



# better together

SPAR International Annual Review 2019



# RESULTS 2019

**€37.1  
BILLION**

Total Sales

**4.35%**

Sales growth using  
constant annual average  
exchange rates

**€4,969**

Average Annual Sales  
per m<sup>2</sup>

**48** COUNTRIES

**13,320** STORES

**7.45 MILLION m<sup>2</sup>** RETAIL SALES AREA

**14 MILLION** CUSTOMERS PER DAY

**370,000** SPAR COLLEAGUES

**107** RETAIL & WHOLESALE PARTNERS

**253** DISTRIBUTION CENTRES

**208** NEW STORES

**560m<sup>2</sup>** AVERAGE STORE SIZE



Tobias Wasmuht, Managing Director,  
SPAR International

"SPAR is unique. Our global SPAR network in 48 countries and partnership with suppliers across four continents gives us the reach and the scale of a truly global marketplace."

## STRONG GROWTH WORLDWIDE

Our purpose is to grow our brand, our presence and our partners by enhancing the competitiveness, productivity and profitability of our retail and wholesale partners worldwide. Over the last five years SPAR internationally has recorded sustained strong growth with a compound annual growth rate (CAGR) of 4.4%. In 2019, SPAR continued that growth drive with an increase of 4.35% in total revenue, achieving a global turnover of €37.1 billion.

2019 marked the fourth year of our international SPAR: Better Together strategy which targets growth through maximising the economies of scale of SPAR by reaping global synergies of the SPAR worldwide organisation, and fast tracking innovations and development through a global network in 48 countries worldwide.

Consistent expansion in store numbers over the last five years with the addition of 1,200 stores in that period, meant that, at the end of 2019, SPAR operated 13,320 SPAR stores worldwide across four continents. Total retail sales area increased to exceed 7.45 million m<sup>2</sup>, driven by new store openings, as well as expansion and modernisation of existing store networks. Overall, store numbers increased by 208 on the previous year.

Growth was achieved by all five core geographic regions in which SPAR operates, with Central and Eastern Europe recording the most significant increase in sales of 6.83% to a historic high of €6.2 billion. For the third year in a row, the region has been the international SPAR growth leader and this sustained growth was driven by the continuous investment in modernisation and the expansion of the SPAR brand in key markets including Russia, Hungary, Slovenia and Croatia.

In the face of intensified international competition, SPAR has performed well and a key commonality in 2019 was the outperformance of SPAR in many of the key markets and countries we operate in. The strength of our international network and growth in our distribution and supply chain operations has delivered significant competitive advantages for our stores and retailers, allowing agility and a speed of response to changing consumer and market trends. Our multi-format strategy encompassing hypermarkets, supermarkets, neighbourhood stores, convenience and online retail, strengthens our ability to provide adaptability and allows us to best meet the needs of the communities we serve worldwide.





## OUR GROWTH

### Western Europe

Across the 16 countries that SPAR operates in Western Europe, SPAR had an exceptionally strong year as sales grew 3.57% compared to 2018, with total sales across the region of €22.9 billion, equating to 62% of our global turnover.

SPAR Austria, for the tenth year in row, was market growth leader in the Austrian grocery sector, producing an outstanding performance. Significant investment in store modernisation across all formats delivered revenue of €7.19 billion - up 4.5% from €6.9 billion in 2018 - and solidified its dominant market position.

SPAR Netherlands achieved an unprecedented growth of 22.8%, which sees the success of the continuous investment and modernisation strategy for the brand. Over the last four years SPAR Netherlands has grown with CAGR of 11%. A multi-format strategy of neighbourhood supermarkets, city centre convenience, forecourt retailing, and online grocery has proven successful in winning market share and also attracting a new generation of talented entrepreneurial independent retailers to SPAR.

The renaissance in proximity or neighbourhood retailing has seen similar uplift in other SPAR Western European markets. This is increasingly being driven by macro trends of smaller and single person households, ageing populations, and urbanisation in Western Europe.

With sales surpassing €1.6 billion, SPAR Spain achieved exceptional growth of 8.8% driven by the opening of over 90 new stores, including both SPAR and larger EUROSPAR stores, as well as an investment in modernising the supply chain by the regional entities of SPAR Spain.

SPAR Ireland continued its growth momentum

from 2018 recording a sales increase of 3.4% in 2019. A new SPAR strategy saw the introduction of a new innovative award-winning SPAR store proposition which was co-developed with SPAR international with converted stores showing significant like-for-like growth.

In the UK, despite ongoing Brexit uncertainty, SPAR took advantage of strong momentum and a targeted acquisition strategy to finish the year with sales of €3.33 billion.

In Northern Europe, SPAR Norway continued to grow its share of the retail market delivering 2.8% growth year-on-year with sales surpassing €1.5 billion. In addition to strong and consistent like-for-like sales, the performance of SPAR in Norway was strengthened by its acquisition in the EUROSPAR format in northern Norway.

### Central and Eastern Europe

SPAR continued to expand its reach in Central and Eastern Europe with a growing presence in 11 countries across the region. Retail sales in 2019 grew by 6.83% to €6.19 billion.

SPAR Hungary was a standout performer in 2019, with investment in its multi-format strategy, including the successful launch of its online shopping platform, resulting in retail sales exceeding €2 billion for the first time, with exceptional growth of 10%. A particular focus for SPAR Hungary was investment in expanding its INTERSPAR network, with hypermarket stores averaging in excess of 4,000m<sup>2</sup>.

SPAR Slovenia, which hosted the SPAR International Congress in 2019, posted strong growth of 3.95% year-on-year and now boasts a market share of over 27% - significantly outperforming the market.

SPAR Croatia recorded sales year-on-year of in excess of 5% driven by new larger store openings including the opening of a new INTERSPAR hypermarket.

In Russia, SPAR continued its exceptional growth in the region. Sales of €2.14 billion produced growth of 7.6% year-on-year, with the opening of 16 new stores across formats. This success was driven by continued growth by the SPAR Russia regional partners such as SPAR Middle Volga, SPAR Kaliningrad, and SPAR Chelyabinsk outperforming the market. In Moscow, SPAR has further strengthened its market position with an assertive expansion strategy of the highly successful EUROSPAR format.

SPAR has also successfully widened its geographic reach with the launch and growth in additional markets and territories including Georgia, Belarus, Albania and most recently Kosovo and Armenia.

SPAR Albania, in its first three years of operation, has delivered consistent growth and achieved 97% brand recall amongst the population. In 2019 revenue grew by 19% across 60 company and independently owned stores. The success of SPAR Albania has also acted as a catalyst for the launch of SPAR in neighbouring Kosovo during 2019. SPAR Georgia celebrated its fifth anniversary by posting sales growth of over 78.84%, with the addition of 79 new stores, especially in the capital Tbilisi, taking total store numbers to almost 189 at the end of the year.

In Poland, 2019 was a year of transition which saw the awarding of the master SPAR licence to develop the brand to SPAR Group of South Africa. Aided by the acquisition of an existing network, over 60 stores are now being converted to the EUROSPAR format.

### Africa and the Middle East

Our 14 partners throughout Africa and the Middle East continue to strengthen their market positions in what, for some, can be challenging trading conditions. Overall SPAR maintained its

growth trajectory with sales of €6.06 billion - a 5.26% increase on 2018.

SPAR South Africa's turnover again made up the bulk of that revenue, posting a 7% year-on-year growth at constant 2019 exchange rates, with sales of €5.09 billion. SPAR South Africa's store network now comprises of 884 stores totalling over one million square metres. More than 60% of total revenue in 2019 came from the larger format SUPERSPAR stores.

Despite tough trading conditions and volatility across African markets, SPAR continued to perform well through a combination of investment in price and promotion, as well as a move to larger format stores. Notable performers in 2019 were SPAR Botswana which grew by 12.5% and SPAR Mozambique which increased turnover by over 34%. In Nigeria, SPAR has shown sustained growth with 14.28% CAGR over four years and growth of 10% in 2019, with sales exceeding €128.9 million.

In the Middle East, the SPAR brand has had a stand-out year. Since first launching in Saudi Arabia in 2016 under the stewardship of the Al Sadhan Group, the SPAR brand has grown exponentially. In 2019 SPAR Saudi Arabia recorded growth of 57% year-on-year driven by increased footfall in existing stores, as well as the launch of smaller format SPAR and SPAR Express stores. Stores located in universities and public buildings, including hospitals, have proven an instant success with customers.

In the United Arab Emirates, the brand's reach was expanded with the opening of SPAR Supermarkets in the city of Dubai. Further investment was made into the opening of a new distribution centre in that region.

SPAR remains one of the fastest growing retail brands in the Middle East and has now successfully established a presence in four of the six Gulf Cooperation Council countries. The partnerships in the region demonstrates the flexibility of the SPAR model to adapt to ever changing consumer needs.

### Asia Pacific

SPAR consolidated its position across many of the markets it operates in Asia Pacific, with year-on-year growth in 2019 of 3.04% and retail sales when reported in Euro of €1.94 billion.

SPAR in China grew its presence with expansion into the new northern region of Zhangjiakou, and the opening of 30 new hypermarkets and supermarkets. Together, the seven regional SPAR entities combined to produce revenue of €1.53 billion, an increase of 2.16%. The establishment of a SPAR China Central Supply Chain entity during 2019 further strengthened the buying and procurement of the SPAR China Group.

2019 saw significant investment by our partners in China in logistics and supply chain with the opening of three new state-of-the-art regional distribution centres, bringing the total number of distribution centres servicing SPAR China's 384 stores to 15. In addition, SPAR China continues to pioneer the introduction of digital solutions and retail technology for its customers with investment in its own regional online shopping, as well as partnering with national online shopping platforms.

SPAR India produced another exceptional year characterised by the expansion of the brand into regional and provincial cities particularly in southern India. Retail turnover increased by 21.9% in 2019 again driven by hypermarket performance. SPAR Thailand continues to expand its reach recording 22.13% growth in the year to December 2019.

In Australia, SPAR consolidated its position in the independent retail sector with sales in Euro of €190.9 million, boosted by the modernisation of the retail proposition and the growth of its SPAR Own brand offering. SPAR also made significant strides in both Pakistan and Sri Lanka in 2019 with both partners opening new stores and setting new standards for the retail industry in their respective markets.

## ANNUAL GLOBAL SALES

€37.1 billion

4.35% growth

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

Mr. Adriaan van Well, Founder of SPAR

### Future Outlook

2020 marks the fifth year of the SPAR: Better Together strategy and, as I write, the spirit and objectives of that strategy have never been more important or relevant. 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.

As a worldwide brand, operating across 48 countries and four continents, SPAR has extensive experience of responding to challenging global, regional and local market conditions. The arrival of the COVID-19 pandemic, and the impact of the necessary restrictions on the movement of people, has presented our industry and society at large with an unprecedented set of challenges.

From our unique vantage point as a global retailer, we had the ability to track the impact of the pandemic on the retail sector from East to West and to share SPAR's best practice approach to ensuring the safety of SPAR colleagues and customers from China to Italy. As a group we also worked continuously to ensure consistency of supply of personal protection equipment (PPE) for the hundreds of thousands of our colleagues who continued tirelessly to meet the needs of the communities they serve day in and day out during the outbreak.

The response of the SPAR global organisation has been exceptional. Standing united, the SPAR country organisations rallied together to

universally tackle in an unprecedented manner one common global issue together. The joint SPAR response to the pandemic has proven the true worth of the Better Together strategy – from procurement, buying and supply chain to sharing strategies to help mitigate risk and plan for the future.

The year ahead will not be without its challenges. Economic impact, consumer confidence and the negative impact on household incomes will see consumer spend shifting towards three key areas of health, sanitation, and value, with the SPAR brand well positioned to respond. The strong performance of neighbourhood retail during the outbreak and the importance our customers place in proximity and local retailing, will continue to strengthen, as will our continued roll out of online retail of both delivery and click and collect to serve our customer in what has been described as the new low-touch economy.

Without doubt, one of the key learnings from the ongoing crisis is the essential and proven role that local proximity retailing plays as a critical lifeline for local communities. The vast majority of SPAR stores perform a function well beyond the sale of products or services. They are community hubs, they are meeting points, they are communications platforms supporting the broader needs of the communities they serve.

I am truly proud of what we have collectively achieved through a period of great uncertainty and significant challenge.

## 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

GROW OUR PRESENCE

GROW OUR RESOURCES & SERVICES

HARNESS SCALE & RESOURCES

LEVERAGE OUR INTERNATIONAL NETWORK

REINVEST VALUE GENERATION

## 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 provides strategic direction and guidance, constantly reviewing the SPAR brand's development and supervising the continued expansion and growth of SPAR worldwide.

Through their extensive knowledge of both the brand and the industry, the Board supports the global development of SPAR, leading initiatives to reap the economies of scale of the global SPAR organisation to ensure a stronger and better future for all of SPAR.

The Board members conduct visits to SPAR operations including independent retailers which coincide with board meetings that take place in differing countries worldwide. During these visits, the Board provide a wealth of expertise and assess market strategies. Working together with SPAR International, the Board members oversee the strategic focus for the brand globally.

By drawing on their own market strategies, the Board members can assist SPAR International in identifying priorities for the delivery of long-term

strategic objectives which address the ever-changing needs of the global marketplace.

During the year, the Board members also meet with the International SPAR Guild, which comprises elected representatives of SPAR independent retailers internationally, who represent the needs and perspective of independently owned and operated SPAR stores around the globe. Since our foundation in the Netherlands in 1932, a cornerstone of the success of SPAR has been the SPAR guild system which ensures representation of both wholesale and retail divisions to discuss strategic direction and challenges.

Each year, the Board and shareholders of SPAR International are joined by key SPAR stakeholders in the global SPAR organisation at the International SPAR Congress. In 2019, the 64<sup>th</sup> International SPAR Congress took place in Ljubljana, Slovenia. This provided a basis to evaluate the success of the growth of SPAR in Central and Eastern and to look to the future with confidence for the continuing expansion and growth of SPAR worldwide.

### SPAR INTERNATIONAL BOARD

#### Chairman

Graham O'Connor, South Africa

#### Members

Gerhard Drexel, Austria

Dominic Hall, United Kingdom

Knut Johannson, Norway

Paul Klotz, Italy

Tobias Wasmuht and David Moore,  
SPAR International

### INTERNATIONAL SPAR GUILD

#### Members

Dean Jankielsohn, South Africa

Peter McBride, United Kingdom

Martin Pircher, Italy

Christian Prauchner, Austria

Per Irgens Skjerdal, Norway

Suzanne Weldon, Ireland





EUROSPAR 



EXPANSION





### Continuous Expansion

SPAR's international growth and success has always been built on strong foundations, and the strength and recognition of the brand continues to have broad appeal across many diverse markets. In 2019, an additional 208 stores were added to a retail presence that now spans 48 countries, bringing the total number of SPAR stores worldwide to 13,320.

Our global SPAR Partner network is also becoming more diverse. Market force- and change-driven, it is a rich mix of traditional wholesalers, established food service groups and buying unions, in addition to existing supermarket retailers, FMCG distributors, food manufacturers and petroleum companies.

SPAR's successful international expansion and continued new partner interest is driven by an evolving retail landscape; shifting and increasing customer demands for value, ultra-convenience and supermarket modernisation.

Prospective SPAR Partners seek expertise and best practice in retail operations, technology, digital and customer solutions. SPAR sets itself apart from the competition through continued innovation, healthy choices, organic and well-being options, fresh food meal solutions and SPAR Own Brand products for differentiation.

### Regional Strength

SPAR in Western Europe – Western Europe remains our core region generating 62% of global turnover and home to 74% of global stores. SPAR Austria Group which operates in Austria, Slovenia, Croatia, Hungary and Northern Italy invested €680 million in growing their distribution and retail capability in 2019.

SPAR in Central & Eastern Europe – SPAR Partners in Central and Eastern Europe recorded some of the most significant market growth for the brand in 2019. SPAR Hungary increased total revenue by over 10% to €2.09 billion, with the addition of 17 new stores.



SPAR Croatia and SPAR Slovenia also performed strongly in 2019 with revenue growth of 5% and 3.95% respectively.

SPAR in Russia - 2019 was a year of change in Russia. Lower consumer confidence, the rapid growth of online retailing and a move to convenience stores from larger formats required SPAR retailers to be adaptable and responsive.

SPAR Russia continues to grow successfully. At the end 2019, SPAR Russia reported sales of €2.14 billion through a total of 550 stores and 405,305m<sup>2</sup> of selling space. SPAR Russia is now expanding into fresh products, opening cafes, and moving to increase its health and wellness offer.

This success is driven by the dynamic growth of SPAR Middle Volga into Moscow and regional expansion by SPAR Kaliningrad and SPAR Chelyabinsk. SPAR Russia continues to attract new partners and its SPAR Own Brand portfolio now equates to 8.7% of total retail sales with over 2,800 products.

**208** New stores opened across all SPAR formats in 2019

**2** More countries joined the global SPAR Network across

**48**

countries worldwide

**16,019m<sup>2</sup>**  
of selling area added  
in 2019



SPAR Belarus tripled its store footprint in 2019 and now operates three SPAR and six EUROSPAR stores with total sales area of 6,328m<sup>2</sup>. Total turnover in 2019 was €20.88 million - an annual increase of over 300% on the previous year.

SPAR in China - SPAR China had another strong year with partners in the country producing revenue of €1.53 billion and investing further in the opening of larger supermarkets and convenience stores as part of the multi-format retail strategy. SPAR China has again seen significant growth in the popularity of online retailing by enhancing its digital offering to provide customers with a greater range of shopping options.

SPAR in the Middle East – Retail innovation is a consistent theme shaping the success of the SPAR brand in the Middle East. 2019 was a record year for SPAR Saudi Arabia, with the development of a centralised bakery and the growing popularity of the SPAR Own Brand range resulting in a year-on-year sales increase of 57%. The introduction of SPAR Express in a university complex signalled a move into multi-format retailing by the SPAR Partner.

SPAR United Arab Emirates continued investing in developing the branding both at retail and wholesale levels. This led to the introduction of the brand to consumers in Dubai, supported by the development of a new warehouse.

### Success Breeds Success

A truly global success story, the introduction of the SPAR brand to Qatar, Thailand, Pakistan, Saudi Arabia, Belarus, Malta, Albania in 2015 and 2016 was followed by entry into Sri Lanka, Cyprus and Greece in 2017 and 2018.

In that time, our new SPAR Partners developed and opened over 150 multi-format SPAR stores and created over 2,500 jobs in the process. In addition, and in keeping with the SPAR ethos, this expansion has created a

SPAR in the Southern Balkans - SPAR Albania ended 2019 with a total of 60 SPAR stores, having opened nine new company-owned supermarkets to bring that total to 27. Additionally, the company signed up 13 new independent stores in 2019. Annual retail sales reached €58.34m, representing 19% growth.

SPAR Kosovo officially launched in July 2019, with four modern SPAR stores operational at the end of 2019, with a further seven store openings planned by 2021. Key goals for 2020 include focusing on marketing and value communication, launching a loyalty programme, building a stronger European product assortment and improving capability in fresh foods.

SPAR in Georgia, Armenia and Belarus - SPAR Georgia celebrated its fifth anniversary and continued its strong expansion in 2019. The total number of SPAR stores reached 189 in 2019 – an increase of 79 on the previous year. SPAR Georgia now employs over 4,000 employees in its network, it serves nearly 170,000 customers per day and has increased annual retail sales by 78.8%.

SPAR Georgia also supported the launch of SPAR in Armenia in 2019, where the first store opened in the capital city Yerevan. A further seven SPAR stores are planned to be opened in 2020



range of entrepreneurial career opportunities in local markets through the introduction of the SPAR voluntary trading system, combined with investment into new company-owned supermarkets and distribution centres.

Last year, more than ever before, proved how success breeds success when it comes to best practice retailing. 2019 saw the SPAR brand successfully launched in Kosovo and Armenia – building on SPAR’s successful expansion strategy which, since 2016, has seen the brand introduced to 12 new markets across three continents.

SPAR’s entry into Albania in 2016 ignited subsequent interest from both partners and consumers in Kosovo and Greece. Launching SPAR in Cyprus in 2017 generated interest in Malta; the scale and success of SPAR in Russia has acted as a catalyst to SPAR’s development in Belarus and, more recently, SPAR Georgia’s growth has led to expansion into Armenia.

The pressures of increased price competition, the fight for market share and the need for greater buying volumes is driving consolidation in all international markets. Responding to these strategic needs are aligned with SPAR’s philosophy, ethos, culture, and history of being Better Together.

Together, all these entities are developing next generation SPAR businesses and enriching the SPAR family.



### Trialing online solution

SPAR Georgia has partnered with a Spanish start-up service provider, Glovo, to offer customers the opportunity to order fresh food and grocery items from 10 selected SPAR stores across the country. The cooperation has helped SPAR Georgia to keep its investment low whilst providing an additional and differentiating service to its customers.

The service was launched in July 2019 and orders per month continue to grow, with the average order value three times the average in-store basket cash value. SPAR Georgia continues to differentiate from its competitors offering new innovations and digital services; always first to the market with improved customer solutions.

“In only three years, SPAR has achieved a great number of goals, leading the way to becoming the biggest supermarket chain in Albania; having a strong support from SPAR International and DESPAR Italy.”

Ms. Elona Mema (CEO, SPAR Albania)



# RETAIL





**4** successful store formats meet customer shopping needs in

**48** countries around the world for over **87** years

### Better Together at SPAR

Since our foundation in 1932, independent regional wholesalers and retailers have chosen to operate under the SPAR brand with a simple philosophy; through working together and ongoing collaboration they can achieve more than working alone.

2019 saw a continuation of SPAR's success which is built on independence, family values and an entrepreneurial spirit. Being part of the SPAR family means our regional wholesalers and retailers benefit from the vast expertise of decades of international retail experience, whilst maintaining local independence in the markets they serve. Uniting resources, sharing best practice, and building the single SPAR brand globally, combined with skills, suppliers, producers and colleagues locally, means our SPAR stores continue to thrive in a diverse range of markets across the globe.

Our innovative shopping experiences continue to deliver everything a customer expects from a SPAR store. The strength of SPAR is that we

take this forward and adapt it to the local market requirements through our brand positioning, making each of our markets unique. A mix of on- and offline communications and promotions focusing on telling the SPAR story, as well as highlighting the value for money shopping experience, make SPAR the shopping destination of choice for over 14 million customers per day.

### Multi-Format Strategy

SPAR operates a multi-format strategy. Providing our SPAR Partners with access to multiple formats, in conjunction with international concepts and new innovative retail developments, is a core aspect of our retail scope of service.

The four retail formats operated are: SPAR – the local neighbourhood supermarket; EUROSPAR – the large supermarket for weekly family shopping; INTERSPAR – the hypermarket format; and SPAR Express – the small convenience format for transit locations.

The formats have become highly flexible, meeting the requirements of both consumers and retailers

in diverse store locations. Together, they provide SPAR Partners with the flexibility required to respond to the ever-changing needs of shoppers. Enhancing the competitiveness, productivity and profitability of our retail and wholesale partners, enables them to grow their businesses and the SPAR Brand globally.

These four formats meet consumer needs at all times of the day, every day of the week and have allowed SPAR to respond quickly and effectively to market developments. The growth of the SPAR brand on petrol forecourts is a case in point, where, rather than simply operating as emergency top-up locations, these SPAR stores have become full-service destination stores in their own right.

In response to changing trends and consumer expectations, SPAR International works closely with SPAR Partners to continuously update our four formats through a strong Flagship Store Programme focused on product offering, communication, store design, layout, and effective operations.

“The retail world moves quickly and by bringing together this collective of independent retailers locally, regionally and internationally we can rapidly exchange knowledge and information to keep growing successfully as one brand.”



## Proximity Retailing

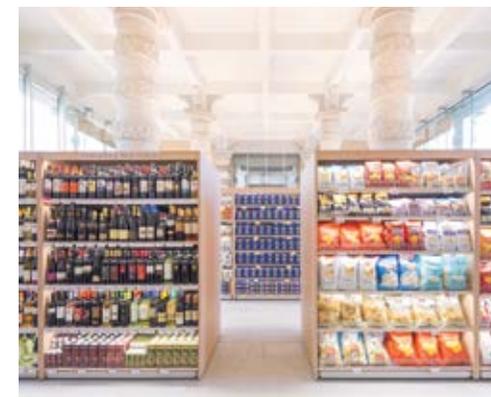
Proximity retailing and the visibility of the SPAR Brand in local communities has long been a key factor in the success of SPAR across all markets. In recent years, many SPAR Partners, including in Denmark, France, Ireland, Norway, The Netherlands, and The United Kingdom, have all undertaken strategic reviews of the SPAR format with direct support from SPAR International. This collaborative approach is in line with our Better Together strategy and ensures that our stores are modern, fit-for-purpose and tailored to the changing needs of shoppers.

During 2019, SPAR International worked closely with SPAR UK on a strategic review of the SPAR Brand. The focus was on refreshing the SPAR store format, building on the strong market presence of the brand across the UK and aligning the various shopper missions to provide a customer-centric shopping experience. A core 'Look & Feel' was created utilising common design elements, but the store design layout and product allocation is specific to each store profile and aligned to the various shopper missions.

SPAR Havannah Street in Glasgow, which was designed collaboratively by SPAR International, SPAR UK and CJ Lang – our regional partner in Scotland, was the location selected to implement the new strategic solution as a flagship store.

Located in Glasgow's Collegelands development, in close proximity to the city centre, SPAR Havannah Street is a 185m<sup>2</sup> urban transient store catering to the contrasting mix of office workers, local residents, and international students.

This new store features SPAR's successful Daily Deli range, with a focus on served and self-served Food-To-Go solutions, including Costa Coffee, F'real Milkshakes, Skwishee Frozen Drinks, and Dots Donuts. The store also incorporates an excellent assortment of local and regional Scottish products and ranges.



LED lighting has been incorporated throughout the store. Both served and self-serve checkouts meet the different needs of customers, ensuring quick and convenient service. Technology has been integrated throughout the store and customers enjoy free Wi-Fi.

## Customer-Centric Supermarkets

Much of SPAR's global success has come from understanding our customers and responding to their diverse needs with appropriate products, solutions and store formats. SPAR Tegholmen, Copenhagen, is an example of such a store. This latest 700m<sup>2</sup> SPAR Supermarket, developed in close cooperation with SPAR International, features a new shopper-first store layout and product offer that helps it stand out in a highly competitive urban location, but at the same time confirms itself as 'One of the Locals'.

Launched in August 2019, the store places a spotlight on fresh and brings a health focused range to the fore in a zone containing products from the SPAR Natural Own Brand shop-in-shop category solution. The range also includes zero-waste products and an extended organic, vegetarian, vegan, lactose-free and gluten-free assortment – in line with the latest consumer trends.



The instore offering demonstrates the detailed focus that SPAR Denmark has placed on building the standing of the brand in the market, with the introduction of new innovations from small manufacturers and local suppliers, as well as the expansion of premium brands.

DESPAR Italy continued to invest in the modernisation of existing stores and the opening of new ones in diverse locations and within the scope of their multi-format strategy, integrating sustainable features, expanding the fresh offer and incorporating digital solutions. The decades long practice of offering local speciality products and an extensive own brand range, irrespective of the size, format and location in which stores are operating, is embraced by customers.

### Category Innovations

Following the very successful roll-out of the SPAR Bake-Off solution – which has now been implemented by many SPAR Countries including Saudi Arabia, Slovenia, South Africa, Spain, and Switzerland – SPAR International launched the SPAR Coffee solution at the International SPAR Congress in Slovenia in May 2019. This full-service coffee offer sits alongside the SPAR Bake-Off solution and the two category innovations naturally complement each other. The SPAR Coffee solution has been designed to work across different store



formats and sizes, with a customer-centric focus to adapt to changing customer needs.

SPAR Spain were among the first SPAR Partners to test and trial the SPAR Coffee solution; with SPAR La Palma, SPAR Fuerteventura, and SPAR Gran Canaria, all implementing the solution into stores across The Canary Islands.

As with all category innovations from SPAR International, the SPAR Coffee solution is supported by a full toolkit including an extensive Best Practice Handbook to guide retailers through the implementation and daily operation of the solution.

The evolution will see the launch in the coming year of a premium own brand coffee solution called CENSA, which is exclusive to SPAR and will include SPAR branded coffee beans.



€4,969

average sales per square metre achieved in 2019

### Best-in-class retail experience

The SPAR Supermarket in Puerto Rico, Gran Canaria, Spain, is a true example of grocery retailing at its best. The 1,600m<sup>2</sup> premium supermarket features a cheese room, wine cellar and beer hall. In these beautifully designed specialist departments, which are temperature regulated, customers shop with ease and comfort, aided by specialist staff on hand who offer advice and product tastings.

The modern supermarket, which won the 'EuroShop 2020 Retail Design Award', also includes a butchery, fish market, bakery, delicatessen, fruit and veg corner, Food-to-Go section, and instore cafeteria.

Three specially selected store managers work with their well-trained teams to deliver very high levels of customer service and ensure the supermarket is run as smoothly and efficiently as possible. A new position of store host was also created to welcome customers and assist them with queries – ensuring they have an excellent shopping experience.

# BUYING

## Buying Better Together

The SPAR Better Together strategy continues to lead to significant progress in international joint buying, continuing a strong tradition in global partner collaboration.

By harnessing our international scale, pooling global resources and uniting SPAR Partners to act Better Together, SPAR creates significant economies of scale and enhanced ranges, more competitive pricing and higher quality products.



## SPAR Global Buying Alliance

A SPAR global buying alliance supports SPAR Partners in growing their product volumes, strengthening bonds with suppliers, and gaining faster access to successful products.

Continued category cooperation is resulting in SPAR Partners acting together to identify and explore opportunities for collaboration in new product development and exchange, as well as coordinated tenders, to improve the conditions for local and international products. This approach has proven extremely successful with high levels of SPAR Partner commitment, as well as fast-tracked new product development.

Collaboration with major FMCG companies is expanding, supported by initiatives such as the SPAR International Commercial Leadership Forum. Working together with leading international FMCG partners, SPAR adopts a collaborative approach to improve performance through growing market penetration, executing international promotions and category development, as well as reducing cost throughout the joint supply chain.

With SPAR country organisations working together as an international group, this collective approach accelerates profitable category growth by focusing on scalable best practice in retail development,



shopper experience, operational efficiency, responsible retailing, and international collaboration.

SPAR also works actively with a range of fast growth brands – brands outperforming their competitors and growing market share thanks to innovative new product development and savvy marketing. With consumers continuously looking for more novel brands, SPAR International identifies and champions these challengers, thereby providing SPAR countries with the opportunity to create differentiation and increase their instore offering. By introducing these highly innovative brands to SPAR markets, as well as our logistical network, SPAR International supports new and breakthrough brands in gaining access to new regions, facilitating their growth outside their home markets.

## Own Brand Growth

SPAR International continues to meet consumer demand for products that deliver on health, quality and taste by following a clear strategy around SPAR Own Brand product reformulation, assessing ingredients and their origins, and adapting to modern trends.

The SPAR Natural product range continues to go from strength-to-strength, with further range extensions planned in response to growing demand and popularity. Originally launched in 2017 as a store concept to meet consumer interest in health and wellness, the range has grown in popularity and is now offered in 19 countries across the globe.

The quality of the range was recognised in 2019 with three Salute to Excellence Awards at the Private Label Manufacturers Association 'World of Private Label' International Trade Show. The award-winning products, which are in the snacking category, prove the strength and potential of the range as a concept, scoring highly in terms of taste, quality, packaging and value for money.

In tandem with substantial growth in own brand portfolio and volumes, there is a growing role for innovation with the launch of a host of high-quality products recognised for meeting ever-evolving consumer demands, especially in the areas of health, wellness and sustainability.

As part of SPAR's ongoing commitment to responsible retailing, and growing customer expectations when it comes to sustainability, 2019 also saw the launch of the SPAR Eco Disposables range, a full range of biodegradable kitchen utensils, plates and cups.

## International Sourcing Strategy

SPAR International's sourcing strategy combines the exceptional SPAR Own Brand ranges offered from individual SPAR countries, giving partners unfiltered access to local expertise, specialities and quality. A key example of SPAR success in this area is the launch of an International Wine Collection which takes specific advantage of the strength in depth of SPAR in key wine producing regions of the world. The range brings together wines from more than 20 different producers, suppliers and wholesalers in the likes of Spain, Italy, France and South Africa to make some of the world's best wines available to SPAR Partners.

The addition of this valuable category demonstrates the benefits of local expertise in sourcing, combined with the international expertise in logistics, to enhance SPAR's global retail offer.

"Our network of SPAR wine sourcing teams in key wine producing markets enables us to offer a significant collection, bringing the Taste of the World to customers."

## Healthy Lifestyle Solutions

In 2019, SPAR Switzerland supported by the Buying International Group SPAR (BIGS) successfully launched and rolled out the SPAR Natural product line in stores throughout the country, providing a one stop solution to customers seeking healthier lifestyles and solutions for food intolerances. The range includes organic, vegetarian, gluten-free, wheat-free, lactose-free and sugar-free foods.



SPAR Switzerland's full communication solution in support of SPAR Natural has contributed significantly to customer enthusiasm for the range. In cooperation with SPAR International, SPAR Switzerland introduced into stores attractive merchandise displays which drew shoppers' eyes towards the SPAR Natural concept. Additional use of digital campaigns complemented instore communications, contributing to the overall success of the range.

In cooperation with SPAR Switzerland, the coffee capsule range was extended to include plastic and aluminium-free, organic and Fairtrade coffee, tea and milk capsules, which are 100% biodegradable and compostable.

# PROCUREMENT

## Purchasing Better Together

Across all aspects of procurement, internationally coordinated purchasing and engagement activities have had a direct and positive impact on the performance of SPAR internationally. As a worldwide brand, operating across nearly 50 countries, an association with SPAR International has also been proven to deliver significant value for suppliers - both global and regional.

SPAR's approach to procurement exemplifies our Better Together strategy, allowing SPAR Partners access to the latest buying trends and developments, whilst providing preferred suppliers access to, and knowledge of, global market developments - enabling both parties to optimise their business development opportunities.



“SPAR calls on all in the industry to work together to share best practice across all sectors of the wholesale and retail business to ensure the most sustainable solution with advantages for all.”



## Collective buying network

In the area of non-resalable equipment, SPAR focuses on connecting suppliers across its global network to create the best value proposition for both parties.

Procurement is undertaken through collective buying initiatives, leveraging the global scale of the brand to deliver savings on net-pricing of equipment or through rebate-based agreements with a diverse portfolio of SPAR International preferred suppliers.

In 2019, collective buying initiatives in the area of supply chain achieved significant savings on the likes of roll containers, truck tyres and material handling equipment.

Following a collaborative buying framework, category based purchasing coalitions have allowed participating SPAR Partners to agree on a collective buying approach. The coalition identifies, evaluates and optimises the requirements of all members of the group. The coalition can then agree an appropriate supplier strategy and the commercial objectives, resulting in significant additional benefits and savings.

## Local and regional programmes

Core to SPAR International's collaborative buying approach is maintaining service through local partnerships. The freedom to retain local specifications, whilst securing an improved commercial price proposition through coordinated procurement, is vital.

Whilst ensuring that in each coalition the requirement of retaining the local specifications for SPAR Partners were met, an average saving of 11% was realised across initiatives in material handling equipment, HGV tyres and roll containers in 2019. To extend the opportunity and benefit to both SPAR Partners and suppliers, these initiatives were then rolled out across the wider SPAR world.

Last year, SPAR International continued to develop strategic partnerships with suppliers through the International and Regional Preferred Supplier programme, working with 45 suppliers that have a proven ability to deliver on service, quality and innovation, recognising the power of the global volumes purchased by SPAR. These suppliers are considered market leaders in their respective areas, with many having a strong track record with existing SPAR Partners.

International agreements and the position of key international accounts has allowed SPAR to respond quickly to local opportunities, benefiting both SPAR Partner and supplier.

## Better Together

At SPAR, we believe we are Better Together. The sharing of supplier knowledge, insights and innovations, combined with our global knowledge and expertise, has improved operational efficiency for all SPAR Partners. Through the Preferred Supplier programme, networks are created that allow suppliers and partners to openly exchange opportunities, challenges and potential solutions.

Purchasing is often regional, recognising that requirements differ substantially across continents. To address these specific regional requirements, we have continued to actively organise Regional Supplier Roundtables, allowing regional and international suppliers to connect with SPAR Partners. These roundtables act as a catalyst for open discussion between SPAR Partners and suppliers, brainstorming ways to enhance collaboration.

In addition, suppliers are actively encouraged to host SPAR delegations relating to specific categories through inspiration days, tailored around deeper subject-related discussions and experiences and reflecting the most recent industry developments.

2019 saw a host of very successful industry-relevant events held in collaboration with preferred suppliers, including two which focused specifically on the future of innovation. Manufacturing company Rational organised a deep dive in the world of Food-to-Go instore at their development kitchens, while an Inspiration Day hosted by the Volkswagen Group offered participants insights into the changing world of fleet vehicles.

## Collective buying

Mechanical Handling Equipment (MHE) is essential for SPAR warehouses and supply chains around the world to run efficiently. Following an assessment of how different fleets ran across their operations, a SPAR purchasing group identified an opportunity to collaborate on purchasing.

A comprehensive specification was built comprising a broad range of requirements for six equipment types and different options and variations for traditional lead acid battery and sustainable lithium ion batteries, including three different financing models.

A tender was produced and four suppliers from our Preferred Supplier Programme were invited to take part. After several rounds of discussions, refinement contracts were issued to Jungheinrich, Linde and BT Toyota, offering significant saving for each of the SPAR Partners involved.



# SUPPLY CHAIN





“The breadth of our supply chain, as reflected by the 253 distribution centres across all markets in which SPAR operates, is indicative of the scale of our global brand and the impact we have within the industry.”

### Supply Chain & IT

Advances in technology and its application in our global businesses are enabling SPAR Partners to connect with our customers and further enrich their shopping experience. SPAR Partners are increasingly providing e-commerce and digital solutions for customers, in addition to utilising technology to maximise the operational efficiency of our end-to-end supply chains.

During 2019, the efficiency of our supply chains and distribution centres have been significantly enhanced, with both new and modernised facilities in Italy, Norway, the United Kingdom, China, Netherlands, Spain and the United Arab Emirates. These facilities improve handling and reduce inbound receipt, storage and picking time, enabling a high service commitment to our stores and a more cost-effective service for our customers.

### Revolutionising Distribution Centres

At the heart of the SPAR supply chain is a drive to provide our customers and stores with the freshest products, best quality and choice. SPAR Gran Canaria has invested €5.5 million in the development of the largest fruit & vegetable distribution centre on the Canary Islands, with the objective of enhancing the quality of products and optimising processes to improve the standard of fresh produce being supplied to SPAR stores.

The new distribution centre in Mercialspalmas has increased SPAR Gran Canaria’s capacity by 36%, providing a daily storage capacity of more than 630,000kg of fruit and vegetables, 55% of which is directly sourced from local suppliers. The new facility enables produce from around 200 local farmers to be received, handled and shipped to stores. This marks an increase of over 40% in the last five years, with further growth expected in the coming years.

The new distribution centre has two separate docks for local fresh produce and internationally sourced goods. It also includes a large refrigerated storage area of 3,400m<sup>2</sup>, which is run by a state-of-the-art warehouse management system with voice picking technology, allowing for better treatment of fruit and vegetables. Alongside the new facility, SPAR Gran Canaria worked closely with its suppliers on standardisation which has improved handling throughout the end-to-end supply chain, significantly reducing waste.

In the Netherlands, SPAR has increased the size of its Waalwijk Distribution Centre from 22,500m<sup>2</sup> to 37,400m<sup>2</sup> with a state-of-the-art, fully automated extension that has boosted both storage capacity and overall operational efficiency. This expansion enables SPAR to service the growing number of stores and independent retailers in the country.

In the United Arab Emirates, SPAR operations were transferred to a new modern facility in just three months, thanks to the support from a number of our preferred suppliers.

**253**  
SPAR Distribution Centres  
around the globe

**13,320**  
SPAR stores being supplied in

**48**  
countries

“Understanding a detailed view of supply chain activity from the point of manufacture through to our warehouse and stores, has shown very clearly there are substantial savings to be made in the total supply chain.”

Pat McGarry, Henderson Group, SPAR UK



## Improvements in Warehousing

2019 saw significant developments in supply chain in China, where SPAR opened several new facilities, including the largest supermarket warehouse complex in China, at Yantai in Shandong province. The new facilities went live in October and include a regional ambient warehouse, regional chilled warehouse, regional frozen warehouse, national ambient warehouse and production facilities.

## Sustainability

The new distribution centre in Gran Canaria, together with facilities in South Africa and Norway, have seen significant advances in terms of sustainability with solar panels installed across the roof area, generating most of the electricity required to power the facilities and reduce environmental impact.

Minimising our environmental impact has also been a key focus for our transport operations. Advanced routing software is being used in the



UK, Ireland, Netherlands and China to maximise the efficiency of our delivery planning, reducing road miles, fuel usage and carbon emissions, with drivers often being re-routed live as the local road conditions change.

The use of alternative fuels has also helped SPAR reduce the environmental impact of our transport operations. SPAR Norway is at the forefront of alternative fuel technology development. Working closely with Scania, they have introduced hydrogen vehicles for a large part of their delivery network. These vehicles are being powered by hydrogen from their own production facility.

In Ireland, SPAR has introduced trucks powered by compressed natural gas (CNG) and liquefied natural gas (LNG). The capability of electric-powered vehicles is also developing rapidly. At the forefront of this development, SPAR Norway is again working with developers, actively trialling trucks to help develop the technology.

In Austria, SPAR is testing the suitability of small electric vans to supply INTERSPAR Hypermarkets in inner city locations. The vehicles emit very little noise, operate without CO<sub>2</sub> emissions and have a range of 200km per load, proving an ideal solution for city-centre deliveries. SPAR Austria is one of six companies partnering in a research project ‘Low Emission Electric Freight Fleet’ (LEEFF) to test ten electric vehicles for both practicality and suitability.

A key part of the supply chain is our IT systems. In collaboration with SAP, SPAR Shandong in China launched a major upgrade in 2019, covering central, commercial, human resources, distribution, transport and finance systems. Working through a clearly defined change programme, the implementation team have reviewed all business processes, improving and modernising ways of working. The new business platform will enable the profitable growth of the business in the years ahead.



**58%** increase in operational efficiency identified

From the manufacturing line, to the store shelf, to the customer, our supply chain is an end-to-end process. Improving the efficiency of each element is crucial. By looking at the process from end-to-end and working effectively with suppliers, our warehouse and store operations teams can deliver significant value.

In Northern Ireland, our teams have worked with two preferred suppliers to analyse the handling and flow throughout the end-to-end supply chain.

Across the end-to-end supply chain, activity and costs have been reduced, enabling opportunities for greater investment in our customers.

A rapidly growing focus is the collaboration with our FMCG suppliers. Through joint collaboration, we have identified opportunities ranging from order times, minimum order quantities, inbound timing, transport sharing and case configurations that allow our partners to improve product availability, reduce inventory levels and remove significant operating costs.

Working with suppliers, our partners have collectively identified opportunities to increase operational efficiency in the end-to-end supply chain by up to 58%. In addition, introducing new instore handling systems and utilising equipment from preferred suppliers – working with store operation teams - has reduced non customer facing activity by 28%.



## Supply Chain Modelling Leads to Double-Digit Sales Increase

Working in collaboration with The Coca-Cola Company and CHEP, SPAR modelled the supply chain movement of product from production through to instore shelf display. The modelling exercise clearly highlighted a significant amount of manual activity at retail distribution centre and store level.

The team also modelled a range of different handling methods identifying the universal display pallet (UDP) as a potential option for handling in the distribution centre and in stores. With support from Coca-Cola and CHEP, several trials on stacking and configuration were completed. With evaluations agreed, the opportunity was identified to implement the learnings across the supply chain.



The effect of working together has been dramatic, reducing activity and costs in the warehouse and stores, with an added benefit of double-digit sales increases in store. Through end-to-end collaboration, Coca Cola, CHEP and SPAR have been truly, Better Together.

BRAND



## A Key Differentiator

The SPAR Brand is our most valued asset. It is the unique identifier that customers use to associate the positive experiences they have with our stores, our products and our people. Investment in the growth and development of the SPAR Brand is pivotal, and our global SPAR Partners have continued to do so throughout 2019.

As our network grows, so do opportunities to collaborate and leverage our scale as an international organisation of independently owned grocery wholesalers and retailers. 2019 saw an increase in collaborative partner projects leveraging economies of scale, including initiatives such as Wholesome Home Cooking, Christmas campaigns, and sponsorships. These types of collaborations allow us to standardise content where possible yet maintain flexibility for local market adaptations. We can also spread development costs and leverage economies of scale resulting in significant cost savings. These types of collaborations are set to grow within the SPAR network in the next 12 to 18 months.

## European Athletics

SPAR International has been the principal sponsor of European Athletics since 1996. We were very proud to sign a four year extension to that



agreement in early 2019, with the option of adding another four years to 2027. This demonstrates major commitment on the brand's part to facilitating healthy lifestyles through sport.

European Athletics events offer SPAR a platform to build brand visibility while providing SPAR Partners with opportunities to integrate these events into their local marketing campaigns.

The 35<sup>th</sup> edition of the European Athletics Indoor Championships in Glasgow saw 637 athletes from

49 European countries compete at the highest level. With television, print and online channels all represented onsite, overwhelming media interest generated high levels of visibility and over 530 viewing hours recorded worldwide.

Local activation by SPAR UK saw 1,000 fans compete in the 'SPAR Beat the Elite' sprint speed challenge, while SPAR Scotland branded a truck fleet with event messaging. Scottish star athlete Eilidh Doyle's meet and greet in a SPAR store also attracted much attention.

The European Athletics Team Championships Super League ran the same weekend as the First League event sponsored by SPAR Norway. The combined events emphasise the ongoing commitment to promoting healthy lifestyles.

SPAR Portugal capitalised on its host nation status during the 26<sup>th</sup> edition of the SPAR European Cross-Country Championships in Lisbon. 2019 also saw livestreaming grow in popularity with media interest generating 2.4 million viewing hours of the concluding event of the year's sponsorship.



# 4-year

extension of European Athletics sponsorship agreed

# 23

years of sponsorship with commitment to 2023

# 51

countries in Europe participate

# 30,982

runners from 90 countries participated in Budapest Marathon



In South Africa SPAR KwaZulu-Natal started sponsoring the Schoolgirls' Fast 5's Netball Tournament. This follows on from a hugely successful hockey tournament launched nine years ago. This sponsorship aligns with the company's strategic vision to support women and children, with a focus on health and wellness.

SPAR UK continued its People's Podium initiative - celebrating local heroes. 2019 also saw the continuation of the Disability Sport Wales initiative which brings sport to people with disabilities, and the sponsorship of the Lancashire School games, targeted at school children. SPAR Norway also became sponsors of the Norwegian Cross-Country national ski-team, which won multiple gold medals in 2019.

## Supporting Communities

Community support is one of the long-standing principles of SPAR and sets us apart from other global retailers.

In 2019 'Start it up, Slovenia!' gave young entrepreneurs the opportunity to be listed in INTERSPAR Hypermarkets. SPAR Hungary launched 'Hungaricool by SPAR', selecting 10 winning products to include in the INTERSPAR Hypermarket product assortment from April 2020 onwards.

SPAR South Africa helped 800 local artists produce handcrafted Christmas decorations which were gifted to SPAR shoppers instore when they spent over ZAR500.

SPAR Partners in Croatia, Norway and Hungary featured local products and the journey from farm to fork through various campaigns across TV, radio, print, instore, digital banners, social media and online videos.



## Health, Wellness and Sports

SPAR Ireland promotes school soccer through their sponsorship of the SPAR Football Association of Ireland (FAI) Primary School 5s programme. SPAR Ireland's support of Irish Athletics led to the introduction of the SPAR Cross Country Xperience, giving runners the chance to experience the purpose-built cross-country track at the Sport Ireland National Campus, which is due to host the 2020 SPAR European Cross-Country Championships.

The 34<sup>th</sup> SPAR Budapest Marathon Festival attracted 30,982 runners from 90 countries. SPAR Hungary donated its onsite sales of HUF1 million to their charity partner, the Hungarian Maltese Charity Service, which brings mobile playgrounds to over 300 villages.

SPAR Spain partner Valvi has sponsored SPAR Citylift Girona, a women's basketball club, since 2010. The sponsorship highlights their commitment to community and encourages all shoppers to participate in sports. SPAR Spain also sponsors women's football and various marathons across the country.



### Driving Loyalty & Footfall

SPAR Partners are continuously diversifying the ways in which they reward customer loyalty, either through traditional methods or programmes using the latest technologies.

More traditional 'stamp collecting' loyalty programmes are still proving popular, such as the Oddbods campaign in Belgium or WMF, Zwilling, Alessi, Ellehammer, Kappa campaigns in Hungary, as well as SPAR Russia's raffle campaign linking discounted products to winning a trip to Thailand.

DESPAR ASPIAG's La Tribù dei 1,000 app celebrates their 1,000 'most loyal' customers. Customers can use the app to play games, get product information or receive coupons for discounts on selected products. Best in class loyalty programmes in Norway, Slovenia, Switzerland, South Africa and Hungary continue to offer extremely popular personalised rewards to customers.

### Digital & Data

Utilising the latest technology and data to enhance customer experience and connect with customers continues to be a priority. By the end of 2019, there were 12 e-commerce solutions in operation across the SPAR network with strong growth anticipated in the coming year.

SPAR Portugal launched a business-to-business e-commerce website, while SPAR Hungary now offers full-service e-commerce in Budapest and 49 towns in the area.

Data driven shopper mission analyses are playing a larger role in understanding customer behaviour, with SPAR UK AF Blakemore launching their mission-based store clusters.

Adapting the service to suit evolving customer needs has always been a priority for SPAR, and 2019 has seen SPAR go further in its digital transformation, with many partners offering e-commerce solutions ranging from Click & Collect, WhatsApp ordering, online stores and home deliveries.



### Data Driven Engagement

An increasing number of SPAR Partners are investing in the collation, storage and analysis of customer sales data to create actionable insights that can be implemented at retail level. Personalised promotions, store clustering based on measurable shopping missions and data driven assortment planning are resulting in higher return on investment on our marketing and promotions spend.

Consolidating data is also allowing us to collaborate better and learn from each other, using the insights to identify cross border opportunities for trade and best practice, without losing our unique local touch. Leveraging big data in our business will allow SPAR to deliver richer, more personal shopping experiences to our customers across the globe.

**€3 million**

invested by SPAR  
Hungary in online retail

**100**

jobs created to support  
online delivery to  
customers in

**49**

municipalities and  
Budapest

# PEOPLE

## Our People – the centre of Customer Service

In a broadening retail and e-commerce landscape, our people remain a key competitive advantage. Our 370,000 highly skilled employees across the world interact with customers daily, providing a consistently excellent shopping experience and contributing to the ongoing loyalty of those customers toward the SPAR Brand.

Continually investing in our people is vital. Through tailored training, talent development and best practice people management, we enhance employees' skills and continuous learning to ensure our colleagues feel fulfilled professionally and our customers are guaranteed excellent service and satisfaction.

Many SPAR Partners, such as the Henderson Group in Northern Ireland and SPAR South Africa, are focusing increasingly on people development. 2019 saw recognition for this, with the Henderson Group awarded Silver accreditation against the The Investors in People Standard and SPAR South Africa earning the Top Employers South Africa certification for the sixth year in a row.



**370,000**

people work in the global  
SPAR family

## Developing the next generation of Leaders

The future of our business lies in our ability to attract, retain and develop the next generation of talent needed for our business – a generation with great ambitions for their personal development and their contribution to the future of, not just the SPAR Brand, but also to the wider industry.

SPAR Partners have responded to this by investing heavily in new leadership and talent development programmes, including apprenticeships, graduate and leadership programmes. SPAR International supports this focus on talent development through internal and external Leadership Programmes and by supporting international internships for future SPAR talent.



Extensive store and operational footprints mean many SPAR Partners can offer bespoke training and apprenticeship schemes to a range of potential employees. SPAR Austria is the country's largest private training company and, in 2019, provided training opportunities across its network to over 3,000 people.

Increased focus on talent development has resulted in a range of enhanced career development opportunities for SPAR colleagues worldwide.

## Innovative Training at SPAR

SPAR Partners are at the cutting edge of people innovation, developing competency-driven and cost-effective modes of training and development.

SPAR Ireland's Food Academy and the latest Commercial Academies from SPAR Austria are just two excellent examples. Both SPAR Partners also expanded their online training portfolio, providing a blended learning experience to employees.

Many SPAR Partners invested in new online training modules. James Hall and Appleby Westward, both in the United Kingdom, joined the SPAR International Learning Platform in 2019.

The SPAR International Learning Platform supports SPAR Partners with professional upskilling webinars, ready-to-use courses and 3D gaming. In 2019, the platform saw a significant increase in uploaded materials, along with the introduction of a SPAR online course sharing portal.

The 3D SPAR Game, currently available in four languages, is being used by partners for a range of purposes, be it employee induction – in the case of Ireland – or operational and service improvement, in both Norway and Denmark.

## SPAR as an Employer of Choice

SPAR Partners across the globe are focused on creating great working environments that attract and retain the latest generation of retail employees who have clear expectations and ambitions for their career, work environment and work-life balance.

Our people value modern and efficient interaction, so utilising user-friendly digital communication tools is another important factor in positioning SPAR as an employer of choice.

Responding to our people's needs by evaluating and implementing digital tools across HR processes was a priority for SPAR Partners in 2019 – be it in recruitment, onboarding, performance management, communication or training.

The development of Wellbeing and Employee Communications Apps, combining work-life balance and health programmes with digital convenience is just one example of the work being undertaken by SPAR Partners in response to the needs of employees.

Our employees are critical ambassadors for SPAR in their communities – be it online or offline, or through their own professional network and personal contacts.

We continue to strive to nurture talent by creating a great working environment for all our employees.

## Leadership Programme

In 2019, James Hall implemented their Leadership Programme, which follows a blended learning approach of on-and offline training content.

The programme includes four development junctions, so it can be applied to various levels of leadership development:

- Supervisor
- Line Manager
- Middle/Senior Manager
- Director

Each junction includes various 'pitstops' of training, customised to the level of leadership of that particular junction.

The overall content includes sessions on self-management, team management, senior business management and leadership.



# RESPONSIBLE RETAILING





"In SPAR, we are tackling global issues together, sharing initiatives and learning from each other. We use our scale to work together in reducing our footprint through finding sustainable solutions, unifying buying volumes and obtaining savings for example in packaging."

#### Adding Value since 1932

SPAR is committed to continually adding value to the communities in which we operate. We strive to deliver outstanding service and excellent product offerings, whilst simultaneously working towards social and environmental prosperity for all. As a global brand, we recognise our responsibility in helping to tackle and negotiate the challenges faced by our customers and communities around the world. This sense of responsibility lies at the heart of the SPAR strategy, that we are Better Together.

#### Focus on Health & Nutrition

With malnutrition continuing to be a growing problem around the world, be it malnourishment or obesity, SPAR is committed to doing what we can to help improve the lifestyles of our customers. In 2019, specific emphasis was placed on further educating consumers about healthy diets, improving our healthy product offering and promoting active lifestyles.

2019 saw the launch of SPAR Better Choices, which focuses on informing consumers about healthy food choices through communicating the nutritional benefits of specific foods. The concept includes foods found across all departments and provides collaboration opportunities with both own brand and FMCG suppliers.

Innovation in health and nutrition has also been delivered across new digital platforms, providing consumers with convenient ways to make better choices. 2019 saw the launch of nutrition apps by SPAR Spain, 'SPAR, saber elegir' (Know What to Choose), and SPAR Belgium Colruyt, 'SmartWithFood'. Both apps enable customers to see the nutritional value of food when scanning the barcode.

Significant steps have been made by SPAR in 2019 towards the elimination of palm-oil. Currently, palm-oil has been removed from 99% of all Austria's SPAR Own Brand products, supporting both the environment and the health of our customers. SPAR Austria is furthering its commitment to reduce sugar through the establishment of the 'Zucker-raus' alliance. Supported by manufacturers and medical professionals, the alliance promotes the removal of excess sugar from products and encourages all sectors to foster a sugar-reduced diet.

Similar initiatives have been well received in other SPAR countries. By the end of 2019, SPAR Croatia had removed a total of 21 tonnes of sugar from its own brand products. SPAR Slovenia announced plans to remove 80 tonnes of sugar and 25 tonnes of salt from own brand products.

In response to World Health Organisation recommendations, SPAR Italy has analysed its 300 own brand products across nine different categories in partnership with the University of Parma, specifically looking to reduce the amount of saturated fats, sugar and salt, as well as redeveloping portion sizes.

**6** strand responsible retailing strategy of SPAR International

**14** Sustainable Development Goals targeted

**2030**  
SDG target

**20%** reduction in CO<sub>2</sub> emissions within 5 years achieved by SPAR Switzerland



## Investing in our Operations

As SPAR continues to grow, so does our potential impact on the environment. Therefore, SPAR Partners are constantly looking at improving logistical, supply chain, distribution centre and store operations through reducing CO<sub>2</sub> emissions and energy consumption. A key focus in 2019 was working with our suppliers to introduce sustainable equipment solutions that seek to minimise our impact on the environment, whilst still allowing us to provide the high-quality service expected by our customers.

In Ireland, advanced solar panels were installed at Gortahork EUROSPAR in County Donegal, a move that is expected to see a 15% reduction in both carbon emission and savings on energy bills. SPAR Sri Lanka also installed their first solar panels on its Kalubowila SPAR store. SPAR South Africa is further advancing their sustainability credentials by installing solar plants at all of its six regional Distribution Centres.

SPAR Switzerland has been recognised for their commitments to reducing their CO<sub>2</sub> emissions in transport and logistics by GS1, receiving the 'Lean & Green' Award. The award recognises organisations that have reduced emissions by at least 20% within five years.

## Taking Responsibility for the Environment

The issue of plastic waste remained at the forefront in 2019, with new and continued initiatives to reduce and remove plastic packaging and introduce sustainable alternatives. Within SPAR, new initiatives extended to packaging procurement and buying – further demonstrating our commitment to buying Better Together.

SPAR Austria has been actively working towards environmental sustainability, rolling out a range of alternatives in its fresh departments, such as: the introduction of wooden cutlery for its food-to-go departments in selected stores; encouraging

customers to bring their own containers to purchase from deli counters in INTERSPAR Hypermarkets; and reducing the total amount of packaging used in store. Reusable biodegradable carrier bags were also introduced and single-use plastic bags in the fruit and vegetable departments were replaced with paper bags and reusable polyester string bags.

SPAR South Africa has been working actively with local suppliers to combat the significant issue of plastic waste in the region. The company introduced two new carrier bags, one made from paper and one made from 100% recycled plastic. A collaboration between dairy producer Woodlands Dairy, Tetra Pak and waste management systems further allowed SPAR South Africa to recycle UHT long-life milk cartons – turning them into SPAR corrugated boxes.

In Norway, our partners have reduced the prices of reusable carrier bags to make them affordable for all customers, further encouraging customers to make greener choices.

“EUROSPAR in Ireland is committed to seeking out new opportunities and innovations that will help us and our retailers to reduce our carbon footprint.”

Malachy Hanberry, SPAR Ireland



## Community First

Community initiatives remain at the heart of the SPAR business. Our commitments to our communities extend beyond fundraisers and charity support, engaging them directly through organised events or sponsorships.

INTERSPAR Hypermarkets has been a strong partner of SOS Children's Villages in Austria for 16 years and supported the charity with over €1.4 million during this period. They generate awareness for the charity, encouraging customers to donate.



SPAR UK have supported Marie Curie since 2017, raising over €1.1 million in much needed funding since the partnership began. Ongoing initiatives include local, regional and national campaigns to generate more funding which helps the charity provide care and support for people living with a terminal illness and their families.

SPAR South Africa focus on ensuring the safety and equality of women and children within the country, an integral element to their community spirit. Sponsorships include a focus on women's races and providing support to sportswomen who are role models for future generations. Campaigns instore generate much needed funding for women's charities.



## Active Collaboration

2019 was a pivotal year for SPAR International and SPAR Partners to enhance collaboration, in keeping with the objectives of the Better Together strategy and saw the launch of the Health & Wellness Action Group, the Plastics Action Group and the continuation of the Responsible Retailing Forum. These events bring together key SPAR executives in the area of responsible retailing to share knowledge, find areas for collaboration and drive actions within the respective countries.

We continue to drive change where we can and strive to become industry leading across all six pillars of Responsible Retailing: Health, Sourcing, Community, Climate, Environment and People.

"As a global brand, we recognise our responsibility in helping to tackle and negotiate the challenges faced by our customers and communities around the world."

## Reducing Food Waste

In joining the battle against food waste, SPAR retailers have teamed up with Too Good To Go across nine countries. Too Good To Go aims to help reduce food waste by allowing users to order food at a greatly reduced cost which would otherwise be thrown out.

Using an app, customers can find out how many food packages are available for collection at their local SPAR store of choice. The SPAR Too Good To Go food packages contain fresh food products, including vegetables, fruit, dairy products, baked goods and other items from the SPAR range.

Reducing food waste at both retail and consumer level is one aspect of the twelfth of the Sustainable Development Goals. Providing SPAR customers with this easy to use solution is just one example of how globally we are addressing food waste reduction.



# SPAR WORLDWIDE

"SPAR continued to expand in 2019, launching the brand in a further two countries. Continuous growth was achieved with an additional 208 stores being added, totalling 13,320 in 48 countries and strong turnover growth of 4.35% to €37.1 billion."

Tobias Wasmuht, SPAR International



## SALES SHARE % PER REGION

<b>70%</b>	WESTERN EUROPE
<b>16%</b>	CENTRAL & EASTERN EUROPE
<b>12%</b>	AFRICA & MIDDLE EAST
<b>2%</b>	ASIA PACIFIC



## SALES SHARE % PER REGION

<b>46%</b>	WESTERN EUROPE
<b>12%</b>	CENTRAL & EASTERN EUROPE
<b>37%</b>	AFRICA & MIDDLE EAST
<b>5%</b>	ASIA PACIFIC



## SALES SHARE % PER REGION

<b>52%</b>	WESTERN EUROPE
<b>28%</b>	CENTRAL & EASTERN EUROPE
<b>0%</b>	AFRICA & MIDDLE EAST
<b>20%</b>	ASIA PACIFIC



## SALES SHARE % PER REGION

<b>80%</b>	WESTERN EUROPE
<b>11%</b>	CENTRAL & EASTERN EUROPE
<b>4%</b>	AFRICA & MIDDLE EAST
<b>5%</b>	ASIA PACIFIC

## GLOBAL AVERAGE STORE SIZE M<sup>2</sup> ACROSS ALL 4 FORMATS PER REGION



**399**  
WE

**560**  
GLOBAL

**703**  
CENTRAL  
& EASTERN  
EUROPE

**1,183**  
AFRICA &  
MIDDLE EAST

**1,652**  
ASIA PACIFIC

M<sup>2</sup>

## 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.

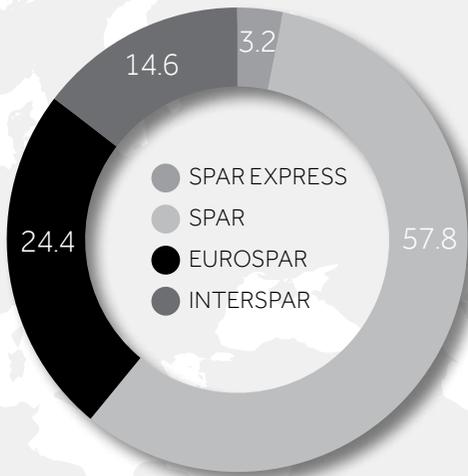
WESTERN EUROPE

CENTRAL & EASTERN EUROPE

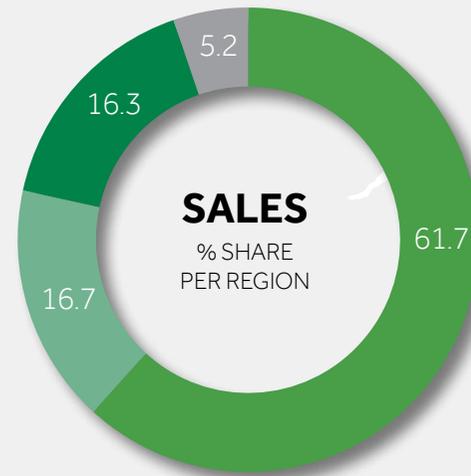
AFRICA & MIDDLE EAST

ASIA PACIFIC

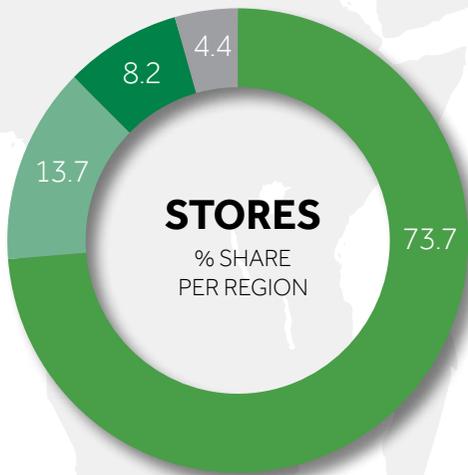
GLOBAL SALES % PER FORMAT



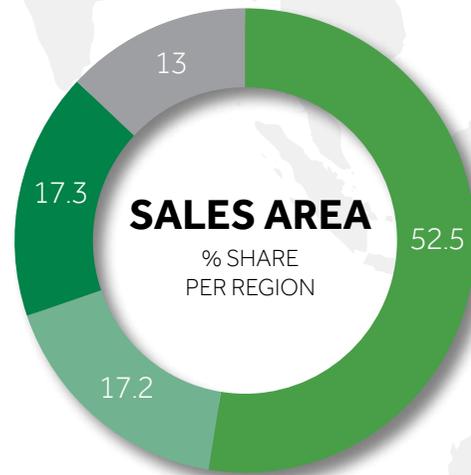
GLOBAL SHARE OF SALES €37.1 BILLION



GLOBAL SHARE OF STORES 13,320



GLOBAL SHARE OF SALES AREA 7.45 MILLION M<sup>2</sup>



## STORES

% SHARE PER REGION

## SALES AREA

% SHARE PER REGION

# WESTERN EUROPE

**140**  
New stores

**€22.87**  
**BILLION**  
Total Sales

**3.57%**  
Sales growth using  
constant annual average  
exchange rates



## SPAR Austria

With sales of €7.19 billion and impressive sales growth of 4.5% SPAR Austria is now the market growth leader in the supermarket and hypermarket sector for the tenth consecutive year. SPAR Austria's sales growth was more than double that of the Austrian food retail industry's estimated total average growth of 2.1%. SPAR Own Brand products continue to play a significant role in SPAR Austria's success, with own brand products accounting for over 40% of total sales - an increase of 5.4% on 2018.

In 2019, 811 company-owned stores and 687 independent retailers were in operation under the SPAR, EUROSPAR and INTERSPAR formats in Austria with a total retail sales area of 1.19 million m<sup>2</sup> bringing the brand to customers throughout the country.

SPAR Austria invested €21.5 million in the modernisation of the INTERSPAR hypermarket in Amstetten, Lower Austria. October 2019 saw the reopening of the completely revamped hypermarket

featuring extensive fresh and food-to-go sections and a new restaurant. A new design for SPAR Express forecourt stores, with a new market-style layout, was also developed.

SPAR Austria is committed to driving forward its sustainable development goals. 2019 saw a boost in the sourcing of local organic products, and the removal of practically all palm oil from SPAR Own Brand products. In addition, SPAR Austria has successfully reduced the amount of sugar in SPAR Own Brand products by 1,000 tonnes since the beginning of 2017.

SPAR Austria also launched a plastic reduction initiative in 2019. More alternatives to plastic are now offered instore, with customers encouraged to bring their own containers to service counters, filling units for organic products at INTERSPAR stores and more beverages offered in reusable bottles. INTERSPAR was also recognised as Austria's 'Supermarket of the Year 2019' by environmental organisation Greenpeace, based on its excellent range of sustainable options.



Retail turnover **€7.19 billion**

## SPAR Belgium

SPAR in Belgium is operated by two partners: the Retail Partners Colruyt Group and the Lambrechts Group, which together hold a 4% share of the grocery retail market. Total annual retail sales of €1.06 billion was generated from 320 stores with a total of 159,148m<sup>2</sup>, surpassing the billion Euro mark for the second year in a row.

Many of SPAR Belgium's independent retailers invested in their stores in 2019, including the introduction of environmentally friendly technologies instore. Those that invested in renovating their stores saw an immediate uplift in retail sales of about 10%.

Through an expanded product range and an increase in customer loyalty initiatives, SPAR Belgium has successfully engaged with consumers both online and instore. Fresh department innovations are being introduced in response to what is a highly competitive market.

Retail Partners Colruyt Group introduced the scientifically validated NutriScore system to its private label products, helping consumers make responsible food choices. SPAR Lambrechts implemented plastic-free solutions ahead of the 2020 ban on plastic carrier bags.



Retail turnover **€1.06 billion**



## SPAR Denmark

SPAR Denmark developed four new flagship stores in 2019, ending the year with 134 stores. Total retail sales for the year amounted to €526.62 million. Revenue per square metre increased by 6.7% and the average basket size by 1.4%.

One of the new flagship stores is the city-centre SPAR Teglholmen store, featuring a new store design concept, with a focus on convenience, fresh and the implementation of the SPAR Natural Own Brand shop-in-shop category solution.

A newly launched state-of-the-art 3D SPAR Retail Simulation Game has proven very successful in the training of retail employees in an exciting and highly engaging way.

In the area of sustainability, SPAR Denmark has partnered with national environmental organisation, Ren Natur (Clean Nature), supporting three key missions: waste collection in local communities, support for local charities and environmental protection.

Turnover per m<sup>2</sup> **+6.7%**



## SPAR France

SPAR France added a further 13 stores during 2019 with a total of 871 SPAR stores operating across the country. With the increased focus on modernisation of the store layout, expansion of the product offering and continued investment in digital solutions, SPAR France's turnover of €1.04 billion was 1.4% higher than the previous year.

Investment in digital solutions to support independent retailers through real-time access to both sales and stock data has helped improve the return per square metre for retailers. In addition, a digital database of local producers and products has dramatically improved the ability of independent retailers to order local products, in direct response to consumer needs.

In line with the focus on food waste reduction throughout France, SPAR stores in France that are larger than 400m<sup>2</sup> have partnered with charities and utilised the latest consumer technology to redistribute food items that are nearing their expiration date. Instore incentives such as reduced prices for items approaching their sell-by date also promotes reduced food waste.

Brand awareness was strengthened through sponsorship of key local sporting events by independent retailers during the summer, building on the very successful beach and mountain pop-up shop concept of the past few years.

Retail turnover **€1.04 billion**



## SPAR Germany

SPAR Germany operates 441 SPAR Express convenience stores across the country with a total sales area of 33,174m<sup>2</sup>. Combined, these stores delivered total retail sales of €289.61 million.

The SPAR Express stores are in high-traffic locations such as train stations and airports, as well as at petrol forecourts, and offer the same competitive prices as consumers would find in supermarkets.

2019 also saw a continued focus on utilising digital communication instore to increase customer awareness of special offers and marketing campaigns. Convenience, particularly in fresh solutions, can be found throughout the store with a combination of service departments and self-service ensuring the high traffic flow easily moves through the store footprint.

Investment during the year saw the introduction of the innovative SPAR Coffee-To-Go concept in the highly frequented SPAR Express store near Potsdamer Platz in Berlin. Further investment in expanding the store network is planned from 2020 onwards with a renewed focus on modernisation.

Total stores **441**

## WESTERN EUROPE

### SPAR Greece

During its second full year of operation, SPAR Hellas, holder of the SPAR Brand under licence in Greece, supported independent retailers keen to benefit from the strength of the brand awareness amongst local shoppers and tourists.



A total of 30 fully converted stores were operational at year-end, achieving retail sales of €64.90 million, a growth of 139% year-on-year. With an additional 20 stores, SPAR Greece traded out of 15,990m<sup>2</sup> at the end of 2019. Plans are in place to add a further 30 stores to the portfolio in 2020.

Independent retailers are responsive to the SPAR offer which includes access to competitively priced products, operational guidance, training support and marketing campaigns.

Customers have reacted positively to the broad range of SPAR Own Brand products available, sourced both locally as well as internationally. By tapping into locally sourced products and expanding store numbers, SPAR Greece is successfully supporting the local economy and providing jobs.

**Sales increase 139%**



### SPAR Ireland

SPAR Ireland saw a strong year-on-year sales growth of 3.36%, reporting retail turnover from 457 stores of €1.33 billion.

SPAR Ireland enjoyed phenomenal success at various industry awards with SPAR Merrion Row in Dublin winning 'Store of the Year' at the prestigious IGD Awards in London. In addition, SPAR Parkway in Limerick was named Ireland's 'National Convenience Store of the Year 2019' and 'Forecourt Retailer of the Year' at the ShelfLife C-Store Awards.

A record number of children participated in the 2019 SPAR FAI Primary School 5s Soccer initiative. SPAR Ireland also championed healthy lifestyles with SPAR Better Choices campaign, complemented by an exclusive Back-to-School range of nutritious recipes.

A new SPAR brand campaign called 'Always Changing', focused on SPAR meeting the ever-changing needs of Irish shoppers, and created strong engagement across various social media channels.

**Retail turnover €1.33 billion**



### SPAR Italy

With 1,240 stores operating under licence across six regional partners, SPAR Italy's multi-format strategy continued to deliver excellent results. The total turnover of €3.62 billion was generated from a total retail sales area of 757,774m<sup>2</sup>. The 459 company-owned stores reported an average increase in retail sales of 3%.

The addition of a new partner, Group 3A, from January 2020 will further strengthen the brand's presence, particularly in the north-west of Italy. Expansion into new towns and cities by the consortium of partners is resulting in an increase in convenience stores and EUROSPAR Supermarkets.

There was an increase of 220 SKUs in SPAR Own Brand products which are sold not only in Italy but are made available to other global partners through SPAR International. Total own brand share of food sales was 19.8% and it is estimated to grow by a further 3% in the coming year.

All partners have a strong focus on sustainability throughout both the retail and distribution network. Seeking to reduce food waste and energy usage, SPAR Italy has introduced improved equipment and procedures for stores and distribution centres. At the end of 2019, the six partners forming the DESPAR consortium employed 13,000 people comprising retail, offices and distribution centres.

Community projects have been initiated by each partner, with a wide range of activities such as education on healthy lifestyles for children, assisting women who are facing adversity and supporting local hospitals. A collaboration with the University of Parma supports the national focus on healthy eating and reducing obesity.

**Total stores 1,240**



## SPAR Malta

The Azzopardi Group holds the licence to operate SPAR in Malta, having introduced the brand to the market in 2018 starting with neighbourhood stores.

Based on the high numbers of tourists in the capital city Valletta each year, the decision was made to introduce an INTERSPAR Hypermarket, offering consumers a broad product range and extensive fresh offer. Three stores generated €6.94 million turnover from 3,080m<sup>2</sup> and further growth in store numbers is planned for 2020.

## SPAR Cyprus

Following the brand's launch in Larnaca in 2018, SPAR Cyprus has expanded its business, adding two new stores in Nicosia and Limassol and converting existing food halls to modern SPAR Supermarkets. The emphasis SPAR Cyprus has placed on quality, variety and freshness across its range of departments reflects strong support for local producers.

The three SPAR Supermarkets have a total retail footprint of 2,500m<sup>2</sup> and generated a turnover of €7.06 million, with the two larger stores operational since mid-2019.



## SPAR Netherlands

SPAR Netherlands reported retail sales of €670.96 million, representing dramatic growth of 22.8%. There are 456 stores operational, 102 more than the previous year, with a combined retail sales area of 103,119m<sup>2</sup>. The introduction of a semi-automated warehouse for fast-moving goods has successfully increased service levels to retailers and operational efficiency.

SPAR Netherlands continued expanding SPAR Express convenience stores at Texaco and Esso forecourt locations in partnership with EuroGarages, opening its 150<sup>th</sup> SPAR Express store in the second half of 2019.

Digital developments and e-commerce solutions played a significant role during 2019. After launching cashless stores at SPAR campus locations near universities, mobile payments were further rolled out throughout the year.

A new national branding campaign called #verder (#further), running from May to September 2019, provided the brand with further consumer visibility and recognition.

Sales increase **22.8%**



## SPAR Norway

SPAR was the only supermarket chain in Norway to increase its market share in 2019. Now standing at 7.3%, SPAR Norway attributes the growth of its market share over the past five years to excellent store operations and instore promotions. SPAR Norway's 293 stores generated total retail sales of €1.53 billion, with particularly strong growth by its EUROSPAR Supermarkets.

SPAR strengthened its position in Norway by opening four new stores in 2019. Promotional activities, such as the 10Kr campaign attracted additional customers and SPAR Norway has continued to focus on taking a leadership position on sustainability, fulfilling its role as a responsible retailer.

The continued focus on training using gamification combined with online and classroom training has proven to attract young talent. This newest generation of talent is then integrated into the retail world by becoming entrepreneurs delivering SPAR values to future generations.

A highlight of 2019 was the opening of EUROSPAR Strandveien in Tromsø, the largest city in northern Norway. With a sales area of 3,000m<sup>2</sup>, this supermarket offers customers an extensive assortment of products and services.

Retail turnover **€1.53 billion**



## SPAR Portugal

With 142 SPAR Supermarkets open across the country, SPAR Portugal reported annual retail sales of €109.94 million, a growth of 3.8% over the previous year. Investment in expansion continued with six new stores opening, increasing total retail sales area to 36,090m<sup>2</sup>.

SPAR Own Brand products continued to build customer loyalty, while an extensive fresh offer instore, which includes a new focus on the SPAR Café coffee solution, is popular with residents and tourists.

Brand awareness for SPAR Portugal was very high in December when Lisbon hosted the SPAR European Cross Country Championships. SPAR Portugal ran an extensive communications campaign, drawing many customers to attend the world-class competition and sample the SPAR Own Brand products available.

Total stores **142**

## WESTERN EUROPE



### SPAR Spain

SPAR Spain has continued to expand in 2019, opening 93 new stores, 66% of which have a retail sales area exceeding 400m<sup>2</sup>, bringing the total retail sales area to 506,379m<sup>2</sup> across 1,226 stores. The 13 regional partners reported a retail turnover of €1.60 billion, a considerable increase of 8.8% over the previous year.

The SPAR Bake-Off Concept Solution was launched in collaboration with SPAR International, providing retailers the ability to sell hot and fresh bakery produce in just one hour as well as providing customers with a more intuitive shopping experience and consistently fresh bakery products.

2019 saw the launch of the nutrition app 'SPAR, saber elegir' (SPAR, know what to choose), allowing customers to view expanded nutritional information. SPAR Gran Canaria also invested €5.5 million in the development of the largest fruit & vegetable Distribution Centre on the Canary Islands. SPAR Gran Canaria's Puerto Rico supermarket won the EuroShop Retail Design Award in early 2020, recognising the excellence in shopping experience available through every department.

Sales increase **8.8%**

### SPAR Switzerland

In its 30<sup>th</sup> year of operation, SPAR Switzerland ended 2019 with 186 stores amounting to a total retail sales area of 70,137m<sup>2</sup> and combined retail sales of €492.33 million.

Increased focus was placed on store modernisation and the implementation of new concepts such as a full-service bakery solution and the SPAR Natural product line in stores, to meet consumer demand for fresh and healthy organic food. The year also saw the successful launch of SPAR Switzerland's customer loyalty card, SPAR Friends.



SPAR Switzerland was awarded the 2019 'Lean & Green Award' at the 14<sup>th</sup> General Assembly of GS1 for its commitment to reducing CO<sub>2</sub> emissions across logistics and transport.

SPAR Switzerland also entered into a partnership with Too Good To Go, a company striving to curb food waste as part of its sustainability initiatives.

Total stores **186**



### SPAR United Kingdom

SPAR UK saw a year-on-year growth in both wholesale and retail sales per store, growing by 2.6%, even though there was a slight store numbers decline as a consequence of mergers and acquisitions. In comparison to the previous year, average store floor space across 2,520 stores grew by 1.7% to a total of 398,192m<sup>2</sup>. Total retail turnover of €3.34 billion was reported for the year.

SPAR Own Brand continues to gain traction, recognised by a number of awards for quality, innovation and product reformulation to reduce sugar and salt content. The move towards using more sustainably sourced materials in packaging, particularly in the ready-meal category, has been welcomed by consumers keen to reduce environmental impact.

Investment in the modernisation of company-owned stores continued throughout the year, with the development of model stores in order to trial new fresh concepts prior to rolling them out across the estate. This has been echoed with a focus

on improving the distribution centres' operational efficiency and productivity across the partners.

SPAR UK partners continued their community support projects, targeting youth employment, sports participation and local producers.

SPAR UK continued celebrating local sporting heroes through its People's Podium initiative, while SPAR Scotland became a new sponsor of the Women's National Football Team. The Disability Sport Wales initiative with AF Blakemore brings sport to people with disabilities, while youth is an additional focus through James Hall's sponsorship of the Lancashire School Games. Appleby Westward partnered with Somerset County Cricket Club, while the organisers of the Deep RiverRock Belfast City Marathon were delighted to have the Henderson Group as one their new sponsors.

The 35<sup>th</sup> European Athletics Indoor Championships held in Glasgow saw athletes from around Europe compete at the highest level. Local activation by SPAR UK saw fans compete in the 'SPAR Beat the Elite' sprint speed challenge.

Retail turnover **€3.34 billion**

# FRUIT & VEG

A HEALTHY  
OUTSIDE  
STARTS FROM  
THE INSIDE

AT YOUR SERVICE

YOUR ESSENTIALS

OFF LICENCE

RED VALUE



# CENTRAL & EASTERN EUROPE

**70**  
New stores

**€6.19**  
**BILLION**  
Total Sales

**6.83%**  
Sales growth using  
constant annual average  
exchange rates



## SPAR Hungary

SPAR Hungary achieved a total turnover of €2.09 billion in 2019, an increase of 10% over the previous year using constant annual average exchange rates. SPAR Hungary's retail portfolio of 572 stores, comprising 382 company-owned and 190 operated by independent retailers, covers a sales area of 425,746m<sup>2</sup>. It has also seen great success with a new online platform, launched in May.

SPAR Hungary invested €11.8 million in the development of its 34<sup>th</sup> INTERSPAR Hypermarket - a state-of-the-art store in Tata. A number of company-owned stores were also revamped to incorporate self-service and improved convenience offerings.

Following the introduction of sub-licensing to independent retailers in 2012, the number of SPAR stores operated by independent retailers has grown steadily. SPAR Hungary is now one of the largest employers in the country, with almost 13,000 team members.

Retail turnover **€2.09 billion**



## SPAR Slovenia

SPAR Slovenia ended 2019 with 123 stores, comprising 111 SPAR Supermarkets and 12 INTERSPAR Hypermarkets, with a total sales area of 164,005m<sup>2</sup>. Sales increased by 4% to €848.25 million.

Two new company-owned SPAR Supermarkets were opened as well as two SPAR stores owned by independent retailers. Investment in modernisation of existing stores continues, integrating sustainable features aimed at reducing the company's environmental impact.

Shoppers have welcomed the continued expansion of the SPAR Own Brand range, in addition to a focus on lowering of sugar and salt content in line with the trend towards healthier food choices. Supporting local producers contributes to the overall breadth of offer throughout the stores, particularly in the hypermarkets where small-scale companies can profile their products.

In 2019, SPAR Slovenia launched the fourth season of its hugely successful 'Start it up, Slovenia!' campaign, which gives local entrepreneurs a chance of winning an exclusive long-term contract with SPAR to sell their products in-store.

Total stores **123**

## SPAR Croatia

SPAR Croatia ended 2019 with 115 stores, comprising 22 INTERSPAR Hypermarkets and 93 SPAR Supermarkets. The total sales area of 164,189m<sup>2</sup> reflects an increase of 8,181m<sup>2</sup> on the previous year due to the opening of five new stores. Retail sales increased by 5% to €722.38 million. For the second consecutive year SPAR was named the best retailer in the country.

SPAR Croatia made significant strides in its aim of providing customers with high quality and healthy products. The amount of salt in bakery products produced at SPAR and INTERSPAR bakeries and the amount of sugar in own brand products have been reduced.

Local sourcing remains a focus with 77% of SPAR Croatia's food offering - totaling 430 local products - coming from over 90 domestic businesses. SPAR Croatia ran two campaigns 'Yes, it's Local!' and 'The Gardens of Croatia' to help drive customer awareness of SPAR's local product offering.

Sales increase **5%**



# SADJE IN ZELENJAVA

SVEŽE PRIPRAVLJENO  
V NAŠI TRGOVINI!

SPAR  
to go

KRUH

CENA  
0

DOBRO ZAMET  
9



## CENTRAL & EASTERN EUROPE

### SPAR Russia

SPAR Russia had another successful year in 2019, with growth in store numbers and annual average sales per square metre. Across a total retail sales area of 405,305m<sup>2</sup> from 550 stores, retail sales of €2.14 billion were achieved, representing a 7.6% growth over the previous year.

SPAR Russia continues to support its partners across the country in numerous ways including expanding the SPAR Own Brand portfolio to a total of 2,839 SKUs, complemented by locally sourced products through stores nationwide. SPAR Own Brand development has shown record results, with an overall own brand share increase from 7.2% in 2018 to 8.7% in 2019, a growth from €150 million to €181 million.

SPAR Kaliningrad continued its growth in the region, operating 48 stores across a total sales area of 40,106m<sup>2</sup>. During 2019, it achieved sales growth of 11.2% year-on-year up to €495 million.

SPAR Middle Volga now operates 197 SPAR stores. Turnover reached €955.5 million, a 21.1%

growth year-on-year. SPAR Middle Volga launched 21 new stores in the Moscow Region in 2019, including 17 independently owned SPAR and SPAR Express stores. The company also successfully entered the Moscow e-grocery market with a website and mobile app.

Having launched 10 new SPAR stores of various formats in 2019, SPAR Chelyabinsk now operates 63 stores, with a sales increase of 20.2% year-on-year, up to €181 million. In 2019 the company entered the neighbouring region with a 1,147m<sup>2</sup> SPAR Supermarket in the capital city of Ekaterinburg.

SPAR Russia also successfully expanded into southwestern Siberia with two EUROSPAR Supermarkets in Omsk. A new partner, SPAR Far East, was granted exclusive SPAR International licence for the regions of Khabarovsk and Vladivostok.

Retail turnover **€2.14 billion**



### SPAR Poland

SPAR International granted a licence to operate the brand in Poland to SPAR South Africa which purchased an existing retail chain - Piotr i Paweł - during 2019. Building on the existing wholesale and retail infrastructure, SPAR Poland ended the year with 153 stores, generating turnover of €165.83 million from 41.070m<sup>2</sup> of retail sales area.

In December 2019, SPAR Poland opened their first EUROSPAR store in Warsaw with a comprehensive range of SPAR Own Brand products sourced locally, regionally and internationally as well as a strong fresh offer.

SPAR Poland will establish a supply chain system working with three Distribution Centres. This will not only support the company-owned stores previously branded Piotr i Paweł but also potential independent retailers keen to join the group and operate under the SPAR, EUROSPAR or SPAR Express brand. There is growth potential with SPAR building the first independent, professionally supported, retail business in Poland, with plans to have a chain of 400 stores in the next four years.

Total stores **153**

### SPAR Azerbaijan

Throughout 2019, SPAR Azerbaijan has continued operating large EUROSPAR Supermarkets and SPAR neighbourhood supermarkets as well as SPAR Express stores. SPAR Azerbaijan's 13 stores currently comprise a total sales area of 7,525m<sup>2</sup> with a 10.9% growth in retail sales to €30.80 million.

An emphasis on the delicatessen and ready-to-eat meal departments, serviced by a team focusing on providing excellent customer service, complete the food offering especially in the larger stores.



Food retailing is one of the most dynamic sectors of Azerbaijan's economy and 2019 saw a strong focus on efficiency across all aspects of the SPAR operations in the country.

Azerbaijan's growing network of SPAR stores bring global best practice to the market, delivering a new offering that is meeting and exceeding the expectations of local consumers.

Sales increase **10.9%**

## SPAR Georgia

SPAR Georgia has continued its rapid rate of expansion, operating 189 stores at year-end, with a total retail sales area of 27,155m<sup>2</sup>. Total retail sales of €82.09 million were delivered, an increase of 78.8% over the previous year using constant annual average exchange rates. This dramatic growth has largely been achieved through the development of convenience stores in city centres and neighbourhood locations.

SPAR Georgia celebrated its fifth anniversary in 2019, with one of the highlights of the month-long festivities being the re-launch of the SPAR Supermarket in the city of Kutaisi.

During 2019, SPAR Georgia continued to invest in its people with a focus on retaining trained employees. An emphasis was also placed in 2019 on improving warehouse and supply chain operations in order to ensure a better product offering in-store.



Sales increase **78.8%**

## SPAR Albania



SPAR Albania has continued to grow its store portfolio, reaching the milestone of 60 stores in 2019, with 13 new independent retailers helping grow the brand's presence across the country. Retail turnover increased by 19% over the previous year to reach €58.34 million.

SPAR Albania added a store in the capital, Tirana, as well as new stores in eight other towns and cities.

A big draw for many customers is the SPAR Own Brand product range, sourced locally, regionally and internationally. This extensive range allows SPAR Albania to differentiate its retail offering and encourage customer loyalty.

The 'My SPAR' loyalty rewards card is also growing in popularity with an increasing number of households signing up as members, helping boost brand awareness nationwide.

Sales increase **19%**

## SPAR Armenia

SPAR International has granted a licence to an established and respected regional food distributor and wholesaler to operate the SPAR Brand in Armenia. The initial brand launch will be in the capital city of Yerevan, with the intention being to grow the brand over the next few years into other areas.



## SPAR Ukraine

SPAR Ukraine currently operates 37 stores, including 14 SPAR Express stores, 22 SPAR Supermarkets and one EUROSPAR Supermarket, with a combined retail space of 8,781m<sup>2</sup> and turnover of €25.89 million, an increase of 141.7%. Investment in expansion resulted in more store openings and an increase in its fresh product offering, particularly in bakery and coffee, supported by the SPAR International team.

The ongoing development of SPAR Own Brand products has led to a greater offering in products sourced locally, regionally and internationally, in response to growing consumer appetite.

To strengthen the independent retail network, SPAR Ukraine is seeking to enhance retailing skills with video-based training, as well as increasing the network by attracting new retailers. Plans are in place to expand the brand further in the coming years.

Growth in stores **141.7%**

## SPAR Belarus

At the end of 2019, SPAR Belarus operated a total of nine stores - three SPAR and six EUROSPAR Supermarkets - with a total sales area of 6,328m<sup>2</sup>. Total annual turnover stood at €20.88 million. The addition of new stores resulted in a turnover increase of 307% over the previous year.

A strong focus on fresh, incorporating an expanded range of food-to-go with salad bars, tandoor ovens and a coffee solution, complement the already popular service departments.

SPAR Belarus' loyalty card, launched at the end of 2018, is attracting more customers and generating greater basket spend. The launch of a sustainable initiative around the sale of paper bags, to replace plastic, has also proven a success.

Sales increase **307%**

## SPAR Kosovo

Since successfully launching mid-2019, SPAR Kosovo has opened four SPAR Supermarkets, three of which are located in the capital city, Pristina. A total retail turnover of €2.83 million for the six months of trading was generated from a retail sales area of 2,593m<sup>2</sup>.

The development of a full-service SPAR Bakery & Coffee-To-Go solution has complemented the wide food-to-go and ready-to-heat offering in the stores.

SPAR Own Brand products, which support local producers, offer customers both speciality and premium products. This range is strengthened with various regionally and internationally sourced products, reflecting the appetite of customers for more extensive product assortments.

Retail turnover (half-year)  
**€2.83 million**

# AFRICA & THE MIDDLE EAST

**€6.06  
BILLION**  
Total Sales

**5.26%**  
Sales growth using  
constant annual average  
exchange rates

**1,088**  
Total stores



## SPAR South Africa

SPAR South Africa reported a 7% growth in retail sales of €5.09 billion over last year using constant annual average exchange rates. SPAR South Africa's network now comprises 884 stores across the three formats, with a combined retail sales area of 1,031,545m<sup>2</sup>. More than 60% of the total annual revenue came from the larger format SUPERSPAR stores, which grew 9% in total contribution over the previous year.

A new strategy – 'My SPAR, Our Tomorrow' – has contributed to high levels of brand loyalty amongst independent retailers and customers. The core values of this strategy are reflected in customer communications highlighting the brand's dedication to improving the welfare of women, vulnerable members of society, local communities and in promoting healthy lifestyles.

The modernisation of 181 SPAR stores during the year reaffirmed confidence in the brand. SPAR retailers have further embraced the retail training academy, ensuring the upskilling of retail store teams and integrating the customer service programme.

In the past year, more retailers have included food concepts such as the Bean Tree coffee solution and Chikka Chicken deli counters. SPAR Natural departments can now be found in 48 supermarkets across the country.

Investment in supply chain continues at pace, with an inland consolidation centre becoming fully operational in 2020. SPAR South Africa's commitment to minimising its environmental impact continued in 2019, with solar panels being introduced across all six Distribution Centres. Last year, the six regions handled a total of 244 million orders through their distribution centres, an increase of 5.3%.

The recycling of carton and plastic continues to be improved by working in collaboration with suppliers and retailers. Substitution of packaging in the SPAR Own Brand range to more environmentally friendly alternatives continues, as does product reformulation in line with market trends.



Retail turnover **€5.09 billion**

## SPAR Botswana

SPAR Botswana has been responding to the needs of local consumers since 2004. To date, there are 34 stores with a retail footprint of 35,394m<sup>2</sup>, operated by independent retailers under licence to SPAR Botswana. A combination of SPAR neighbourhood and SUPERSPAR Supermarkets generated an annual turnover of €207.84 million in 2019, an increase of 12.5% using constant annual average exchange rates.

A SPAR training academy, launched in 2015, continues to provide valuable skills to retail teams across the country, ranging from customer service through to product knowledge. The MySPAR loyalty programme has been successful, generating new customer awareness.

SPAR Botswana launched a range of initiatives during 2019 in response to the needs of local communities in and around their stores. Support was given in the form of volunteer work, materials or funding to people in need.



Sales increase **12.5%**

## SPAR Namibia

SPAR Namibia, part of SPAR South Africa, recorded retail sales of €153.71 million in 2019, which represented growth of 1% in constant annual average exchange rates. National mean food inflation for the same period stood at 4.7%.

SPAR Namibia operates five SUPERSPAR Supermarkets, 22 SPAR Supermarkets, and most recently, three SPAR Express convenience stores. These stores have a combined retail footprint of 31,782m<sup>2</sup>.



SPAR in Namibia has a strong fresh offer with instore bakeries and butcheries, complementing home-meal-replacement options.

SPAR Namibia performed well despite the economic impact of continued fiscal consolidation, increased household indebtedness and slower growth in credit extension reducing disposable income. The country also had to deal with an extended drought during winter 2019 which had a severe impact on national food security.

Throughout 2019, SPAR Namibia successfully implemented its extensive local corporate social responsibility programme targeting social change and gender equality.

Retail turnover **€153.71 million**



## SPAR Mozambique

SPAR Mozambique, part of SPAR South Africa, provides customers with an unrivalled shopping experience in cities nationwide. Sub-licensing of the brand to independent retailers has resulted in quality stores that have been fully embraced by shoppers.

The capital city Maputo has three SPAR Supermarkets and three larger SUPERSPAR Supermarkets, with a combined retail area of over 18,000m<sup>2</sup>. Another six stores are located across the country, bringing the total retail area to 20,604m<sup>2</sup>.

Although conditions in Mozambique are challenging, SPAR retailers showed a solid performance for 2019, with growth using constant annual average exchange rates of 34%, totaling €78.12 million.

Instore innovation continued with the roll-out of the Bean Tree coffee concept proving a success, complementing the focus on fresh instore. The instore bakeries, food-to-go service department and delicatessen round out the offering.

Sales growth **34%**



## SPAR Nigeria

SPAR Nigeria ended 2019 with 14 hypermarkets covering a retail sales area of 44,961m<sup>2</sup>. Total retail sales grew by 10.3% to €128.87 million, despite currency challenges in the country.

Shoppers have welcomed the strong focus by SPAR Nigeria on locally sourced fresh products, with instore bakeries complementing the fresh produce section. The new alcohol brand Barman@SPAR was successfully launched in two hypermarkets in Lagos.

During 2019, SPAR Nigeria won three important awards in recognition of SPAR's contribution to the retail industry. SPAR Nigeria was announced as the winner of the 2019 'Best Retail and Superstore Brand Award' and 'Retail Brand of the Year' at the Business Day Nigerian Business Leadership Awards 2019.

Community engagement initiatives such as hosting the Children's Day celebrations, continue to build strong brand recognition and strengthened SPAR's community involvement.

Retail turnover **€128.87 million**

## AFRICA & THE MIDDLE EAST



### SPAR Zimbabwe

In a challenging economic environment, SPAR Zimbabwe saw strong growth in 2019, with the opening of two new stores in the region. This brings the total portfolio to 38 stores: 20 individually owned SPAR outlets and 18 corporate stores, employing 2,000 people and serving over 1.5 million customers a day. Retail sales for the year were €79.76 million, despite the depreciation in currency.

SPAR Zimbabwe widened its range of ready-to-eat solutions in several of the sites, including the new-concept quick-service restaurant offering of Chikka Chicken and Pick a Pizza, and continued to increase product range to suit local market needs across their retail estate.

2019 also saw significant growth in SPAR Zimbabwe's online shop. Deliveries direct to the customer's door are free in the capital, Harare, and expansion of the service has allowed orders for collection in Bulawayo, Mutare and Kwekwe.

In addition to supporting various CSR initiatives at a national level, all SPAR stores in Zimbabwe participate in local CSR programmes, supporting schools, orphanages, nursing homes and many other local projects.

Retail turnover **€79.76 million**

### SPAR Zambia

SPAR Zambia reported retail turnover of €28.27 million from a total of 10 stores across the country with a combined total of 17,315m<sup>2</sup> sales area at the end of 2019. The brand is continuing to perform well, despite operating in a challenging economic and political climate.

Retail turnover **€28.27 million**

### SPAR Cameroon

Currently operating six stores with total retail sales area of 4,570m<sup>2</sup>, SPAR Cameroon generated a turnover of €16.74 million. All stores, including those opened in 2019 in the capital city, Yaoundé, have an extensive range of SPAR Own Brand products sourced locally, regionally and internationally, capitalising on the depth and breadth of the range available within SPAR.

Building on the expertise in forecourt retailing within SPAR globally, SPAR Cameroon entered into a partnership with a leading national forecourt brand to develop and open a new SPAR Express format. The concept of including a wide range of convenience products, fresh foods and staple products in a forecourt setting is new in the market. SPAR Cameroon has also set the benchmark high with their instore bakery, the food-to-go offering and a product range which targets different shopper needs.

Sales increase **20.5%**



### SPAR Malawi

SPAR Malawi operates seven SPAR Supermarkets with total retail sales area of 8,318m<sup>2</sup>. Building on the learnings from the existing store portfolio, plans are in place to double the total retail sales area during 2020, focusing on the capital city, Lilongwe. Despite some economic uncertainty, SPAR Malawi reported a retail turnover of €11 million, maintaining its performance from the previous year.

Retail turnover **€11 million**

### SPAR Seychelles



Operating under sub-licence from SPAR South Africa, the SPAR Supermarket in Eden Island has been popular among local customers and tourists since opening its doors in 2015.

During 2019, the store's retail footprint was expanded to 992m<sup>2</sup>, creating more capacity for its strong focus on fresh products. The instore bakery and butchery complement the food-to-go offering. The investment in expansion paid off with retail sales of €6.53 million recorded for 2019, an increase of 18.9% over the previous year.

Sales increase **18.9%**

## SPAR UAE

SPAR UAE generated turnover of €149.27 million from 19 stores with a combined retail footprint of 31,985m<sup>2</sup>.

Investment in expansion of the brand from Abu Dhabi to Dubai was a key development in 2019. There was also a modernisation programme for existing stores and strong development in convenience solutions. The integration of an induction course for new retailers helped to further grow brand presence across the market.

Following the successful launch of the first SPAR supermarket in Dubai in January 2019, SPAR UAE invested over €400,000 in SPAR Glitz, SPAR's second supermarket in the city. The 562m<sup>2</sup> supermarket offers an extensive selection of fresh produce, an excellent butchery, instore bakery, fish department, delicatessen and home meal replacement solutions.

To meet the growing demand, a new warehouse in Dubai became operational, reflecting the investment in future supply chains. This was paired with the introduction of inventory management best practice and a modern warehouse management system.



Retail turnover **€149.27 million**



## SPAR Saudi Arabia

SPAR Saudi Arabia increased its store portfolio from five to seven outlets in 2019, including new outlets at the PNU University. Total sales grew by 57% to €53.28 million. SPAR Saudi Arabia will continue to focus on developing mid-sized supermarkets in addition to smaller neighbourhood supermarkets and convenience outlets.

Last year, SPAR Saudi Arabia launched a centralised bakery which produces own brand frozen dough products. The assistance of SPAR International has been essential in defining the appropriate range and equipment, layout and workflow, as well as production schedules to ensure successful outcomes. The new centralised bakery currently accounts for 33% of sales in all SPAR stores nationwide.

In addition to the successful introduction of SPAR Natural, SPAR Own Brand as a whole is performing well, while overall product assortments have also been further enhanced.

Sales increase **57%**



## SPAR Oman

Since launching in 2014, SPAR Oman's portfolio has grown to a total of 23 stores with a combined retail sales area of 11,081m<sup>2</sup>. In 2019, SPAR Oman achieved a turnover of €30.64 million. Like-for-like retail sales showed an increase of 13% compared to 2018, with an 11% increase in average basket spend.

SPAR Oman is operated by Khimji Ramdas and the brand's success story in Oman has been achieved through strong customer interest, which has been driven by the four core values of freshness, choice, value and excellent customer service.

SPAR Oman is renowned for active community work. In 2019, the country's 49<sup>th</sup> National Day was celebrated by inviting doodle artists to the Madinat Qaboos SPAR Supermarket to mark the launch of its annual charity campaign – 'Lend a Helping Hand in Feeding the Needy'. In collaboration with a charity partner, Dar Al Atta, the campaign encourages customers to donate food products to those in need through collection booths across 23 SPAR Oman stores.

Total stores **23**



## SPAR Qatar

SPAR Qatar has built strong brand awareness through its multi-format strategy across three stores with a total retail sales area of 5,796m<sup>2</sup> and annual retail sales of just over €25.59 million.

The licensed partner for this market, Al Wataniya International Holding, has extensive expertise in the FMCG sector and supply chain. The current trade blockade in the region has proved a significant challenge for all retailers and SPAR Qatar has turned its focus to improving the profitability of currently operational stores. The groundwork has been done to set up e-commerce solutions that will be rolled out in 2020.

The strong service department offer in the three stores continues to build customer loyalty whilst colleagues have welcomed the SPAR Star mechanism which recognises team member excellence.

Sales increase **55.9%**

# ASIA PACIFIC

**€1.94  
BILLION**

Total Sales

**3.04%**

Sales growth using  
constant annual average  
exchange rates

**1,652m<sup>2</sup>**

Average store size

## SPAR China

SPAR in China has a significant and widespread presence with 384 stores and 811,875m<sup>2</sup> of retail space across 33 cities in seven provinces nationwide. Total retail sales of €1.53 billion, using constant annual average exchange rates, represented growth over the previous year of 2.16%. During 2019, 31 new stores were opened, with regions such as Shandong, Guangdong and Beijing contributing significantly to another successful year for the brand.

The year saw significant investment by our partners in logistics and supply chain with the opening of four new production centres and three new state-of-the-art regional distribution centres bringing the total number of distribution centres servicing SPAR China's store network to 15.

Customer experience remains a key priority for SPAR retailers in China, with significant attention

being given to the instore environment as well as products and services, using state-of-the-art technologies. Innovations include the use of facial recognition payment technology and engagement with customers instore through mobile applications.

SPAR China continues to pioneer the introduction of digital solutions and retail technology for its customers. 2019 saw SPAR China invest in its digital platform, with an increasing number of consumers opting to shop online. As a result the volume of retail business conducted remotely grew at an unprecedented rate aided by the introduction of a series of mobile apps all designed to respond to shoppers' needs and encourage even greater customer loyalty.

Retail sales area **811,875m<sup>2</sup>**



## SPAR India

SPAR India continued to invest in the development of modern hypermarkets, ending the year with 25 stores. A total turnover of €188.85 million was reported for 2019, representing growth of 21.90% over previous year. SPAR India's total retail footprint nationwide stands at 102,406 m<sup>2</sup>.



The new innovative layout of the SPAR Hypermarket in Mangalore will act as a blueprint for future refurbishments of other hypermarkets.

The new style has a focus on improved SPAR branding throughout the store, as well as an increased offer on value items, clearer instore communication and an expanded fresh produce selection.

SPAR India has successfully cut wastage in the fruit and vegetable department by 50% and increased its range of products available to suit different dietary needs and support healthier lifestyles.

Retail turnover **€188.85 million**

## SPAR Australia

In 2019, SPAR Australia opened five new stores in Queensland and New South Wales. The current portfolio of 126 SPAR Supermarkets, with a total sales area of 44,038m<sup>2</sup>, achieved a retail turnover of €190.90 million.

During the year, 51 new SPAR products were introduced with a further five SKUs added under an exclusive brand arrangement with SPAR International, bringing the total to 331 SPAR SKUs.

SPAR Australia introduced a pilot 'Freight Subsidy' incentive scheme to enhance growth and build volume for retailers located in more isolated regions. The results of this trial showed an increase of 7.5% in product being distributed to those stores.

SPAR Australia also introduced a store induction programme to boost the skills of owners, and is available to new and existing retailers. The company also developed a mobile application for retailers to place special orders for new products, supplier funded sales and distribution drives.



Retail turnover **€190.90 million**



## SPAR Sri Lanka

SPAR Sri Lanka ended 2019 with three stores and a total sales area of 2,150m<sup>2</sup> with sales of €10.40 million. A steady increase in sales month-on-month for new stores and year-on-year for the store launched in 2018 has set the scene for further expansion. The brand has been positively received across the market, seeing a 30% increase in customer transactions and a 13% increase in average basket spend.

Two strong partners form the joint venture in SPAR Sri Lanka - Ceylon Biscuits and SPAR South Africa. There has been extensive knowledge transfer from existing SPAR Partners which has supported SPAR Sri Lanka's retail development strategy and highlights the benefits of SPAR membership. Since its launch in 2018, SPAR Sri Lanka continues to demonstrate its commitment to sustainability through its plastic reduction initiative and the trialling of solar panels to supply store energy requirements.

Sales increase **940%**



## SPAR Thailand

SPAR Thailand operates a total of 46 SPAR convenience and forecourt stores, 13 of which are independently operated, with 6,406m<sup>2</sup> retail sales area. In its third full year of trading, SPAR Thailand reported combined retail sales of €13.83 million, reflecting 22.1% growth over the previous year.

The operational profitability of existing stores was prioritised over further retail openings in the past year. An Every Day Low Price (EDLP) programme was rolled out, benefiting both independent retailers and customers.

Part of Bangchak Petroleum, SPAR Thailand has sustainability high on the agenda, with initiatives in place targeting plastic reduction and sustainable product sourcing. The Taste of Thailand campaign profiled sustainably sourced products available throughout SPAR in Thailand. In line with government plans to curb the use of single-use plastic, SPAR stores introduced re-usable fabric shopping bags. The 'Let's Save Nature Together' campaign saw the promotion of long-life shopping bags instore and the donation of 1,500 cotton bags to hospitals.

Sales increase **22.1%**



## SPAR Pakistan

Taking into account learnings from the first two stores operating in the capital city, Karachi, SPAR Pakistan successfully opened a third store in Faisalabad at the end of 2019. This third store brought the brand to another city, offering shoppers a wide range of products.

During 2019, the total turnover of €7.15 million marked an increase of 14.4% in constant annual average exchange rates over the previous year. SPAR Pakistan continues its ongoing focus on providing an excellent shopper experience, demonstrated by the extensive service department offerings such as instore bakeries, butcheries and fresh produce. SPAR Own Brand products remain popular with customers seeking more value on everyday products.

SPAR Pakistan is a member of the Burque Group which has extensive experience in FMCG distribution. A fourth SPAR store is set to open in 2020, building on the brand awareness generated through online media, local campaigns and instore experience.

Sales increase **14.4%**

# RESULTS 2019

All sales are reported in euros using constant annual average exchange rates

\* Armenia was licensed in 2019 and will open stores in 2020

Country	Year joined SPAR	Retail Sales 000's	Retail Store Numbers	Retail Sales Area (m <sup>2</sup> )	Average Store Size (m <sup>2</sup> )
AUSTRIA	1954	7.189.076	1.498	1.187.322	793
SOUTH AFRICA	1963	5.087.123	884	1.031.545	1.167
ITALY	1959	3.615.582	1.240	757.774	611
UNITED KINGDOM	1956	3.335.261	2.520	398.192	158
RUSSIA	2000	2.143.662	550	405.305	737
HUNGARY	1992	2.086.632	572	425.746	744
SPAIN	1959	1.604.689	1.226	506.379	413
CHINA	2004	1.532.420	384	811.875	2.114
NORWAY	1984	1.529.846	293	191.352	653
IRELAND	1963	1.327.792	457	118.884	260
BELGIUM	1947	1.064.159	320	159.148	497
FRANCE	1955	1.036.836	871	252.549	290
SLOVENIA	1992	848.245	123	164.005	1.333
CROATIA	2004	722.380	115	164.189	1.428
NETHERLANDS	1932	670.963	456	103.119	226
DENMARK	1954	526.619	134	81.821	611
SWITZERLAND	1989	492.334	186	70.137	377
GERMANY	1953	289.612	441	33.174	75
BOTSWANA	2004	207.840	34	35.394	1.041
AUSTRALIA	1994	190.897	126	44.038	350
INDIA	2014	188.846	25	102.406	4.096
POLAND	1995	165.832	153	41.070	268
NAMIBIA	2004	153.714	30	31.782	1.059
UAE	2011	149.275	19	31.985	1.683
NIGERIA	2009	128.867	14	44.961	3.212
PORTUGAL	2006	109.939	142	36.090	254

Country	Year joined SPAR	Retail Sales 000's	Retail Store Numbers	Retail Sales Area (m <sup>2</sup> )	Average Store Size (m <sup>2</sup> )
GEORGIA	2014	82.088	189	27.155	144
ZIMBABWE	1969	79.763	38	28.430	748
MOZAMBIQUE	2012	78.118	12	20.604	1.717
GREECE	2018	64.900	30	15.990	533
ALBANIA	2016	58.342	60	31.110	519
SAUDI ARABIA	2016	53.280	7	14.175	2.025
AZERBAIJAN	2014	30.798	13	7.525	579
OMAN	2014	30.643	23	11.081	482
ZAMBIA	2003	28.269	10	17.315	1.732
UKRAINE	2001	25.889	37	8.781	237
QATAR	2015	25.592	3	5.796	1.932
BELARUS	2016	20.878	9	6.328	703
CAMEROON	2014	16.736	6	4.570	762
THAILAND	2016	13.827	46	6.406	139
MALAWI	2014	10.998	7	8.318	1.188
SRI LANKA	2017	10.402	3	2.150	717
PAKISTAN	2017	7.154	3	2.716	905
CYPRUS	2017	7.062	3	2.500	833
MALTA	2016	6.937	3	3.080	1.027
SEYCHELLES	2015	6.533	1	992	992
KOSOVO	2019	2.827	4	2.593	648
ARMENIA *	2019	0	0	0	0
<b>GRAND TOTAL</b>		<b>37.059.476</b>	<b>13.320</b>	<b>7.457.857</b>	<b>560</b>

# 2015 – 2019 CUMULATIVE GROWTH

Featured below are some of the cumulative growth figures of SPAR Partners during the last 4 years of the SPAR Better Together Strategy.

## GLOBAL SALES BILLION

# €6.52

+21.36%

### CENTRAL & EASTERN EUROPE

# €2.18

BILLION +54.37%

#### AUSTRIA

# €1.14

BILLION  
+18.78%

#### SOUTH AFRICA

# €1.23

BILLION  
+32%

#### NETHERLANDS

# €235

MILLION  
+54.05%

#### BOTSWANA

# €85.5

MILLION  
+69.93%

## GLOBAL STORES 1,205

+9.94%

### WESTERN EUROPE

# 423

+4.50%

#### CHINA

# 37

+10.66%

#### PORTUGAL

# 48

+51.06%

#### SLOVENIA

# 24

+24.24%

#### GEORGIA

# 169

+845%

## GLOBAL M<sup>2</sup>

# 486,884

+6.98%

### AFRICA & MIDDLE EAST

# 184,751

M<sup>2</sup> +16.76%

#### NIGERIA

# 35,999

M<sup>2</sup> +401.68%

#### ITALY

# 76,777

M<sup>2</sup> +11.27%

#### UNITED KINGDOM

# 41,490

M<sup>2</sup> +11.63%

#### RUSSIA

# 110,565

M<sup>2</sup> +37.51%



**SPAR International**

Rokin 99 -101,

NL-1012 KM Amsterdam

Tel: +31 (0)20 626 6749

Fax: +31 (0)20 627 5196

[www.spar-international.com](http://www.spar-international.com)