



## PRESS RELEASE

### Spector Photo Group – Trading update for 2010

Wetteren (Belgium), 8 February 2011

- **Retail Group: price deflation and December's weather conditions put revenue under pressure**
- **Imaging Group: focus on reducing break-even point and improving profitability**
- **Group: considerable improvement of operational profitability**

#### Revenues

Provisional unaudited figures, prepared in accordance with IFRS

(in EUR '000)	4 <sup>th</sup> quarter			YTD		
	2009	2010	% change	2009	2010	% change
Retail	48 559	45 226	-6.86%	169 922	161 321	-5.06%
Imaging	20 868	19 526	-6.43%	74 821	62 679	-16.23%
Corporate	194	143	-26.09%	777	580	-25.31%
Intersegment	- 368	- 295	-19.78%	- 1 542	- 1 233	-20.02%
<b>Spector Photo Group</b>	<b>69 253</b>	<b>64 599</b>	<b>-6.72%</b>	<b>243 977</b>	<b>223 347</b>	<b>-8.46%</b>
Discontinued operations				3 565		
Intersegment						
<b>Total</b>	<b>69 253</b>	<b>64 599</b>		<b>247 542</b>	<b>223 347</b>	

#### Retail – Photo Hall

Retail activities under the Photo Hall brand name realised revenues amounting to EUR 161.32 million in 2010, a fall of 5.1% relative to the EUR 169.92 million realised in 2009. Price deflation remains a major negative factor.

The activities were able to record a gradual recovery from the third quarter on. However, the Christmas holiday period on the one hand, which fell partly in December and partly in January 2011, and December's difficult weather conditions on the other, resulted in revenue decreasing by 9% in this month in Belgium, and even 11% in Luxembourg. The decrease in December has already been compensated in January 2011.

Regarding the product lines, the group recorded strong performance in photography in Belgium, mainly with digital reflex cameras. Sales of iPads were a great success in the IT field. As reported, price deflation continues to exert downward pressure on revenue figures in various product groups. For example, sales of TV sets in Belgium increased by 8% in number of items; however, revenue actually fell by 4%.

During the course of 2010, four new shops were opened in Belgium, more specifically in Houthalen, Lommel, Ciney, and Libramont. Three were also closed, and a franchise shop was taken into own management. The number of shops in the Grand Duchy of Luxembourg remained unchanged. At the end of 2010, Photo Hall Belgium had 91 shops; Hifi International had 17 shops. Photo Hall Belgium and Hifi International also each have their online shop.

In terms of operational profitability of the retail business, 2010 was comparable with 2009.

## Imaging - Photomedia

The revenue from Photomedia amounted to EUR 62.69 million in 2010, a decrease of 16.2% relative to 2009. The year 2010 was characterised by the investments in automation and streamlining of the production, and the integration of the Swedish lab's activities in Wetteren, Belgium. Due to the strong growth in sales during recent years of the new digital products, such as photo books, photo calendars, greeting cards, agendas, etc., it was decided to make a number of investments to increase productivity and sensitively reduce production costs.

Because of these important modifications in the production process, it was decided to temporarily reduce marketing campaigns. Following the successful implementation in production and the introduction of new online ordering software, the group was able to return to growth figures in mail order from the fourth quarter on (see below). Revenues were nevertheless strongly affected by the ceasing of the trading in photo paper.

The revenue from ExtraFilm's **digital mail-order** activities increased over the entire year by 1% in comparison with 2009, while the analogue activities dropped 43%. This means that digital photography represents 90% of the mail-order revenues (81% in 2009, 70% in 2008), with analogue now only standing for 10%. In 2010's fourth quarter, the most important of the year, digital mail-order activities showed promising growth: revenues increased by 7%; the number of photo books increased by 24%.

**Filmobel** saw a stabilisation of revenue in 2010.

The **Spector** brand, which is used exclusively for supplying **specialised photographic businesses**, experienced a fall in revenue during 2010, but this was less pronounced than in 2009.

Thanks to the successful integration of the production activities from the Swedish laboratory, and as a result of the productivity investments implemented, Photomedia realised a substantial improvement of its recurring operational profitability in 2010.

## Other important events

During the course of December 2010, Photo Hall signed an agreement with the bank consortium to extend the credit facility.

Photomedia also sold the Swedish building, which housed the lab, with a gain. This sale enabled the termination of the process of closing the lab at Tanumshede over a period of six months.

## **Spector Photo Group's profile**

Spector Photo Group is a diversified multimedia and photo group with some 800 employees, operating in 14 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 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 December 2010, the Retail Group had 108 shops, of which 105 were under the Group's own management, spread across Belgium and the Grand Duchy of Luxembourg. The group also operates 2 online shops. The Retail Group's revenue represented 72% of the revenues from the group's continuing operations during the 2010 financial year.

The Imaging Group processes digital and analogue photographs into photo prints, photo calendars, photo agendas, photo books, photos on canvas, photo gifts, etc. Imaging uses ExtraFilm™ as its strategic brand 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 revenue represented 28% of the revenues from the group's continuing operations during the 2010 financial year.

## **Financial calendar**

8 March 2011	2010 Annual results
11 May 2011	Trading update for first quarter of 2011
30 August 2011	Half-year results and Half-year financial report for 2011
27 October 2011	Trading Update for third quarter of 2011

## **Definitions**

Revenue = Operating income

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