



H1 2002 Results Announcement

July 2002

www.servicepoint.net

[Reuters GPP.MC](http://Reuters.GPP.MC)

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Despite

- ? Weak economic global situation
- ? Stronger euro versus US\$
- ? Companies reducing fixed, variable costs and capex
- ? Traditional solid companies reducing profits or turning to losses.
- ? "Volatility" in corporate transaction markets so low number of transactions

Service Point

- ? Completed group focus and restructure of operations
- ? Net debt reduced by 24,9% to 82,5 m euros
- ? EBITDA improvement 71,6% vs 1H2001, 10% increase comparable Q/Q 2002
- ? Bottom line profit 3,3 million euros

Achievements

- | | | |
|---|---|---------------------------------|
| ? Implementation of digital reprographics and document management strategy | ✍ | Clear industrial focus |
| ? Appointment Juan José Nieto (Chairman) and Rafael Lopez Aparicio (COO) | ✍ | Strengthened management |
| ? Completed sale of 55% Ola | ✍ | Removed volatility and risk |
| ? Bottom line profit 3,3 mln Euros, EBITDA +71,6% vs 2001 at 10,6 m euros | ✍ | Improved market perception |
| ? Net debt reduction 25,4% vs 2001 | ✍ | Strengthened BS |
| ? Completed sale of 100% “low margin” office supplies division in the US | ✍ | Net debt reduced + focus repro |
| ? Gross margin improved by 5% vs 1H 2001 | ✍ | High reprographics sales mix |
| ? Improvement Q/Q : 10% EBITDA vs Q1 02 and 195% vs Q4 01 p.forma comparable | ✍ | Cost cutting in place 6 m euros |

Opportunities

- | | | |
|--|---|------------------------------------|
| ? After implementing strategy, focus is now completely on business and execution | ✍ | Execution will be key in Q3, Q4 |
| ? Space for gross margin improvement (from 52% to 66%) like in the USA | ✍ | Maintain high service level |
| ? Regain profitability through top line growth driven by FM and E-repro | ✍ | Increase market share, growth |
| ? Plan to increase EBIT to above 10% (US is already in excess with 12,8%) | ✍ | Bottom line profitability |
| ? 100 B digital reprographics and document management industry (15B AEC) | ✍ | Organic growth and acquisitions |
| ? Tax losses carried forward 176 m euros | ✍ | 0.35 cents per share value at 100% |
| ? Share price at historic lows due to Stock Exchange volatility and N. Mercado | ✍ | Opportunity |

H1 Consolidated results: A sustained improvement trend

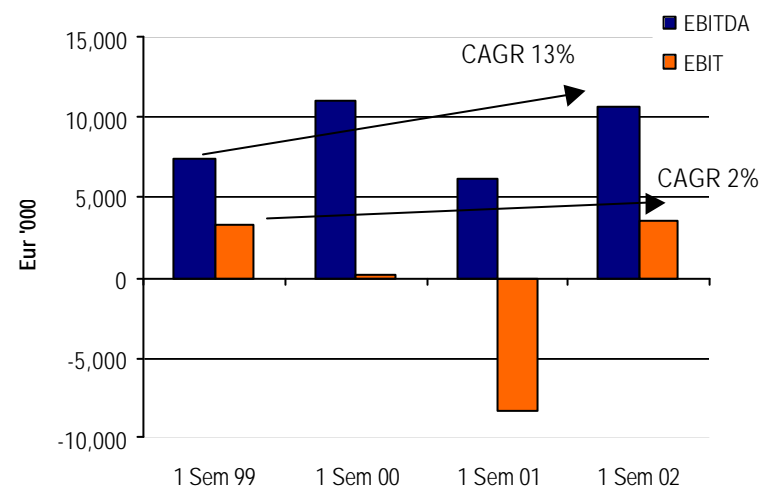
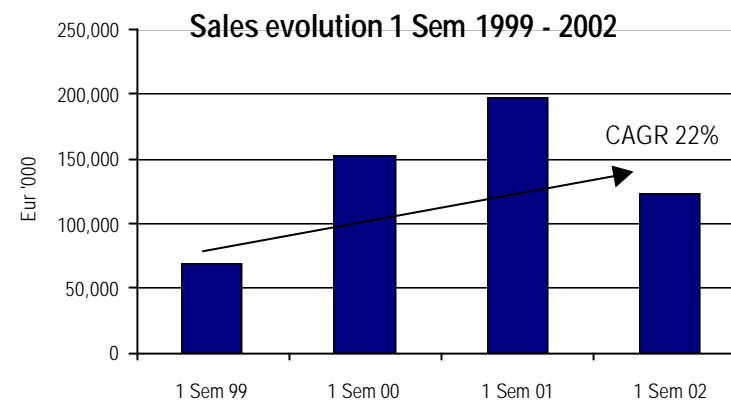


Consolidated results

| EUR'000 | 1 Sem. 2002 | 1 Sem. 2001 | % Var 02 - 01 |
|---------------------------------|----------------|----------------|------------------|
| Sales | 122,900 | 197,514 | -37.8% |
| Gross Margin | 64,509 | 93,547 | -31.0% |
| Gross Margin % | 52.5% | 47.4% | 5.1% |
| EBITDA | 10,592 | 6,173 | 71.6% |
| EBITDA % | 8.6% | 3.1% | 5.5% |
| EBIT | 3,539 | -8,432 | NA |
| EBIT % | 2.9% | -4.3% | |
| Net Profit | 3,255 | -14,440 | NA |
| Net Profit % | 2.6% | -7.3% | |
| Net Assets | 122,497 | 405,908 | -69.8% |
| Total Assets | 276,684 | 689,442 | -59.9% |
| Net Debt | 82,460 | 109,810 | -24.9% |
| Number of shares '000 | 136,429 | 136,429 | |
| Profit per share | 0.024 | -0.106 | |
| Exchange Rate 1 Sem 2002 | | | |
| USD/Eur | 0.897 | | |
| GBP/Eur | 0.621 | | |

- ? Sales decrease due sale of Ola, Logic Control and divestments in "non focused" operations
- ? Gross margin improvement thanks to better sales mix towards digital reprographics and document management services
- ? EBITDA, EBIT and Net profit large improvement since last year
- ? Net Assets reduction due to de-consolidation of Ola and Logic Control
- ? Net Debt reduction 24,9% since H1 2001

Sales, EBITDA and EBIT



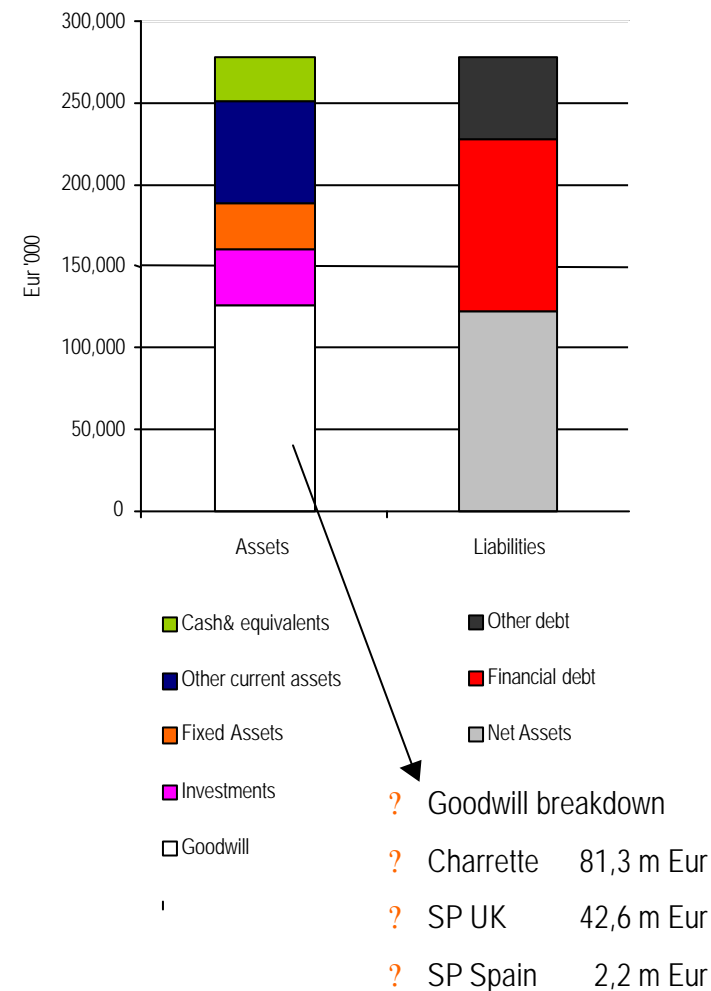
H1 Consolidated results: Balance Sheet

Summarised Balance Sheet

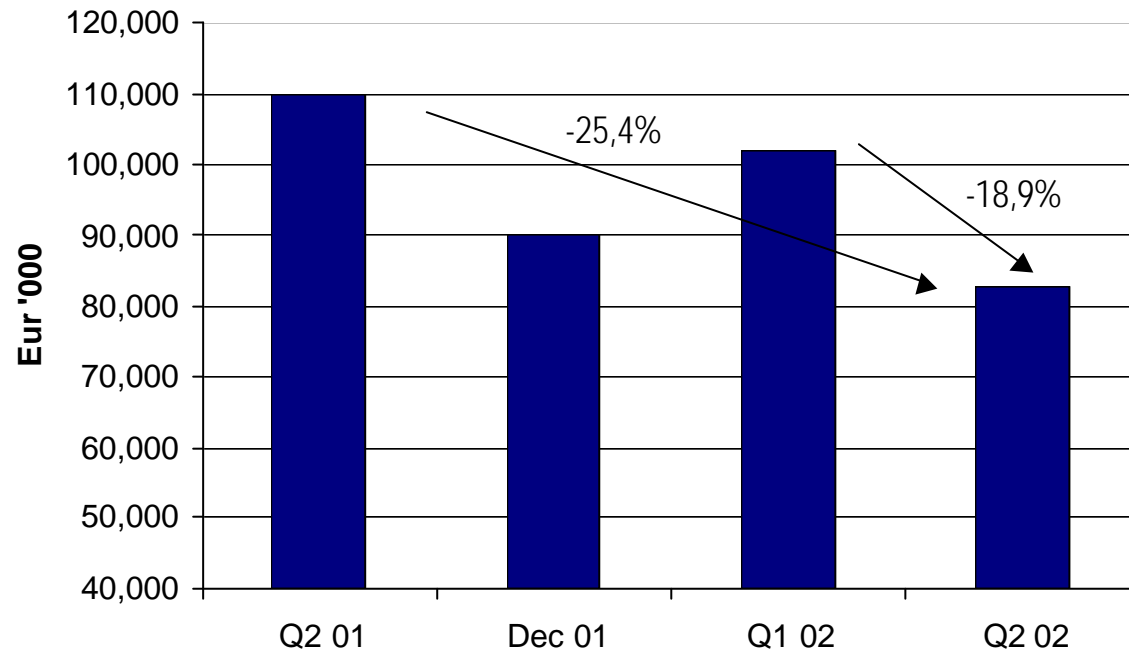
| | CNMV H1 2002 | CNMV H1 2001 | | CNMV H1 2002 | CNMV H1 2001 |
|---------------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| Cash& equivalents | 26,340 | 30,558 | S/T Financial debt | 62,951 | 60,655 |
| Acc. Receivable | 29,990 | 73,785 | Acc. Payable | 18,772 | 50,046 |
| Stocks | 5,226 | 21,891 | Other S/T liabilities | 23,413 | 61,687 |
| Other Current assets | 26,947 | 32,563 | L/T Financial debt | 42,229 | 79,713 |
| Fixed Assets | 28,945 | 131,877 | Other L/T liabilities | 7,422 | 31,433 |
| Investments | 33,718 | 37,011 | Net Assets | 122,497 | 407,113 |
| Goodwill | 126,119 | 362,962 | | | |
| Total Assets | 277,284 | 690,647 | Total Liabilities | 277,284 | 690,647 |
| Net Financial Debt | | | | 82,460 | 109,810 |

- ? Balance Sheet H1 2002 does not include Ola and Logic Control. Ola is at 0 value completely written off in Q4 2001.
- ? Net Financial debt reduction from 109,8 to 82,4 million (-25,4%).
- ? Total Assets reduction as a consequence of Ola write off (135m Euros), de-consolidation Logic Control BS + goodwill (120 m Euros), net result H2 2001 (96m Euros) and others.
- ? Net Assets reduction since Dec 2001 (Net Assets of 153,6 m Euros) due to write off goodwill products division Charrette (6,5 m Euros), Exchange rate differences (18m Euros) and lineal amortisation goodwill through reserves (4m Euros).
- ? Service Point has tax losses carried forward for a value of 176 m Euros.

Sales, EBITDA and EBIT

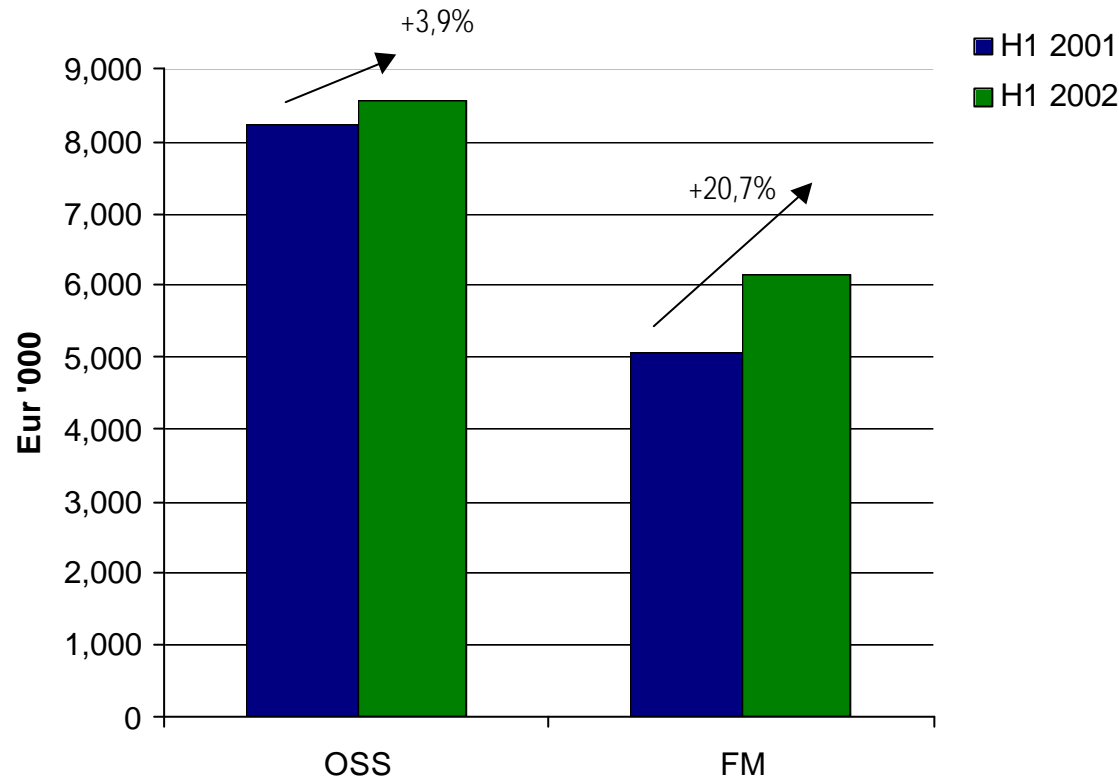


Net Debt Evolution



- ? Composition of debt as of June 2002: 60% Short Term; 40% Long Term
- ? Objective: to reduce Net Debt / EBITDA to less than 2,9 times

Sustained trend in the outsourcing channel (all organic)



- ? Moderate growth in OSS channel +3,9% increase year on year, due to strategic decision to redesign the UK OSS model concentrating mainly on agreements in excess of 50,000 euros per year in sales in order to increase profitability.
- ? +20,7% increase in facility management contracts (still no material impact of T5 contract as volume will start in Q3)

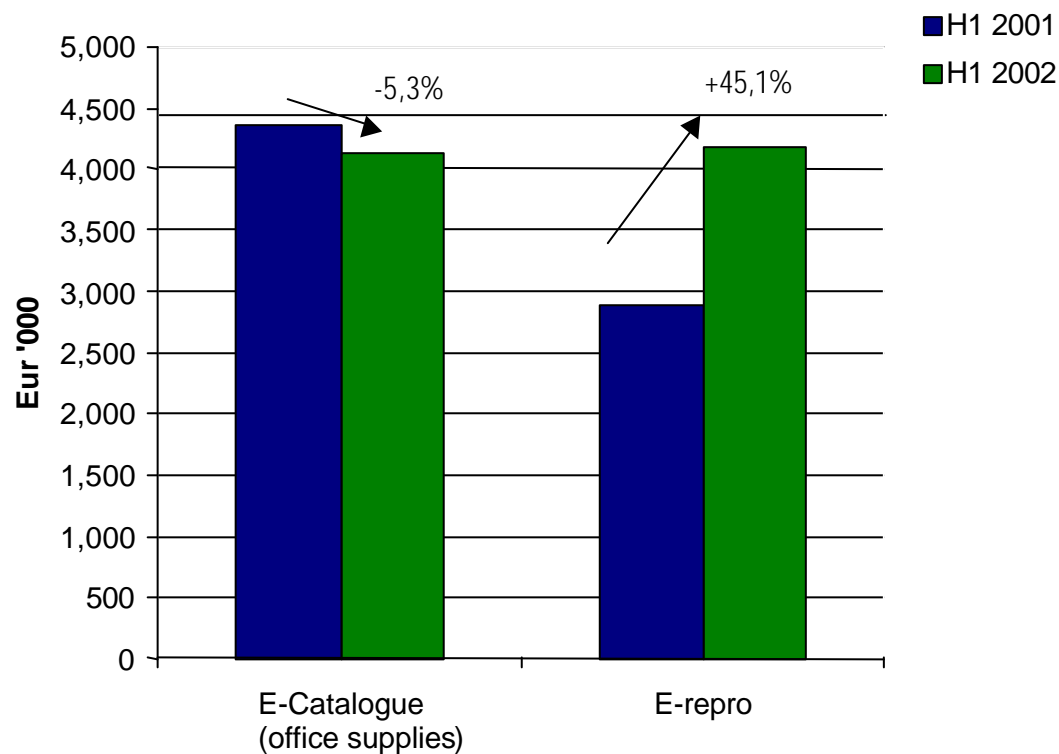
| '000 Euros | FM | OSS | Total H1 2002 |
|---------------------|--------------|--------------|---------------|
| PPSP UK | 2,872 | 2,685 | 5,557 |
| Charrette | 2,686 | 5,862 | 8,548 |
| PPSP Spain | 579 | 0 | 579 |
| Total FM/OSS | 6,137 | 8,547 | 14,684 |

| '000 Euros | FM | OSS | Total H1 2001 |
|---------------------|--------------|--------------|---------------|
| PPSP UK | 2,475 | 3,005 | 5,480 |
| Charrette | 2,075 | 5,225 | 7,300 |
| PPSP Spain | 536 | 0 | 536 |
| Total FM/OSS | 5,086 | 8,230 | 13,316 |

| | | | |
|-------------------|--------------|-------------|--------------|
| PPSP UK Diff. | 16.0% | -10.6% | 1.4% |
| Charrette Diff. | 29.4% | 12.2% | 17.1% |
| PPSP Spain Diff. | 8.0% | NA | 8.0% |
| Difference | 20.7% | 3.9% | 10.3% |

- ? OSS: The US division is the "best practice" model for SPS
- ? FM: The UK division is the "best practice" model for SPS

Opposite trends in the technologic channel (all organic)



- ? 5,3% decrease year on year performance of e-catalogue sales, driven by a 8,9% decrease in the USA (while Europe is slightly increasing). US affected by price erosion in office supplies. However the e-catalogue sales decreased less than the tradition channel, thus their weight on total sales of products increased on a consolidated level from 5,5% to 6,3%. This division has been sold at the end of Q2.
- ? +27,4% increase e-repro services, driven by increased customer connectivity and development of value added services.

| '000 Euros | H1 2002 | | Total H1 2002 |
|----------------------|--------------|--------------|---------------|
| | E-repro | E-Catalogue | |
| PPSP UK | 2,580 | 196 | 2,776 |
| Charrette | 1,565 | 3,796 | 5,361 |
| PPSP Spain | 35 | 143 | 178 |
| Total on-line | 4,180 | 4,135 | 8,315 |

| '000 Euros | H1 2001 | | Total H1 2001 |
|----------------------|--------------|--------------|---------------|
| | E-repro | E-Catalogue | |
| PPSP UK | 2,407 | 6 | 2,413 |
| Charrette | 473 | 4,166 | 4,639 |
| PPSP Spain | 0 | 194 | 194 |
| Total on-line | 2,880 | 4,366 | 7,246 |

| | | | |
|-------------------|--------------|--------------|--------------|
| PPSP UK Diff. | 7.2% | 3166.7% | 15.0% |
| Charrette Diff. | 230.9% | -8.9% | 15.6% |
| PPSP Spain Diff. | NA | -26.3% | -8.2% |
| Difference | 45.1% | -5.3% | 14.8% |

The Sale of the assets of Charrette office supplies division



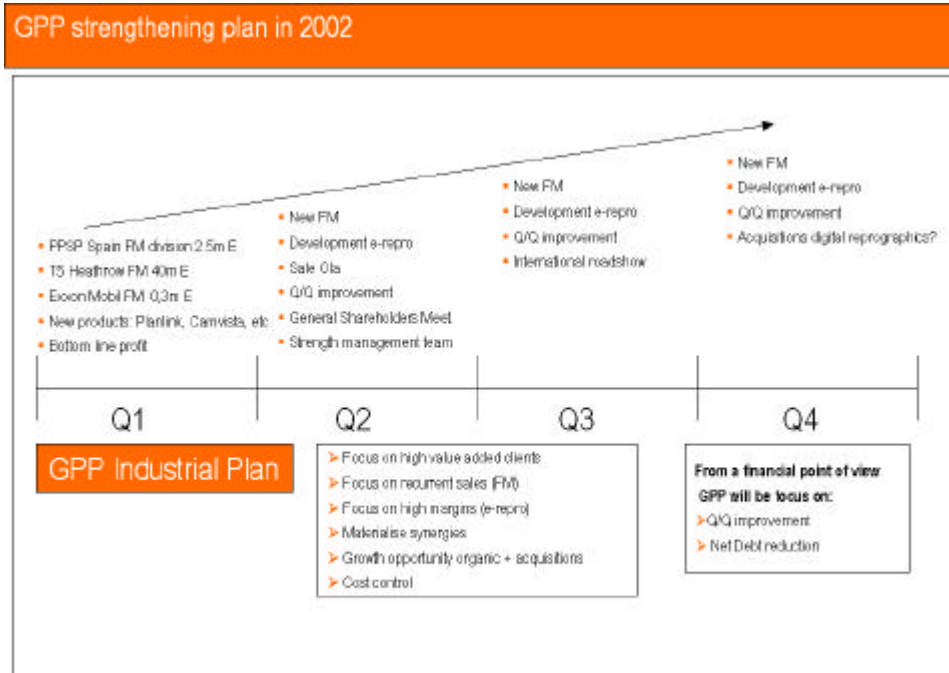
| Data in Euro '000 | | Rationale for transaction |
|--|-----------------|--|
| Products division Charrette (sold) | 1 sem 02 | |
| Sales | 52,897,324 | ? 100% focus on digital reprographics services and document management |
| GGP1 | 17,451,621 | ? 100% focused management team |
| EBITDA | 1,528,409 | ? 100% focused on high value business proposition |
| EBIT | 761,460 | ? Improve Gross Margin (aprox. 14% on consolidated level) EBITDA, EBIT Margins, (aprox. 3% on consolidated level) growth and therefore multiples of comparable companies in service industry |
| Gr. Margin % | 33.0% | ? Improve brand value with a worldwide consistent positioning |
| EBITDA Margin | 2.9% | ? Generate cash to reinforce development of SPS in the digital reprographics and document management sector |
| EBIT Margin | 1.4% | ? Reduce GPP Net Debt by 18m Euros |
| <p>? Low margin business</p> <p>? Sales under price pressure in a difficult economic scenario, because no real quality service differentiation (sales 1 sem 2001 = 62,9 million)</p> | | <p>? Improvement in multiples of comparable companies for GPP thanks to a better positioning.</p> <p>? Exploit opportunities for further acquisitions in the digital reprographics and document management industry in the US.</p> |

- ? SPS has tax losses carried forward for a total of approximately 176 million euros to be used in the next 15 years.
- ? SPS amortises goodwill against reserves.
- ? 55% of Ola share capital has been sold in Q2 2002. Ola is fully written off. No future impact in SPS PL, BS and Cash Flows.
- ? 1H 2002 accounts were approved by SPS Board on 24th July 2002.
- ? SPS does not plan to pay dividends in the short term.
- ? SPS latest AGM has approved, among others, the following:
 - ? Nominal share capital changed to 0,60 Euros by increasing the group's reserves
 - ? Authority to the Board to eventually cancel all the current Stock Option Plans (5,2 million shares)
 - ? Flexibility to the Board to eventually raise capital through issuance of warrants, bonds, etc or through a capital increase (with or without rights).
 - ? Name changed to Service Point Solutions S.A.
- ? Ticker symbol in the process of being changed to SPS.MC..
- ? Total shares 136,4 million (5,2 million from options)

Summary: Service Point met its main goals set up for Q2 2002



2002 Plan presented to analysts with Q1 announcement

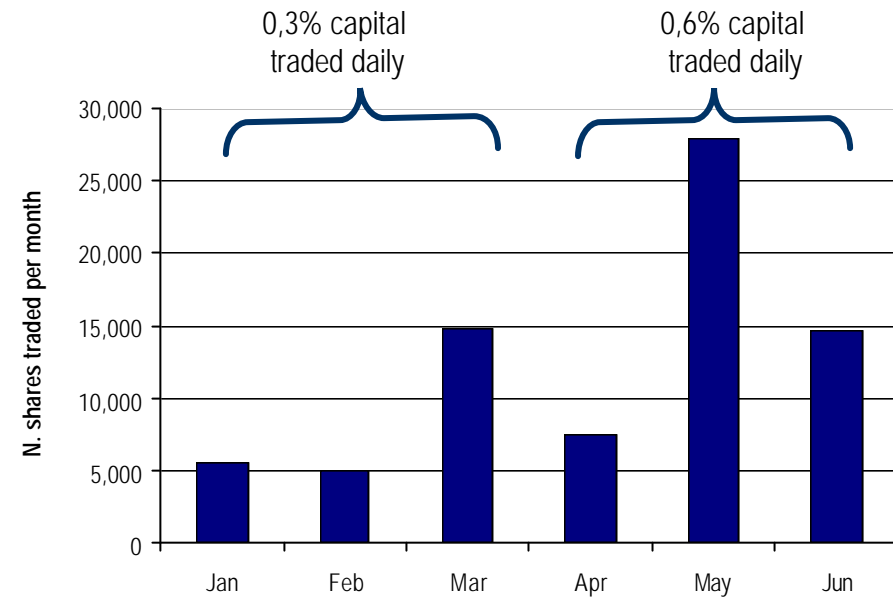
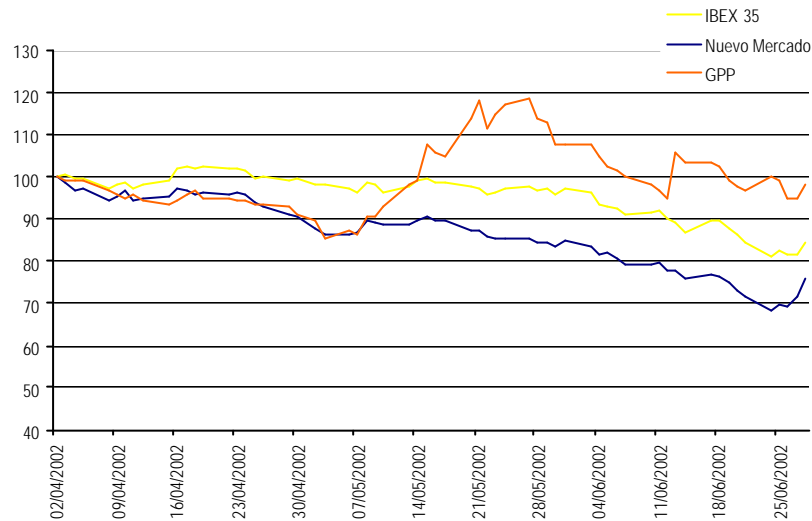


Q2 objectives stated in Q1

| | | |
|-------------------------|--------------------------|---|
| New FM | FM + 20,7%y/y | ✓ |
| Development e-repro | E-repro + 45,1% y/y | ✓ |
| Sale Ola | Sold majority stake | ✓ |
| Q/Q improvement | EBITDA +10% Q/Q | ✓ |
| General Shareholders M. | OK. Everything approved | ✓ |
| Strengthen management | JJ Nieto Chairman | ✓ |
| Net Debt reduction | -25,4% vs 1H 2001 | ✓ |
| Focus on AEC | Divestment off. Supplies | ✓ |
| New Brand | | ✓ |
| Increase communication | Folleto + Results July | ✓ |

Focus on execution

Share Price Evolution in Q2 2002



- ? Service Point (-2%) has "over performed" the Ibex 35 (-16%) and the Nuevo Mercado index (-24%) in Q2 2002
- ? Implementation of digital reprographics and document management strategy has been positively accepted by the market
- ? Opportunity:
 - ? Q/Q improvement
 - ? Better positioning for comparative stock market multiples, in the services / outsourcing sector
 - ? Share price at historic low, due to Stock Exchange volatility

- ? Increase in share traded volumes Q/Q (0,3% in Q1; 0,6% in Q2 2002)
- ? Re-activated interest of financial analysts, thanks to clear focus and bottom line positive results
- ? Roadshow and Stock Exchange presentations planned for Q3 and Q4

? **The strategy has been designed and implemented**

- ? Focus strategy on AEC digital reprographics and document management
- ? Sale of Ola,
- ? Sale of products division in the US
- ? Brand change
- ? Return to profits

? **Results are on an improvement pattern versus Q3 – Q4 2001 and Q1 2002**

? **There is still space for improvement on:**

- ? Sales Spain FM, UK, e-repro, etc.
- ? Gross Margin 66% target with digital reprographics and document management focus
- ? EBIT +10% EBIT Target

? **Service Point has delivered the “focus” of its strategy in “just 6 months”, the results are improving, but still there is plenty of space to improve significantly top and bottom line growth.**

An Opportunity