

Media & Financial analyst meeting

Spector Photo Group N.V.

March 8, 2011

Spector Photo Group - 2010 Results

- 1) Introduction
- 2) Retail
- 3) Imaging
- 4) Financial data
- 5) 2011 prospects
- 6) Q & A

1. Introduction: general comments

Summary of 2010 - financial

- **Retail:** relatively stable despite price deflation and weak end of year
- **Imaging:** substantial improvement of profitability
- **Group:** REBITDA +13,4% and net result slightly positive

1. Introduction: general comments

Summary of 2010 – general

➤ **Retail:**

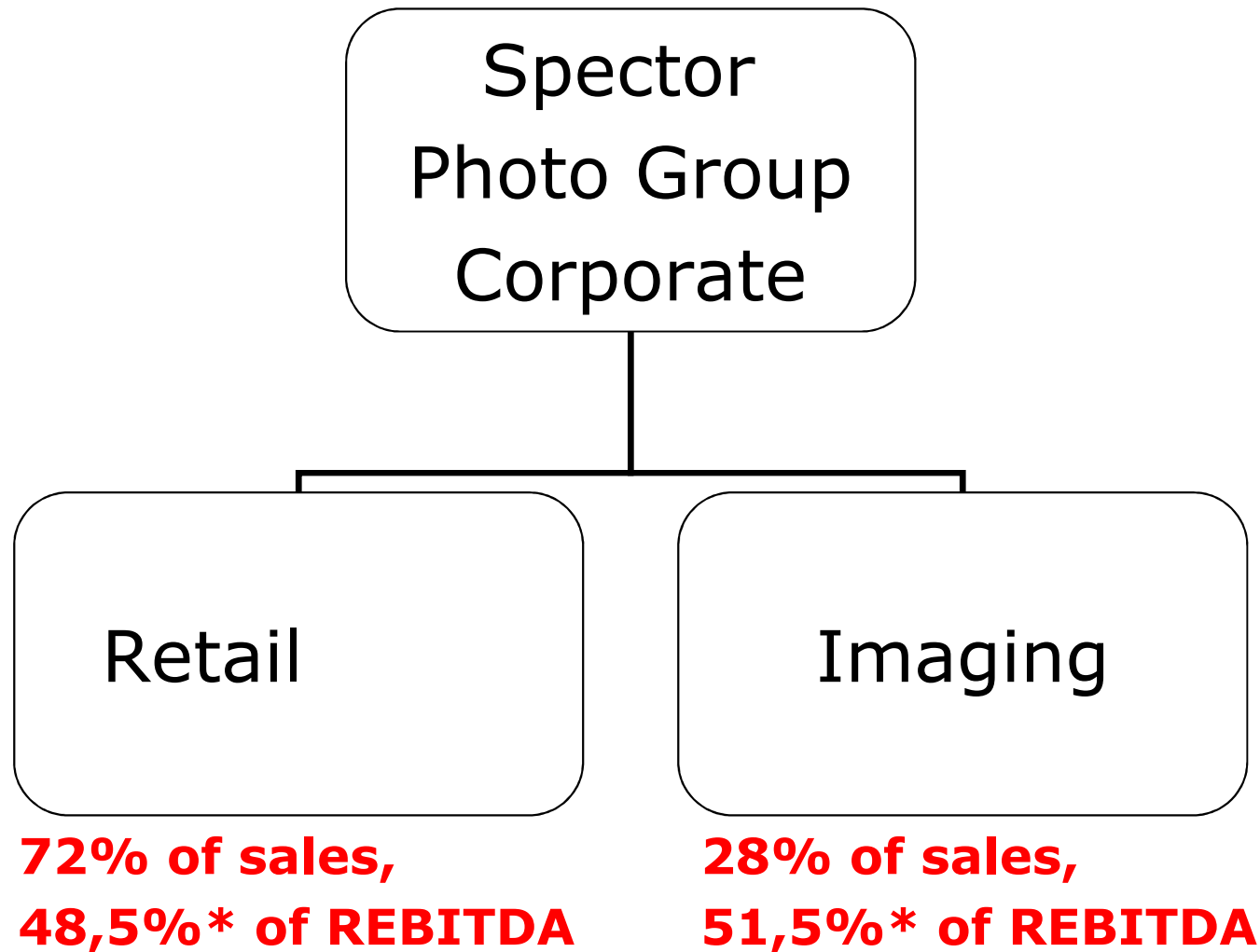
- 4 new shops, 3 shops closed
- cost control

➤ **Imaging:**

- Automation of production & logistics
- Integration of activities of the Swedish lab in Wetteren

➤ **Group:** succesfull renewal of credit facility agreement

1. Introduction: group structure

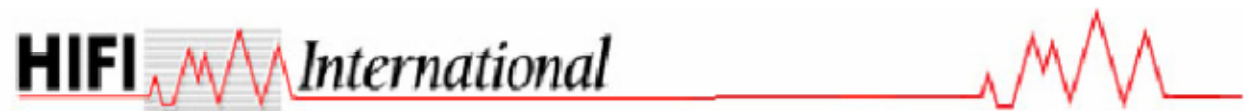


*Figures excl. corporate

2. Retail



www.photohall.be



www.hifi.lu



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2. Retail

Group structure

- **Photo Hall Belgium**
- **Hifi International (Luxembourg)**



2. Retail

Evolution of number of shops

- **Belgium: net opening of 1 shop**
(4 openings & 3 closures)
- **Luxembourg: no change**

	B	Lux	Total
2001	85	15	100
2002	91	18	109
2003	90	20	110
2004	91	20	111
2005	94	21	115
2006	92	22	114
2007	90	18	108
2008	87	17	104
2009	90	17	107
2010	91	17	108

Market evolution in 2010: GfK-survey in Belgium

- General remarks on the industry:
 - Winter conditions: very negative in Q4
 - Price deflation (again)
 - Environmental issues driving white goods (large)
 - IT: lower replacement than previously

Market evolution in 2010: GfK-survey in Belgium

- Consumer electronics: -5,4%
- Photography: +1,2%
 - Switch to single lens reflex camera's
- Telecom: -8,7%
 - Growth in smart phones cannot compensate decline of 'ordinary' phones

Retail Group: evolution of product groups:

Good performance in some product groups:

- White goods in Luxembourg (double digit!)
- Photocameras (DSLR)
- Telecom (smart phones)

2. Retail

Main performance data in 2010:

- Sales: -5,1%, weather conditions and price deflation (e.g. TV: +8% in number, but sales -5%)
- REBITDA: -4,7%, cost control limits decline

(in € mio)	2009	2010	Δ in %
Sales	169,922	161,321	-5,1%
REBIT	3,127	3,248	3,9%
REBITDA	5,282	5,034	-4,7%

3. Imaging



www.extrafilm.com



www.spector.be

www.spector.nl



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3. Imaging

Group structure

- **Mail Order (ExtraFilm):** mainly photo service and digital photo products by means of online internet (B2C)
- **Photo specialists (B2B2C):**
 - Spector: photo service and digital photo products
 - Filmobel: multimedia goods

3. Imaging

Performances 2010

- **Mail Order (ExtraFilm):** focus on integration of activities of the Swedish lab in Wetteren and automation of production and logistics
- **Photo specialists:**
 - Spector: photo service and digital products: stable
 - Filmobel: lower sales, higher profits

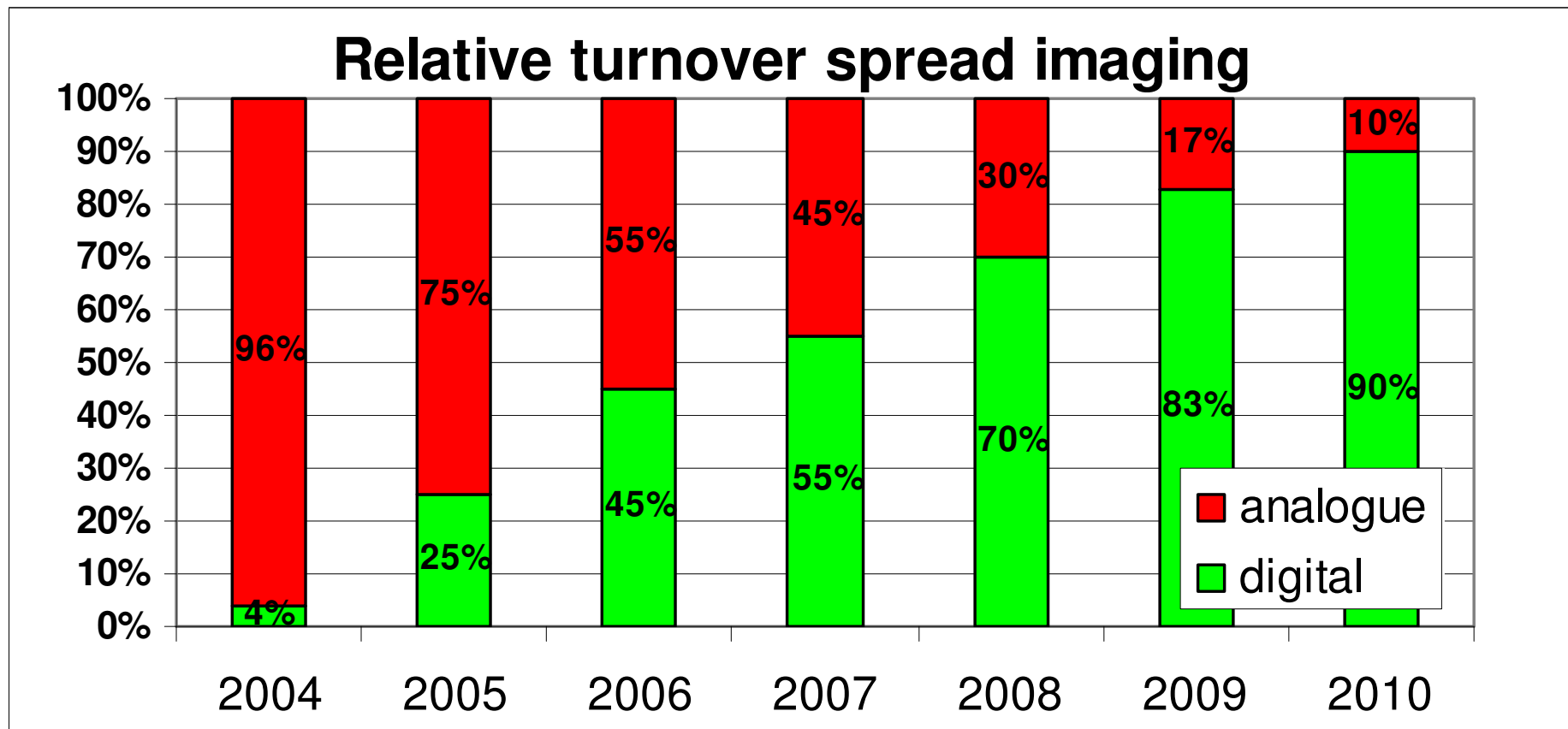
3. Imaging

General evolution of business

- **1st phase:** from analogue to digital prints
- **2nd phase:** exponential growth of photo related products
- **3rd phase:** profitability enhancing investments
- **4th phase:** resumption of sales growth

3. Imaging

Digital transition



Source: Spector Photo Group

3. Imaging

Main elements in 2010:

- 1% increase of digital mailorder sales
- Analogue photo prints sales: -40%
- First half: full focus on investments, new online software, new website,...
- As of second half: resumption of sales growth (double digit for some products)
- Q4 '10: sales +7%, photo books +24%

3. Imaging

Main performance data in 2010:

- Sales: mainly down because of discontinuation trading in photo paper after decision of supplier
- As of H2 '10: strong improvement of profitability (H1 '10 was weak: REBITDA was € -0,45 mio versus € 1,13 mio in H1 '09)

(in € mio)	2009	2010	Δ in %
Sales	74,821	62,679	-16,2%
REBIT	-1,976	1,652	n.r.
REBITDA	4,089	5,357	31,0%


Financial data

4. Financial data: key figures

Income statement for the period

(in € '000)	2009	2010	Δ in %
Revenue	243 978	223 347	-8.5%
Profit/loss (-) from operating activities, before non-recurring items	620	4 635	647.0%
Non-recurring items from operating activities		- 1 501	-
Profit/loss (-) from operating activities	620	3 134	405.2%
Financial result	- 4 293	- 3 448	19.7%
Profit/loss (-) before taxes, before non-recurring financial items	- 3 673	- 313	91.5%
Profit/loss (-) before taxes	- 3 673	- 313	91.5%
Income tax expense (-)/ income	946	413	-56.4%
Profit/loss (-) from continuing activities	- 2 726	99	103.6%
Discontinued operations			
Profit/loss (-) from discontinued operations	- 1 062		-
Profit/loss (-) for the period	- 3 788	99	102.6%
Attributable to equity holders of the parent company	- 3 788	99	102.6%

- EBIT: € +2,52 m
- Financial result: € +0,85 m
- Taxes: € -0,54 m
- Discontinued operations: € +1,06 m


€ +3,88 m

4. Financial data: key figures

Segment information (in € '000)	2009	2010	Δ in %
Revenue			
Retail	169 922	161 321	-5.1%
Imaging	74 821	62 679	-16.2%
Corporate	777	580	-25.3%
Intersegment	- 1 542	- 1 233	20.0%
Spector Photo Group	243 978	223 347	-8.5%
Discontinued activities	3 565		-
Intersegment	0		-
Total	247 542	223 347	-9.8%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)	620	4 635	647.0%
Retail	3 127	3 248	3.9%
Imaging	- 1 976	1 652	183.6%
Corporate	- 530	- 266	49.9%
REBITDA	8 842	10 027	13.4%
Retail	5 282	5 034	-4.7%
Imaging	4 089	5 357	31.0%
Corporate	- 529	- 364	31.1%
Profit/loss (-) from operating activities (EBIT)	620	3 134	405.2%
Retail	3 127	3 152	0.8%
Imaging	- 1 976	596	130.2%
Corporate	- 530	- 614	-15.7%
EBITDA	8 842	9 542	7.9%
Retail	5 282	4 984	-5.6%
Imaging	4 089	4 923	20.4%
Corporate	- 529	- 364	31.1%

4. Financial data: operating income

(in € '000)	2009	2010	Δ in %
Revenue	243 978	223 347	-8.5%
Other operating income	5 038	5 459	8.4%
Trade goods, raw materials and consumables	175 923	159 888	-9.1%
Employee expenses	31 728	30 373	-4.3%
Depreciation and amortisation expenses	8 941	5 738	-35.8%
Other operating expenses	31 803	28 225	-11.3%
Profit/loss (-) from operating activities, before non-recurring items	620	4 635	647.0%
Non-recurring items from operating activities		- 1 501	-
Profit/loss (-) from operating activities	620	3 134	405.2%

- Gross margin: from 27,9% in 2009 to 28,4% in 2010
- Employee expenses: 4% decline
- Depreciations: important decline (see further)
- Other operating expenses: 11,3% decline

4. Financial data: non-recurring items

(in € '000)	2009	2010	Δ in %
Non-recurring items from operating activities		- 1 501	-

Total non-recurring: € -1,50 million

- Closure Swedish lab: € -1,46 million
- Gain on sale of Swedish building: € 0,48 million
- Provision for pensions in Germany: € -0,35 million
- Other: € -0,17 million

4. Financial data: financial results

(in € '000)	2009	2010	Δ in %
Financial income	536	565	5.5%
Financial costs	- 4 829	- 4 013	16.9%
Financial cost-net, before non-recurring items	- 4 293	- 3 448	19.7%
Financial result	- 4 293	- 3 448	19.7%

Financial results: improvement of € 0,85 m

- Interest charges decline € 0,60 m
- Currency translations: € -0,92 m in 2010 versus € -1,28 m in 2009

4. Financial data: taxes

(in € '000)	2009	2010	Δ in %
Income tax expense (-)/ income	946	413	-56.4%

Income taxes: positive result of € 0,41 m:

- Tax expense: € -0,63 m
- Deferred taxes: € 1,05 m
 - Tax asset on fiscal losses (mainly Imaging)

4. Financial data: balance sheet

	(in € '000)	2009	2010	Δ in %
Total equity		29 097	30 475	4.7%
Statement of financial position total		121 541	122 974	1.2%
Net financial debt		28 028	29 557	5.5%
Customer relationships		8 828	8 899	0.8%
Investments		1 520	1 375	-9.5%
Amortisations		- 3 926	- 1 520	61.3%

- Equity: € +1,38 m: mainly impact from positive currency translation adjustments (equity per share: € 0,86)
- Net financial debt: up € 1,53 m: higher inventories due to lower end of year sales and thus more ST financing
- Customer relationships:
 - Investments continue to decline;
 - Impairment test as per 31/12/10: no impairment.

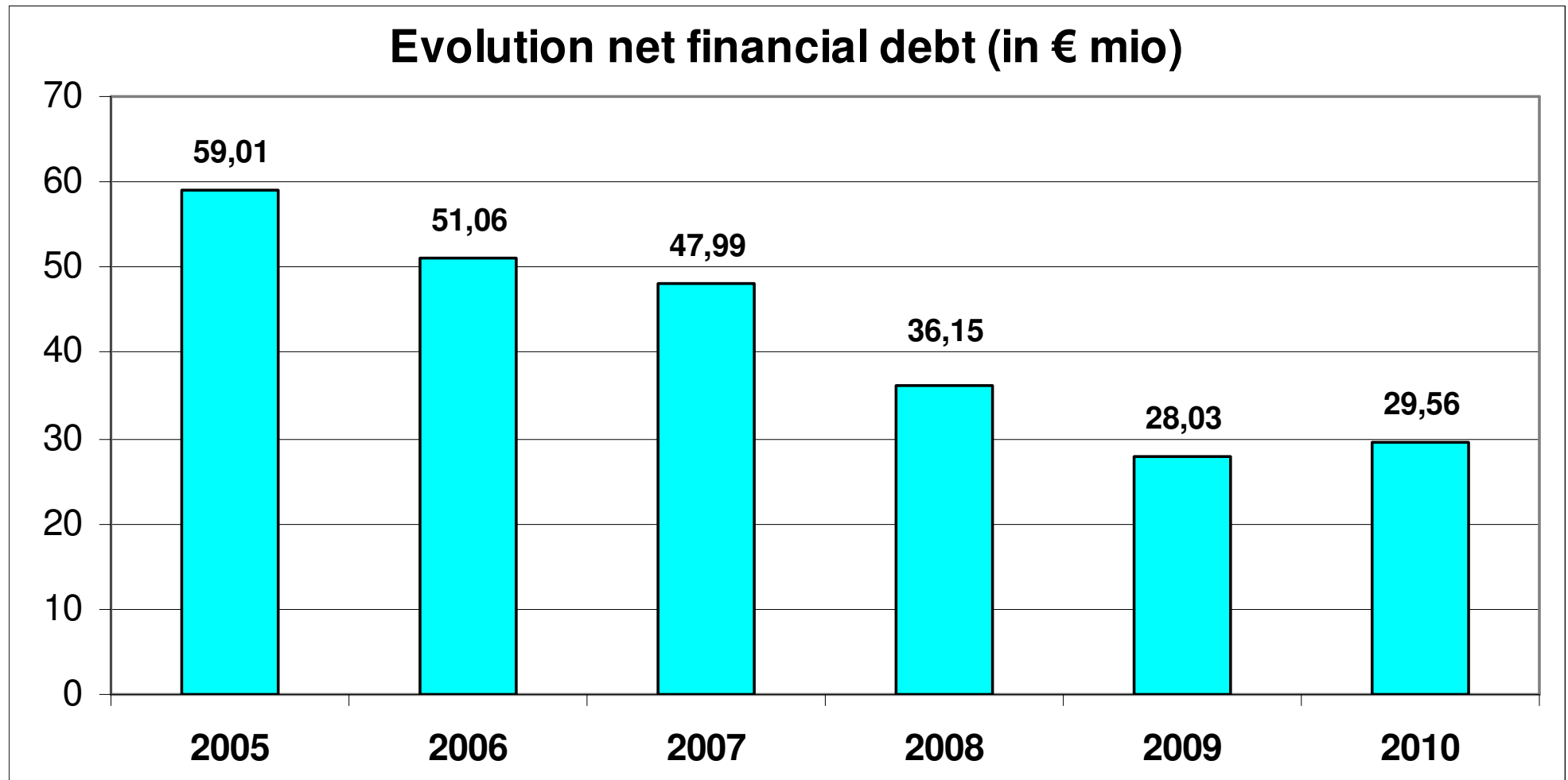
4. Financial data: balance sheet

Statement of financial position (in € '000)	2009	2010	Δ in %
Net financial debt	28 028	29 557	5.5%

Net financial debt: € 29,6 m:

- LT debt: € 16,2 m
- NIB debt: € 12,5 m
- ST debt: € 17,5 m
- Cash: € 16,6 m

4. Financial data: balance sheet



4. Financial data: balance sheet

(in € '000)	2009	2010	Δ in %
Customer relationships	8 828	8 899	0.8%
Investments	1 520	1 375	-9.5%
Amortisations	- 3 926	- 1 520	61.3%

Customer relationships:

With effect from 1 July 2010, the 'Externally acquired customer relationships' have been recognised as intangible assets with **indefinite useful lives** in compliance with IAS 38, paragraph 88.

- Changed market environment due to technological evolution
- Based on historical data of the last 4 to 5 years: no foreseeable limit to the period over which the asset is expected to generate net cash inflows
- Annual impairment test according to IAS 36

The change in the assessment of the useful life from 'finite' to 'indefinite' was accounted for as a change in estimates in accordance with IAS 8.

5. Prospects 2011

➤ **Retail:**

- price deflation to continue

➤ **Imaging:**

- positive impact of 2010 investments will count for 12 months in 2011
- resumption of sales growth

QUESTIONS AND ANSWERS