

Consolidated results for the 1st half of 2012

Significant growth in business within a difficult environment (+9%)
Profit impacted by non-recurrent expenses

IFRS, €m	First Half 2012	First Half 2011	Δ
Sales	30.7	28.2	+9%
EBIT	3.0	6.4	(53%)
% Sales	10%	23%	
Net profit	2.1	4.4	(52%)
% Sales	7%	16%	

Activity up 9%

Over the 1st half of 2012, SES recorded sales of €30.7 million, an increase of 9% compared to the 1st half of 2011, a record level of activity in terms of both value and the number of stores fitted out during the period (446). This performance is all the more impressive given the difficult economic situation.

In France, sales were up 15%, compared to the same period of 2011, amongst independent retailers and food / non-food integrated groups. The launch of new products, the efforts undertaken in terms of quality of service and the new more aggressive sales strategy contributed to this growth in the setting up of new installations and repeat business.

International sales were down slightly compared to the 1st half of 2011 (-3%), with the good performance recorded in some geographical areas offset by the effects of the economic situation in Europe.

Revenues from renewals and maintenance were up 15%, at €13.0 million.

Lastly, over this 1st half, orders were taken from over 600 stores, which represent an increase of 50% on the 1st half of 2011.

1st half profitability impacted by non-recurrent costs, forex changes and the expansion of the Company's overseas presence

Despite a strong 1st half in terms of activity, the Group recorded a number of one-off expenses that impacted its profitability:

- Exceptional costs relating to the departure of the previous CEO were entirely written down over the 1st half.
- Furthermore, one-off provisions related to client receivables affected the income statement.

These one-off provisions and expenses totaled €1.5 million, without which EBIT would have represented approximately 15% of sales.

In addition to these expenses and provisions, the negative exchange rate trend (with a weakening euro) had an impact of -2.2 points despite the hedging strategy set up at the start of the year.

Lastly, the implementation of a more aggressive pricing policy and the launch of a plan to transform the Company and expand its international presence represent an investment in the future that will naturally negatively impact margins this year before having the anticipated volume effect.

Financial structure: net cash position of €26 million

Store Electronic Systems has no debt and had a net cash position of €25.8 million at June 30th 2012, compared to €34.4 million six months earlier.

During the first half of 2012, the Group paid an exceptional dividend totaling €5.5 million and bought back €0.4 million worth of its own shares.

The substantial increase in Working Capital Requirements in 2011 slowed down over the 1st half of 2012, but still increased by €2.1 million. A dynamic action plan has been implemented with the aim of decreasing WCR by the end of 2012.

Lastly, over the 1st half of 2012, Store Electronic Systems intensified its R&D investment program (€2.3 million) in order to strengthen its technological position and its strategic assets.

2012: a key milestone in the innovation roadmap

Over recent months, SES has seen the upramping of its new S-Tag+ range (high bandwidth / management data) and G-Tag range, whose ultra high-resolution screens (120 DPI) thus provides better displays and maximum readability. Thanks to its technological and industrial assets, SES can supply this range at the best value for money on the electronic tag market. Sales of these new products already account for over 30% of sales volumes.

Between the 11th and 13th of September 2012, at the Equipmag trade fair, SES will reveal the latest innovations recently perfected in its laboratory:

- The G-Tag+ range with dynamic promotional display (a key feature making it possible to improve the sales impact of the pricing display)
- The NFC-Tag, the world's first electronic tag that can communicate with consumers' smartphones. This major innovation has received the Equipmag / Shopper Experience 2012 Innovation award (Gold mention)
- A new version of the wireless infrastructure that further improves the SES solution's competitive edge in terms of reliability, performance and consumption
- The SES-Jeegy 2.0 software, which includes numerous new features dedicated to users in stores and headquarters, notably Jeegy Mobile and Jeegy NFC.

"SES is establishing itself as the sector's most innovative company", comments Guillaume Portier, Marketing Director of SES.

Outlook

With the increasing number of orders 1st half, the Group is seeing the first results of its new strategy. *“We began the year with a relatively low order book; we have to further intensify our efforts and continue the transformation of SES in order to build a predictable and long-term growth model. This is the aim of our strategic plan, which is based on quality, innovation, industrial competitiveness and broader sales coverage on our priority markets. Given the current global economic situation, we are cautious regarding sales in the short-term. However, 2nd half profitability should be up”*, says Thierry Gadou, CEO and Chairman of SES.

Next press release

3rd quarter sales will be published on November 15th, 2012

About Store Electronic Systems

Store Electronic Systems is leader in Electronic Shelf Labeling systems (ESL) for large-scale food and non-food retailers. The Group designs, markets and installs all the system's components (software and communication platform, displays, mounts), thus providing clients with a turnkey solution. The range of products and services offered by SES allows retailers to manage pricing dynamically, while significantly improving store productivity.

Store Electronic Systems is listed on Compartment C of Euronext™ Paris.
Ticker: SESL – ISIN Code: FR0010282822 – Reuters: SESL.PA – Bloomberg: SESL.FP
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