



January – June 2010 (H1) results
A high level of profitability in a difficult economic environment

- **Operating profit: 5 367 K€(at 26 % of turnover).**
- **Net profit: 3 794 K€(18 % of sales).**
- **Continued investments in sales organization and product development.**

In K€ (French GAAP)	H1 2010	H1 2009	% Change
Net sales	20 930	30 144	-31 %
Operating profit	5 367	9 493	-43 %
Operating margin	26 %	31.5 %	
Net profit	3 794	6 588	-42 %
Net margin	18 %	21.9 %	

Turnover

During the first half of 2010 Store Electronic Systems achieved revenues of 20 930 K€, against 30 144 K€ in the same period the previous year (-31 %). This comes as a result of weak French sales (-46 %), while Export sales have resumed growth (+80 %).

The sales decline on the French market is due to the combination of:

- A mechanical negative impact due to the end of the Auchan rollout in 2009.
- An overall slowdown of business, a consequence of both the negative impact of the LME (Loi de Modernisation Economique) on retailers' FY 2009 accounts, and the poor economic environment.

Export sales exhibit a strong growth, to the point that installations abroad are nearly equivalent to those in France. Traditional markets for SES exhibit very strong growth (e.g. Italy), and the Company signed pilot stores in three new countries.

SES recorded a significant share increase of recurring revenues (+14 percentage points), thereby confirming SES' ability to successfully leverage its installed customer base over time.

High level of profitability

In a difficult economic environment, Store Electronic Systems was able to maintain a high level of profitability; at 3 794 K€, net profit is above 18% of turnover.

Meanwhile, SES has continued to invest proactively in both its sales organization and in Research and Development. Operating profit of 5 367 K€ for H1 (i.e. 26 % of turnover) is impacted by the amortization of increased R&D spendings (+78 % vs. 2009).

Balance sheet

The Company has no financial debt and had a cash position of 27 826 K€ as of June 30 2010, (vs. 21 197 K€ at the end of the first half of 2009). This situation is due to SES' structurally high level of profitability, but also to the tight management of both inventory and customer receivables in a context of declining activity.

The Company is therefore in a position to finance its future growth while speeding-up the development of its products, if need be through the acquisition of new technologies.

Outlook

New orders for H1 2010 were up 8.5% excluding rollout contracts (Auchan, Dansk) pointing to a slight improvement of activity. It should be noted that the Dansk Supermarked rollout contract (one million labels to be installed in Denmark by the end of 2012) will begin to impact more significantly revenues as of H2 2010.

Q3 turnover will be published on November 10, 2010.

About Store Electronic Systems

Store Electronic Systems is the worldwide leader in Electronic Shelf Labelling systems (ESL) for large-scale food and non-food retailers.

The global market for this reliable, high value-added product offers strong potential, in its deployment phase at the international level.

Store Electronic Systems is listed on the Compartment C of Euronext™ Paris.

Mnémono: SESL

ISIN codes: FR0010282822 - Reuters: SESL.PA - Bloomberg: SESL.FP

www.ses-esl.com

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YOUR CONTACTS

Michel Boyer
Executive Vice President and C.F.O
Tél. : 01 34 34 61 66
michel.boyer@ses-esl.com

François Berrubé
Marketing Director
Tél. : 01 34 34 61 73
francois.berrube@ses-esl.com