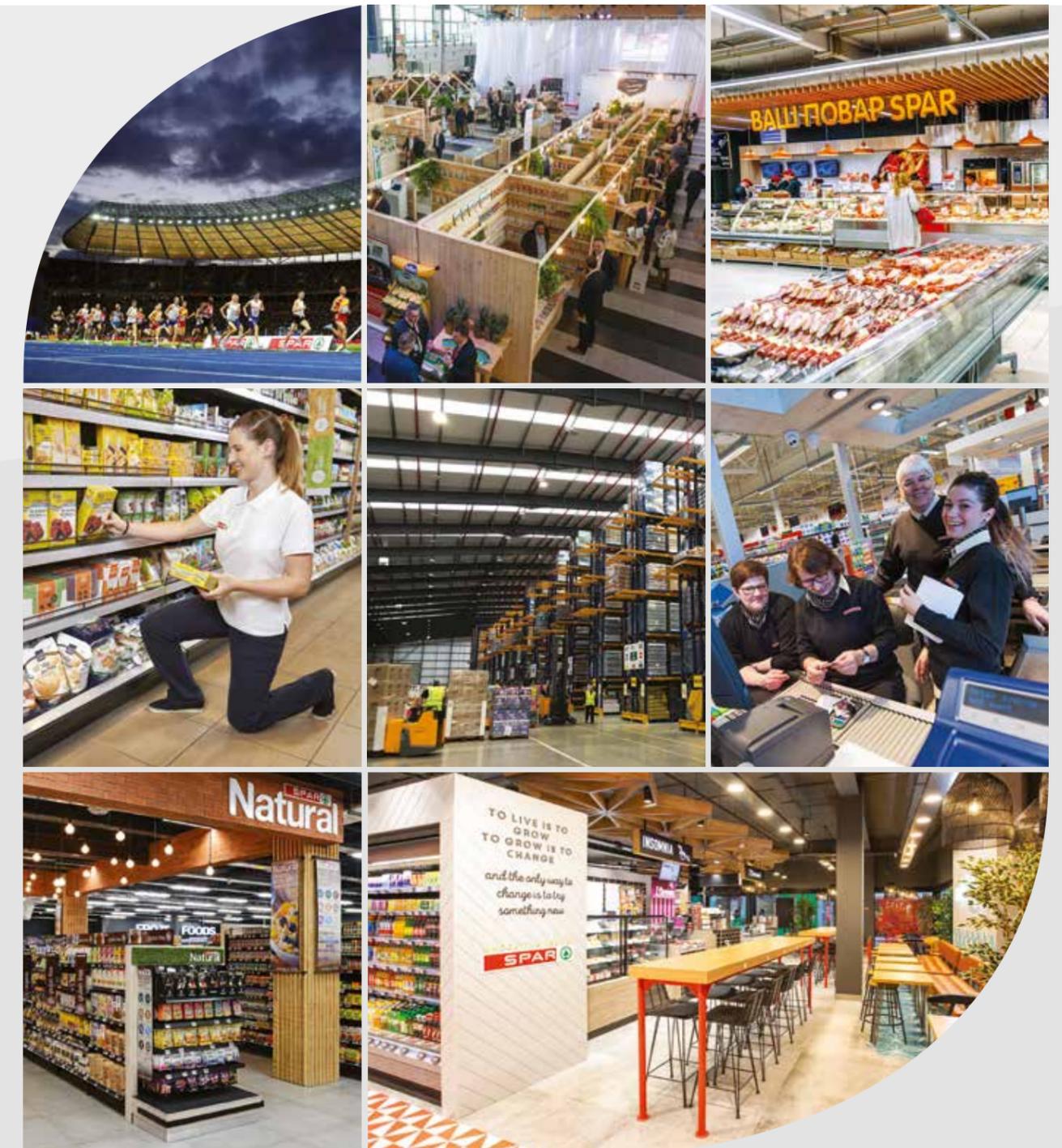




# better together

SPAR International Annual Review 2018



SPAR International  
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SALES



€35.8  
BILLION

5.4%  
GROWTH

€4,809  
AVERAGE  
ANNUAL SALES  
PER M<sup>2</sup>

48  
COUNTRIES

105  
RETAIL &  
WHOLESALE  
PARTNERS

246  
DISTRIBUTION  
CENTRES

NEW STORES  
335

13,112  
STORES

7.4 M<sup>2</sup>  
MILLION  
IN RETAIL  
SALES AREA

568 M<sup>2</sup>  
AVERAGE  
STORE SIZE

13.5  
MILLION  
CUSTOMERS  
PER DAY

SPAR  
COLLEAGUES  
350,000

Managing Director's Report

“SPAR IS UNIQUE. OUR STRONG NETWORK OF SPAR PARTNERS ACROSS FOUR CONTINENTS MEANS THAT WE OPERATE IN A TRULY GLOBAL MARKETPLACE WHILST BEING FIRMLY ROOTED IN THE LOCAL COMMUNITIES WE SERVE.”

Tobias Wasmuht, Managing Director, SPAR International



THIRD YEAR OF STRONG CONSISTENT GROWTH

With the launch of SPAR in four new countries, combined with a growth of 335 new stores and a sales increase of 5.4% to €35.8 billion, 2018 has been another exceptionally strong year for SPAR.

The third year of our five-year SPAR 'Better Together' strategy delivered again for the organisation, our partners and our customers. Launched in 2016, the strategy represents SPAR's core ethos of uniting together the global scale and resources of the SPAR network so that all shall benefit.

In 2018 we maintained our solid rate of growth across the business, recording growth of 5.4%, that being a compound annual growth of over 5.2% over the last three years. Expansion in stores numbers driven by new store openings in both mature and developing markets saw SPAR grow its presence to 7,441,838m<sup>2</sup> across 13,112 stores in 48 countries worldwide. Our purpose has been to grow our brand, our presence

and our partners by enhancing the competitiveness, productivity and profitability of our retail and wholesale partners worldwide.

The strength of our international network allows SPAR to leverage global benefits whilst simultaneously integrating ourselves in the local communities we serve. This strong network of SPAR Partners and their supply chains across four continents gives SPAR competitive advantages in an increasingly global marketplace.

SPAR's strong growth and expansion has been driven by the responsiveness of our retailers in placing the customer at the heart of everything that we do. Our customer centric approach includes the complete value and supply chain, enhancing the productivity of our distribution and supply chain operations, which in turn ensure our retail stores are supported, so that they can truly focus on our customers. This has been a key success of SPAR since it was founded in 1932 and is very much part of its success today.

# GROWTH

2017

€34.5

2016

€32.2

2018 ANNUAL GLOBAL SALES IN BILLION

€35.8

## Western Europe

Across Europe, SPAR had another strong year in 2018. In Western Europe, sales grew by 4.1% to €22.1 billion in the 16 markets where SPAR has a presence across 9,680 stores. Three of the four new countries in which SPAR launched during 2018 – Greece, Malta and Cyprus – are based in the EU and have significant growth potential. With the addition of these countries and four SPAR Partners in central and eastern Europe, SPAR is present in 18 EU countries with over 10,000 stores.

SPAR Austria's multi-format approach and constant investment in format modernisation means that SPAR can meet customer needs through varied solutions - be it supermarket, hypermarket or through online channels. In 2018, SPAR Austria achieved sales of €6.88 billion and growth of 4%, resulting in SPAR Austria being the fastest growing supermarket chain in the country for the 9th year in a row.

The strong performance across this region is driven by the continuation of investment in our retail stores whilst the neighbourhood retail renaissance trend continues to drive growth in this format. Underpinning this trend

are household and lifestyle changes amongst smaller and single households, as well as aging populations and urbanisation.

SPAR Partners across Europe have embraced this trend and the resulting modernised neighbourhood format has led to consistently strong results. SPAR Belgium grew by 5.1%, SPAR France grew by 5.5% and SPAR Spain recorded 6.1% growth.

SPAR Ireland and SPAR Netherlands have both evolved their offering to customers further, including a new generation of stores in Ireland and increased emphasis on forecourt retailing in The Netherlands. This flexibility has delivered results - SPAR Ireland enjoyed 3.8% growth and SPAR Netherlands returned an exceptional 15.8% growth.

Despite the political and economic uncertainty linked to Brexit, SPAR UK had good results in 2018 with sales of €3.3 billion and 3.6% growth. SPAR UK continues to lead the convenience sector in the market with 2,600 stores, of which 1,000 are combined with forecourt stations.

In the Nordics, SPAR Denmark's rollout of its new neighbourhood retail strategy delivered

exceptional sales growth of 9.2%. SPAR Norway continues to grow and performed well with a 2.4% increase and demonstrated leadership with its commitment to responsible retailing through eco-friendly retail solutions and ground-breaking sustainable store design.

## Central and Eastern Europe

Central and Eastern Europe was the regional growth leader for SPAR worldwide for the second year in a row with 15.8% growth across the 10 countries that SPAR has a presence, generating combined sales of €5.8 billion.

SPAR Hungary delivered an exceptionally strong performance with growth of 9.8% exceeding €1.9 billion in sales. Following the integration and conversion of the former Billa stores, and combined with organic growth, SPAR Croatia grew by 15.3%. Neighbouring SPAR Slovenia further affirmed its market position growing by 4.1% to €0.8 billion sales with 22.5% market share.

In Poland despite changes in store opening legislation and pressures on wholesale operations, SPAR grew at retail to sales of €263 million, an increase of 7.8%.

SPAR Russia's performance was outstanding in 2018, delivering €2 billion in sales for the first time and growth of 27.8% in local currency. SPAR Russia, consisting of eight regional partners, has a presence from Western Kaliningrad to Eastern Siberia.

SPAR Russia Partners combine the finest of international retail best practice with a real understanding of local customer expectations. The resulting tailored offering is delivered through a multi-format strategy of best in class supermarkets, hypermarkets and increasingly online stores. The conversion of former 7th Continent stores in Moscow and the aggressive expansion of modern stores in Nizhny Novgorod and Kaliningrad were also drivers of SPAR Russia's great performance in 2018.

Georgia and Azerbaijan were the first two countries in which SPAR launched in the

Caucasus region. Both have benefited and capitalised on the synergies of being part of the SPAR worldwide organisation with strong growth of 89.7% and 40.5% in 2018 respectively. SPAR was successfully launched in Belarus and Western Ukraine in 2017, generating turnover of almost €5 million in Belarus and €9.6 million in Western Ukraine in 2018.

## Africa and The Middle East

SPAR has an established presence in 15 countries in Africa and the Middle East. Across this region, SPAR maintained strong growth of 8.2% to achieve regional turnover of €5.9 billion.

SPAR South Africa's turnover grew to €4.9 billion, an increase of 5.7% at constant 2018 exchange rates for the full calendar year of 2018. In addition to a strong retail performance, SPAR South Africa has been a strong advocate of sustainable agriculture, working with local producers and promoting nutrition to its customers.

Trading conditions and political instability created challenges in Africa but many of our partners are performing exceptionally well. In 2018, Botswana grew by 19.2%, Zimbabwe by 39.1%, Mozambique by 56.2% and Cameroon by 65.6%. In Nigeria, SPAR grew sales to €110 million, an increase of 8%.

In the Middle East, SPAR is one of the fastest growing retail brands in the region and now has a presence in four of the six Gulf Cooperation Council (GCC) countries. The region showcases SPAR's versatility. By working with SPAR, partners have been able to adapt and tailor their retail proposition in tune with modern consumers. In turn, customers have embraced large format and compact hypermarkets as well as neighbourhood stores.

The United Arab Emirates operates SPAR Hypermarket, SPAR Supermarket and SPAR Express formats, achieving growth of 17.6% in 2018 with sales reaching €147 million. SPAR Oman grew at 15.4% and was recognised by the national press as Oman's most trust supermarket brand. In Qatar, SPAR recorded

sales of €15.6 million in its first year of operation and has set the basis for strong growth. The continuous growth and strength in operations throughout the GCC states shows the potential for SPAR in this dynamic and strategic retail region.

## Asia Pacific

In 2018, SPAR grew its presence in Asia with the addition of the opening of SPAR in Sri Lanka. SPAR now has a presence in seven Asia Pacific countries, with 573 stores and 1,014,675 m<sup>2</sup> in retail sales area achieving €1.96 billion in sales.

SPAR China's footprint in 2018 accounted for an impressive 830,043m<sup>2</sup> and sales of €1.5 billion with particularly strong growth in the Shandong and Guangzhou provinces.

Understanding the modern customer and their expectations, SPAR China is increasingly at the cutting edge of retail technology. Innovations include the use of facial recognition payment technology and engaging with customers instore through mobile applications, including scan & go solutions, has led to 75% of overall sales transactions being conducted by mobile payment. The utilisation of the latest technology is not limited to the shop floor but extends to SPAR China's investment in its highly modern supply chain with 12 state-of-the-art distribution centres, and six central production centres across China.

SPAR India has ramped up expansion with the opening of six hypermarkets in 2018, which has been an important driver of growth. Sales grew by 24.5% to €179 million. An important development has also seen the brand deepen its market penetration through the opening of stores in next tier cities. Since launching in 2016, SPAR Thailand has expanded to 45 stores and recorded sales growth of 96.2% in 2018.

SPAR Australia continues to perform well with sales growth of 3.8% to €194 million in 2018. The strengthening of supply chain initiatives between the region and SPAR in Europe has seen a continuous growth in the penetration of SPAR Own Brand ranges, adding value in our offer to our customers.



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

Mr. Adriaan van Well, Founder of SPAR

**Future Outlook**

SPAR's continuous compound annual growth of over 5% over the last three years creates a strong platform to build from for the future and indicates that our 'Better Together' strategy is performing well.

The SPAR multi-format strategy allows us to respond to changing customer needs. With almost 8,000 neighbourhood and proximity stores across Western Europe, SPAR is firmly placed to benefit from the forecasted strong growth in this channel. With large scale investment in the modernisation and remodelling of stores, combined with the launch of SPAR in three new markets within the EU in the last 12 months, SPAR is well positioned for growth in neighbourhood and proximity retail in Western Europe.

In Austria and the territories under the ownership of Austrian SPAR International AG (ASPIAG), an investment of over €660 million in expansion has included the development of a new generation of compact and fresh-centric INTERSPAR Hypermarkets which sets a benchmark of international best practice for SPAR worldwide.

In Asia, SPAR China is set to open over 150,000m<sup>2</sup> of retail sales area in 2019 with strong new store development plans including compact hypermarkets and a new generation of supermarkets in Northern and Southern China.

With new regional SPAR Partner license agreements signed at the end of 2018, both China and Russia shall see continued expansion countries through these new partners as well as by existing partners.

A further two new license agreements have been agreed for the expansion of SPAR in Central and Eastern Europe. Looking to the future and further afield, plans are at an advanced stage for the expansion of SPAR in South and Central America.

As a result of our 'Better Together' strategy, we have made notable progress in the area of international joint buying and procurement. Our strategic objective is to accelerate this progress by further harnessing our international scale, pooling our global resources to reap economies of scale in all areas of our business and uniting our global partners to be and act better together.

**OUR PURPOSE**

TO GROW OUR BRAND, OUR PRESENCE AND OUR PARTNERS BY ENHANCING THE COMPETITIVENESS, PRODUCTIVITY AND PROFITABILITY OF OUR RETAIL AND WHOLESALE PARTNERS WORLDWIDE.



**OUR GOALS**

BE THE NO.1 RETAIL BRAND OF CHOICE FOR PARTNERS GLOBALLY.

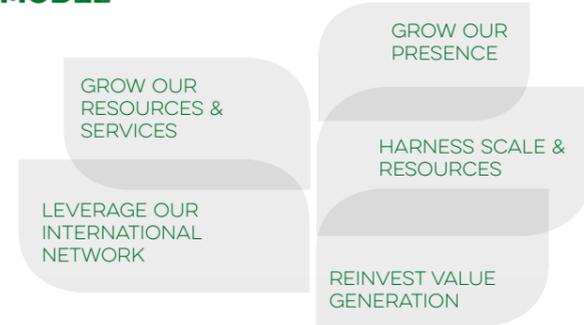
FAST TRACK DEVELOPMENT OF REGIONAL RETAILERS IN THE FACE OF INTERNATIONAL COMPETITION.

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.

**GROWTH MODEL**



**SCOPE OF SERVICES**

- 1 Targeted growth through **EXPANSION**
- 2 **RETAIL** Development and Innovation
- 3 Generating value through better **BUYING**
- 4 Leveraging our scale in **PROCUREMENT**
- 5 Collaboration in our **SUPPLY CHAIN**
- 6 Investing together in our **BRAND** Communications
- 7 Growing our **PEOPLE** through building an international training and people development platform
- 8 Building on the contributions SPAR makes as a **RESPONSIBLE RETAILER** by amplifying our local activity through international roll-out



**SPAR INTERNATIONAL BOARD**

**THE BOARD MEMBERS BUILD ON THEIR EXTENSIVE KNOWLEDGE OF THE BRAND AND OF THE INDUSTRY TO DRIVE GLOBAL GROWTH AND SUCCESS BOTH NOW AND FOR THE FUTURE**

The SPAR International Board supports the development of the global brand strategy jointly with SPAR International, providing strategic direction and guidance. The Board members draw on their own market strategies when assisting in developing priorities for the delivery of the long-term strategic objectives which address the ever-changing marketplace.

The Board meet four times a year to review both the retail and distribution arms of the business, each time in a different SPAR country, allowing the members to see first-hand the developments taking place in these markets and to hear about future plans.

Once a year, the Board is joined by the International SPAR Guild, which brings together representatives of SPAR retailers and SPAR wholesalers from several countries to discuss major issues facing the organisation. The Guild structure is carried through into SPAR countries and is a cornerstone of the SPAR partnership.



**SPAR INTERNATIONAL BOARD**

**CHAIRMAN**  
Graham O'Connor, South Africa

**MEMBERS**  
Gerhard Drexel, Austria  
Knut Johansson, Norway  
Paul Klotz, Italy  
Dominic Hall, United Kingdom  
Tobias Wasmuth and David Moore, SPAR International

**INTERNATIONAL SPAR GUILD**

**MEMBERS**  
Christian Prauchner, Austria.  
John Clohisey, Ireland  
Martin Pircher, Italy  
Bjorn Bendikssen, Norway  
Dean Jankielsohn, South Africa  
Peter McBride, United Kingdom



# EXPANSION



NEW STORES OPENED IN 2018,  
ACROSS ALL SPAR FORMATS

# 335



## Expansion

2018 saw SPAR launch successfully in four new countries: Sri Lanka, Greece, Malta and Cyprus. This growth, continuing the momentum of expansion at SPAR International, builds on the successes of 2016 and 2017 where SPAR launched and opened stores in Thailand, Qatar, Saudi Arabia, Pakistan, Belarus and Ukraine. It is a trend we expect to continue into 2019.

A key driver of this growth is SPAR's multiple formats which allow Partners to size and scale in accordance with their customers' needs, trends and demands which are unique to each market. The range of formats spans the full breadth

of hyperlocal convenience and large format supermarkets with SPAR equipped to support partners at every size.

SPAR's rapid expansion is also driven by the diversity, flexibility and entrepreneurship of our new SPAR Partners. Historically, SPAR licence applications were received by the traditional wholesaler developing a voluntary trading model and applicants were existing food retailers wishing to rebrand and develop modern SPAR formats in their respective countries.

The diversity of new country development now features effective partnerships and approved applications from well-financed start-ups, FMCG food manufacturers, distributors and agents, petroleum companies, fresh food processing industries and more recently buying unions where independent supermarkets are cooperating to source better terms, conditions, supplier support, partnerships and pricing. This new range of partnerships is an exciting development for SPAR International and our partners.

## New SPAR Partner Diversity

Great examples of the new diversity of SPAR Partners are recent developments in the Mediterranean countries of Cyprus, Malta and Greece. SPAR Cyprus successfully opened a

SALES GROWTH ACHIEVED DURING THE THREE  
YEARS OF THE 'BETTER TOGETHER' STRATEGY

# 16.4%



new supermarket in September 2018 in Larnaca. Our partner Ermes Group is Cyprus' largest retail company, a market leader in clothing, cosmetics, DIY and consumer electronics. The largest FMCG distributor in Cyprus, Ermes is now in discussion with multiple independent retailers and buying groups on co-operation, with ambitious plans for growth.

SPAR Greece opened 10 supermarkets in 2018 and has ambitions to open over 300 stores in the next three years. Our partner SPAR Hellas is a strategic relationship between SPAR Hellas and the ASTERAS buying union and within the next three years, ASTERAS will convert most of its existing 200-store network to the SPAR Brand.

Collaboration on own brand development, import and supply partnership with neighbouring SPAR Countries has also enabled the successful launch of SPAR in Greece enabling independent retailers to compete against global and international chains in the country. Clear evidence of the SPAR Better Together strategy in action.

Lastly, SPAR Malta successfully opened two stores in 2018 with further store openings planned by the end of 2020. Our partner Azzopardi Group is a strong fisheries business established for over 30 years. Azzopardi's entry into supermarket retailing in Malta with SPAR is a strategic move that recognises the retail opportunity in the market.



**EASTERN EUROPE EUROSPAR DEVELOPMENT IN RUSSIA AND BELARUS**

Both SPAR Russia and SPAR Belarus have had strong years this year. In parallel, they have developed 1,000m<sup>2</sup> – 1,800m<sup>2</sup> standalone modern supermarkets in Moscow Russia and in Pinsk and Minsk Belarus in 2018.

Customers are offered a comprehensive SPAR Own Brand range across all the grocery categories, which means SPAR Own Brand contributes to over 14% of store sales.

Fresh flowers, home delivery, sushi, pizza, food to go, café, extensive wines and spirits, patisserie, coffee and a strong value proposition of promotions and special offers create a compelling customer proposition.



WITHIN THREE YEARS SPAR WORLDWIDE HAS INCREASED GLOBAL SALES AREA BY  
**470,864M<sup>2</sup>**



**Raising the Retail Benchmark**

The strong development of SPAR in the Middle East, Western and South East Asia is driven by a focus on introducing modern, leading supermarket formats to an ever more demanding and technologically savvy customer.

The diversity of our regional partners and their parallel disciplines in manufacturing, distribution and consumer goods gives SPAR real advantage, strength and opportunity – a clear example of Better Together.

As in Southern Europe and Asia, the focus for our Eastern European partners in Belarus and Ukraine is on bringing modern, convenient retail formats to their customers with particular emphasis on excellence in fresh foods and food service. SPAR Ukraine (West) now has a total of 17 stores with a total retail trading area of 4,778m<sup>2</sup>. SPAR Belarus now operates three stores, both SPAR and EUROSPAR, with a combined trading area of 2,312m<sup>2</sup>. Development plans are in place to launch more SPAR outlets and EUROSPAR stores. The EUROSPAR stores are trading very strongly and have raised the standard and benchmark for national supermarket operators.



SPAR India leads the way in technology, with multi-channel retailing and strong customer engagement. 2018 saw the launch of several interactive instore customer initiatives, including 3D station “Design Your Home”, children’s games and art area “Fun Station”, “Product and Location Finders” installed at key points, Self-Checkout and Assisted Checkouts where customers can pay quickly and conveniently. In line with today’s focus on environmental impact and energy costs, SPAR India monitors and tracks consumption. A mobile application provides information quickly and easily on stock availability, promotions, sales and price changes for its customers.

SPAR Sri Lanka (a partnership between SPAR South Africa and Ceylon Biscuits Limited) opened their first store, SPAR Thalawathugoda, in April 2018. This store set new standards and benchmarks for food retailers in the country, with adapted and local “food to go” and “food to stay” stations, combined with excellence in fresh fruit and vegetables, spices and the best fresh meat range in Sri Lanka. Building on the diversity and expertise of our expanding partner network, our SPAR Sri Lanka partner Ceylon Biscuits Limited is supporting SPAR International and SPAR in the region with product development, manufacture and supply of own brand coconut and biscuit based products.

SPAR Oman continues its strong growth with 28 stores of which 10 are independent retailers and sales of over €31 million in 2018. SPAR Qatar now operates three premium stores in Doha, one hypermarket and two supermarkets, leading the industry in standards, range, quality and service in fresh foods.

**Freshness, Innovation and Technology**

A common theme throughout the Middle East stores is food service, innovation and quality. SPAR Oman launched a Fresh Kitchen area which is unique to the market, bringing a modern multi-cuisine offer to differentiate itself successfully in a competitive and challenging market.

SPAR Pakistan has begun its journey with two SPAR stores successfully opened in Karachi that emphasise the SPAR freshness offering with sandwiches, coffee, pizza, excellent meat and fruit and vegetables available instore.

SPAR India now operates 24 large format and compact hypermarkets across India achieving successful growth in 2018 with the launches of stores in Chennai, Shivamogga, Bangalore and Hyderabad.

**SPAR in the Middle East, Western and South East Asia, Fresh Stores, Fresh Thinking**

SPAR continued to grow steadily in the Middle East and Western Asia in 2018. SPAR Saudi Arabia now operates five large modern supermarkets in Riyadh and achieved total sales of €32.17 million in 2018. SPAR Saudi Arabia now plans national expansion through both company owned stores and through working with independent retailers. Working with SPAR, Saudi Arabia can tailor and adapt their retail offering from hyper compact to large supermarkets and meet the needs of their customers.

SPAR United Arab Emirates now operates over 30 supermarkets in the country. Four world class multi format SPAR stores were successfully launched in 2018 including an extensive 8,000m<sup>2</sup> Hypermarket in the Northernmost Emirate of the UAE, Ras Al Khaimah; and three additional supermarkets in the city of Abu Dhabi.



**“SPAR CONTINUES TO DEVELOP AND SUPPORT ENTREPRENEURS WORLDWIDE, CREATING VALUE THROUGH OUR VOLUNTARY TRADING MODEL.”**

*Graham O'Connor, SPAR South Africa*



# RETAIL

# 333

**DURING THE THREE YEARS OF THE SPAR 'BETTER TOGETHER' STRATEGY, SPAR INTERNATIONAL HAS SUPPORTED 48 PARTNERS TO DELIVER 333 RETAIL PROJECTS IN 32 COUNTRIES**

## Multi-Format Strategy

2018 was a hugely positive year for SPAR. Strong performance was underpinned by a multi-format strategy, which has enabled SPAR to defy the negative trends experienced in the wider retail sector and deliver another year of exceptional growth.

The four retail formats offered are SPAR – the local neighbourhood supermarket, EUROSPAR – the large supermarket for weekly family shopping, INTERSPAR – the hypermarket format, and SPAR Express – the small format for transit locations. Together, they provide SPAR Partners with the flexibility required to meet the collective needs of all customers all over the world.

Providing our SPAR Partners with access to multiple formats, international concepts and new innovative retail developments, is a core aspect of our retail scope of service. This collaboration supports both established partners and new partners with new-build projects, 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 key component of our SPAR Better Together strategy.

## SPAR Neighbourhood Revival

The strength of the SPAR Brand has been built up over time. Critical to its success has been the importance of proximity retailing and the visibility of the SPAR Brand in local communities. Over a number of years, we have witnessed a Neighbourhood Revival. Many SPAR Partners, including Norway, Denmark, The Netherlands, France and Ireland, have undertaken strategic reviews of the SPAR Supermarket format by utilising global best-practice and tools shared by SPAR International. This ongoing collaborative and customer-centric focus ensures that SPAR customers are provided with a world-class shopping experience that meets their changing needs.

SPAR International worked closely with SPAR Ireland on a strategic review of the SPAR Brand. The desire was to build on SPAR's existing strong market share in Ireland by driving the business even further and providing solutions that transform the convenience sector. As a result, four store profiles were identified: Lifestyle, Market, My Usual and Everyday Needs. A core 'Look & Feel' was created for each utilising common design elements. However, the macro space allocation is specific to each profile and tailored to the needs of the shopper.



## Better Together to Serve the Customer

As we develop the SPAR Brand globally, with established partners as well as new and emerging markets, we continue to place the customer at the heart of everything we do. We stand out as leaders in global convenience retail because we create customer-centric solutions from the beginning to the end of the value chain. This adaptability to customers' needs, and focus on hyperlocal requirements, results in better customer engagement, improved customer connectivity and an enhanced customer shopping experience overall.

**“THE SPAR MULTI-FORMAT STRATEGY ALLOWS US TO RESPOND TO CHANGING CUSTOMER NEEDS.”**

*David Moore, SPAR International*



BRINGING THE BRAND TO CUSTOMERS WITH OUR GLOBAL RETAIL NETWORK OF STORES

13,112

SPAR Millennium Walkway, Dublin – designed collaboratively by SPAR International and SPAR Ireland - was the first flagship store to apply the lifestyle store concept, where new fresh speciality products build on SPAR Ireland's strength in Retail Foodservice. New and exclusive SPAR concessions that enhance the customer experience were introduced into Millennium Walkway: Food Junction (time-of-day offer); 6th Avenue Street Bar (ethnic food); and Pitta Project (Mediterranean style), as well as two new SPAR Innovations: I Scream (ice cream) and Shakers (donuts and cookies).

An extensive seating area meanwhile responds to the shopper requirements of a lifestyle store and customer-facing digital technology solutions also cater to customers' on-the-go needs.



Family Focused

The shopper desire to purchase a wide variety of products at a supermarket has supported the growth of the EUROSPAR format - aimed at providing solutions for family weekly shopping. This has been very evident in Norway where independent retailers have revitalised their EUROSPAR Supermarkets as part of a nationwide refurbishment process driven by SPAR Norway.

Transforming the Hypermarket

The hypermarket format continues to come under increased pressure from specialist retailers and alternative channels as shoppers move to purchasing online – especially for electronics, clothing and sporting goods. In response, we have redefined the INTERSPAR Hypermarket, moving towards a compact hypermarket solution with a smaller footprint, refined assortment, wider fresh offer and greater focus on technology integration. This is typified in SPAR China and SPAR India where the compact INTERSPAR Hypermarket has driven growth through new offers and instore dining opportunities. Significantly, technologies have been introduced to facilitate quicker payment, as well as O2O retailing systems to attract shoppers from online to offline.

Sharing International Best-Practice

The SPAR Express format was launched in the mid 1990's as a solution for transit locations such as Airports, Railway Stations, City Centres and Petrol Forecourts. It is the latter location that has seen incredible growth recently: The Netherlands, Belgium, Germany, Ireland, Oman, Thailand and South Africa all implement forecourt solutions. The leader in this channel is SPAR UK with more than 1,000 fuel sites. This fuel retailing knowledge and expertise regarding changing shopper behaviour has been shared with SPAR Partners in line with our collaborative Better Together strategy.

As shopper behaviour changes, we focus on providing a wider range of ready-to-eat meal solutions, with instore bakery sections increasing in size and range. The SPAR Express format has also been adapted to relevant markets. In Asian stores, the footprint is larger than in Western Europe and there is a need for larger instore dining areas as the stores are a place to socialise.



Category Innovations

SPAR International continued to support SPAR Partners with the implementation of the innovative SPAR Bake-Off solution. This full-service solution has been implemented into six SPAR countries. Long-standing partner, SPAR Northern Ireland, successfully brought the solution to life by trialling it in EUROSPAR Lagan Valley and EUROSPAR Rathcoole where it is the first section in their Food-To-Go proposition. The implementations were coupled with new product development and the project was a cross-company, inter-departmental team effort. The full-service Fresh Bakery solution has allowed them to compete in the market of fresh bakery that they previously had little presence in. In line with a customer-centric focus, the SPAR Bake-Off solution can be adapted to suit different formats and customer needs.

In all SPAR markets, we gain familiarity with local customs and consumer trends which allows us to meet customers where they are, provide the retail

services they need and exceed their expectations at every brand touch point. Placing the customer at the heart of everything we do nurtures lifelong SPAR brand ambassadors and strategically positions SPAR for continued global expansion.

PLACING THE CUSTOMER AT THE HEART OF EVERYTHING WE DO NURTURES LIFELONG SPAR BRAND AMBASSADORS AND STRATEGICALLY POSITIONS SPAR FOR CONTINUED GLOBAL EXPANSION



CUSTOMER FOCUSED

In 2018, SPAR International supported SPAR Partner Maiora, the licence holder for central and southern Italy, with the development of a new 2,460m<sup>2</sup> state-of-the-art compact INTERSPAR Hypermarket in the city of Terlizzi. This new-built INTERSPAR, has a broad product assortment, many instore services and a wide selection of delicious fresh foods.

Highlights include a dedicated wine section where customers can enjoy wine tastings under the guidance of a professional sommelier. An extensive Delicatessen – Bakery section offers foods freshly prepared in the store alongside quality products sourced from local and regional suppliers.

A special focus has been placed on Health & Wellness with the inclusion of a dedicated SPAR Natural zone offering organic and free-from products.



“INTERSPAR TERLIZZI MARKS THE BEGINNING OF A NEW WAY FOR US TO VIEW HYPERMARKETS.”

Pippo Cannillo, SPAR Maiora, Italy



**11%**  
INCREASE IN SALES VOLUME  
OF SPAR INTERNATIONAL OWN  
BRAND PRODUCTS

**SPAR NATURAL**

Across all markets, SPAR is seeing increased health consciousness amongst consumers. To address this need and empower customers, SPAR developed SPAR Natural with a clear focus on categories such as vegan, organic, lactose-free and gluten-free.

Since launching the first SPAR Natural store in Gran Canaria, SPAR has sought to integrate a SPAR Natural Own Brand range to support this successful concept. This led to the development of a core range of SPAR Natural products across the organic, vegetarian, lactose-free and gluten-free categories.

18 SPAR Natural products were launched in 2018 and SPAR has already seen a clear demand for these products in Ireland, the Netherlands, Belgium, Albania, Malta and Saudi Arabia.



improving its popular Own Brand products on an ongoing basis, with customer wellness in mind. This includes reducing salt in potato chips and sugar in soft drinks.

In addition to new product development, SPAR is constantly reviewing the existing product range with the aim of improving price and quality in a sustainable way.

A good example of this is the relaunch of the SPAR Nappies range. In collaboration with many SPAR Partners, SPAR has redesigned the packaging and improved the quality of the nappies by embracing product innovation. The nappies are now PEFC and Eco Label certified, meaning that the absorbing materials used are sourced from 100% sustainable resources.

**Meeting Demand**

Today's customers are also increasingly looking for different and exotic flavours from around the world. SPAR Own Brand Italian and Mexican ranges continue to be popular and perform well. SPAR has also launched an Asian range encompassing Indian, Chinese and Thai inspired foods.

SPAR continues to work with SPAR Partners to understand the needs and tastes of their customers in different countries. For example, SPAR has seen that certain products developed for European countries are not suitable for other markets in terms of flavours, size and packaging. Building on these insights and the strong development in the Middle East, SPAR has committed to developing a local range of private label products suiting the needs of our partners in the AMEA region.

Responding to the local needs of our partners in this way through knowledge and resource sharing across the worldwide SPAR network is what makes us a truly global marketplace.

**Buying Alliance**

A buying alliance of SPAR Partners represents a combined purchasing volume of €25 billion in sales and allows partners to draw on each other's expertise and sourcing resources.

The buying group is vital in driving new product development, identifying opportunities and using multi-market expertise so that everyone across SPAR benefits including SPAR Partners outside of the group. The buying group continues to deliver value and significant savings for the group.

SPAR International also uses its global network to source products from SPAR countries where we have longstanding and local buying expertise, often achieving economic advantages for partners, resulting in better ranges, prices and conditions.

SPAR Own Brand products are now available in more than 32 countries worldwide and enjoyed a volume increase of more than 11% in 2018.

**Sustainability**

There are lots of examples of SPAR International's dedication to continually enhancing its sustainability. Private Label products have been reformulated to cut back on palm oil and SPAR's Own Brand potato chips now use sunflower oil instead of palm oil.

In addition, all of SPAR's Own Brand coffee and chocolate products are UTZ certified and SPAR continues to work with a wide range of certified Fairtrade suppliers.

With increasing awareness on the negative impact of plastic and packaging on the world around us, SPAR is reviewing its products to find more environmentally friendly and sustainable forms of packaging. This includes reducing the amount of plastic in SPAR Own Brand packaging, for example coffee capsules.

SPAR International continues to improve the quality and taste of the existing Private Label portfolio while at the same time reviewing and

**“DESPAR ITALIA’S OWN BRANDS HAVE CONFIRMED THEY ARE AN EXTRAORDINARY VEHICLE FOR PROMOTION OF MADE IN ITALY IN EUROPE AND IN THE WORLD, BY VIRTUE OF EXCELLENT COLLABORATION WITH SPAR PARTNERS.”**

*Paul Klotz, SPAR Italy*

**Buying Better Together**

SPAR is a truly global marketplace. We source from four continents, taking a regional approach to buying and harnessing local market expertise wherever possible. SPAR International plays a critical role in unifying this marketplace and ensuring that its impressive combined strength is harnessed to SPAR Partners' advantage.

The worldwide SPAR network allows SPAR to take a regional approach to buying, harnessing local market expertise wherever possible and sourcing directly from the local experts in each of its markets, to the benefit of the 48-country network.

SPAR's strategic approach to buying often involves certain markets with proven expertise in key products using that expertise to purchase product for the entire SPAR network. SPAR Italy, for example, liaises with the pasta supplier and manages pasta purchasing for the group.

**BUYING**





**KEEPING THE TYRES ROLLING**

Our successful modern supply chains rely on the efficient movement of goods along the value chain. Our delivery truck tyres are a crucial part of this journey and a vital consideration for safety, fuel efficiency and reducing environmental impact.

Partners in Norway, South Africa, the U.K., Switzerland and Austria formed a purchasing group to explore opportunities to coordinate tyre purchasing for our delivery fleets: a direct purchase totalling 5,500 tyres with a spend of over €2.1m.

The group set the goals and agreed the negotiation strategy and tender approach. Led by SPAR Norway and facilitated by SPAR International, they achieved an agreement that saves 14% on the best individual buying price, giving access to a high-quality brand. This new agreement is now being offered across the wider SPAR family.

**“AN ADVANTAGE OF BEING A SPAR MEMBER IS THAT BY BUYING TOGETHER, WE BENEFIT FROM IMPROVED PRICING.”**

*Martin Agnew, SPAR United Kingdom*

HARNESSING JOINT PURCHASING POWER OF SPAR PARTNERS RESULTED IN REAL SAVINGS WHEN PURCHASING TYRES

14%

# PROCUREMENT

**Purchasing Better Together**

As with the SPAR network of supply chain best practice, SPAR Partners also benefit from a collaborative approach to procurement. With increasing customer expectations of value and service, combined with constant pressure on operating costs, leveraging our joint volumes to enable cost effective procurement makes a real difference to the bottom line.

Our commercial buying programmes and strategic supplier relationships enable SPAR Partners to access significant commercial benefits that can be reinvested in the value proposition for our customers. Small and regional players can access the benefits of a global platform in another great example of SPAR’s hyperlocal approach.

**Better Together**

Following a collaborative buying framework, SPAR International facilitates category based coalitions of SPAR Partners. The buying groups focus on identifying, evaluating and optimising requirements, agreeing supplier strategy and commercial objectives. Each participating member is consulted and included in every decision to maximise engagement and benefit.

Working closely with our key international suppliers, SPAR Partners can access knowledge of market developments and industry best practice, enabling them to optimise their business development. As SPAR Partners represent key international accounts, suppliers ensure that SPAR Partners can get the specific support and development they require.

Recent buying groups have allowed SPAR Partners to access significant savings in trucks, truck tyres, shrink-wrap and roll containers. Our buying groups are exploring opportunities in IT, shop fitting, warehousing and transportation through both international and regional opportunities to be Better Together.

**Sustainable Procurement**

Combined with the focus on cost reduction, our buying groups also contribute to our commitment to a more sustainable environmental footprint. Unifying and simplifying the specification on stretch-wrap resulted in a 14% reduction of plastic used for our delivery containers.

Close cooperation and strategic partnerships with HGV manufacturers, Scania and Volvo, allow cost effective access to the latest Euro6 standard engines and insights on alternative fuels, resulting in cooperation on key CO2 reduction initiatives in several countries.

SPAR Ireland has collaborated with Gas Networks Ireland and Scania to develop and launch the first compressed natural gas (CNG) power lorry tractor unit, used on transport between Cork and Dublin, reducing carbon emissions by over 75%.

**Regional Supplier Roundtables**

As SPAR grows its presence across the world, we are developing strong partnerships addressing specific regional requirements, opportunities and challenges. SPAR International is actively working with regional and international suppliers to connect SPAR Partners in a series of successful Regional Supplier Roundtables.

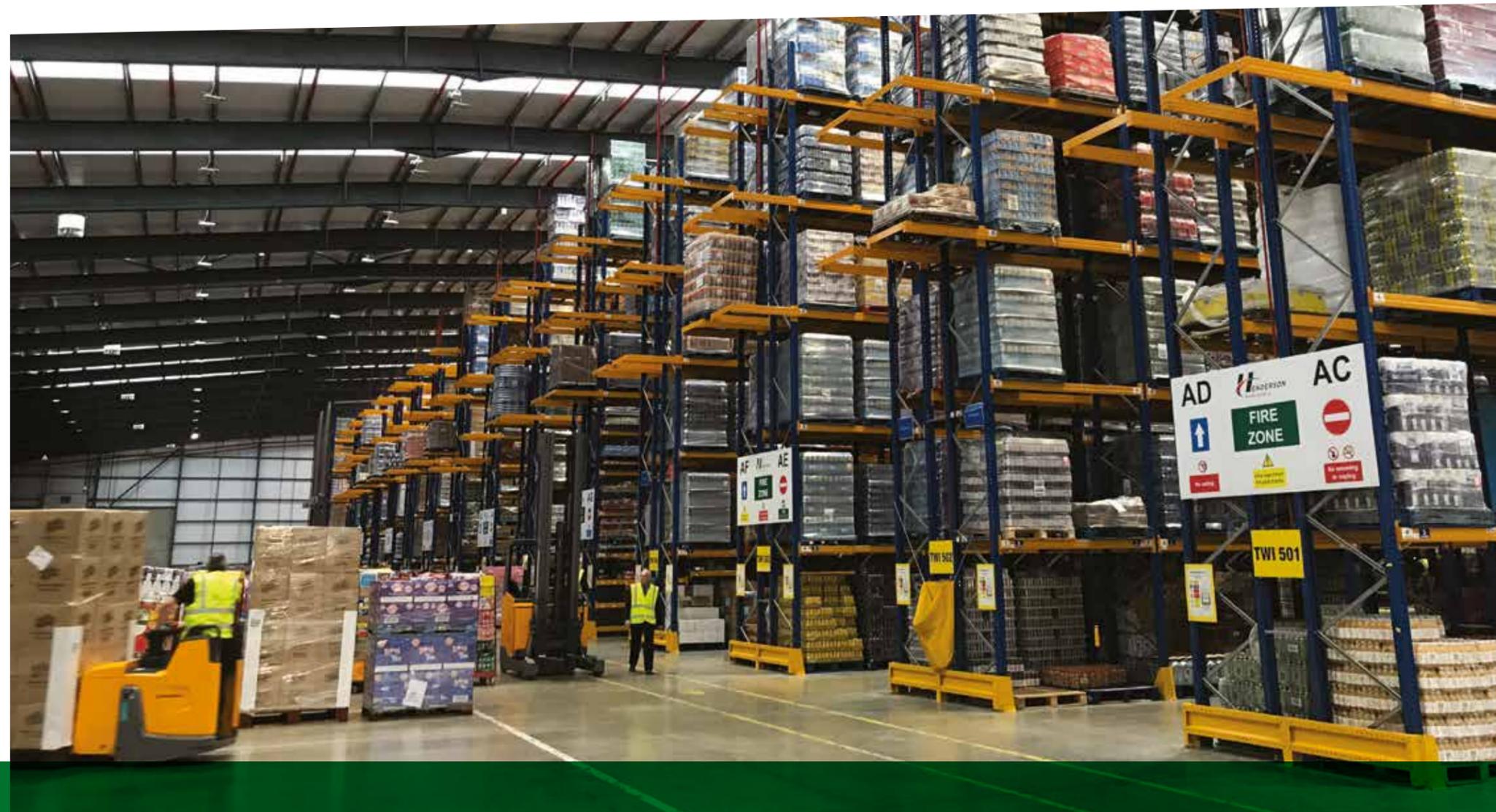
Regional Supplier Roundtables are interactive collaborative events to build relationships, share insights, knowledge and innovations, identifying suitable solutions for all SPAR Partners. In 2018, events in Moscow (Russia and Caucus region), Johannesburg (Africa) and Kunming, China (Asia) were attended by 21 SPAR Partners and 30 supplier representatives.

The programme included store visits, presentations by SPAR Partners on development plans and supplier innovation elevator pitches. New connections and opportunities to collaborate were identified and realised.

In 2018, the SPAR International Preferred Supplier Programme continued to add new strategic partnerships, creating value for SPAR Partners and suppliers. Eight suppliers joined both the regional and international programmes offering a range of equipment with a rebate exclusively for SPAR Partners. In addition to our buying groups, these preferred suppliers offer a more flexible approach for SPAR Partners’ diverse procurement needs.



# SUPPLY CHAIN



## Supply Chain

While a collaborative customer-centric approach to retail excellence has contributed significantly to retail growth and expansion of the SPAR Brand globally, the supply chain remains at the heart of the retail industry. As advances in technology further drive the digitisation of retail, SPAR Partners are embracing the opportunities to maximise product freshness and engage with our customers throughout the end-to-end supply chain.

Automated handling has significantly enhanced supply chain efficiency by reducing inbound receipt, storage and picking time. In Austria, South Africa and Norway, this has enabled a high service commitment to our stores and a more cost effective service for our customers.

## Advances in Warehousing

For SPAR Norway, the supply chain has been enhanced with the opening of a new fully automated fresh warehouse in Vestby, just outside of Oslo, which improved product availability and increased shelf life by three days, maximising freshness for our customers.

Investment in automation continues to be strong with SPAR Netherlands and SPAR Shandong, China, making significant investments to improve store capacity and customer service. SPAR Austria have implemented advanced artificial intelligence (AI) software that identifies customer demand allowing them to plan warehouse resources effectively to meet the delivery requirements.

Across the SPAR network we operate over 240 warehouses and the sharing of insights, knowledge and best practices allows SPAR Partners around the world to enhance their distribution centres and stock management.

## Sharing Knowledge

A great example of working collaboratively to share best practice is SPAR Saudi Arabia, where SPAR opened three SPAR Supermarkets in January 2018 and plans to open 40 stores by 2020. Through visits to South Africa, SPAR UK and SPAR Ireland, SPAR Saudi Arabia applied learnings to developing their distribution centre in Riyadh. Support was also given in logistics development, supply chain creation and store design.

This activity led to improving order fulfilment, tripling throughput and reducing delivery lead time to twenty-four hours, optimising stock levels throughout the supply chain and enhancing customer availability. As a result, SPAR Saudi Arabia is a national leader in supply chain management.

In Sri-Lanka the team used international best practice to set up a supply chain to support the business launch with guidance and support from across the SPAR family. Shared SPAR knowledge has also enabled SPAR Thailand to enhance their ways of working to improve customer availability, reducing colleague workload instore and maximising customer service.

Our SPAR IT Director's forum enables senior management to share insights in a rapidly evolving retail technology landscape. Exchanges help SPAR Partners stay at the cutting-edge of next generation technologies like BlockChain, conversational commerce and gamification. SPAR Austria and Google are collaborating across retail technology development including the use of artificial intelligence (AI) to identify master data management across the physical and digital channels.

SPAR MEETS THE DAILY NEEDS OF RETAILERS AND SHOPPERS FROM 246 DISTRIBUTION CENTRES

# 246





**SPAR NETHERLANDS DELIVERING MORE WITH LESS**

Transporting products from our warehouses to our stores is a key part of the modern grocery supply chain.

SPAR Netherlands worked closely with their transport provider, Peter Appel Transport, to design, build and test a unique double-deck grocery delivery trailer.

The trailer's upper deck can be chilled for refrigerated fresh products while the lower deck is used for ambient products, ensuring all deliveries maximise freshness. The trailer can accommodate 75 roll containers, compared to the traditional 48, reducing road transport requirements by over 35%.

During testing SPAR Netherlands were able to deliver to 90% of their stores. The new design is a real asset to the business, allowing them to reduce the environmental impact of deliveries - benefiting our customers, colleagues and community.

In Asia the team at SPAR Guangdong collaborated with Coca Cola China to enable deliveries on pallets, overcoming a number of operational and handling challenges. Benefiting from shared SPAR insights, the new ways of working reduced handling time throughout the supply chain end-to-end by 85%, an initiative that was recognised by the IGD and shortlisted for the Supply Chain Innovation Award.

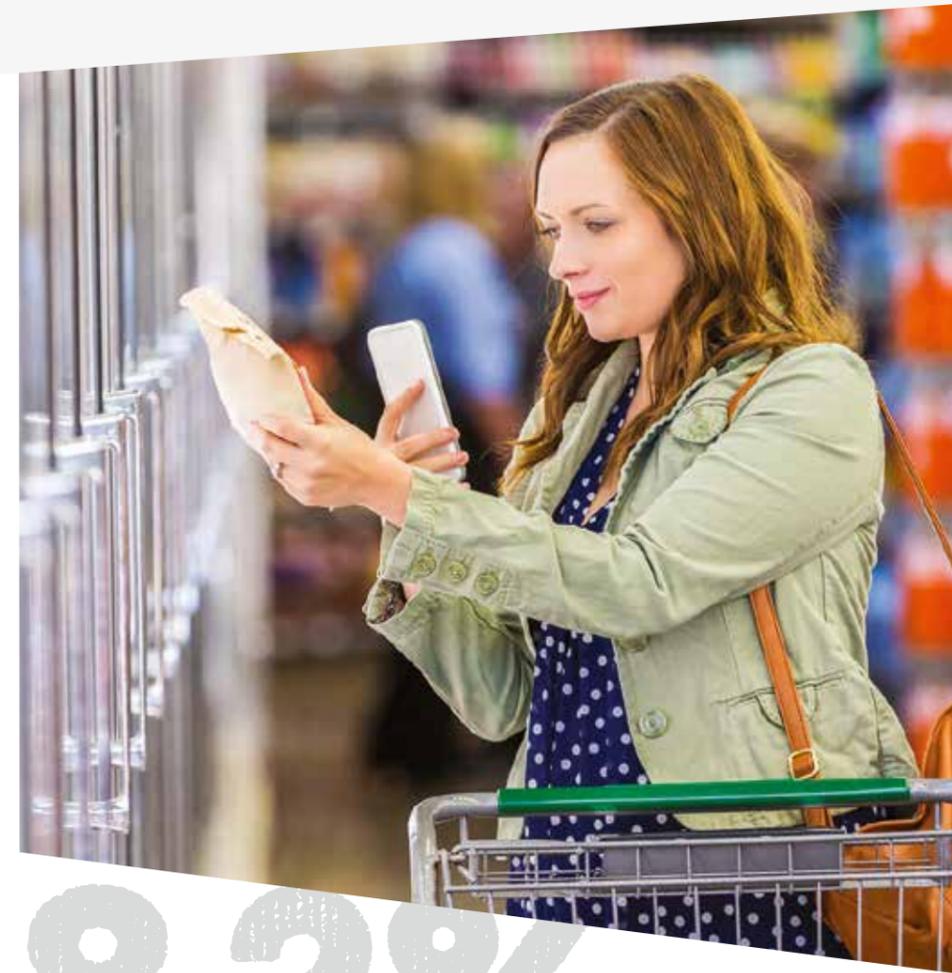
**Sustainability**

The sustainability of our supply chains and our impact on the environment are a constant focus for SPAR. SPAR Netherlands have introduced a uniquely designed trailer that allows store deliveries to be transported on two levels, significantly reducing delivery kilometres.

For SPAR Gran Canaria, sustainability is a key focus for their supply chain strategy. They improve product quality and minimise handling by replacing cardboard with environmentally friendly reusable crates. The next stage is a new fresh warehouse facility, with processes developed through insights from across SPAR that will reduce lead time and maximise freshness for our customers.

In Norway the first Hydrogen trucks have been introduced reducing carbon emissions. Our people are at the heart of our operations. SPAR Group in South Africa, SPAR Ireland, SPAR UK, SPAR Austria and SPAR Norway, in addition to many other countries, have regular training programmes for truck drivers on fuel efficient driving, engine management and effective braking - helping to minimise our environmental impact.

For sustainability as for other key business priorities, we encourage SPAR Partners to learn from one another, rely on local expertise and embrace the global resources SPAR International offers - the recipe for Better Together.



**8.2%**

**INCREASE IN STORES WORLDWIDE IN THREE YEARS OF THE 'BETTER TOGETHER' STRATEGY**

**Embracing Mobile**

The WeChat social interaction platform in China has enabled SPAR Guangdong to enhance customer and supply chain engagement. Customers entering the stores receive promotional messages based on their location; they can shake their phone to get special offers and pay with their phone at the checkout. Suppliers have benefited through a WeChat micro programme that enables them to plan their warehouse deliveries, reducing the time taken by 75%, while receiving time instore has been reduced by 65%.

As the boundaries between the traditional and digital retail experience blurs, SPAR Partners continue to innovate to meet our customers' expectations. Apps allow customers to build shopping lists, search for products, understand allergen information, identify ingredients for recipes, navigate the store and receive personalised offers. SPAR India customers can scan items at home, build a shopping list then opt to have it delivered, collected, or be navigated around the most efficient route instore to select the products themselves.

SPAR Belgium customers can scan products with their phone as they browse and choose to complete payment on their mobile or instore. In many countries, SPAR Partners like SPAR UK (Hendersons) and SPAR Austria have also introduced consumer apps that allow time pressured customers to place lunch orders on the move and pay on their phone, enabling a quick pick-up.

**Working with Suppliers**

Our suppliers play an important role in managing our supply chains too. Advances in technology and analytics have supported collaboration in China, South Africa and the UK. SPAR South Africa are using advanced data analytics in joint planning meetings with their suppliers enabling them to identify projects that are improving freshness, reducing waste and improving availability whilst reducing the operational costs for both parties. Supply chain analysis has helped SPAR UK (Hendersons) collaborate with Coca Cola Hellenic and CHEP to implement pre-built customer display units that have increased sales, reduced colleague workload in the distribution centre and instore and maximised availability for our customers.



**AUTOMATED HANDLING HAS ENHANCED SUPPLY CHAIN EFFICIENCY BY REDUCING INBOUND RECEIPT, STORAGE AND PICKING TIME, ENABLING A HIGH SERVICE COMMITMENT TO OUR STORES AND A COST EFFECTIVE SERVICE FOR OUR CUSTOMERS**



# BRAND

SPAR COLLECTS DATA IN 28 MARKETS THROUGH LOYALTY CARDS

# 28

STORES ADDED IN THE THREE YEARS OF THE 'BETTER TOGETHER' STRATEGY

# 997

## Brand Innovation

Innovation is an integral part of our successful retail strategy. SPAR has been innovating in grocery retail for over 85 years, and in recent years we have seen an accelerated focus on digital innovation. The connected shopper demands meaningful and personal engagement, which digital technology enables us to do. It is about creating a superior shopping experience, wherever and whenever the customer wants it.

When it comes to digital innovation, we must look to the east. SPAR has an ever-growing presence in Asia and, driven by the connected shopper, is a hotbed for technology development in SPAR. SPAR China has been trading online since 2010 and has capitalised on the surge of mobile commerce by offering high value promotions via WeChat. SPAR Thailand leverages coupon distribution through the chat app Line, whilst SPAR India enables customers to find what they are looking for instore through dedicated mobile apps.

This mobile adoption is revolutionising the way customers want to pay for groceries. Driven by WeChat Pay and Alipay customers can buy anything from TVs to fresh fish from the local wet market. Multiple mobile payment options are now standard in all SPAR China stores. SPAR Netherlands has launched a Skip The Line app in their University locations, allowing customers to grab what they need, scan the QR code and walk

out without having to queue. We expect these technologies to become mainstream in many of our markets in the next 12 - 18 months.

The technology adoption in Asia means the growth in E-Commerce is outpacing any other part of the world. Until 2022 online sales of Food & Personal Care is expected to have a CAGR of 13.4% per year, the highest growth of the major E-Commerce categories. SPAR offers full service E-Grocery offers in 8 markets, all of which operate from the store, offering click & collect and same or next day delivery. This exciting channel is expected to see further growth in 2019 and beyond.

Engagement is achieved best through personalisation. The combination of mobile technology and loyalty programmes brings huge opportunities to engage. SPAR collects data in 28 markets through loyalty cards. This data can be leveraged to provide a personalised offline shopping experience directly to customers' smartphones. SPAR Slovenia and SPAR Norway provide customers with coupons tailored to individual customer shopping behaviour directly to their phones. SPAR South Africa's MYSPAR Rewards programme has been welcomed by customers.



## Brand

The SPAR Brand has continued to strengthen in 2018, 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 which have all contributed to the strong global SPAR Brand.





**SPAR SOUTH AFRICA RURAL HUBS**

Health and nutrition are a priority for SPAR and we strongly believe in the need to provide consumers with good quality products and relevant nutritional information to ensure a balanced, healthy diet.

SPAR South Africa Rural Hubs is centred around Fresh Assembly Points, which are strategically located near farmers, retailers, and consumers. Providing rural farmers with training and technical equipment improves the quality and increases the volume of fresh produce, making these available and affordable even for those most in need.

To support this roll-out of fresh produce to SPAR stores from the Rural Hubs, a consumer-focused nutrition campaign was kick-started in November 2018. Three SPAR Supermarkets in rural parts of Mpumalanga Province were selected to roll-out the instore POS materials and host instore activations to educate consumers about healthy diets.



men's and women's senior national teams and all junior basketball national teams and the SPAR National Club Cup.

In 2018, for the first time SPAR International sponsored the International Yoga Day in Amsterdam. SPAR provided on the ground support as part of its Responsible Retailing strategy to promote health and wellness. SPAR Own Brand flavoured and vitamin waters were a crowd favourite, enabling up to 10,000 people to stay hydrated after their participation in the activities. Approximately 4,000 bags of SPAR Own Brand vegetable chips were also available for people to enjoy on the day.

Premium League SPL, but also the official sponsor of the women's national team and women's junior national team.

The 33rd SPAR Budapest Marathon Festival once again drew a record number of entries with 33,500 registered runners. The event also provided the opportunity for the donation and collection of more than 500 storybooks for children in need as part of SPAR Hungary's partnership with the Hungarian Maltese Charity Service.

SPAR Slovenia have worked with the Slovenian Basketball Federation (KZS) for the last eighteen years and is a proud sponsor of the Slovenian national basketball team. They support both



**SPAR FAI PRIMARY SCHOOL 5'S PROGRAMME FIVE ASIDE TOURNAMENT BROUGHT SPORT TO 37,000 CHILDREN**

37,000

**European Athletics Sponsorship**

SPAR has always been a destination for customers seeking healthy lifestyle solutions. Through dedicated projects and sponsorships 2018 has again been a year of harnessing the SPAR Brand to drive healthy living. Sports sponsorships have played an important role in strengthening the link between the SPAR Brand and healthy living.

In 2018, SPAR continued its headline sponsorship of European Athletics into what now marks 23 years of the partnership. The various European Athletics 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 three European Athletics events in 2018, including the inaugural European Championships in Glasgow in August. A combined initiative of seven European sports federations, Glasgow hosted the Aquatics, Cycling, Gymnastics, Rowing, Golf and Triathlon events, while Berlin hosted the Athletics. With the support of national TV broadcasters, complemented by the federations' and local broadcasters' provision of livestreaming, sports fans around the world were able to follow all the action live via 44 free-to-air channels. In just 10 European markets, 567 million hours of broadcasting time was recorded, with the average audience on the closing Sunday alone totalling an

incredible 20 million viewers. Around the world, it's estimated that the European Championships coverage reached an audience of over one billion viewers.

The European Athletics U18 Championships in July and the SPAR Cross-Country Championships in December were both broadcast on TV and live streamed online. Visibility was also generated through digital media platforms and print publications. SPAR Hungary supported the European U18 Championships in Gyor in July, incorporating the sponsorship in their regional promotion programme and creating brand awareness through onsite activations and support for volunteers.

SPAR Netherlands embraced the opportunity created by the SPAR European Cross Country Championships in December, by running digital and promotional campaigns before and during the event. SPAR Partners engaged in many other activities around these three events, building on their own local and national sponsorships.

**Health, Wellness & Sports**

SPAR Ireland has been a keen supporter of football in Ireland and over 37,000 children participated in the SPAR FAI Primary School 5s Programme five aside tournament. SPAR Ireland has renewed their sponsorship with a new deal valued at €1 million until 2021.

SPAR Switzerland has continued its partnership with the Swiss Handball Association. SPAR is not only the main and title sponsor of the SPAR



**"IT'S ESTIMATED THAT THE COVERAGE OF THE EUROPEAN CHAMPIONSHIPS, WHICH SPAR WAS THE HEADLINE SPONSOR, REACHED AN AUDIENCE OF OVER ONE BILLION VIEWERS WORLDWIDE."**

*Tobias Wasmuht, SPAR International*



**SPAR ACADEMY – IRELAND**

SPAR Ireland launched the new SPAR Academy in 2018. Its purpose is to develop critical core skills for SPAR and EUROSPAR retailers and employees.

The Academy runs a blended learning approach, which combines courses at the new training centre, online training and external trainer programmes from apprenticeships to Degree level, to ensure the best training and development of SPAR people. The new training centre will open in September 2019 and will improve training and retention of people.

The new eLearning programme has been designed for three levels:

- Tier 1 – Basic knowledge, focus on new employees
- Tier 2 – Enhanced knowledge, focus on upskilling employees
- Tier 3 – Expert knowledge, focus on in-depth understanding of the skills needed within a certain store department

The SPAR International Learning Platform supports eLearning at SPAR Partner level through professional upskilling via the Learning website and through ready-to-use courses and 3D gaming via the online Academy.

2018 saw a significant increase in uploaded material and in SPAR Partners signing up for the platform, which is not only convenient but enables lower training cost per person – another example of Better Together.

SPAR Partners also invested in new training programmes with a focus on upskilling and behavioural change. In addition, SPAR opened two new training academies in France and Ireland.

SPAR has truly embraced the importance of people to the future success of the business.

By going to different countries and consolidating expertise, learnings and materials SPAR has created one central learning platform that benefits everyone ensuring SPAR colleagues are very much better together.

In emerging markets, SPAR fostered the first-generation of retailers and started developing a talent pool for the growing industry of retail. SPAR often acts as an important means for people to gain professional experience in countries where employment opportunities are limited.

**HR Technologies**

Technology is radically changing how our employees expect us to interact with them. Recognising this, SPAR Partners worldwide put a strong emphasis in 2018 on evaluating and implementing digital tools in HR management, be it in recruitment, onboarding, performance management, communication or training.

As employees increasingly demand instant access to their personal data, new HR systems were adopted for better data access and new communication and training Apps were launched.

**New Ways of Training**

Online Training is now an established training tool and many SPAR Partners already work with or are looking at incorporating online training into their training portfolio.



annual international HR Conference and national HR meetings in China and Russia which highlight the importance of our people.

**Talent Development & Leadership**

The future of our organisation lies with the new generation of employees and our ability to select and develop the talent needed for the business.

The retail industry can find it difficult to attract new talent so SPAR Partners are investing heavily in the next generation. SPAR Austria's apprenticeship programme, for example, is the largest private education facility in the country and their graduate programme includes international input and work experience. Investing in and encouraging talent this way has played an important role in establishing SPAR Austria as the largest private employer in the country.

Leadership is another important development area at SPAR worldwide. SPAR UK Partners launched new leadership programmes, targeting all management levels, to equip business leaders for the future. The UK Inspire Leadership Programme, focussed on retailers, is another great example of preparing both talent and existing managers for the future.

**105**

**SPAR RETAIL AND WHOLESALE PARTNERS WORKING BETTER TOGETHER**

**“INDEPENDENT SPAR RETAILERS ARE THE GROWTH DRIVERS, THE HEART AND SOUL OF THE BRAND.”**

*Friedrich Poppmeier, SPAR Austria*

**Our People – Our Customer Advantage**

In a highly competitive retail environment our people are at the heart of our strategic approach, helping differentiate SPAR from its competitors. Our employees engage with our customers every day, putting them at the centre of our business and enhancing the shopping experience.

Our people are the direct interface with our customers so investing in developing both their skills and behavioural competencies will lead to customer satisfaction and enhanced business performance. Many SPAR Partners such as Denmark, Norway and India have invested in embedding behavioural change and team performance into their people approach. SPAR South Africa successfully enrolled their GUEST service programme to their stores and warehouses.

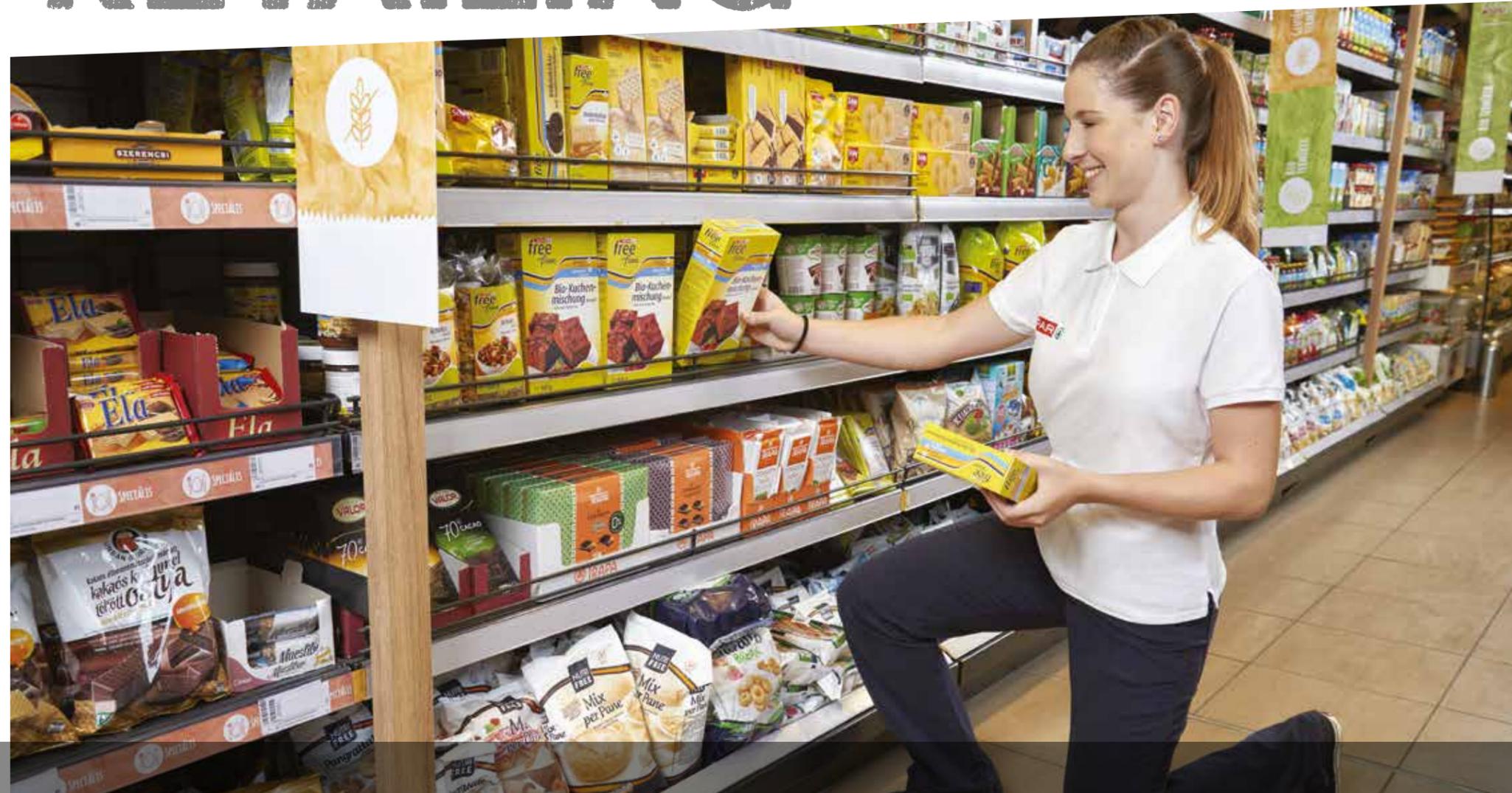
Our people act as brand ambassadors far beyond their working hours through personal contacts and social media. A key part of our employer brand strategy is to position SPAR as an employer of choice and to create a great working environment for SPAR colleagues.

Investing in people is also a vital part of being Better Together as SPAR Partners share their learnings in these areas, for example through the

**PEOPLE**



# RESPONSIBLE RETAILING



SPAR HUNGARY NOW OFFERS CUSTOMERS 1,100 HEALTHY PRODUCTS

# 1.100

## Better Together since 1932

Our 'Better Together' strategy can be traced back to 1932 when the SPAR Brand was founded on the principle of joint co-operation between wholesalers and retailers. This idea of working together for the greater good is integral to SPAR's philosophy and is critical to help ensure that we make a real and tangible impact in the communities we serve across the 48 countries we operate in.

## Improving Nutrition

As a major international food retailer, SPAR can play a key role in the field of nutrition. Across all SPAR markets, we prioritise providing our customers with healthy products and the relevant nutritional information needed to enjoy balanced, healthy diets. Our continued focus on healthy living is demonstrated, for example, by the growing selection of organic, natural, and dietary specific products on offer.

Significant progress has been achieved in the reformulation of products with a specific focus on the removal and reduction of salt, sugar and palm oil. The continued roll-out of healthy product ranges has grown across categories, to provide customers not only with healthy products but also products that suit their lifestyle needs.

As a part of their Rural Hub project, SPAR South Africa launched a nutrition campaign aimed at educating and engaging consumers living in rural communities. To promote the consumption

of fresh vegetables and fruit, a multi-channel campaign was developed to raise awareness of the benefits of healthy eating. The campaign activation included spots on local radio stations, instore activations, instore Point of Sale materials and competitions to inform shoppers.

SPAR Hungary's 'Lifestyle Programme', launched in 2017, was expanded to include a recipe book and in 2018 increased healthy product range from 640 to 1,100 products. SPAR Hungary brought the campaign to life by highlighting it at key sporting events such as the country's largest running event of year, the SPAR Budapest Marathon Festival.

SPAR Ireland's 'Better Choices' was once again a key focus for the company - launching a new summer range encouraging healthier eating choices on-the-go and at home, as well as providing recipes for breakfast, lunch, and dinner.

A continued focus on SPAR Natural by SPAR Spain, SPAR Italy and SPAR International has developed the concept from a stores format to category solutions fitting to all stores.

To complement the focus on healthy eating, at SPAR we are strong believers in the power of sports to further drive consumer health and well-being. Driving healthy living, 2018 saw various sponsorships such as SPAR U.K.'s partnership with U.K. Athletics, SPAR Ireland's partnership with Ireland Athletics, and SPAR International's continued partnership with European Athletics.





**“SPAR SNARØYA IS THE MOST ENVIRONMENTALLY FRIENDLY STORE IN THE NORDICS. IT IS A FLAGSHIP THAT DEMONSTRATES WE ARE INVESTING IN THE FUTURE.”**

*Ole Christian Fjeldheim, SPAR Norway*

**SPAR SNARØYA – INTRODUCING NORWAY’S FIRST ECO-FRIENDLY STORE**

In August, SPAR Norway launched the first eco-friendly SPAR store in the country – SPAR Snarøya. Located in Bærum, a suburb of Oslo, the store makes a significant contribution to NorgesGruppen’s ambition to reduce greenhouse gas emissions.

The supermarket has been built without wall insulation, has its roof covered with grass capturing CO<sub>2</sub> from the atmosphere, and has had 75m<sup>2</sup> of solar panels placed on its façade generating over 7000-kilowatt hour of electricity per year.

Environmentally-friendly LED lighting is used throughout the store and excess heat generated by the refrigerators and freezers is further used to warm the supermarket. When combined, these energy and environmental protective measures save the equivalent CO<sub>2</sub> emission of producing approximately 10 million plastic bags.



**Leadership**

In 2018, we established the Responsible Retailing Forum which allows for knowledge sharing, brainstorming inspiring new ideas and finding opportunities to collaborate. This in turn, inspires and adds value to our SPAR Partners as they design and drive their responsible retailing initiatives in line with their own market objectives.

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.

This unique network of industry leaders has as its ambition to become the global front-runner across our six key areas of responsible retailing through increased dialogue and sharing international best practice.

With our markets facing different challenges, it’s a key priority for SPAR to introduce sustainable alternatives tailored to meet the needs and capabilities of the respective countries. Harnessing Austria’s advanced waste management system, SPAR Austria launched sustainable solutions for its carrier bags and fruit and vegetable bags, opting for biodegradable and compostable, long-life, and paper alternatives. SPAR Ireland introduced compostable coffee cups at its coffee-to-go stations across all SPAR and EUROSPAR stores, estimating it will prevent 19 million coffee cups going to landfill.

Another key focus on tackling plastic waste is the redesign of product packaging across departments, with specific emphasis on reducing unnecessary packaging or providing alternative sustainable packaging solutions.

**Tackling Plastic Waste**

Plastic waste is one of the most pressing issues facing the world today. SPAR wants to play its part to address this problem and is continuously introducing innovative, environmentally friendly packaging solutions whilst also finding ways to improve recycling and waste management practices.

Various initiatives launched in 2018 have centred on community engagement programmes including the introduction of sustainable bags and food-to-go packaging, and the redesigning of packaging for SPAR Own Brand products.

Community programmes launched in 2018 centred on environmental clean-ups and raising awareness, whilst simultaneously promoting the use of sustainable alternatives. SPAR South Africa delivered several campaigns focused on the use of plastic carrier bags. SPAR in the Eastern Cape spearheaded a community clean-up programme, providing free paper bags for 10 collected plastic bags, whilst the Western Cape promoted a plastic bag free day. Similarly, SPAR Slovenia supported the nation’s river plastic clean-up initiative with an instore campaign, nudging consumers to bring their own carrier bags to the stores.

**Sustainable & Local Sourcing**

Ensuring our products provide equal opportunities for farmers and fishermen, have a minimal negative impact on the environment and promote animal welfare are priorities for SPAR Partners across the world. SPAR is also committed to supporting the national economic development of the countries it operates in by offering customers a wide range of local and regional products.

A great example is SPAR Croatia, which increased its local supplier base by 5.8% in 2018. 77% of its food offering is sourced from 400 small, medium, and large local businesses. To promote these products, SPAR Croatia launched a new range named the ‘SPAR Garden of Croatia’ throughout all its SPAR and INTERSPAR stores.

SPAR UK Northern Ireland’s fresh products are 75% sourced locally, making them the biggest supporter of local producers in Northern Ireland. This support is further bolstered by their €30 million ‘Enjoy Local’ range, which includes 100% locally sourced own brand products



**“ IN RECENT SURVEYS, IT’S CLEAR THAT CUSTOMERS ARE WILLING TO BRING REUSABLE BAGS TO OUR STORES WHEN SHOPPING, THEREBY SAVING PLASTIC AND PAPER WHICH IS IN LINE WITH OUR SUSTAINABILITY STRATEGY.”**

*Gerhard Drexel, SPAR Austria*

KEY

**SPAR EXPRESS** < 200M<sup>2</sup>  
A DISTINCT RETAIL FORMAT RESPONDING TO THE CONVENIENCE NEEDS OF TODAY'S CONSUMER LIFESTYLES.

**SPAR 200** - 1000M<sup>2</sup>  
THE LOCAL SUPERMARKET OR NEIGHBOURHOOD STORE.

**EUROSPAR / SUPERSPAR / SPAR SUPERMARKET** 1000 - 2500M<sup>2</sup>  
THE LARGE SUPERMARKET AIMED AT FULFILLING THE NEEDS OF WEEKLY FAMILY SHOPPING.

**INTERSPAR / SPAR HYPERMARKET** > 2500M<sup>2</sup>  
HYPERMARKET FORMAT WITH UP TO 50% OF THE SALES SURFACE IN NON-FOOD.

- WESTERN EUROPE
- CENTRAL & EASTERN EUROPE
- AFRICA & MIDDLE EAST
- ASIA PACIFIC



SALES SHARE % PER REGION

- 79% WESTERN EUROPE
- 10% CENTRAL & EASTERN EUROPE
- 5% AFRICA & MIDDLE EAST
- 6% ASIA PACIFIC



SALES SHARE % PER REGION

- 46% WESTERN EUROPE
- 11% CENTRAL & EASTERN EUROPE
- 38% AFRICA & MIDDLE EAST
- 5% ASIA PACIFIC



SALES SHARE % PER REGION

- 70% WESTERN EUROPE
- 16% CENTRAL & EASTERN EUROPE
- 12% AFRICA & MIDDLE EAST
- 2% ASIA PACIFIC



SALES SHARE % PER REGION

- 49% WESTERN EUROPE
- 26% CENTRAL & EASTERN EUROPE
- 5% AFRICA & MIDDLE EAST
- 20% ASIA PACIFIC

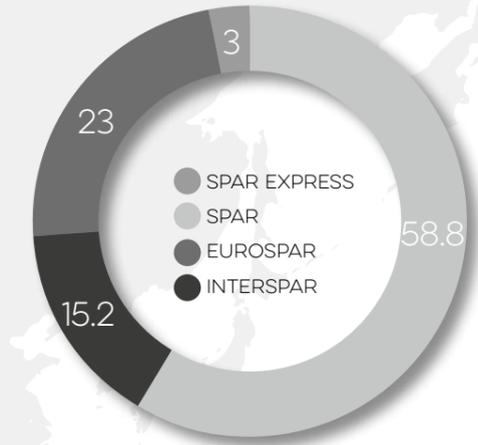
GLOBAL AVERAGE STORE SIZE ACROSS ALL 4 FORMATS PER REGION



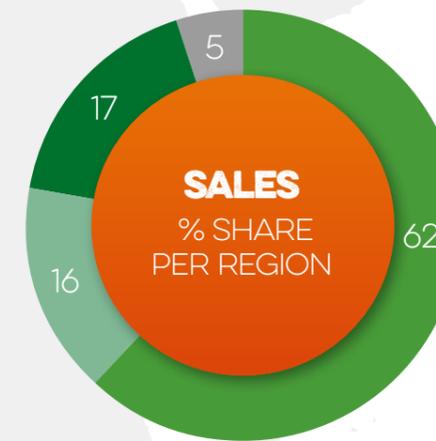
" WITH THE LAUNCH OF SPAR IN FOUR NEW COUNTRIES, COMBINED WITH A GROWTH OF 335 NEW STORES AND A SALES INCREASE OF 5.4% TO €35.8 BILLION, 2018 HAS BEEN ANOTHER EXCEPTIONALLY STRONG YEAR FOR SPAR."

Tobias Wasmuht, SPAR International

GLOBAL SALES % PER FORMAT



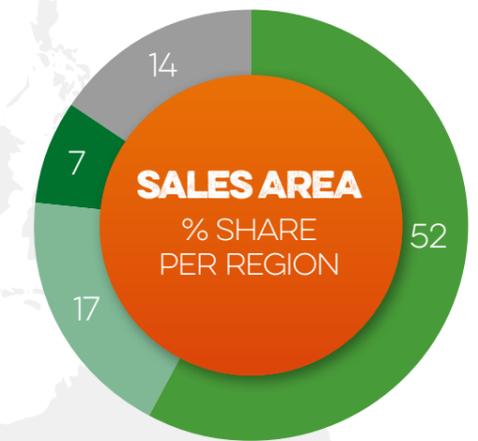
GLOBAL SHARE OF SALES  
€35.8 BILLION



GLOBAL SHARE OF STORES  
13,112



GLOBAL SHARE OF SALES AREA  
7.4 MILLION M<sup>2</sup>



## WESTERN EUROPE

86 NEW STORES

TOTAL SALES OF €22.1 BILLION

4.1% SALES GROWTH OVER PREVIOUS YEAR AT CONSTANT CURRENCY VALUES

### SPAR Austria



€6.88 BILLION SALES

SPAR Austria, with sales of €6.88 billion and excellent growth of 4.0%, is now for the ninth consecutive year in a row, the undisputed growth leader in the supermarket and hypermarket sector in Austria. As a result, SPAR Austria is growing more than twice as fast as the entire food retailing industry in Austria, which Nielsen has estimated as +1.6%.

A focus was placed on converting stores to the new, fresh produce-oriented store concept, which has been rolled out since 2017. At the end of 2018, SPAR Austria operated 1,500 stores with a total sales area of 1,180,296m<sup>2</sup>.

The INTERSPAR online food shop is now available in and around both Vienna and Salzburg, with shoppers either choosing home delivery or pick-up. INTERSPAR is increasing the number of pick-up boxes at train stations.

Last year, the sales share of about 5,000 SPAR Own Brand products was more than 40% of

wholesale sales, an increase of nearly 6%. By the end of 2018, 99% of SPAR Austria's Own Brand products were free of palm oil. 480 tonnes of sugar has been removed from over 200 own brand products, without the addition of artificial sweeteners. This activity is part of SPAR Austria's goal of removing at least 1,000 tonnes of sugar from own brand products by 2020.

In addition, SPAR Austria trialled sustainable, reusable shopping bags in all stores as an alternative to single-use plastic bags. Sustainable solutions for loose fruit and vegetables, introducing drawstring polyester nets in all INTERSPAR Hypermarkets were also trialled.

SPAR Austria donated €4 million to charities such as the SOS Children's Village. There was a focus on reducing food waste, donating an additional 1.3% of unsold food, valued at €14 million, to people and organisations in need.

### SPAR Belgium



5.1% SALES GROWTH

SPAR in Belgium is operated by two partners: Colruyt Group and the Lambrechts Group. The combined turnover breached the billion mark for the first time at €1.05 billion from 319 stores with a total selling area of 157,041m<sup>2</sup>.

SPAR Belgium performed very well in a competitive market, growing at 5.1%. This reflects the investment in store modernisation and customer centric strategies. SPAR Lambrechts for example invested in digital tools bringing independent retailers close to their customers. Other initiatives include a food waste reduction campaign, development of a modern flagship store and expansion of the own brand offer.

Colruyt Group has reduced the salt, sugar and fat content of its own brand products by 140,132 and 106 tonnes respectively. Steps were taken to help customers make informed food choices by introducing a new food labelling system called Nutri-Score, which uses letters and colours to illustrate how healthy foods are.

### SPAR Denmark



9.2% SALES GROWTH

SPAR Denmark focused on building the status of the brand in the market, with the introduction of new innovations and the expansion of premium ranges. With total retail sales area of 86,537m<sup>2</sup> from 139 SPAR Supermarkets, SPAR Denmark ended the year with sales of €531 million, up 9.2% from 2017.

The foundations laid in a new strategy in 2017 have yielded strong growth in sales as a result of continued store driven investment in a new customer proposition: the strongest local supermarket, providing that extra something in everyday life by offering convenient solutions and a relevant assortment, driven by dedicated local independent retailers.

SPAR Denmark has also developed a new instore convenience concept called SPAR Tid, which in Danish means to "save time". The concept can be implemented across all stores either as a full-service instore department with its own production facility or as a smaller instore solution.

### SPAR France



5.5% SALES GROWTH

SPAR France had a strong year of growth in 2018 with retail sales of €1.02 billion, up 5.5% from 2017 and passing the €1 billion turnover mark for the first time. Store numbers totalled 858 with a combined 248,000m<sup>2</sup> of retail sales area. Of the 858 stores, 753 are run by independent retailers and 105 are company owned.

This increase in revenue can be attributed to the results of investment by independent retailers in modernising their stores, increasing the sales area available for fresh produce and incorporating instore bakeries.

Retailers located in tourist locations not only benefit from the brand awareness from the tourists' home markets but also see sales growth during the tourism season. Purchases from the online sales platform which gives options for collection at convenient points or delivery continue to grow across all stores.

### SPAR Germany



3.5% SALES PER M<sup>2</sup> GROWTH

SPAR Germany operates 457 SPAR Express convenience stores across the country with a total of 35,351m<sup>2</sup> of retail selling space, which delivered total retail sales of €312 million with an increase of 3.5% in sales per square metre.

Building on its strength and expertise in the convenience sector, SPAR Germany has developed new SPAR Express concepts and continues to roll out stores in high-traffic and petrol forecourt locations.

In 2018, SPAR Germany fully supported the European Athletics Championships which took place in Berlin, offering consumers prizes to win tickets and attend this prestigious event. Further activities included instore communication, online promotion campaigns and onsite activation. Prizes could be won by sharing the images via Facebook - creating awareness on a wider scale. Over 15,000 fans visited the activation and wore their SPAR branded bibs throughout the day.

## WESTERN EUROPE

### SPAR Greece



The SPAR Brand was re-launched in Greece in 2018 with new SPAR Partner, SPAR Hellas. Following the strategic development of the SPAR Supermarket solution supported by SPAR International, 10 SPAR stores with a combined sales area of 7,304m<sup>2</sup> were opened in 2018, generating turnover of €27 million in less than twelve months.

SPAR Hellas has invested in local suppliers to develop SPAR Own Brand ranges and to source produce regionally and internationally. Good progress has been made with more than 550 own brand products available in the market. Thanks to the partner's excellent collaboration with local suppliers, it's estimated that the range will soon exceed 900 products.

SPAR Hellas plans to open more than 350 SPAR stores nationwide over the next four years, generating an estimated €600 million by 2021 and creating hundreds of jobs in the Greek Economy.

### SPAR Ireland



2018 was a very positive year for SPAR in Ireland. With 457 stores, SPAR Ireland had a strong performance with sales growing by 3.8% to €1.28 billion. Twenty new stores were opened and 41 stores were revamped. Across stores, the group has retail sales area of 119,993m<sup>2</sup>, an increase of 3% over 2017.

The newly announced SPAR strategy to 2021 includes a market leading new look-and-feel to SPAR Ireland stores developed in partnership with SPAR International that has taken the world of convenience retail by storm and is truly unique. Emphasis continued on the roll-out of products as part of the SPAR 'Better Choices' campaign which supports shoppers' choices to live healthier lifestyles.

EUROSPAR became a sponsor of the Irish Heart Foundation's mobile health unit which helps save lives. Diverse sponsorships and charity support initiatives reflect the involvement by the independent retailers in their communities.

### SPAR Italy



In another year of expansion, through modernisation of existing stores as well as the opening of new stores, SPAR Italy added to its retail portfolio, ending the year with 1,246 stores across the country. This growth in retail outlets was also reflected in the increase in turnover which totalled €3.5 billion which was 3.9% higher than the previous year. In line with the growth in store numbers, retail sales area expanded by 2.2% to 755,539m<sup>2</sup>.

Working together to grow the brand, the six regional SPAR Partners in Italy have invested in both the EUROSPAR Supermarket format and the INTERSPAR Hypermarket format during the past twelve months, developing flagship stores, in many cases in consultation with SPAR International. The new stores reflect the focus on the fresh product offer, the extensive locally and regionally sourced SPAR Own Brand ranges and where possible include the shop-in-shop SPAR Natural health-and-wellness concept.

Buying better together in Italy evolved in 2018 when an agreement was reached with SPAR International to supply the over 2,500 SPAR Own Brand products to other SPAR Partners, complementing the existing SPAR International range and the local product ranges. Highlighting access to local expertise, the international range of pasta products was also improved, buying through SPAR Italy.

SPAR Partners in Italy support many worthwhile causes across the country. Particular emphasis is on the disadvantaged in society and also in reducing food waste through donations to those in need. This approach aligns with the corporate social responsibility programme of SPAR Italy which has seen a reduction in plastic usage, increase in energy monitoring and ongoing investment in modernisation of equipment at retail.



## WESTERN EUROPE

### SPAR Malta



**23 STORES BY 2025**

The Azzopardi Group was granted a licence to develop the SPAR Brand in Malta. SPAR Malta has benefitted greatly from international tourists' familiarity with the SPAR Brand. Total sales came in at €1.3 million from 580m<sup>2</sup> of retail sales area, with shoppers positively reacting to the extensive range of SPAR Own Brand products sourced locally, regionally and internationally complementing the strong fresh offer.

### SPAR Cyprus

SPAR Cyprus is initially focusing on opening company-owned supermarkets, before expanding through partnering with independent retailers.

The first store of 1,200m<sup>2</sup> sales area has been warmly received by customers. Sales for this store, which was open less than a full year of trading, was €1.1 million.

### SPAR Netherlands



**15.8% SALES GROWTH**

SPAR Netherlands ended the year with 354 stores, up 93 from 2017 – a result of both the conversion of existing stores to the SPAR Brand, as well as the opening of 100 new SPAR Express petrol forecourt stores. This aggressive store expansion strategy delivered strong results for the group with retail sales of €546 million, an increase of 15.8% from a total sales area of 98,241m<sup>2</sup>.

The growth in store numbers has been complemented by investment in a fully automated distribution centre. Improved training is offered through the SPAR Academy, which provides both traditional and online education and training. Customers have also reacted very positively to the introduction of mobile payment solutions.

Other initiatives include the investment of an expanded vehicle fleet with double-decker and super trucks, which will help reduce mileage, fuel usage and driver hours, as well as overall CO<sub>2</sub> emissions.

### SPAR Norway



**SALES AREA 184,749M<sup>2</sup>**

Sustainability was high on SPAR Norway's agenda in 2018, with the opening of its flagship eco-friendly store, SPAR Snarøya. Environmental, energy-saving measures were implemented throughout the store, leading to a 60% reduction in CO<sub>2</sub> emissions.

The product offer is tailored to suit the market and reflects SPAR Norway's emphasis on healthy living, including driving down salt, fat and sugar in its entire product range, whilst increasing the availability of fruits, vegetables and healthier food options.

Digital innovations included new tools being built into the e-commerce platform launched in 2017, which has been positively received by shoppers. Throughout the supply chain, new technology has been embraced supporting independent retailers operating SPAR and EUROSPAR Supermarkets.

At the end of 2018, SPAR Norway had a sales area totalling 184,749m<sup>2</sup> from 289 stores with an average of 639m<sup>2</sup>. Retail sales for the year came to €1.5 billion.

### SPAR Portugal



**46.8% SALES GROWTH**

Both company-owned and independent retailer operated stores grew during 2018, bringing the total number of SPAR Supermarkets across the country to 136, with sales of €106 million, a growth of 46.8% over the previous year.

There were 71 stores sub-licensed to independent retailers and 66 stores company-owned stores open at year end, with a combined selling area of 34,478m<sup>2</sup>. Independent retailers, keen to benefit from the voluntary trading model of SPAR, have been attracted to the brand.

A strong focus in 2018 was on the development of the SPAR Own Brand range to include more internationally sourced products that complement the regionally sourced range.

Further focus was given to the inclusion of digital technology to offer loyalty programmes for consumers whilst using other tools to support retailers, thereby increasing retail operational efficiency.

### SPAR Spain



**6.1% SALES GROWTH**

The retail sales from the 1,133 stores nationwide, operated by 13 regional partners, totalled €1.47 billion, which is a strong increase of 6.1% over the previous year. The total retail sales area of 454,027m<sup>2</sup> also reflects the growth in store numbers, having increased over 2017 by 3.6%.

Further roll-out of the SPAR Natural health-and-wellness concept took place, developing the shop-in-shop solution as well as the stand-alone retail store option. Other retail initiatives include a focus on the instore bakery and coffee offer whilst investment by partners into Distribution Centres is ongoing.

The partners in Spain all have extensive community involvement, supporting a number of charitable organisations focused on improving the quality of life of disadvantaged residents or promoting healthier lifestyle choices. Sport is included in this focus, with a number of local sponsorships providing access to much-needed funding and support.

### SPAR Switzerland



**€481 MILLION SALES**

At year end, SPAR Switzerland had a total of 181 stores with a total retail selling area of 69,377m<sup>2</sup> and combined retail sales of €481 million.

The focus was on the modernisation of stores and implementation of new innovations, such as the Bean Tree coffee concept, rolled out to 40 stores, linking with the transformation of the bakery offer to the new SPAR Bake-Off Solution.

In the last quarter of 2018, three stores introduced the shop-in-shop SPAR Natural category solution. The success to date has been good and a further 20 stores are set to welcome the concept in 2019.

Customer loyalty was another area that received a lot of attention in 2018. The SPAR Friends customer card was successfully launched with cardholders embracing the benefits. SPAR Own Brand remains popular and as an addition to the existing ranges, the new Fresh-to-Go range was launched, offering shoppers the best fresh products for direct consumption.

### SPAR UK



**3.6% SALES GROWTH**

SPAR UK had a very good year in 2018 with retail sales of €3.3 billion for the calendar year, an increase of 3.6% in constant currency values, reflecting the ongoing investment in modernisation of the retail formats. SPAR UK is outperforming the symbol sector and is now the only symbol for truly independent retailers in the UK. The retail selling area grew by 5.1% to 403,755m<sup>2</sup> from a total of 2,598 stores nationwide.

SPAR UK has a rich history in family-owned independent retailing with stores successfully serving local communities and play a significant role in promoting local in terms of employing local people, selling local products and contributing to numerous local charities and events.

SPAR UK is demonstrating its responsible retailing credentials by reformulating products to reduce sugar and calories as well as reducing the amount of plastic packaging – SPAR Own Brand water bottles now contain up to 51% recycled plastic.

Investment continued in developing people through a variety of training initiatives across the five partners who also collaborate on procurement programmes and share best practice in

distribution centre operation. SPAR UK also works with great national retail partners such as EuroGarages which is reflected in the growth of petrol forecourt retailing. Customer loyalty has been growing, partly attributable to the increased strength of the fresh offer instore, the expansion of the SPAR Own Brand range and also to the innovative online loyalty promotions.

Sponsorship of UK Athletics has increased brand visibility with SPAR visibility not only on television but also on digital platforms. SPAR UK drove support for sport and community initiatives through the link with UKA in its People's Podium campaign, providing much needed funding to worthy sporting programmes.



**CENTRAL & EASTERN EUROPE WAS THE REGIONAL GROWTH LEADER FOR SPAR WORLDWIDE FOR THE SECOND YEAR IN A ROW**

## CENTRAL & EASTERN EUROPE

**212 NEW STORES**

**TOTAL SALES OF €5.8 BILLION**

**15.8% SALES GROWTH OVER PREVIOUS YEAR AT CONSTANT CURRENCY VALUES**

### SPAR Hungary



**9.8% SALES GROWTH**

SPAR Hungary's sales grew by 9.8% to €1.93 billion from 555 stores, 174 of which are run by independent retailers. SPAR petrol forecourt stores continue to perform well, with 102 in operation.

Six new, company-owned SPAR Supermarkets were opened whilst significant investment was made into the refurbishment of 17 company-owned stores.

SPAR Hungary opened a food production facility which supplies quality products to its stores nationwide, reflecting the focus on fresh.

Sustainability initiatives include the introduction of bio-degradable, compostable bags, recycled PET bags and a campaign against food waste. SPAR Hungary's Lifestyle Programme now includes an expanded range of healthy products and recipes targeting the health-conscious consumer.

The 33rd SPAR Budapest Marathon Festival saw a record number of 33,500 runners and resulted in the donation of over 500 storybooks for children in need as part of SPAR Hungary's partnership with the Hungarian Maltese Charity Service.

### SPAR Slovenia



**4.1% SALES GROWTH**

SPAR Slovenia ended 2018 with 123 stores, comprising 109 SPAR Supermarkets and 13 INTERSPAR Hypermarkets with a total selling area of 165,084m<sup>2</sup>. Sales increased by 4.1% to €816 million.

Investment in the modernisation of the existing store network led to the INTERSPAR Hypermarket in Vič becoming one of the most cutting-edge stores in Slovenia. In addition, six new stores were opened by independent retailers.

SPAR Slovenia launched ecommerce in early 2018, offering almost 17,000 products. In the first year, more than 20,000 orders were received, of which 81% were home deliveries and 19% collected from the dedicated pick-up and pay drive-in station.

A key focus for SPAR Slovenia has been the reduction of salt and sugar in own brand products plus increased availability of organic and vegan ranges. The third season of the successful Start it up, Slovenia! campaign was run, providing local entrepreneurs with a chance to win an exclusive contract with SPAR to sell their products.

### SPAR Croatia



**15% SALES GROWTH**

SPAR Croatia's impressive increase in sales of 15.3% to €688 million was a combined result of the acquisition and conversion of 41 Billa stores in 2017 and investment in developing two INTERSPAR Hypermarkets and five SPAR Supermarkets.

At year end, a total of 110 stores with a total of 156,008m<sup>2</sup> retail sales area were operating. SPAR Croatia is now the third largest food retailer in the country with 21 INTERSPAR Hypermarkets and 89 SPAR Supermarkets, employing a total of 4,481 people.

Continued expansion of the SPAR Own Brand range, lowering salt content where necessary in line with the trend towards healthier food choices, has been welcomed by shoppers. SPAR Croatia is proud to be the food retailer with the most locally-sourced products in the country.

Customers responded positively to the focus on local sourcing with two promotional campaigns – The Gardens of Croatia, and 'Yes, it is local!' – performing particularly well.

## CENTRAL & EASTERN EUROPE

### SPAR Russia



**27.8% SALES GROWTH**

SPAR Russia had another strong year of growth, with 27.8% increase in retail sales, in constant currency values, which totalled €2.0 billion. The sales were generated from a total of 534 stores across the country, an increase of 15% over the previous year.

Investment in 2017 which had seen the roll-out of stores taking place in the capital city Moscow, resulted in higher levels of brand awareness and the establishment of flagship stores. Growth continued to characterise the business with the introduction of more EUROSPAR Supermarkets.

The ongoing roll-out of the brand into new locations and investment by partners into developing their existing portfolio saw the total retail sales area grow by 12% to 419,597m<sup>2</sup>.

SPAR Own Brand remains a key contributor to the overall development of the business, introducing an ever-growing number of products across the country, complementing locally sourced ranges.

The roll-out of e-commerce continued, with Nizhny Novgorod and Moscow both generating sales growth. Another driver of customer loyalty has been the ongoing development of the loyalty card programme, unique to each region, with a tailored offer to suit the local market.

As the partners continue to expand both their retail network and their distribution capacity, the need for skilled personnel is increasingly difficult to meet. This is being addressed by SPAR Russia through a growing investment in both online and classroom style training.

The SPAR Partners in Russia work together to share best practice in retail and supply chain whilst bringing their buying power together to offer shoppers the best value for money.

### SPAR Poland



**7.8% SALES GROWTH**

In Poland, despite changes in store opening legislation and pressures on supply chain operations, SPAR grew at retail to sales of €263 million, an increase of 7.8%. The retail sales area from 250 supermarkets amounts to 65,632m<sup>2</sup>.

The independent retailers operating the SPAR Brand in Poland under license have continued to modernise the retail offer, in line with international best practice and based on learnings from SPAR Partners around the world. The neighbourhood sector in Poland offers significant growth potential.

Community involvement remains an integral part of local business for SPAR retailers in Poland, resulting in extensive support for local sports events and charities. The promotion of healthy living was high on the agenda in 2018.

### SPAR Azerbaijan



**40.1% SALES GROWTH**

SPAR Azerbaijan has adopted the multi-format strategy typical of the brand in its company-owned stores. A further six stores were opened, bringing total store numbers to 13. The retail selling area increased by 38% to 7,525m<sup>2</sup>, while overall turnover came in at €26 million, an increase of 40.1% reflecting the improved focus on ranging, shopping experience and better pricing.

Learnings from the initial openings have been taken into account during the further roll-out and conversion from existing formats to the SPAR Brand. The expansion has resulted in continued investment in the development of retail skills for the teams instore, particularly in terms of ensuring a full understanding of the core SPAR values and principles.

Range development and category management were two other areas of focus in 2018 with a growing selection of SPAR Own Brand products complementing other locally and internationally sourced assortments.

### SPAR Georgia



**89.7% SALES GROWTH**

SPAR Georgia experienced rapid expansion through both the conversion of existing formats and the sub-licencing of independent retailers. The development of a new Distribution Centre complemented the growth of the retail network, ensuring high standards of service to all SPAR outlets.

The number of stores increased from 42 to 110 – an impressive milestone to have reached in just four years of trading. The retail selling space grew 168% to 17,531m<sup>2</sup>, while sales increased by 89.7% to €48 million.

The rapid growth has led to the creation of nearly 2,000 jobs and a focus has been placed on developing the retail skills of employees. Brand awareness was increased through innovative marketing campaigns and digital platforms.

In addition to supporting local charities, SPAR Georgia helped raise funds for the refurbishment of an autism centre for children – the first of its kind in the Caucasus region.

### SPAR Albania



**33% STORE INCREASE**

In a year of strong growth, SPAR Albania added 10 stores to total 40, of which 22 are operated by independent retailers. With this 33% increase, the retail selling area has grown by 43% to 29,546m<sup>2</sup>. Retail turnover for the year came to €47 million – an increase of 19.4% on 2017.

Despite the fact that SPAR only began trading in Albania in 2016, there is strong brand awareness in the market. A good example of this is the significant increase in the number of households adopting the 'My SPAR Card' loyalty programme.

SPAR Own Brand products sourced locally, regionally and internationally provide SPAR Albania the possibility to differentiate its retail offering and encourage customer loyalty.

SPAR Albania continued to support the local community with impactful initiatives such as the Hello Project, a unique programme focusing on the integration of children with disabilities – providing health care support and assisting family members with care training and advice.

### SPAR Ukraine



**64.8% SALES GROWTH**

Three years ago, a new company was licensed to operate the SPAR Brand in Ukraine and since then, there have been significant changes which have led to a 64.8% increase in retail sales of €9.6 million from 17 SPAR Supermarkets, operating from a total retail sales area of 4,778m<sup>2</sup>.

The development of new EUROSPAR Supermarkets in line with modern shopping trends reflects the ongoing investment in the SPAR Brand and complements the refurbishment of existing SPAR Supermarkets to meet local customer expectations.

SPAR Own Brand is increasingly accepted by the local customers, delighted with not only the locally sourced speciality products, but also the choice of regionally and internationally sourced items which complement the overall retail offer. The focus on product ranging has been extended to category management, supported by the SPAR International team and by look and learn trips to other SPAR markets.

### SPAR Belarus



**60 STORES BY 2021**

In its first full year of trading, SPAR Belarus achieved €4.9 million in retail sales. By year-end, there were a total of three SPAR stores in operation with 2,311m<sup>2</sup> of retail selling space. Each of the stores has a strong fresh offering, complemented by SPAR Own Brand ranges sourced locally, regionally and internationally.

In the first quarter of 2018, SPAR Belarus introduced its loyalty card, Vygodna, allowing customers to benefit from refunds of up to 5% on all purchases, as well as attractive promotions and birthday and holiday surprises.

### SPAR Kosovo

In January 2019, a license was granted to a consortium that is keen to develop the SPAR Brand in Kosovo through a strong retail and distribution network. There is potential in the market to develop both small neighbourhood stores and larger supermarkets, with the objective of having 35 SPAR stores in operation by the end of 2023.

## AFRICA & MIDDLE EAST

**76 NEW STORES**

**TOTAL SALES OF €5.91 BILLION**

**8.2% SALES GROWTH OVER PREVIOUS YEAR AT CONSTANT CURRENCY VALUES**

### SPAR South Africa



**5.7% SALES GROWTH**

SPAR South Africa experienced continued growth with new store openings, ending the year at 887 stores, with a total sales area of 1,032,721m<sup>2</sup>, breaking the billion mark for the first time. SPAR South Africa's turnover grew to €4.9 billion, an increase of 5.7% at constant 2018 exchange rates for the full calendar year of 2018.

The 2018 strategy review, underpinned by extensive background research, helped identify key trends, opportunities and challenges, and gave insight into where SPAR could make a real difference. The strategy process was further guided by the Sustainable Development Goals (SDGs) which assisted in defining themes for SPAR around equality, poverty reduction, human settlement, food and nutrition, sustainable growth and quality education.

New retail concepts such as SPAR Natural, launched as a shop-in-shop concept, available in six regions and 30 stores nationwide with ongoing additions to the product range are being trialled.

Building on the learnings from other SPAR markets with forecourt retailing and from trial stores, the expansion of the SPAR Express format in partnership with Shell at petrol forecourt locations continued.

There was ongoing investment in staff training through the SPAR Training Academy. For the fifth year, the company was named Top Employer, an award that recognises organisations that successfully demonstrate an exceptional HR environment and employee offering.

As part of its sustainability strategy, SPAR South Africa continued the fight against plastic waste in 2018 by launching a new range of eco-friendly shopping bags.

SPAR South Africa invested in local sourcing through farmer training as part of the SPAR Rural Hub Project and in a new nutrition campaign.

### SPAR Botswana



**19.2% SALES GROWTH**

SPAR Botswana total retail sales in 2018 grew by 19.2% to €185 million from a total of 33 stores, comprised of eight SUPERSPAR and 25 SPAR Supermarkets, spread across the country, with a sales area of 34,135m<sup>2</sup>. Investment in three flagship stores reflects also the 10% growth in store numbers over the previous year.

The new store developments resulted in positive market share growth and further opportunities have been identified for growth outside of the capital city.

The "My SPAR, My Botswana" campaign continues to be a huge success, creating excitement among shoppers with customer count increasing during the promotion and converting many to regular patrons. The Local Rewards card, an instant gratification, electronic couponing system whereby customers qualify for additional instant discounts on selected products, is also very popular and successful. The Local Reward scheme has led to continued increases in average basket spend.

### SPAR Namibia



**6.2% SALES PER M<sup>2</sup> GROWTH**

Despite economic challenges in the country, SPAR Namibia's turnover totalled €159 million, growing 3.9% in local currency. Store numbers remained at 30, with 25 SPAR Supermarkets and five SUPERSPAR stores operating; expansion within stores increased the sales area to 33,952m<sup>2</sup>.

The strong focus on the fresh offer is welcomed by shoppers, with a number of instore butcheries and bakeries complementing the fresh produce section. Specialties are sourced locally, supplementing the internationally sourced range of SPAR Own Brand products available.

There is continued focus on upskilling employees across the business, working with the SPAR South Africa and SPAR Botswana Training Academies, which offer online programmes across a variety of retail areas.

Involvement in national and local corporate social responsibility activities remains another key area of focus for SPAR Namibia.

### SPAR Mozambique



**56.2% SALES GROWTH**

The retail selling area for SPAR Mozambique now totals 19,001m<sup>2</sup>, a growth of 85% over the previous year, with €60 million in sales, an increase of 56.2%.

SPAR Mozambique again increased its store numbers, ending the year with 12 stores, up from nine in 2017, with a presence in all major cities in the country. SPAR Mozambique operates both SPAR neighbourhood stores and large SUPERSPAR Supermarkets. The SUPERSPAR stores are particularly popular due to the extensive range of products on offer.

### SPAR Seychelles

SPAR South Africa provides retail development, design and supply support to the independent retailer operating the 895m<sup>2</sup> SPAR Supermarket on Eden Island which generated retail sales of €5.2 million in 2018. The retailer benefits also from the brand awareness which tourists to the island recognise.

### SPAR Nigeria



**8% SALES GROWTH**

SPAR Nigeria has continued to invest in its retail network, ending 2018 with 14 hypermarkets covering 43,385m<sup>2</sup>, generating retail sales of €110 million, an increase of 8%. The growth in store numbers as they enter new areas and their reputation for quality is helping SPAR Nigeria secure its position at the forefront of the formal retail sector.

Local sourcing remains an integral part of SPAR Nigeria's sustainability strategy, with support given to entrepreneurs by listing locally-sourced SPAR Own Brand products. Partnerships with local farmers have been strengthened, improving the quality and nutritional value of locally-sourced fresh produce. SPAR UHT Milk, sourced through SPAR International, has also proven popular with customers.

Community engagement initiatives, such as the SPAR Football Challenge, continue to build strong brand recognition whilst fostering a spirit of community typical of the SPAR Brand.

## AFRICA & MIDDLE EAST

### SPAR Zimbabwe



**39.1% SALES GROWTH**

In an incredibly challenging economic environment, SPAR Zimbabwe continued to open new company-owned stores in 2018; 14 stores of the 36 are company-owned, with a combined sales area of 27,658m<sup>2</sup>. Retail sales for the year were €154 million, an increase of 39.1%.

Ongoing investment into staff training remains a focus with competitors seeking well trained employees, making retention a challenge.

SPAR Zimbabwe is actively involved in the local community, helping to make a difference through charitable SPAR-sponsored events. In an effort to tackle plastic waste, a plastic-free awareness campaign was launched, offering customers paper carrier bags and organising community clean-up activities. The initiative has led to positive publicity and attracted the attention of local government agencies and packaging manufacturers who have offered assistance in developing an affordable solution to ensure that the plastic-free campaign being championed by SPAR Zimbabwe becomes a national campaign.

### SPAR Zambia



**€38 MN RETAIL SALES**

SPAR Zambia closed out the year with 13 SPAR Supermarkets trading out of 24,954m<sup>2</sup>, of which 8 are company-owned and 5 sub-licensed to independent retailers. Total retail sales for the year were €38 million.

A new management team has identified the need for the modernisation of the existing store estate, working with independent retailers on their store plans and setting in place a strategy to refresh corporate stores, improve margins and expand the SPAR Own Brand offer.

Staff training remains a key focus and was undertaken throughout the business, from store managers to cashiers. There will be ongoing investment in the coming 12 months to ensure continued success in this area.

Marketing activations include the use of social media, which is a growing channel for interaction with shoppers.

### SPAR Cameroon



**65.6% SALES GROWTH**

In January 2018, the second store in the country opened in the coastal town of Kribi – a popular tourist destination. Retail sales were €13.9 million an increase of 65.6% over last year, from 4,245m<sup>2</sup> of sales area from one supermarket.

SPAR Cameroon has identified growth opportunities in convenience with plans to roll out a further five stores in 2019. To facilitate the ongoing expansion plans, SPAR Cameroon is investing in distribution centre infrastructure and operations.

SPAR Own Brand is popular with customers with good sales of the newly introduced SPAR UHT Milk sourced through SPAR International. SPAR Cameroon plans to expand the current range of 400 SPAR Own Brand products sourced locally and internationally.

### SPAR Malawi



**70.2% SALES GROWTH**

Since launching in 2015, SPAR Malawi, owned by licensed partner, People Trading Corporation, has trialed different solutions before introducing more stores into the market. Based on learnings from these trials, three new stores were opened in 2018 resulting in the operation of a total of seven stores with retail sales of €10.6 million. This expansion has resulted in 5,468m<sup>2</sup> being added to the retail sales area, which totalled 8,318m<sup>2</sup>.

Sourcing of quality fresh produce remains a challenge, so SPAR Malawi has invested in staff training to provide good customer service, focusing especially on fresh service training.

### SPAR Mauritius

At the end of 2018, an agreement was reached between SPAR Mauritius and SPAR International to conclude the license to operate the SPAR Brand. Retail sales of €24 million were reported for the five stores operating.

### SPAR UAE



**17.6% SALES GROWTH**

SPAR UAE, a division of Abu Dhabi Co-operative, again invested in brand development in 2018, opening a further five stores to total 30, covering a total of 34,865m<sup>2</sup>. Sales grew to €147 million, growth of 17.6%. Expansion into Dubai has begun, and SPAR UAE intend to open 30 more stores across the country.

The SPAR Own Brand range sourced locally, regionally and internationally was also strengthened. The fresh offer was invigorated with a wide range of items sourced from local producers. SPAR Supermarkets in the UAE boast a full and modern offering with the food range tailored for locals, expats and tourists.

Investment in staff training continued, providing opportunities for skills development and sharing with employees the company's mission, vision and goals.

SPAR UAE currently has plans in place to open 30 more stores.

### SPAR Saudi Arabia



**€32 MILLION SALES**

2018 saw the launch of the SPAR Brand in Saudi Arabia with the opening of the first three SPAR Supermarkets in Riyadh in January, followed by two more stores in November to close out the year with five SPAR Supermarkets and a total retail sales area of 13,193m<sup>2</sup>. At year end, retail sales totalled €32 million.

A focus has been placed on building the brand through marketing campaigns and developing a SPAR culture amongst employees. The team have benefited from access to international training programmes and job placements in other markets to improve skills.

SPAR Saudi Arabia has invested heavily in developing an efficient and effective end-to-end supply chain. The modernisation of its warehouse facility and improved operations have resulted in triple the amount of volumes handled, with lead times of 24 hours and service levels of 97%.

### SPAR Oman



**15% SALES GROWTH**

SPAR Oman saw an increase in retail sales of 15%, bringing their turnover for the year to €31 million from a total of 28 stores across the country with 12,183m<sup>2</sup> of sales area, an increase of 47%. The increase in store numbers by 17% is partly attributed to the ongoing development of the SPAR Brand through our voluntary trading model, growing independent retailers.

Support for local entrepreneurs is not only reflected in the retail store growth but also in the expanding number of SPAR Own Brand products which are sourced locally, enabling small-scale producers to introduce their products into the formal retail market.

SPAR Oman is renowned for their work in the community, with a number of programmes targeting health and wellness being available for the retail teams and for customers. SPAR Oman were recognised as the most trusted brand by the national press.

### SPAR Qatar



**€15.6 MILLION SALES**

SPAR Qatar reported sales last year of €15.6 million from its first three stores, which opened within a fifteen-month period. The total sales area of these stores is 5,796m<sup>2</sup>. Further expansion plans are in place for other key cities.

Al Wataniya International Holding is the licensed partner for the market with extensive expertise in the FMCG sector and expert knowledge of the supply chain. Investment in training to develop skilled retail staff has been key to the success of the business so far.

Brand awareness has been developed through innovative marketing campaigns and the locally, regionally and internationally sourced SPAR Own Brand products have been well received.

## ASIA PACIFIC

39 NEW STORES

TOTAL SALES OF  
€1.96 BILLION

OVER 1,000,000  
M<sup>2</sup> IN RETAIL  
SALES AREA  
ACROSS SEVEN  
COUNTRIES

### SPAR China



€1.5 BILLION SALES

SPAR China's footprint in 2018 accounted for an impressive 830,043m<sup>2</sup> and sales of €1.5 billion with particularly strong growth in Shandong and Guangdong Provinces.

Utilisation of the multi-format strategy inherent to SPAR is a contributing factor to the growth in the market. Nationwide there are 43 convenience stores, 159 neighbourhood supermarkets, 76 large supermarkets and 74 hypermarkets.

Investment has continued into the roll out of modern, world-class stores, continually adapting the in-store offer in line with growing trends and to meet shopper expectations. A rise in food-to-go solutions has improved the return per square metre. This investment is reflected in the 12 state-of-the-art distribution centres and six central production centres operating across China.

There has been an ongoing focus on the improvement of the supply chain by all of the partners in China, improving the productivity and managing costs whilst embracing modern technologies.

Understanding the modern customer and their expectations, SPAR China is increasingly at the cutting edge of retail technology. Innovations include the use of facial recognition payment technology and engaging with customers in-store through mobile applications, including scan & go solutions, which has led to 75% of overall sales transactions being conducted by mobile payment.

SPAR China will move in the coming year to a renewed focus on buying better together, building on successful programmes for joint purchasing and expanding the possibilities for a strong own brand offer.

### SPAR India



24.5% SALES GROWTH

SPAR India had a good year in 2018, growing from 18 SPAR Hypermarkets to 24, with an increase in retail sales area of 29% to 106,697m<sup>2</sup>, and a total turnover of €179 million, an increase of 24.5%.

The Leadership Development Programme has been successful for SPAR India, increasing knowledge and supporting the overall goal of motivating teams – making SPAR an attractive employer in the market.

A strong focus was placed on the implementation of new technologies both for retail and distribution parts of the business.

A highlight of the year was the hosting of the 63rd International SPAR Congress in May – an event that showcased SPAR India's developments in retail to a delegation from 44 SPAR countries.

SPAR India continued to build on its community engagement activities, running for the second time its internationally renowned 'Season of Joy' campaign in the lead up to Christmas, supporting children in need.

### SPAR Australia



3.7% SALES GROWTH

A core focus area for SPAR Australia in 2018 was the development of their SPAR Own Brand range of products, offering retailers a wider assortment and consumers value for money. To complement the locally sourced ranges, products have been secured regionally and internationally. The growing number of items creates a key differentiator for SPAR retailers in a highly competitive market.

The retail sales from 131 SPAR stores totalled €194 million which was an increase of 3.7% over the previous year. The investment into retail modernisation has been a key contributor to the increase in retail sales area to 46,585m<sup>2</sup>.

The format review which began in 2017 was concluded, with all retail outlets having optimised their assortment.

### SPAR Sri Lanka



50 STORES BY 2023

SPAR Sri Lanka opened the first SPAR Supermarket in April 2018 and had three stores open at year-end with 2,200m<sup>2</sup> of sales area, delivering €1 million in sales.

Customers have reacted positively to the fresh offer, the locally sourced specialities, as well as having access to internationally sourced ranges of SPAR Own Brand products.

SPAR Sri Lanka is a partnership between SPAR South Africa and Ceylon Biscuits Limited. Ambitious plans have been announced to open 50 new SPAR stores in the country by 2023, primarily by developing independent SPAR retailers, in keeping with SPAR's independent retailing ethos. The high-quality stores will offer great value and choice, with a focus on freshness and excellent service.

### SPAR Thailand



96.1% SALES GROWTH

In its second full year of trading, SPAR Thailand grew store numbers by 36% to 45 with 6,045m<sup>2</sup> sales area and €10 million in retail sales, an increase of 96.1%.

The move to partner with independent retailers proved positive, allowing the brand to grow further in the convenience sector. The independent retailers benefit from the unique product and service offer from SPAR Thailand.

In the search for sustainable, innovative products, SPAR Thailand ran a SPAR Own Brand product contest resulting in 15 new products being sold in SPAR stores. The contest supported small-scale producers, fostering local employment and pride in nationally produced items.

SPAR Thailand also led a nationwide campaign to reduce plastic waste. Customers were encouraged to use long-life shopping bags and funds were raised to donate cotton bags to hospitals throughout the country.

### SPAR Pakistan



€6.2 MILLION SALES

The entry of the SPAR Brand into Pakistan has been focused on the development of stores in the country's largest city, Karachi. In its first full year of trading, SPAR Pakistan ended 2018 with retail sales of €6.2 million from its two stores in operation, with a total sales area of 1,806m<sup>2</sup>.

A lot of attention has been given to the sourcing of locally produced speciality products to complement SPAR Own Brand items sourced regionally and internationally.

Developing retail teams has required a lot of investment by SPAR Pakistan, with learnings being gained through access to the online international training academy of SPAR International and practical on-the-job training supported by the global team.

# 2018 STATISTICS

ALL SALES ARE REPORTED IN EUROS USING CONSTANT ANNUAL AVERAGE EXCHANGE RATES

\* SRI LANKA, MALTA AND CYPRUS LAUNCHED DURING 2018 SO RESULTS DO NOT REFLECT A FULL YEAR OF TRADING.

Country	Year joined SPAR	Retail Sales 000's	Retail Store Numbers	Retail Sales Area (m <sup>2</sup> )	Average Store Size Area (m <sup>2</sup> )
AUSTRIA	1954	6.880.000	1.500	1.180.296	787
SOUTH AFRICA	1963	4.924.157	887	1.032.721	1164
ITALY	1959	3.509.698	1.246	755.539	606
UNITED KINGDOM	1956	3.321.257	2.598	403.755	155
RUSSIA	2000	2.000.715	534	419.597	786
HUNGARY	1992	1.934.951	555	421.680	760
CHINA	2004	1.550.802	353	830.043	2351
NORWAY	1984	1.526.412	289	184.749	639
SPAIN	1959	1.474.507	1.133	454.027	401
IRELAND	1963	1.284.686	457	119.993	263
BELGIUM	1947	1.049.082	319	157.041	492
FRANCE	1955	1.022.300	858	248.000	289
SLOVENIA	1992	815.974	123	165.084	1342
CROATIA	2004	687.822	110	156.008	1418
NETHERLANDS	1932	546.211	354	98.241	278
DENMARK	1954	531.304	139	86.537	623
SWITZERLAND	1989	481.147	181	69.377	383
GERMANY	1953	312.082	457	35.351	77
POLAND	1995	263.498	250	65.632	263
AUSTRALIA	1994	194.137	131	46.585	356
BOTSWANA	2004	184.879	33	34.135	1034
INDIA	2014	179.381	24	106.697	4446
NAMIBIA	2004	159.080	29	33.952	1171
ZIMBABWE	1969	153.934	36	27.658	768
UAE	2011	147.128	30	34.865	1162
NIGERIA	2009	110.781	14	43.385	3099
PORTUGAL	2006	105.896	136	34.478	254
MOZAMBIQUE	2012	60.331	12	19.001	1583
GEORGIA	2014	48.417	110	17.531	159
ALBANIA	2016	47.205	40	29.546	739
ZAMBIA	2003	37.776	13	24.954	1920
SAUDI ARABIA	2016	32.174	5	13.193	2639
OMAN	2014	31.188	28	12.183	435
GREECE	2018	27.152	10	7.304	730
AZERBAIJAN	2014	26.339	13	7.525	579
MAURITIUS	2000	23.722	5	5.700	1140
INDONESIA	2015	22.091	15	21.300	1420
QATAR	2015	15.566	3	5.796	1932
CAMEROON	2014	13.885	1	4.245	4245
MALAWI	2014	10.623	7	8.318	1188
THAILAND	2016	10.315	45	6.045	134
UKRAINE	2001	9.635	17	4.778	281
PAKISTAN	2017	6.253	2	1.806	903
SEYCHELLES	2015	5.204	1	895	895
BELARUS	2016	4.993	3	2.311	770
MALTA *	2016	1.371	2	580	290
CYPRUS *	2017	1.161	1	1.200	1200
SRI LANKA *	2017	1.000	3	2.200	733
<b>TOTAL</b>		<b>35.788.221</b>	<b>13.112</b>	<b>7.441.838</b>	<b>568</b>

# 2015 - 2018

FEATURED BELOW ARE SOME OF THE CUMULATIVE GROWTH FIGURES OF SPAR PARTNERS DURING THE FIRST 3 YEARS OF THE SPAR BETTER TOGETHER STRATEGY.



'BETTER TOGETHER' GROWTH