



PRESS RELEASE

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### **Spector Photo Group – Trading Update 1Q 2008**

<b>Segment information from Continuing activities</b>	<b>March 2007</b>	<b>March 2008</b>	<b>07/08</b>
Non audited figures (in €'000)			
<b>Revenue</b>			
<b>Total</b>	<b>69 485</b>	<b>68 125</b>	-2.0%
Retail	53 007	54 140	2.1%
Imaging	16 738	14 159	-15.4%
Corporate	268	191	-28.8%
Intersegment	- 528	- 366	NR
<b>Cash flow from operating activities before non-recurring items (REBITDA)</b>			
<b>Total</b>	<b>2 193</b>	<b>1 385</b>	-36.8%
Retail	2 382	1 385	-41.9%
Imaging	- 209	140	NR
Corporate	20	- 140	NR

#### **Retail Group**

Corporate revenues for Photo Hall rose by 2.1% to EUR 54.1 million. The REBITDA fell from EUR 2.4 million in 2007 to EUR 1.4 million in 2008. Consumption behaviour was put under pressure by the uncertain economic evolution, rising petroleum prices and the credit crisis. These factors subjected the market for the more expensive consumer goods to margin pressure. The impact of this was mainly noticeable in Belgium and Hungary. In Belgium, revenue fell by 3.1%. The Luxembourg market is less sensitive to this and even experienced an 11.2% rise in revenue.

Despite the difficult macro-economic and political situation in Hungary, the drop in revenue for Photo Hall Hungary remained limited: the revenue fell by only 2.4%, and this with 27 fewer sales outlets under franchising contract compared to March 2007.

The number of the Retail Group's own days remained stable (156).

Comparison with 1Q 2007 gives a somewhat distorted picture, due to the shift of the Easter holidays, with 2 sales days fewer in March.

## **Imaging Group**

Compared to 2007, Imaging experienced a 15.4% drop in revenue to EUR 14.2 million; whereas the drop in revenue for 1Q 2007 even amounted to 29.7%.

The REBITDA evolved from minus EUR 0.21 million to plus EUR 0.14 million through (among other measures) rigorous control of the marketing and sales expenditures. Thanks also to constant control over the overhead costs, the Imaging Group reached a positive REBITDA for the first time in quite a while.

For mail order, analog turnover fell further by 43.7% with a 70.8% decline in marketing expenses. Digital turnover grew further by 20.0% with a marketing outlay no higher than last year's level.

In particular, the growth of the new product lines – primarily the photo books – is very encouraging. The new product lines already constitute 43.7% of the total digital revenue for mail order.

In 2Q, a new version of the web platform is going to be launched. At the same time, new model series of the photo books will be introduced.

In addition, the turnover from the wholesale trade in photo products has evolved extremely favourably in the 'Photo specialists' division. The drop in revenue from the photo finishing activities could be entirely compensated for by the rising hardware sales.

## **Outlook**

In April, Photo Hall experienced a positive development in revenue in comparison with last year. The expectation is that this trend will continue in the coming months. However, a certain margin pressure is still present.

2Q has gotten off to an excellent start in Imaging. All product lines have shown a very positive evolution. In particular, online orders – in which the customer forwards the images via the Internet – have grown considerably. And hardware sales for April have also shown the same positive evolution.

## **Profile**

Spector Photo Group is a diversified multimedia and photo group, with more than 1,000 employees, operating in 15 European countries. Spector Photo Group's shares are traded on Euronext Brussels (ISIN BE0003663748, stock code SPEC).

Spector Photo Group has two core activities that are each organised in separate divisions:

- the Retail Group operates under the brand names Photo Hall and Hifi International in the retailing of consumer electronics and multimedia products. It operates some 250 shops under its own management or under franchises. This network extends across Belgium, the Grand Duchy of Luxembourg, France and Hungary.
- The Imaging Group processes digital and analogue photographs into photo prints, photo cards, photo calendars, photo diaries, photo books, photo on canvas and photo gifts. Imaging uses ExtraFilm™ as its strategic brand name for its mail-order service. In addition, the group reserves its Spector™ brand name for its partnership with specialised photographic businesses.

## **Financial calendar**

29 August 2008	Publication of half-year results for 2008
18 November 2008*	Trading update third quarter of 2008
9 February 2009*	Trading update 2008
10 March 2009*	Year results 2008

\* indicative data

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