Tough decisions sets the tone for a more positive 2024 for Spar

The Spar Group lifted turnover 10.1% to R149,3bn (2022: R135,6bn) for the year ended 30 September 2023. This was largely driven off the back of strong performance from the Irish business which saw growth of 21.9% in ZAR terms.

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Southern Africa delivered a resilient turnover performance with wholesale grocery turnover increasing by 7.1%, despite various challenges. Group profitability was negatively impacted by the IT system implementation challenges, operating losses in Poland, certain non-recurring items, and higher debt costs due to rising interest rates. This led to diluted headline earnings per share dropping 47.7% to 606,3 cents.

The Group has however acted on these issues with the announcement to sell its interests in the Polish business, a review of the digital transformation programme by an independent assurance provider and as a result, has repurposed the programme to ensure return on investment is delivered. It is also reviewing its current debt structure. The Board believes it prudent to not declare a final dividend at this time.

Newly appointed Group CEO, Angelo Swartz, is optimistic about the future as several strategic interventions take hold, built around modernisation, good governance and maximising Spar's strengths.

“This result reflects some of the tough decisions the Group has had to make to reposition itself as a stronger organisation, for the benefit of all Sparr’s stakeholders. We are confident about the future of our business and are set to benefit from positive momentum going into 2024,” he says.

“It has been a challenging year for all our regions, dealing with inflationary cost pressures and tough trading environments, while South Africa also had to contend with prolonged bouts of load shedding. The Spar Group recognises this and through our private label offering we are trying to ensure we deliver best value for our independent retailers and our Spar shoppers. Our Private Label turnover in South Africa increased by 11% to R18bn during the review period.” says Swartz.

Loss-making Spar Poland will continue to receive support until an appropriate new buyer is found. “We are focused on the best possible outcome for all stakeholders and in particular the many dedicated staff and retailers in Poland.” says Swartz.

“The positive momentum building is a reason to be optimistic. In the year ahead we will harness our strengths, navigate risks, and focus on growth in the areas that have made us such a well-loved brand in the markets and communities we serve,” he concludes.