Brand.

82% STORE GROWTH

SPAR ALBANIA



Launched in the second half of 2016, SPAR Albania ended 2017 with 30 stores operating 20,536m² of retail sales area. With a full year of trading for some and a shorter period for others, retail turnover for the year came in at €37.6 million.

The combination of INTERSPAR Hypermarkets and SPAR Supermarkets has enabled the delivery of a wide range of products, in both service departments and dry grocery. A survey by GFK showed that SPAR Albania has already achieved top of mind awareness amongst consumers in the areas of 'choice', 'quality' and 'reliable offers'.

As part of its brand marketing focus, SPAR Albania launched a loyalty programme, 'My SPAR Card'. This already has over 80,000 active members enjoying the advantages of being cardholders.

The continued focus on offering an extensive range of SPAR Own Brand products as a differentiator in the market has also been a factor in retaining customer loyalty.

30 STORES IN 2017

SPAR AZERBAIJAN



Conversion of existing stores by the SPAR Partner in Azerbaijan was slower than anticipated during 2017, with three additional stores opened to bring the total number of SPAR Supermarkets to seven. With a combined area of 5,466m² these stores delivered retail sales of €19.3 million, reflecting a full year trading by the initial stores and good results from the newly opened stores.

SPAR Azerbaijan is confident it has developed neighbourhood and convenience concepts that will work for this market and anticipates substantial growth during 2018 through more rapid conversions and new store openings.

Investment in people continued during 2017 with staff training focused on ensuring a full understanding of the SPAR values and core principles.

During 2018, an emphasis will be placed on category management and range development in addition to expansion.

€19 MILLION SALES

SPAR UKRAINE



SPAR in the Ukraine has experienced a lot of change during the past few years. After a period of consolidation, the year ended with 11 stores operating out of a total of 3,411m² that together generated retail sales of €6.2 million in 2017.

The latest SPAR store to develop in Kharkiv was a finalist in the Ukrainian Retail Design Awards contest, setting a great benchmark for further roll-out in the coming year.

The business is now set to expand with plans in place to develop further stores during 2018 through acquisitions, providing access to new regions.

The supply of SPAR Own Brands through international sourcing continues to be explored whilst agreements are concluded with local suppliers to support sourcing opportunities in the market.

11 STORES IN 2017

SPAR BELARUS



A licence was granted by SPAR International to Almi Group, which will operate the SPAR Brand through its Unifood CJSC subsidiary. The first SPAR neighbourhood supermarket with 350m² selling area was opened in the capital city of Minsk in August 2017. This was followed in December by a 3,500m² INTERSPAR Hypermarket offering 25,000 products which opened in the city of Brest.

SPAR Belarus has aggressive expansion plans to operate 60 supermarkets by 2020 which include opening stores in the cities of Minsk, Grodno, Gomel, Brest and their respective regions.

Having established an extensive range of fresh food for the service departments to complement the SPAR Own Brand and dry grocery offer, SPAR Belarus has a great retail solution in place to build its portfolio, from convenience stores to hypermarkets.

60 STORES BY 2020

AFRICA & MIDDLE EAST

SPAR SOUTH AFRICA



40 NEW STORES

42,269 M² ADDITIONAL SELLING AREA

8.5% SALES GROWTH OVER PREVIOUS YEAR AT CONSTANT CURRENCY VALUES

Euro sales growth calculated in constant currency values year-on-year.

SPAR South Africa's strategic focus on the profitability and success of its retailers remains unchanged. Retail turnover in euro terms was €4.83 billion in constant currency values, an increase of 7% over the previous year.

SPAR South Africa maintained a selective approach to new store development. A net 18 stores were opened during the year, bringing the total store numbers to 839 and total retail space grew to 976,197m². Working in partnership with Shell, SPAR Express is set for growth with eight new stores opened in 2017 and plans for a further 25 stores in the coming 12 months.

Continued focus and innovation with SPAR Own Brand products resulted in a very satisfactory growth of 9.7%. An increase in category management support to retailers has resulted in improved ranging, flow and reduction in underperforming categories. New promotional programmes were launched during the year and the MyRewards SPAR loyalty card has close to 3 million members.

SPAR South Africa is recognised as a Top Employer with the academy offering a wide range of skills and leadership development programmes. In 2017, a new customer service programme was successfully implemented across the market.

There was continued focus on enhancing distribution capacity and efficiency, including joint business planning with major suppliers. 225 million cases were dispatched from the six Distribution Centres. Reducing the environmental impact throughout the supply chain is focused on alternative sources for energy, fuel and water as well as extensive recycling capabilities. The introduction of a slow-moving product model between Distribution Centres is yielding benefits, while a long-term solar energy project has been initiated, with the first panels installed at the South Rand Distribution Centre.

SPAR South Africa is actively involved in enriching its communities and the flagship emerging farmer development business is delivering much-needed income, employment and other opportunities for individuals, communities and its supply chain.

839 RETAIL STORES

8,758 M² INCREASE

7% SALES GROWTH*

SPAR NAMIBIA



SPAR Namibia's 29 retail stores recorded retail sales of €161 million in 2017, a growth of 4.8% in constant currency values year-on-year. The total retail sales area from the 24 SPAR and five SUPERSPAR Supermarkets in the country is 31,967m².

Under licence from SPAR South Africa, the independent retailers in Namibia are fully supported with the development of their retail solutions to meet local needs. The average retail sales area of 1,031m² enables SPAR Namibia to provide a strong fresh offer, including in-store bakeries, butcheries and home meal-replacement counters. Local skills development is possible by working with the SPAR South Africa and SPAR Botswana training academies offering online programmes across a variety of retail areas.

SPAR Namibia continued during 2017 to support a variety of local and national initiatives as part of its community involvement programme, particularly focusing on self-sustainability through social change and gender equality.

4.8% SALES GROWTH*

SPAR BOTSWANA



SPAR Botswana reported sales growth of 4.9% in constant currency values to €161 million with a 4.7% growth in sales trading area to 30,920m². The opening of a flagship SUPERSPAR Supermarket with a retail sales area of 1,370m² in the capital city of Gaborone brought the total number of stores to 30. The retail portfolio is comprised of 22 SPAR Supermarkets and 8 SUPERSPAR Supermarkets, all operated by independent retailers.

Investment was also made into the modernisation of two supermarkets with the SUPERSPAR Supermarket in Francistown showing a 13% increase in sales after the complete remodel.

SPAR Botswana improved the consumer benefits of its Rewards loyalty card, resulting in a 67% increase in savings for shoppers over 3.5 million transactions, contributing to the growth in average basket spend. The card is an instant gratification, electronic couponing system whereby customers qualify for additional instant discounts on selective products.

4.9% SALES GROWTH*

SPAR ZAMBIA



SPAR Zambia sales outgrew inflation in 2017, showing an increase of 13.7% in constant currency values to €53.2 million from a total of 14 supermarkets at year-end. The average sales area is 1,972m² and the total sales area is 27,614m².

Sales were boosted by improved sourcing from SPAR South Africa of dry groceries and fresh produce, increasing the total offer in-store. New operating systems were put in place, enabling the introduction of improved category management, order processes and stock management.

A change in the shareholders of the company has resulted in some operational restructuring and a review of the retail formats being developed for the market.

A strong emphasis was placed on the training of retail staff during the year and SPAR Zambia has identified new opportunities for growth, both organically and through new opportunities.

13.7% SALES GROWTH*

SPAR ZIMBABWE



2017 was an excellent year for SPAR in Zimbabwe with the new shareholders continuing to invest by opening a further three company-owned SPAR Supermarkets, of which there are now 12 and supporting the 23 licensed independent retailers, operating two SPAR Express and 21 SPAR Supermarkets.

The 35 SPAR Supermarkets operate out of a total of 26,011m² sales area, an increase of 23% over previous year. They delivered an exceptional 31.2% growth in turnover in constant currency values to €115.6 million. Ongoing procurement of SPAR Own Brand from South Africa, in addition to perishables and dry groceries, has ensured that SPAR Supermarkets continue to offer a good year-round range. Locally sourced SPAR Own Brands is an ongoing focus, enabling the introduction of new products during the year to complement the existing ranges.

Community involvement, focused on the support of Childline and other youth activities, has fostered loyalty to the SPAR Brand despite growing competition.

31.2% SALES GROWTH*

* in constant currency values year-on-year

AFRICA & MIDDLE EAST

SPAR MOZAMBIQUE



Investment by the independent retailers operating both SPAR and SUPERSPAR Supermarkets continues to be strong, with three additional stores opened during 2017 bringing the total number to nine, an increase of 50% over 2016. SPAR Supermarkets are now present in six cities in this developing market.

The expansion in the retail portfolio is also reflected in the retail selling area which now totals 10,241m², a growth of 19.7% over the previous year. In euro terms, sales using constant currency values remained stable at €40 million, indicative of the depreciation experienced in the market during most of the year.

Each retailer is able to completely tailor the instore product offer, benefiting from access to the extensive range of SPAR Own Brands, A-brands and fresh produce from the SPAR Lowveld Distribution Centre in South Africa, to complement the locally sourced fresh produce and national brands.

19.7% M² INCREASE

SPAR NIGERIA



Now operating out of a total retail selling area of 39,385m² across 12 stores and with an increase in sales of 57% in constant currency values to €115.5 million, SPAR Nigeria had an excellent year in 2017. There are now six SPAR Hypermarkets in the capital city of Lagos, which has a population of over 20 million people.

Building on the brand recognition gained in 2016, SPAR Nigeria has embarked on building customer loyalty with targeted personalised shopper advertising as well as local online advertising.

Community involvement ranged from sponsorships, the hosting of fun days for children and charitable donations to an initiative to encourage local entrepreneurs to develop products for sale through SPAR outlets.

Local sourcing is an integral part of their sustainability strategy, with the focus on supporting farmers to secure fresh produce for their growing retail portfolio.

13,742 M² INCREASE

SPAR MALAWI



With the opening of a third supermarket during 2017, sales grew 79% to €6.5 million and retail sales area by 89%. Since launching its first supermarket in the fourth quarter of 2015, the licensed partner for Malawi, People Trading Corporation, has opened one store each year, trialling different retail offerings and building the expertise of the local team.

The latest SPAR Supermarket builds on the knowledge of the retail team and sets a benchmark for the further roll-out of SPAR Branded stores during 2018, when it is anticipated that the conversion of other formats to SPAR will be implemented.

SPAR CAMEROON

SPAR Cameroon achieved a 27% rise in sales to €8.3 million. An increased focus on SPAR Own Brand and non-food products sourced from SPAR Partners contributed to this. A second store opened in January 2018 and work is underway on three additional stores.

€6.5 MILLION SALES

27% SALES GROWTH*

SPAR MAURITIUS



SPAR Mauritius, a subsidiary of the Casino Group, has operated six retail stores since 2005. In addition to providing retail solutions for residents of the local neighbourhood, the instore offer is adapted in each location to also cater for the many tourists that visit the island each year. In 2017, retail sales totalled €24.3 million from the retail sales area of 5,700m².

SPAR Mauritius has been working with SPAR South Africa to purchase a wide range of SPAR Own Brand products since 2016, complementing the locally sourced A-brands and other products to enhance the overall retail offer.

SPAR SEYCHELLES

The independent retailer operating the 895m² SPAR Supermarket on Eden Island returned retail sales of €5.3 million for the year 2017. SPAR South Africa, which has granted the licence, provides the retail development and design, SPAR Own Brand products and training.

5,700 M² SALES AREA

€5.3 MILLION SALES

SPAR UAE



SPAR UAE, a division of Abu Dhabi Co-operative, continued to invest in building the SPAR Brand, opening a further two SPAR Supermarkets to end the year with 25 stores, operating out of a total retail selling area of 23,714m², which represents an increase of 8.7% by number and 2.4% in retail sales area.

Sales growth of 17.7% was recorded, with strong organic growth contributing to this excellent result of €130.7 million for the year. The improved assortment available, particularly in the fresh offer, and the introduction of a wider range of SPAR Own Brand products sourced from other SPAR Partners were both factors in an increase in customers and a 5% rise in basket spend.

SPAR UAE operates a combination of SPAR Hypermarkets, SPAR Supermarkets and SPAR Express stores to reach a broad market segment.

17.7% SALES GROWTH*

SPAR OMAN



SPAR Oman enjoyed another strong year in 2017 with a 50% increase in retail sales to €27.3 million. Through a combination of investment in company-owned stores and sub-licensing of independent operators, including the partnership with Al-Maha Forecourt Operator, a further nine stores were opened during the year to bring the total to 24, with a combined area of 8,286m².

Continuing the focus on the promotion of health for employees and customers alike, SPAR Oman, which is a part of Khimji Ramdas, hosted four wellbeing clinics to mark World Health Day. Within the stores themselves, an increased number of products are being made available which are either suitable for different dietary needs or reflect trends in the area of health and wellness.

In recognition of its strong community programme and the high-quality shopping experience it delivers, SPAR Oman won the 'Most Trusted Brand of the Year' Award.

50% SALES GROWTH*

SPAR SAUDI ARABIA



Three large SPAR Supermarkets ranging from 2,900m² to 4,500m² located in Riyadh, the nation's capital and primary economic hub, were officially launched on the same day, introducing the SPAR Brand to Saudi shoppers. These stores are targeted at the mid to premium sector of the retail market, as reflected by the high-quality store fit and shopping experience. Extensive fresh service departments and food service areas have been laid around the store perimeter with a market-style fruit and vegetable area located near the entrance.

The joint buying model of SPAR will assist with the development of the best range to suit the market, sourcing SPAR Own Brand products both regionally as well as internationally and providing customers with competitive pricing for the best global and local products.

As the brand develops, SPAR Saudi, which is part of the Al Sadhan Group, plans to open 40 stores in all economic sectors by 2020.

40 STORES BY 2020

SPAR QATAR



Al Wataniya International Holding, the licence partner for Qatar, joined SPAR in 2015 and has focused on establishing the most appropriate retail and supply chain model for SPAR in Qatar.

SPAR Qatar opened its first 1,080m² SPAR Supermarket in November 2017 in a newly developed shopping mall in the capital city of Doha. This was followed by the opening of the impressive SPAR Hypermarket in Tawar Mall in March 2018.

Plans are in place to open two additional neighbourhood supermarkets of 1,000m² and 1,500m² in two prime locations in Doha in the first half of 2018. The strong focus on the fresh offer instore, with a range of service departments and Food-To-Go solutions, enhance the shopping experience for consumers.

SPAR International is providing support with the development of tailored marketing solutions, an online retail platform and securing SPAR Own Brand products, both regionally and globally.

LAUNCHED IN Q4-2017

* in constant currency values year-on-year

ASIA PACIFIC

SPAR CHINA



612 STORES

**60,951 M²
ADDITIONAL
SELLING AREA**

**1.3 MILLION M²
TOTAL RETAIL
SALES AREA IN
THE SIX SPAR
PARTNERS IN
ASIA PACIFIC**

Euro sales growth calculated in constant currency values year-on-year.

With the signing of the most recent partner in the fourth quarter of 2017 in Yunnan, SPAR China has eight partners operating the brand in nine provinces – Shandong, Guangdong, Shanxi, Inner Mongolia, Beijing, Sichuan, Henan, Hebei and Yunnan.

The investment in the refurbishment of stores continued and with the roll-out of the new SPAR compact hypermarkets and city-based convenience stores, the total number of stores grew to 408 with a total retail sales area of 1,090,346m², an increase of 5.6% over 2016.

Retail sales of RMB 13.8 billion reflects the focus on the strong fresh offer, the inclusion of service departments and the ongoing growing contribution of mobile and online solutions to SPAR China's bottom line. When converted, retail sales for the year totalled €1.8 billion.

Local sourcing has brought wider co-operation, with small-scale producers of vegetables and fruit, reducing travel distances and improving quality for customers. Supply chain improvements have been made to increase operational efficiencies and reduce costs for each of the SPAR Partners.

SPAR China is a major local employer. Building skills, both in Distribution Centres and at retail level, remains key for the future expansion of the brand, with three partners undertaking new initiatives in staff health and wellness in the past year.

Living up to SPAR's reputation of being good neighbours, extensive support was again given to a variety of charitable causes on a regional basis, including migrant schools and disadvantaged groups in the community.

56,621 M² INCREASE

1.1 MILLION M² SALES AREA

SPAR INDIA



Sales from SPAR India's 18 Hypermarkets grew 12.8% to €158 million, reflecting the investment made into the development of new channels and store modernisation as well as the increase in fresh produce. The retail sales area expanded by 7.5% to 82,453m².

Sales were also lifted by the use of technology to provide online options, the introduction of home deliveries, the placement of digital kiosks in office parks and instore faster processing of baskets at peak times.

Investment in staff training also increased, particularly in customer service and product handling, reflecting the increase in the availability of fresh produce.

Responsible retailing programmes included a partnership with SOS Children's Village, bringing Christmas presents to more than 7,500 children, and the adoption of a school in a village of farmers from which SPAR Hypermarkets in Bangalore secure fresh produce.

12.8% SALES GROWTH*

SPAR AUSTRALIA



SPAR Australia reported a 13.8% increase in turnover to €200 million at constant currency values from a total of 130 stores, trading from a combined sales area of 46,105m².

The ongoing investment by independent retailers into modernising their stores has not only resulted in greater productivity per square metre but also improved the organic growth. The number of cities in which SPAR Supermarkets now operate grew during 2017, bringing the brand to an increasing number of consumers.

Growth in retail sales was lifted by the introduction of a wider range of SPAR Own Brand products sourced in co-operation with SPAR Partners and SPAR International. One example of international sourcing is that of SPAR Own Brand rice which is now being procured via SPAR Thailand.

As part of the retail format review in 2017, a full analysis of the product range available in each of the SPAR and SPAR Express stores was carried out, contributing to the like-for-like sales growth.

13.8% SALES GROWTH*

* in constant currency values year-on-year

SPAR INDONESIA



SPAR Indonesia introduced the 'Gold EYC Symphonica' automated ordering system into retail operations during 2017 with the support of SPAR International, which also assisted in the implementation of an assortment review exercise and an extensive fresh category review. The 23 SPAR Supermarkets with a total retail sales area of 42,276m², generated turnover of €45.5 million.

SPAR SRI LANKA

A joint venture between SPAR South Africa and Ceylon Biscuits Limited saw the forming of SPAR Sri Lanka in the fourth quarter of 2017. Plans are in place to open 50 stores by 2023, primarily through developing independent retailers.

SPAR Sri Lanka utilised the global expertise of SPAR International and SPAR South Africa to support the extensive training of the new store colleagues during the initial preparation phase for the launch of the first 1,000m² SPAR Supermarket in Colombo.

42,276 M² SALES AREA

SRI LANKA LICENSED IN 2017

SPAR THAILAND



SPAR Thailand, during its first full year of operation, grew from three stores to 33, trading from a total sales area of 4,810m² and reporting retail sales of €5.2 million.

SPAR Thailand has not only expanded the number of petrol forecourt stores but also developed a neighbourhood format. Additional growth is anticipated from its move into sub-licensing, which last year enabled two independent retailers to benefit from SPAR's full retail concept of training, merchandising, design and an ever-growing Own Brand range.

In addition to the growing number of agreements with suppliers, which is increasing the overall offer from which store managers can select the most appropriate products for their target customer, SPAR Thailand is increasing the range of fresh products sourced from local small-scale producers. Rice is now being exported to SPAR Australia, other products are being procured and shipped to SPAR China whilst sourcing of a range of products has also begun for SPAR Partners in the AMEA region.

511% SALES AREA INCREASE

SPAR PAKISTAN



SPAR launched in Pakistan in October with the opening of a 1,000m² SPAR Supermarket featuring an instore bakery, butchery, full dairy offering, fruit and vegetable section, Food-To-Go counter, full dry grocery offer, a pharmacy and health and beauty sections. The initial launch was quickly followed in December by the opening of a similarly sized Supermarket also located in a busy neighbourhood of Karachi.

The inclusion of SPAR Own Brand Buffalo Milk has been a key initiative, helping to build awareness and visibility amongst consumers. SPAR Own Brand has been sourced from the worldwide network and will support the brand building currently underway.

The large supermarkets provide solutions for daily or weekly shopping, complementing the strong fresh offer with a wide range of A-brand products. Working closely with SPAR International and benefiting from the expertise available within SPAR worldwide, there are plans in place to open further stores during 2018, building on the knowledge gained from these first two stores.

LAUNCHED IN Q4-2017

2017 STATISTICS

All sales are reported in euro using constant Annual AV exchange rates

Qatar, Saudi Arabia, Pakistan and Belarus opened stores in 2017 and will report figures in 2018.

Cyprus, Malta, Greece and Sri Lanka were licensed in 2017 and will open stores in 2018.

Country	Year joined SPAR	Retail Sales 000's	Retail Store Numbers	Retail Sales Area (m ²)	Average Store Size (m ²)
Austria	1954	6,700,000	1,556	1,178,429	757
South Africa	1963	4,836,246	839	976,197	1,164
Italy	1959	3,375,673	1,218	738,890	607
United Kingdom	1959	3,236,866	2,620	384,094	147
China	2004	1,836,786	408	1,090,346	2,672
Hungary	1992	1,817,312	519	416,079	802
Russia	2000	1,713,283	466	376,049	807
Norway	1984	1,534,292	291	180,325	620
Spain	1959	1,389,464	1,088	438,181	403
Ireland	1963	1,237,770	453	116,452	257
Belgium	1947	998,173	320	155,408	486
France	1955	969,100	860	251,204	292
Slovenia	1992	783,860	115	161,316	1,403
Croatia	2004	596,713	103	142,385	1,382
Switzerland	1989	515,047	183	70,469	385
Denmark	1954	487,452	147	95,737	651
Netherlands	1932	471,882	261	94,547	362
Germany	1953	318,228	466	37,310	80
Poland	1995	244,533	250	67,648	271
Australia	1994	200,713	130	46,105	355
Botswana	2004	161,059	30	30,920	1,031
Namibia	2004	160,936	29	31,967	1,102
India	2014	157,957	18	82,453	4,581
UAE	2011	130,776	25	23,714	949
Zimbabwe	1969	115,661	35	26,011	743
Nigeria	2009	115,534	12	39,385	3,282
Portugal	2006	72,344	131	32,395	247
Zambia	2003	53,224	14	27,614	1,972
Indonesia	2015	45,588	23	42,276	1,838
Mozambique	2012	40,090	9	10,241	1,138
Albania	2016	37,611	30	20,536	685
Oman	2014	27,342	24	8,286	345
Georgia	2014	26,950	42	6,519	155
Mauritius	2000	24,356	6	5,700	950
Azerbaijan	2014	19,381	7	5,466	781
Cameroon	2014	8,385	1	2,400	2,400
Malawi	2014	6,527	3	2,850	950
Ukraine	2001	6,259	11	3,411	310
Seychelles	2015	5,295	1	895	895
Thailand	2016	5,239	33	4,810	146
Total		34,483,910	12,777	7,425,019	581

2017 HIGHLIGHTS AT A GLANCE

Featured below are some key statistics about SPAR Partners around the world.



M²



€317 MN

INCREASE IN RETAIL SALES
IN SOUTH AFRICA

56,621 M²

INCREASE IN RETAIL
SELLING AREA IN CHINA

74

NEW STORES
IN ITALY

59%

GROWTH IN RETAIL SALES
IN CROATIA

€280 MN

INCREASE IN RETAIL SALES
IN AUSTRIA

49,166 M²

INCREASE IN RETAIL
SELLING AREA IN ITALY

45

NEW STORES
IN CROATIA

56.5%

GROWTH IN RETAIL SALES
IN NIGERIA

€271 MN

INCREASE IN RETAIL SALES
IN RUSSIA

45,074 M²

INCREASE IN RETAIL
SELLING AREA IN CROATIA

36

NEW STORES
IN RUSSIA

50%

GROWTH IN RETAIL SALES
IN OMAN



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