



PRESS RELEASE - Regulated information

Wetteren, Belgium, 27 August 2014

Half-year results for 2014

- E-commerce:
 - The revenue decreased slightly from EUR 13.05 million to EUR 12.35 million. This means that the revenue in the second quarter remained almost stable;
 - The REBITDA evolved quite favorably and increased with 73.2% from EUR -0.70 million in the first half of 2013 to EUR -0.19 million in 2014.
- Wholesale:
 - Since the beginning of June 2014 the wholesale activity of the Wholesale segment phased out (see press release of 2 June 2014). Taken into account the gradual ending of the wholesale activities, the results of this activity were recognized as 'Discontinued operations' as from 30 June 2014. The comparative figures for the first half-year of 2013 have been restated in accordance with IFRS 5. (*)
- Group:
 - Revenue decreased slightly by -5.4% to EUR 12,17 million compared to 12.87 million at 30 June 2013;
 - Result from continuing operations, adjusted for non-cash items, evolved with an increase of 34.1% from EUR -1.01 million to EUR -0.66 million;
 - Net financial debt decreased to EUR 3.82 million compared to EUR 3.94 million in the previous year.

Key figures

Non-audited figures, drawn up in accordance with IFRS

Income Statement	(in € '000)	June 2013	June 2013 (*)	June 2014	Δ in %
Revenue		22 918	12 872	12 173	-5.4%
Operating profit/loss (-), before non-recurring items (REBIT)		- 1 689	- 1 857	- 1 138	38.7%
Operating non-cash items, before non-recurring items		929	929	709	-23.7%
REBITDA		- 760	- 928	- 429	53.8%
Operating profit/loss (-) (EBIT)		- 1 689	- 1 857	- 1 138	38.7%
EBITDA		- 760	- 928	- 429	53.8%
Financial result		- 172	- 155	- 243	-56.5%
Income tax expense (-)/income		- 361	- 361	- 493	-36.7%
Profit/loss (-) from continuing operations		- 2 222	- 2 373	- 1 873	21.0%
Non-cash items from continuing operations		1 367	1 367	1 211	-11.5%
Profit/loss (-) from continuing operations, corrected for non-cash items		- 854	- 1 005	- 663	34.1%
Profit/loss (-) from discontinued operations		0	151	8	-94.7%
Profit/loss (-) for the period		- 2 222	- 2 222	- 1 865	16.0%
Attributable to equity holders of the parent company		- 2 222	- 2 222	- 1 865	16.0%

Statement of financial position	(in € '000)	June 2013	June 2014	Δ in %
Total assets		34 183	29 776	-12.9%
Net financial debt		3 942	3 822	-3.0%
Total equity		18 697	17 130	-8.4%
Solvency ratio		54.7%	57.5%	5.2%
Gearing ratio		21.1%	22.3%	5.8%
Current ratio		88.2%	68.5%	-22.3%

Reportable segments

(in € '000)	June 2013 (*)	June 2014	Δ in %
Revenue			
E-commerce	13 048	12 349	-5.4%
REBITDA			
E-commerce	- 695	- 187	73.2%

Reconciliations

(in € '000)	June 2013 (*)	June 2014	Δ in %
Revenue			
Total revenue for reportable segments	13 048	12 349	-5.4%
Elimination of intersegment revenue	- 190	- 184	3.0%
Other	14	8	-42.8%
Total revenue	12 872	12 173	-5.4%
REBITDA			
REBITDA reportable segments	- 695	- 187	73.2%
REBITDA not allocated to reportable segments	- 232	- 242	-4.1%
Total REBITDA	- 928	- 429	53.8%

Discontinued operations

(in € '000)	June 2013 (*)	June 2014	Δ in %
Revenue wholesale activity	10 046	4 305	-57.1%

The fully consolidated "2014 half-yearly financial report" is available on the website www.smartphotogroup.com.

Current situation of each segment

After ending the wholesale activity, the activities of the group are reported under one operational segment, that is E-commerce.

E-commerce

The revenue amounted to EUR 12.35 million in the first half of 2014; a decrease of 5.4% in comparison to the same period in 2013. This means that the revenue remained stable in the second quarter.

The REBITDA evolved favorably from EUR -0.70 million in the first half of 2013 to EUR -0.19 million in 2014, an increase of 73.2%.

Due to the decline in the sales figures of digital and analogue prints, and an increasing focus on products with higher margins such as photo books, photo cards and photo gifts, the group's activity is shifting ever increasingly towards the last quarter.

The increasing sales of photo books, photo cards and photo gifts could not completely offset this loss because of the seasonality.

For the second year in a row, smartphoto.be won the first prize in the 2014 BeCommerce Awards in the category "Recreation and Leisure", by which it was named the best website of Belgium in its category.

The high seasonality with a peak in the last quarter means that the activities in the first half-year make a historical loss.

Key elements of the income statement

The results of the first half of 2013 have been restated in accordance with IFRS 5. This means that the results of the wholesale activities have been recognized under the 'discontinued operations'.

smartphoto group realized revenue of EUR 12.17 million (-5.4%) in the first half of the 2014 financial year, and a REBIT of EUR -1.14 million compared with respectively EUR 12.87 million and EUR -1.86 million in the first half of 2013, an improvement of the result with 38.7%. At the level of its REBITDA smartphoto group even experienced an improvement of EUR -0.93 million to EUR -0.43 million. For the E-commerce activities the focus of the financial year is traditionally in the fourth quarter.

Financial result

The financial result evolved from EUR -0.16 million in the first half of 2013 to EUR -0.24 million at 30 June 2014. The increase of the net financial costs is mainly the result of higher unrealized exchange losses.

Taxes

During the first half of 2014 the tax result of smartphoto group amounted to EUR -0.49 million compared to EUR -0.36 million in the first half of 2013. The tax result mainly concerns the use of deferred tax assets as a result of the reduction of the tax expenses in the relevant tax jurisdiction (EUR -0.42 million) and current taxes on the result (EUR -0.08 million).

Result of the financial year

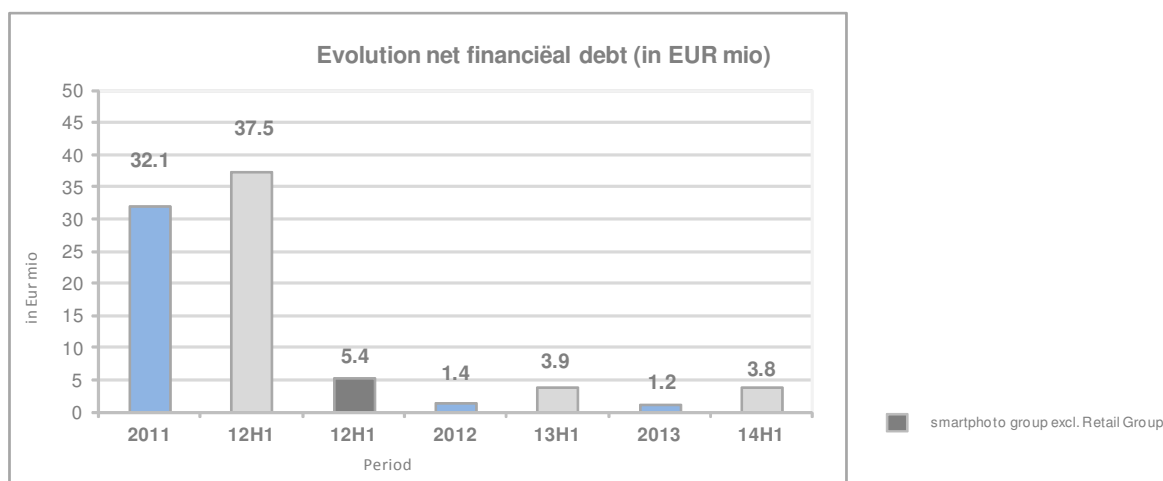
The first half of the 2014 financial year ended with a loss of EUR 1.87 million, compared to a loss of EUR 2.22 million in the same period of 2013. The improvement in the result by EUR 0.36 million can be explained as follows:

- Operating result: improvement of EUR 0.72 million,
- Financial result: negative evolution of EUR 0.09 million,
- Income taxes: increase in the tax expenses by EUR 0.13 million,
- Discontinued operations: a negative effect of EUR 0.14 million.

Statement of financial position

The total assets evolved from EUR 36.47 million at year-end 2013 to EUR 29.78 million at the end of June 2014. The main items are the following:

- The **net financial debt** amounted to EUR 3.82 million at the end of June 2014, compared to EUR 3.94 million at the end of June 2013.



- The **equity** decreased compared to the year-end 2013, mainly as a result of the half-year loss and amounted to EUR 17.13 million (EUR 0.48 for each share entitled to dividend) as at the end of June 2014.
- The **non-current assets** decreased by EUR 0.87 million compared to 31 December 2013, mainly as a result of, on one hand, the depreciations and amortizations (EUR -0.69 million), and on the other, investments in property, plant, equipment and intangible assets (EUR 0,33 million) and a net decrease in deferred taxes (EUR -0.42 million). The investments in property, plant and equipment mainly concern investments in production machines. As for the intangible assets the investments relate to investments for the data center and the transition to HTML5 for the photo editor on the websites.

Prospects for 2014 ⁽¹⁾

smartphoto group expects for the entire fiscal year 2014 the same level of revenue at a strongly improved profitability compared to the financial year 2013.

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, stock code SMAR).

smartphoto group operates in B2C and B2B E-commerce with affordable high-quality photo products, such as photo books, photo cards, photo calendars, photos on canvas and photo gifts, under the brand name smartphoto™. Via 'Spector by smartphoto™' the E-commerce segment offers the same high-quality photo products to independent photographers.

Financial calendar

5 March 2015 ⁽²⁾	before exchange opens	2014 annual results
26 August 2015 ⁽²⁾	after exchange closes	Half-year results and half-yearly financial report 2015

Definitions

REBIT = Operating profit/loss (-) before non-recurring items.

EBIT = Operating profit/loss (-) (Earnings Before Interest and Tax).

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

EBITDA = Operating profit/loss (-) adjusted for depreciation, amortisation, impairment and provisions (Earnings Before Interest, Tax, Depreciation and Amortisation).

Profit/loss (-) from continuing operations, adjusted for non-cash items = Profit/loss (-) after taxes, adjusted for depreciation, amortisation, impairment, provisions, financial non-cash items and deferred taxes.

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.