



PRESS RELEASE – Regulated information

Wetteren, Belgium, 11 May 2011

Spector Photo Group – Trading Update for first quarter of 2011

- **Retail Group:**
 - o **Consumer reluctance leads to a fall in revenue**
 - o **REBITDA falls from EUR 0.98 million to minus EUR 0.38 million**
- **Imaging Group:**
 - o **Revenue falls 14.7% to EUR 11.43 million**
 - o **Significant improvement of profitability**
 - o **REBITDA improves from minus EUR 0.73 million to EUR 0.43 million positive**

Segment information from continuing activities	March 2010	March 2011	Δ in %
Non audited figures (in €'000)			
Revenue			
Total	53 571	47 663	-11.0%
Retail	40 319	36 355	-9.8%
Imaging	13 406	11 435	-14.7%
Corporate	146	147	0.7%
Intersegment	- 301	- 274	-
REBITDA			
Total	136	- 35	-
Retail	978	- 379	-
Imaging	- 731	430	-
Corporate	- 112	- 86	23.2%

Retail Group

The Retail Group's revenue fell by 9.8% to EUR 36.36 million in 2011's first quarter. As in most Western European countries, retail groups in Belgium and Luxembourg also have to deal with consumers' reluctance to spend. The increase in energy prices and, on one hand, the resulting higher inflation, and the austerity measures that many governments are enacting to reduce their budget deficits on the other, form the basis of this reluctance. In Luxembourg, moreover, the Group is also confronted with a more competitive market environment.

This fall in revenue could not be fully absorbed by cost savings, which caused REBITDA of EUR 0.98 million in the first quarter of 2010 to fall to minus EUR 0.38 million in the first quarter of 2011. It should be emphasised that, due to seasonal effects, the first quarter of the calendar year is traditionally less important in terms of revenue and profitability.

In Belgium, a new shop was opened in Jette in this quarter. This shop represents a new concept of inner-city shop that puts even more emphasis on Photo Hall's positioning under the slogan 'the smart choice'. The 'smart choice' refers to pleasant shops of comfortable size and sales staff who are always at the customer's service, a careful selection of the best and latest the market has to offer, and the price guarantee. With 120 square metres as opposed to 200, this shop's surface is smaller than the Group's other inner-city shops. This opening in Jette brings the total number of shops in Belgium to 92. The number of retail shops in Luxemburg remains stable at 17. In addition, Photo Hall and Hifi International each have their own online shop.

Imaging Group

The revenue fell with 14.7% in the first quarter of 2011 and amounted to EUR 11.44 million. Mail order experienced a steady evolution of revenue, with the decrease in analogue entirely offset by the increase in digital. The photofinishing activities via the Spector channel for independent photographers saw a decrease. The decline in analogue photography is still significantly affecting this channel. Finally Filmobel, the wholesaler for photo products, had to deal with the general reticence of consumers just like the Retail Group and experienced a fall in revenue.

As mentioned, revenue from mail order remained stable. There were fewer price-oriented marketing campaigns, but this did not prevent the (digital) photo-related products such as photo books, cards & gifts, etc., to record double-digit growth.

The fall in revenue did not prevent the Imaging Group from recording a significant improvement in its profitability. The REBITDA improved from minus EUR 0.73 million in the first quarter of 2010 to EUR 0.43 million in the first quarter of 2011. Traditionally, the first quarter of the year always makes a loss due to the seasonal effect; however, as a result of the centralisation and automation in production implemented last year, a positive REBITDA could already be realised this quarter.

Prospects

There are currently few signs that the reticence of consumers will disappear in the short term. This will continue to put pressure on the revenue and results of the Retail Group for the rest of the year.

The Imaging Group will see an improvement in the operational profitability in 2011, thanks to the centralisation and automation in production implemented in 2010.

Financially, the Group will also benefit from the agreements concluded with NIBC Bank at the start of April; see press release dated 8 April 2011.

Spector Photo Group's profile

Spector Photo Group is a diversified multimedia group operating in 14 European countries, with almost 750 employees. Spector's shares are traded on Euronext Brussels (ISIN BE0003663748, stock code SPEC).

Spector Photo Group has two core activities that are structured into two separate divisions: The Retail Group, which contains the retailing of consumer electronics and multimedia products under the brand names Photo Hall™ and Hifi International™. At the end of March 2011, the Retail Group had 109 shops, of which 106 were under the Group's own management, spread across Belgium and the Grand Duchy of Luxembourg. The Retail Group's revenues represented 76% of the revenue from continuing operations at the end of March 2011.

The Imaging Group converts digital and analogue photographs into photo prints, photo cards, photo calendars, photo albums 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. The Imaging Group's revenues represented 24% of the revenue from the Group's continuing operations as at the end of March 2011.

Financial calendar

30 August 2011* (after exchange closes) Half-year results and half-year financial report for 2011
27 October 2011* (after exchange closes) Trading update for third quarter of 2011
8 March 2012* (before exchange opens) 2011 Annual results
9 May 2012 (before exchange opens) Trading update for first quarter of 2012

* indicative dates

Definitions

Revenue = Operating income

REBITDA = Cash flow from the operating activities before non-recurring items = profit/loss (-) from operating activities before non-recurring items, adjusted for depreciation, amortisation, write-downs, and provisions (Recurring Earnings Before Interest, Taxes, Depreciation and Amortisation).

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This press release is an English translation of the official Dutch version.