



SPAR

24 November 2017



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01 Nature of business

Nature of business

Warehousing and distribution business
Operations: Southern Africa; Ireland and
Switzerland

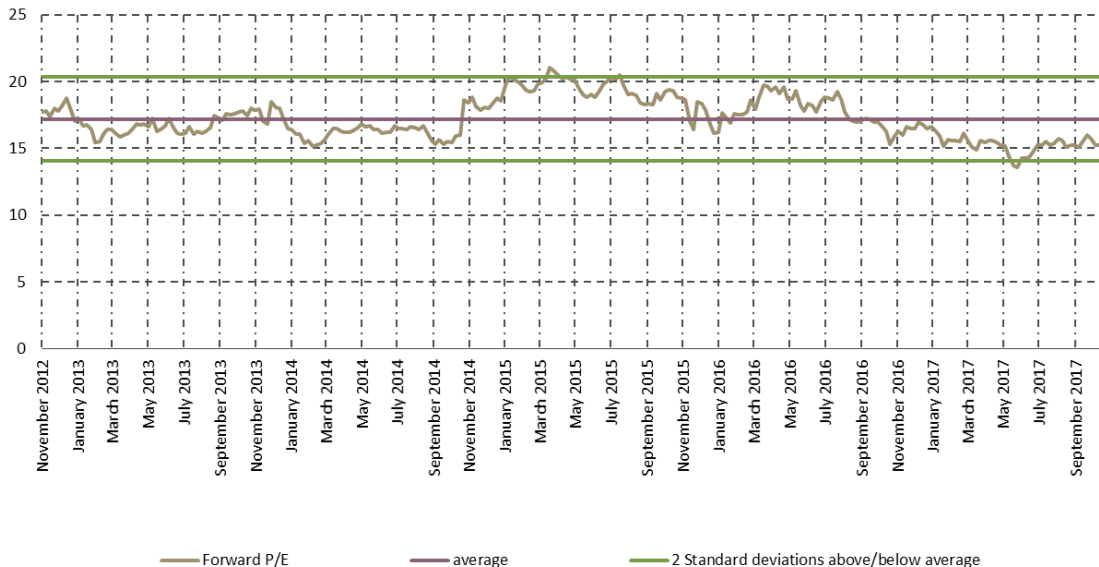


02 Recommendation

Recommendation

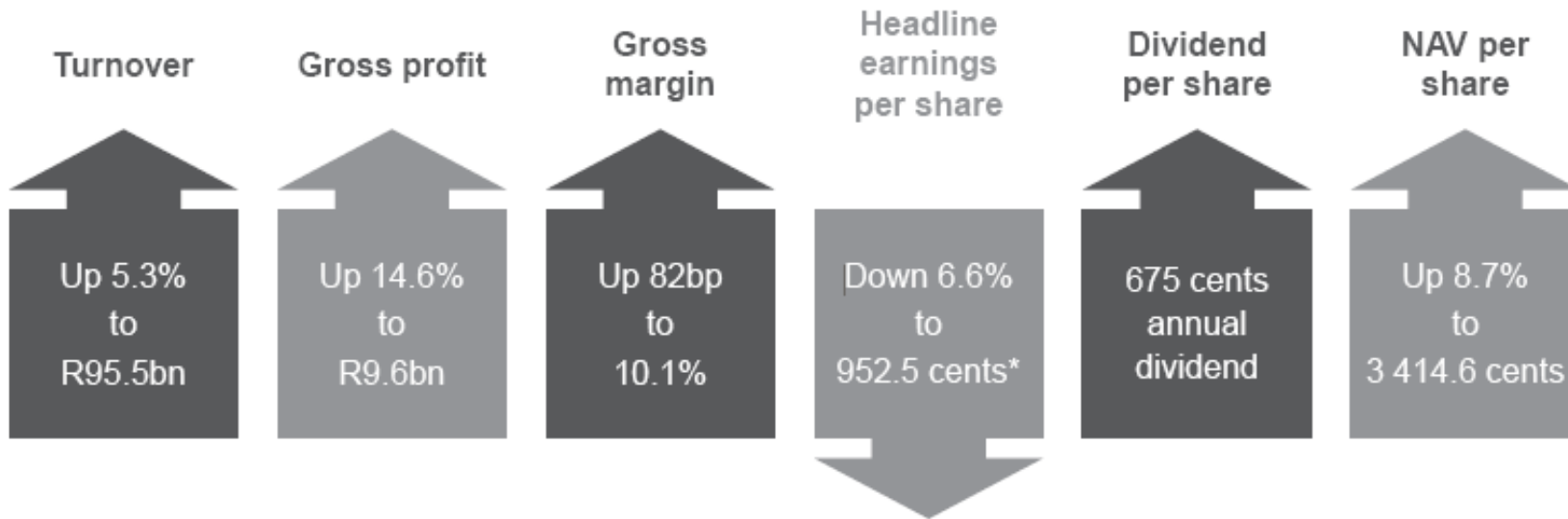
- Fairly valued – forward P/E multiple of 17.7x
- Ireland and Switzerland – sustainability of operational turnaround?
- Increased competition market share under threat
- Trading in line with LT PE average – higher forecasting risk
- Short term prospects muted
- Below average margins – only LT recovery

SPP - Forward P/E



03 Financial review

Financial review

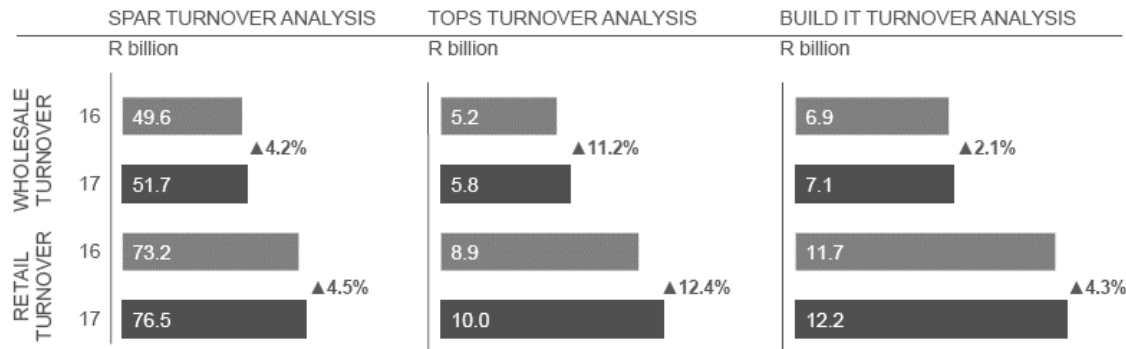


SOURCE: SPAR RESULTS PRESENTATION



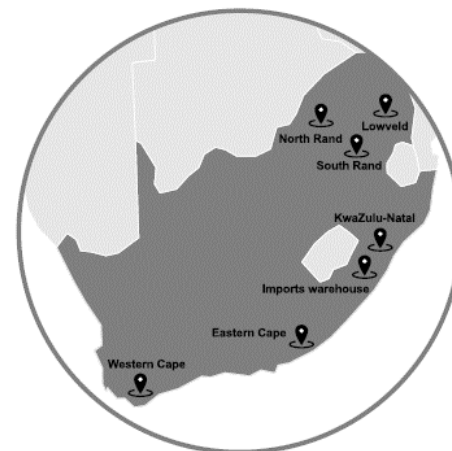
04 Divisions

South Africa



	Total growth %	Like-for-like %
SPAR	+4.5	+4.2
TOPS	+12.4	+9.7
Build it	+4.3	+1.1

SOURCE: SPAR RESULTS PRESENTATION



SOUTH AFRICA

- 2 138 stores served
- 295 500m² warehousing space
- R64.5bn turnover
- R2.0bn operating profit

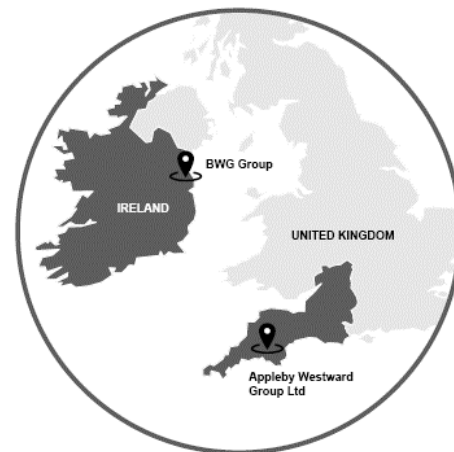
SOURCE: SPAR RESULTS PRESENTATION



Ireland

Ireland: ZAR sales analysis		%
Performance of core business		+0.33
Impact of Gillett's: Full year consolidation		+1.16
		+1.49
Currency impacts: Euro/GBP/ZAR		(12.62)
		(11.13)

SOURCE: SPAR RESULTS PRESENTATION



IRELAND

- 1 330 stores served
- 34 560m² warehousing space
- R20.5bn turnover
- R508.2m operating profit

SOURCE: SPAR RESULTS PRESENTATION



Switzerland

- First full year of consolidation
- Turnover up 77% (94.7% CC)
- Operating profit up 53%
- Operating margin contracted 10bps to 0.7%



SWITZERLAND

- 300 stores + 11 cash & carry
- 44 000m² warehousing space
- R10.4bn turnover
- R69m operating profit



05 Company guidance

Company guidance

Southern Africa:

Drive key strategic focus areas to support retailer profitability and deliver real business growth

Ireland:

Some caution due to regional economic uncertainty

Switzerland:

Entrench positive early indicators turnaround strategy

Group

Geographically diversified businesses comprising well-established retail brands in chosen markets

- Invested in Digital platform
- SPAR Rewards
- SPAR Money Transfers
- House brands

- Expansion opportunities
- Better Choices campaign

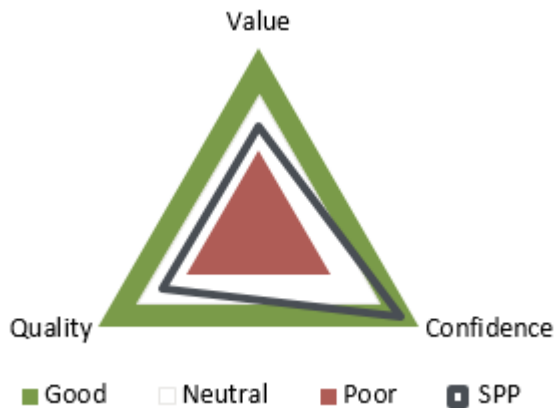
- Convenience driven pricing

- Store in Sri Lanka
- S Buys acquisition

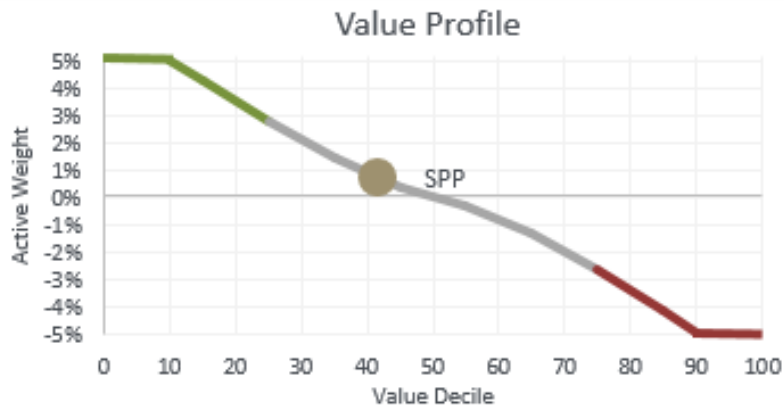


06 Portfolio guidance

Portfolio Guidance



- Capped Swix weighting of 0.60%
- Remain neutral on the investment
- Exposure of up to 2.22%



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