

Media & Financial analyst meeting Spector Photo Group N.V.

March 8, 2012

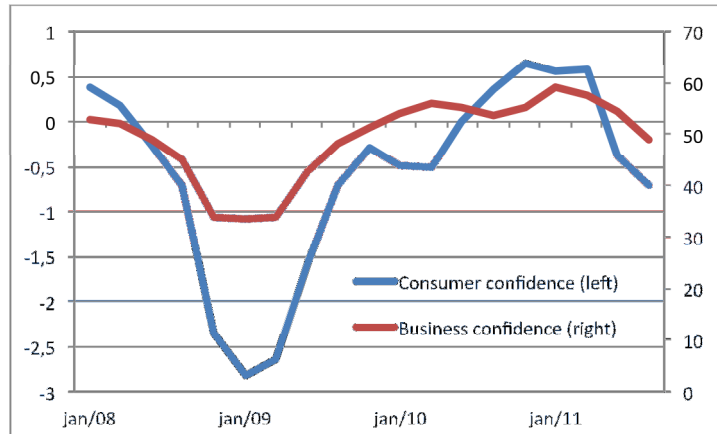
GGGG

Spector Photo Group - 2011 Results

- 1) Introduction
- 2) Retail
- 3) Imaging
- 4) Financial data
- 5) 2012 prospects
- 6) Q & A

1. Introduction: macro-economic conditions

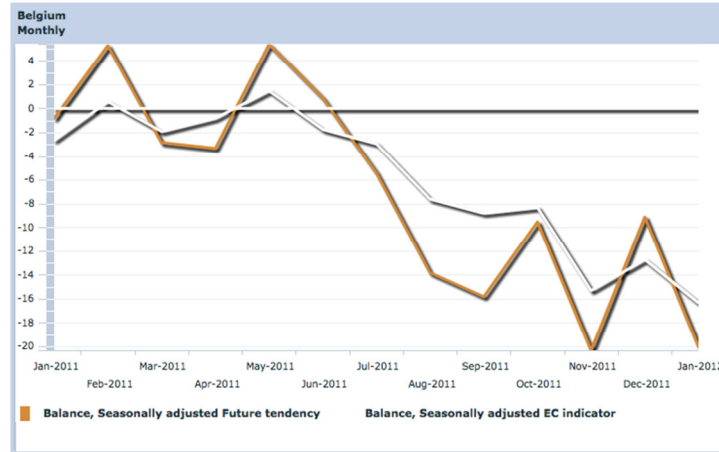
Again decline throughout 2011



Source: Eurostat (data of eurozone)

1. Introduction: macro-economic conditions

Little improvement ahead



Source: OECD (data of Belgium: consumer opinion survey)

1. Introduction

Summary of 2011 – financial

➤ **Retail:**

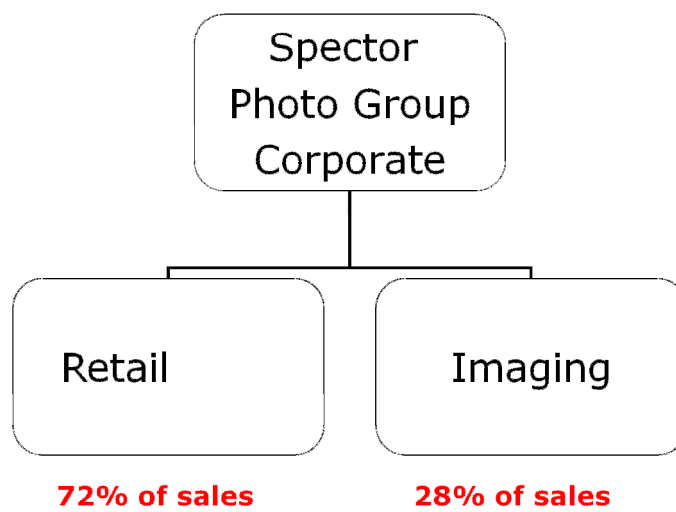
- very weak sales performance
 - > economic crisis
 - > shop closings
- Recovery Plan in progress

➤ **Imaging:**

- slight increase in revenue from digital mail-order activities
- negative impact of hardware sales and decrease analogue
- EBIT increased from EUR 0.60 m to EUR 1.86 m

➤ **Group:** net result EUR -2.12 m

1. Introduction: group structure



2. Retail



www.photohall.be



www.hifi.lu

2. Retail

Market evolution in 2011: GfK-survey Western Europe Q1– Q3

	Q1 - Q3 '11
Consumer electronics	-12.8%
Photo	-5.1%
Major domestic appliances	-1.3%
Small domestic appliances	+0.7%
Information technology	+5.1%
Telecom	-1.2%
Office equipment & consumables	-5.1%

2. Retail

GfK-survey

- Consumer electronics (-12.8%): big impact of TV sales: saturation, 3D not a succes
- Domestic appliances: year after year stable to slightly growing -> replacement
- IT (+5.1%): driven by connectivity and tablets
- Telecom (-1.2%): more smartphones, but sales subsidised by telecom operators have impact on turnover

2. Retail

Sales trends Retail Group

- Consumer electronics: decline in line with market
- Domestic appliances: good performance in Lux (again)
- IT: slight decline
- Photo: 10% decline
- Telecom: good performance thanks to smartphones

2. Retail

Main performance data in 2011:

- Sales: -12.4%, decline in Lux larger due to trading. In B store closures (see next)
- REBITDA: very weak performance in B, in Lux positive EBIT thanks to market leadership

(in € '000)	2010	2011	Δ in %
Revenue	161 321	141 327	- 12.4%
REBIT	3 248	- 3 240	n.r.
REBIT DA	5 034	- 947	n.r.

2. Retail

Restructuring Photo Hall Belgium

- Management changes
- Personnel reduction
- Store closures in 2011 (7) and 2012 (6)
- Inventory reduction
- Capital increase by mother company
- Non-recurring costs: see further

2. Retail

Evolution of number of shops

➤ **Belgium: net closure of 6 shops**

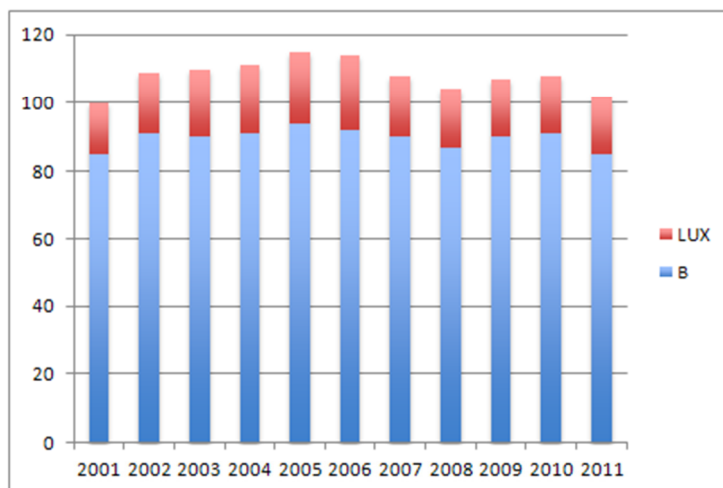
(1 opening & 7 closures)

➤ **Luxembourg: no change**

Number of points of sale	2010	2011
Belgium		
own shops	88	82
e-commerce	1	1
under franchising	3	3
Luxembourg		
own shops	17	17
e-commerce	1	1
Subtotal		
own shops	105	99
e-commerce	2	2
under franchising	3	3
Total number of points of sale	110	104

2. Retail

Evolution of number of shops



3. Imaging



www.smartphoto.com



www.spector.be

3. Imaging

Important event in 2011



4 smart advantages



smartwarranty
100% satisfaction guaranteed

If you are not satisfied with your product – make a new one for free!
Contact our customer service to find out more.



smartbonus
staying with us is rewarding

smartbonus on all your purchases. Click on the link below to find out more.



smartdialog
we'd like to know you better

Join the fun today by liking us on Facebook.
Competitions, interesting discussions, exclusive offers and much more.



smartservice
directly at your assistance

With better opening hours via telephone and with fast replies via e-mail our knowledgeable customer service is at your service!

3. Imaging

Group structure

- **Mail Order (smartphoto):** mainly photo service and digital photo products by means of online internet (B2C)



- **Retail(B2B2C):**

- Spector by smartphoto: photo service and digital photo products



- Other retail customers

- Filmobel: multimedia goods



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
-> limited growth due to economic conditions

3. Imaging

Performance 2011

- Sales: -9.6%
 - decline mainly related to Filmobel
 - digital growth 2%
 - Further decline of analogue (-42%)
 - still minor impact of the ending of trading in photo paper

(in € '000)	2010	2011	Δ in %
Revenue	62 679	56 677	-9.6%
REBIT	1 652	1 860	12.6%
REBIT DA	5 357	4 081	-23.8%
EBIT	596	1 860	212.2%

3. Imaging

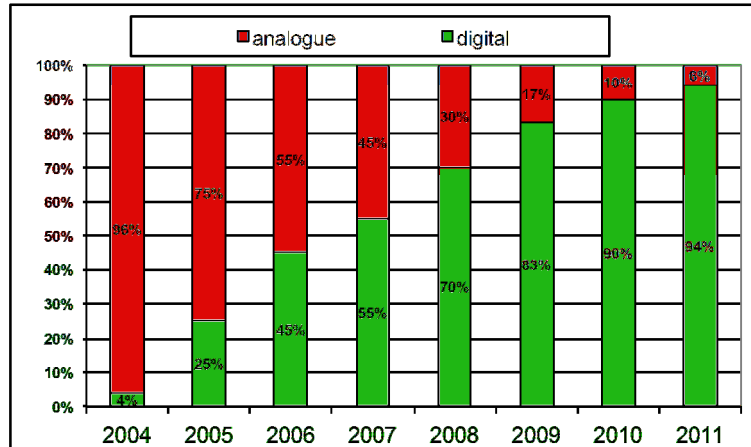
Performances 2011

- REBITDA: -23.8%
 - impact of sales decline Filmobel
 - Further decline of very profitable analogue business
 - increase marketing expenses end '11
 - Costs of name change ExtraFilm -> smartphoto™
 - Increased efficiency in production

(in € '000)	2010	2011	Δ in %
Revenue	62 679	56 677	-9.6%
REBIT	1 652	1 860	12.6%
REBITDA	5 357	4 081	-23.8%
EBIT	596	1 860	212.2%

3. Imaging

Digital transition



Source: Spector Photo Group

3. Imaging

Main elements in 2011:

- 2% increase of digital mailorder sales
- Analogue photo print sales: -42%
- Continuous decline of single photo prints
- Prints: represent only 25% of mail order sales (35% in 2010)
- photo related products perform very well
- photo books/photo cards: 20%+ growth

4. Financial data

Financial data

4. Financial data: key figures

(in € '000)	2010	2011	Δ in %
Revenue	223 347	197 405	-11,6%
REBITDA	10 027	2 841	-71,7%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)	4 635	- 1 679	n.r.
Non-recurring items from operating activities	- 1 501	- 1 732	n.r.
Profit/loss (-) from operating activities (EBIT)	3 134	- 3 411	n.r.
EBITDA	9 542	2 554	-73,2%
Financial result	- 3 448	187	n.r.
Income tax expense (-)/income	413	1 101	166,8%
Profit/loss (-) from continuing activities	99	- 2 123	n.r.
Profit/loss (-) from continuing activities, corrected for non-cash items	5 888	2 874	-51,2%
Profit/loss (-) for the period	99	- 2 123	n.r.
Attributable to the group	99	- 2 123	n.r.

- EBIT: € -6.54 m
- Financial result: € +3.63 m
- Taxes: € +0.69 m


€ -2,22 m

4. Financial data: key figures

Reportable segments

(in € '000)	Retail		Imaging		Total reportable segments	
	2010	2011	2010	2011	2010	2011
Revenue						
External revenue	161 213	141 235	62 134	56 170	223 347	197 405
Inter-segment	108	92	545	507	653	600
Total revenue	161 321	141 327	62 679	56 677	224 000	198 004
Interest revenue	8	13	54	21	62	34
Interest expense	2 372	2 243	2 649	898	5 021	3 141
Profit/loss (-) before taxes	788	-7 271	-2 912	3 281	-2 124	-3 991
Total operating segment assets	69 459	47 851	43 249	45 481	112 708	93 332
Total operating segment liabilities	30 350	14 556	12 671	10 858	43 021	25 413
Total capital expenditures property, plant & equipment	1 070	482	909	268	1 980	750
Total capital expenditures intangible assets other than goodwill	110	12	1 974	398	2 084	409
Depreciations and amortisations	1 982	1 933	3 942	2 038	5 924	3 971
Other non cash	- 150	1 875	385	183	235	2 058
Number of persons employed in FTEs end of the period	484	443	260	260	744	703

4. Financial data: key figures

Reconciliations

Revenue	2010	2011
Total revenue for reportable segments	224 000	198 004
Elimination of intersegment revenue	- 653	- 600
Total revenue	223 347	197 405

Profit/loss (-)	2010	2011
Total profit/loss (-) for reportable segments	-2 124	-3 991
Profit/loss not allocated to reportable segments		
Other	1 810	766
Profit/loss (-) before taxes	- 313	-3 224

Assets	2010	2011
Total assets for reportable segments	112 708	93 332
Assets not allocated to reportable segments		
Elimination of receivables	-8 561	-4 257
Deferred tax asset	7 760	8 863
Other	10 431	5 863
Discontinued operating assets	636	735
Total assets	122 974	104 537

Liabilities	2010	2011
Total liabilities for reportable segments	43 021	25 413
Liabilities not allocated to reportable segments		
Elimination of liabilities	- 406	- 302
Financial obligations	46 141	42 372
Other	3 090	2 862
Discontinued operating liabilities	653	753
Total liabilities	92 499	71 098

4. Financial data: operating income

(in C '000)	2010	2011	Δ	Δ in %
Revenue	223 347	197 405	- 25 942	-11.6%
Other operating income	5 459	4 142	- 1 317	-24.1%
Changes in inventory of finished goods & work in progress	14	- 8	- 22	-157.2%
Work performed by enterprise and capitalised	40	2	- 38	-94.7%
Trade goods, raw materials and consumables	- 159 888	- 140 285	19 603	12.3%
Employee expenses	- 30 373	- 28 472	1 902	6.3%
Depreciation and amortisation expenses	- 5 738	- 4 415	1 322	23.0%
Other operating expenses	- 28 225	- 30 048	- 1 823	-6.5%
Profit/loss (-) from operating activities, before non-recurring items	4 635	- 1 679	- 6 314	-
Non-recurring items from operating activities	- 1 501	- 1 732	- 232	-15.4%
Profit/loss (-) from operating activities	3 134	- 3 411	- 6 546	-

- Gross margin: from 28.4% in 2010 to 28.9% in 2011
- Employee expenses: 6.3% decline
- Depreciations: decline of EUR 1.3 m
- Other operating expenses: 6.5% increase (mainly increase of marketing expenses)

4. Financial data: non-recurring items

(in € '000)	2010	2011	Δ in %
Non-recurring items from operating activities	- 1 501	- 1 732	n.r.

Total non-recurring: € -1.73 million relating the Retail Group

- € 0.29 million is cash cost, € 1.44 million non-cash
- € 0.67 million for redundancies, € 0.84 million for store closures, € 0.22 million for consultancy fees

In 2010: mainly closure Swedish lab within the Imaging Group

4. Financial data: financial results

(in € '000)	2010	2011	Δ in %
Recurring financial result	- 2 531	- 2 021	20,2%
Non-recurring financial result	0	2 011	n.r.
Currency translation differences	- 916	195	n.r.
Financial result total	- 3 447	185	n.r.

Financial results: improvement of € 3.63 m

- Interest charges decline € 0.47 m
- Currency translations: € 0.20 m in 2011 versus € -0.92 m in 2010
- Capital gain of € 2 million on deal with NIBC Bank

4. Financial data: taxes

(in € '000)	2010	2011
Income taxes expense (-)/income	- 633	- 69
Income taxes expense (-)/income (non cash)	1 046	1 170
Tax expenses total	413	1 101

Income taxes: positive result of € 1.10 m:

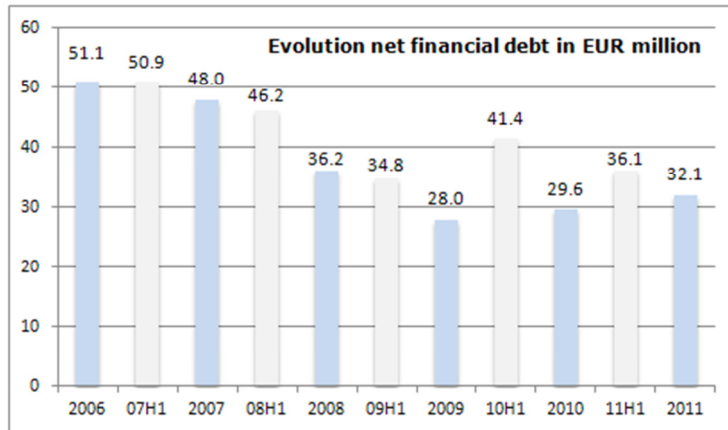
- Tax expense: € -0.07 m
- Deferred taxes: € 1.17 m

4. Financial data: balance sheet

(in € '000)	2010	2011	Δ in %
Total equity	30 475	33 439	9,7%
Statement of financial position total	122 974	104 537	-15,0%
Net financial debt	29 557	32 134	8,7%
Customer relationships	8 899	8 929	0,3%
Externally acquired relationships	7 594	7 611	0,2%
Directly attributable costs	1 305	1 318	1,0%

- Equity (per share € 0.91): € + 2.96 m:
 - € -2.12 m: net loss of 2011
 - € +5.51 m: real estate revaluation
 - € -0.43 m: exchange rate differences
- Net financial debt: up € 2.57 m: sharp decline of inventories, but even sharper decline in account payables (see next)
- Customer relationships:
 - Impairment test as per 31/12/11: no impairment.

4. Financial data: balance sheet



- Net financial debt: up € 2.57 m:
 - > decrease working capital - 4.4 m €
 - > result -> loss 2.1 m €
 - > investments 1.2 m €
 - > net repayments borrowings 3.7 m €

5. Prospects 2012

➤ **Retail:**

- general conditions: little improvement ahead
- positive impact of restructuring

➤ **Imaging:**

- sales growth in mail order

6. Q&A

QUESTIONS AND ANSWERS