



UNDER EMBARGO UNTIL 24 OCTOBER 2013 – 5.40 p.m.

PRESS RELEASE – Regulated information

Wetteren, Belgium, 24 October 2013

Trading update for third quarter of 2013

- Group:
 - Revenue decreased to EUR 35.50 million (-4.9%);
 - REBITDA amounted to minus EUR 1.28 million;
 - Net financial debt decreased to EUR 4.27 million compared to EUR 5.58 million in the previous year for the smartphoto group excluding Retail Group.

- E-commerce:
 - Due to the downward trend of analogue and digital photo prints, the revenue decreased to EUR 19.21 million (-8.9 %);
 - REBITDA decreased due to start-up costs for new initiatives and increased marketing expenditure for customer recruitment.

- Wholesale:
 - The revenue remained stable and amounted to EUR 16.29 million;
 - REBITDA amounted to a positive EUR 0.05 million.

Reportable segments

Unaudited figures prepared in accordance with IFRS

	(in € '000)	September 2012	September 2013	Δ in %
Revenue				
Total		37 314	35 495	-4.9%
E-commerce		21 079	19 210	-8.9%
Wholesale		16 235	16 285	0.3%
REBITDA				
Total		- 28	-1 277	-
E-commerce		- 113	-1 324	-
Wholesale		85	47	-44.6%

Reconciliations

	(in € '000)	September 2012	September 2013	Δ in %
Revenue				
Total revenue for reportable segments		37 314	35 495	-4.9%
Elimination of intersegment revenue		-2 134	-1 691	20.8%
Other			15	-
Total revenue		35 180	33 819	-3.9%
REBITDA				
REBITDA reportable segments		- 28	-1 277	-
REBITDA not allocated to reportable segments		- 163	- 331	-103.4%
Total REBITDA		- 191	-1 608	-743.7%

Discontinued operations

	(in € '000)	September 2012	September 2013	Δ in %
Revenue Retail Group		80 687		
Intersegment		- 29		
REBITDA Retail Group		-4 645		

* As at 30 September 2012, the companies of the Retail Group and their wholly-owned subsidiaries were restated in accordance with IFRS 5. The Retail Group's results have been recognised under the 'discontinued operations'.

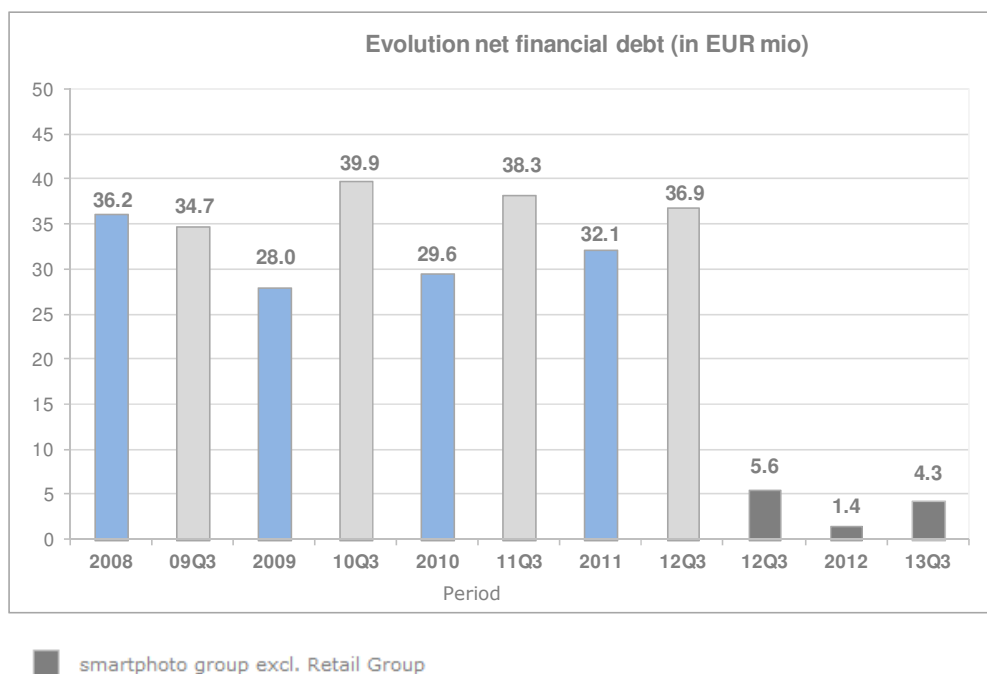
Description of the financial position

In view of the seasonal nature of both the E-commerce segment and the Wholesale segment, the result for the first nine months was loss-making, which explains the evolution of the financial position.

The total statement of financial position decreased from EUR 39.60 million at year-end 2012 to EUR 33.76 million at the end of September 2013.

The most important items are:

- The total assets decreased by minus EUR 5.84 million mainly due to a decrease in trade and other receivables by minus EUR 3.27 million, a decrease in cash and cash equivalents by minus EUR 1.51 million, and a decrease in the non-current assets by minus EUR 1.08 million. The non-current assets have decreased due, on the one hand, to depreciation and amortisation for the first nine months of minus EUR 1.26 million and, on the other, the investments in property, plant and equipment and intangible assets of EUR 0.86 million. Furthermore, the net deferred tax assets decreased by minus EUR 0.65 million.
- The equity decreased mainly due to the loss of the first nine months and amounted to EUR 16.79 million - which is EUR 0.47 for each share entitled to a dividend - at the end of September 2013.
- The solvency amounted to 49.74%.
- The net financial debt as at the end of September 2013 amounted to EUR 4.27 million compared to EUR 5.58 million a year previously with a comparable scope, which is a decrease of EUR 1.31 million.



Description of the results

E-commerce

The E-commerce operations include all the activities aimed at providing photo products to end consumers.

The revenue amounted to EUR 19.21 million in the first nine months of 2013, a decrease of 8.9% in comparison with the same period in 2012. The REBITDA evolved from minus EUR 0.11 million as at the end of September 2012 to minus EUR 1.32 million as at the end of September 2013.

The focus on products with a higher margin, such as photo books, photo cards and photo gifts, ensures that the group's activity is shifting ever-increasingly to the last quarter. This is even more emphasised by the further decline of the digital and analogue prints, for which increased sales of photo books, photo cards and photo gifts in the first nine months could not offset this loss.

The results in the first nine months were also adversely affected by start-up costs for new initiatives on websites for retailers in the first half-year. Furthermore, there has been invested in mobile solutions. For instance at the end of October a tablet compatible HTML5 editor will be rolled out and during the month of November an iPhone app will be launched. There were also 39,2% more customers recruited during the third quarter compared to the same quarter of 2012, which led to an increase in the marketing expenditures.

Wholesale

The Wholesale activities aim at companies or independent traders, with a mix of hardware sales and photo products.

The revenue amounted to EUR 16.29 million in the first nine months of 2013, a slight increase of 0.3% in comparison with the same period in 2012. The REBITDA evolved from EUR 0.09 million as at the end of September 2012 to EUR 0.05 million as at the end of September 2013.

The photo activities in the shops evolved according to the same trend as in the mail order business. On the other hand, hardware sales experienced a slight increase, which was nevertheless combined with continued pressure on the margins.

The Wholesale activities are also affected by a strong seasonal character.

Prospects for 2013 ⁽¹⁾

Smartphoto group aims for an increase in the number of customers for the entire 2013 financial year, making it difficult to achieve a constant profitability compared to 2012.

Smartphoto group, profile

Smartphoto group operates in 14 European countries and focuses on both consumers and businesses. Smartphoto group's shares are traded on Euronext Brussels (ISIN BE0003663748, ticker symbol SMAR).

Smartphoto group operates in B2C E-commerce with affordable high-quality photo products, such as photo books, photo cards, photo calendars, photo on canvas, and photo gifts, under the brand name *smartphoto*TM. *smartphoto.biz*, using the same products, focuses on businesses and organisations that want to offer personalised products, and is positioning itself as the professional provider of visual communications, presentation systems, and prints textile for business-to-business customers and specialised resellers.

The Wholesale segment is positioning itself as a distributor of photo hardware to independent traders who do not want to join a franchise concept, and offers 'à la carte' services in this context. In addition, 'Spector by smartphoto' supplies high-quality photo products to independent photographers within the Wholesale segment.

Financial calendar

6 March 2014 ⁽²⁾	before exchange opens	2013 Annual results
14 May 2014	before exchange opens	Trading update for first quarter of 2014
27 August 2014 ⁽²⁾	after exchange closes	Half-year results and half-year financial report for 2014
23 October 2014 ⁽²⁾	after exchange closes	Trading update for third quarter of 2014

Definitions

REBITDA = Profit/loss (-) from operating activities before non-recurring items, adjusted for depreciation, amortisation, impairment and provisions (Recurrent Earnings Before Interest, Tax, Depreciation and Amortisation).

Net Financial debt = Financial obligations less cash, cash equivalents, and other financial assets.

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⁽¹⁾ This press release contains forward-looking information that is based on the current internal estimates and expectations. The forward-looking statements contain inherent risks and only apply at the date on which they are communicated. It cannot be excluded that the actual results differ considerably from the forward-looking expectations that have been incorporated in this communication.

⁽²⁾ Indicative dates

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