

Business Performance: FY07

Service Point Solutions, S.A has reported excellent FY07 earnings marked by significant growth right down the P&L.

Changes in consolidation scope relative to year-end 2006:

- 1. CBF Print Management Company.-** British printing management company with annual revenue of approximately €7mn, acquired outright by SPS through its UK subsidiary Service Point UK in June 2007, since which time it has been fully consolidated.
- 2. Allkopi A.S.-** Danish digital reprographics and document management company with annual revenue of approximately €32mn. The acquisition closed in July 2007 and was consolidated for the first time in June 2007.
- 3. Quality Imprés Estivill Marin S.L.-** Barcelona-based digital reprographics company with annual revenue of approximately €4mn. It was acquired by Service Point Solutions in September 2007, since which time it has been fully consolidated.

Revenue growth was driven by high levels of contract renewal, new customer adds and the acquisitions of SP Netherlands in October 2006, Allkopi (Norway) and CBF Print Management (United Kingdom) in June 2007 and Quality Imprés (Spain) in September 2007. Revenues climbed 61% to €213.7mn.

EBITDA rose 43% to €27.8mn. The EBITDA margin expanded throughout the year to reach 13% by year-end. This margin is not directly comparable across businesses: the Norwegian and Dutch businesses have different revenue mixes and they expense equipment purchases, while the other subsidiaries acquire these assets under finance leases.

EBIT rose 66% to €14.1mn, a margin of 6.6% (up from 6.4%), reflecting the successful integration of newly acquired companies and the increasing profitability of Service Point's customer base. At Service Point Netherlands, management concentrated on improving margins and raising its contributing to consolidated profit by focusing strategically on boosting the ROI on customer contracts. It is worth highlighting the performance of the Spanish business (9% of Group revenues). Revenues rose 33.9% on 2006 to €19.3mn, while EBITDA amounted to €3.7mn at a margin of 19.3%. The bottom line jumped 71.9% to €2.1mn.

The Company invested €42mn in 2007 while still managing to reduce net debt by 44% from year-end 2006 to €39.9mn, following the cancellation of the €35mn bridge loan taken out to finance the acquisition of Service Point Netherlands in the first quarter of the year, which was repaid from the proceeds from the €54.3mn equity raise completed in February.

In September 2007 Service Point expanded its syndicated loan by €40mn (+47%), bringing the total facility to €100mn. The syndicate is led by Lloyds TSB Bank.

In addition, the cost of debt narrowed to a spread of 90bps, bringing interest expense down. The Company currently has capacity of around €80mn for investment in organic growth and acquisition of new targets.

The Board of Directors will propose doubling the dividend against reserves to €0.04 per share at the Annual General Meeting next June.

	FY07	FY06	Chg. %
Total revenues	213.670	133.166	60.5%
Gross profit	154.338	97.266	58.7%
EBITDA	27.780	19.386	43.3%
EBIT	14.113	8.493	66.2%
Finance expense	-4.116	-3.090	33.2%
Profit attrib. to parent	9.009	4.842	86.1%
Net debt	39.884	70.598	-43.5%
Equity	154.780	96.364	60.9%

<i>% of revenue</i>			
EBITDA	13.0%	14.6%	
EBIT	6.6%	6.4%	
Profit attrib. to parent.	4.2%	3.6%	

4Q07 revenue rose 19.3% year-on-year, while net profit amounted €3.0mn at a margin of 67.7%.

	4Q07	4Q06	Chg. %
Total revenues	57.830	48.465	19.3%
Gross profit	41.195	35.147	17.2%
EBITDA	7.668	6.483	18.3%
EBIT	4.029	3.473	16.0%
Finance expense	-1.091	-1.172	-6.9%
Profit attrib. to parent	3.006	1.793	67.7%
Net debt	39.884	70.598	-43.5%
Equity	154.780	96.364	60.6%

<i>% of revenue</i>			
Gross margin	71.2%	72.5%	
EBITDA	13.3%	13.4%	
EBIT	7.0%	7.2%	
Profit attrib. to parent	5.2%	3.7%	

As regards the balance sheet, net debt was cut by 43.5% to €39.9mn while equity rose 60.6% to €154.8mn.

The final conversion period for the outstanding (approximately 3% of issue) and early repayment of SPS 2005 convertible bonds took place in 4Q07, as approved at the Assembly of Bondholders held on 22 June 2007, leaving the issue fully amortised at 31 December 2007.