Press release

Paris, January 30th, 2013

2012 annual sales: €63m (+7%)

- Record sales of €17.5m (+9%) in Q4, best quarter in company history
- Strong international sales (+64%)
- Unfavorable market in terms of volume and price in France
- 2012 annual sales up (+7%) both in France (+4%) and abroad (+11%)
- Acceleration in the international expansion and transformation plan
- H2 profitability expected to be similar to the 1st half due to growth investments and pricing pressure

Store Electronic Systems (NYSE Euronext: SESL, FR0010282822), leader in Electronic Shelf Labeling (ESL) systems for large-scale food and non-food retailers, today announces its sales for the 4th quarter and full year to December 31, 2012.

Sales (€m)	France	International	Total SES
S1 2011	18,1	10,2	28,3
S1 2012	20,9	9,9	30,8
Δ	+15%	-3%	+9%
Q3 2011	8,7	6,0	14,7
Q3 2012	9,6	5,1	14,7
Δ	+10%	-15%	+0%
Q4 2011	10,4	5,6	16,0
Q4 2012	8,3	9,2	17,5
Δ	-20%	+64%	+9%
S2 2011	19,1	11,6	30,7
S2 2012	17,9	14,3	32,2
Δ	-6,1%	+23,2%	+4,9%
FY 2011	37,2	21,7	58,9
FY 2012	38,8	24,2	63,0
Δ	+4%	+11%	+7%

SES recorded sales of €17.5 million in the 4th quarter of 2012, up 9% on the final quarter of 2011, driven essentially by international sales which were up +64% reaching €9.2 million. The Company is reaping the first rewards of its international expansion plan, notably in regions outside Europe. In the 4th quarter, France was penalized by a difficult economic situation that led to a fall in volumes and prices, as in all of Southern Europe.

The 2nd half of the year saw sales of €32.2 million, up 5% (vs. H2 2011). 2012 annual sales totaled €63 million, an increase of 7%. Both French sales and international sales grew over the year.

SES is revising its previous forecast of higher profitability in the 2nd half than in the 1st half. the Company's profitability remained under pressure in the 2nd half because of substantial pricing pressure and the acceleration of the international expansion and operational improvement plan. Profitability is thus expected to be in line with that recorded in the 1st half of the year.

Benefiting from the work undertaken, SES can now capitalize on new international growth drivers, an innovative and competitive offer and a more efficient organization. Despite the ongoing difficult economic situation in Europe, SES' target is to record higher growth and profitability in 2013 than in 2012.

Buoyant growth in international sales in Q4

SES recorded sales of €17,5 million in the 4th quarter of 2012, up 11% on the same quarter of 2011 (€16 million), thus representing the Company's highest quarterly sales to date. This performance was achieved through increased international sales, which were up +64% at €9.2 million.

Growth was notably driven by the Americas (both North and South) and, more generally, by regions outside Europe. SES is thus reaping the initial rewards of its international expansion plan (the "Expand" program) launched at the start of the year in order to broaden its country portfolio and better balance it in terms of market potential and economic situation. SES can already base its international development on a number of high-potential new countries outside Europe. Furthermore, with the operational improvement efforts undertaken by the Company, a number of new chains came onboard in 2012 and have rapidly moved from successful pilot programs to first deployment phases.

The buoyant growth outside Europe more than offset the effects of the difficult economic situation in Europe, notably seen in France and Southern Europe.

France penalized by a difficult economic situation in the 4th quarter

Contrary to previous quarters, the French market proved unfavorable in the 4th quarter. SES recorded sales of €8.3 million on its domestic market, a decrease of -20% compared with the final quarter of 2011. Volumes were down in terms of both new stores and re-assortment as supermarkets and hypermarkets reduced or postponed their expenditures. This pressure on volumes also resulted in intensified price competition and margin pressure.

SES did, however, strengthen its domestic market leadership through a number of significant successes:

- Pilot programs signed with three food and non-food chains
- The successful launch of the NFC-tag range with E. Leclerc.8 hypermarkets had committed by end December, just 2 months after the first store pilot.

However, these successes only had a limited impact on 4th quarter sales because of the time required to supply and fit out stores.

SES also strengthened its Corporate Account teams in France and signed a number of co-innovation partnerships with major chains to develop new solutions.

2nd half sales: +5% to €32.2 million

Over the 2nd half, SES recorded total sales of €32.2 million, up +5% on the same period of 2011. International sales increased by +23% compared with the 2nd half of 2011, whilst sales in France were down -6%.

2012 annual sales: €63 million, up +7%

For 2012 as a whole, SES recorded total sales of €63 million, an increase of +7% compared with 2011. Activity grew in both France (+4%) and abroad (+11%). Sales linked to maintenance, services and swap reached €25,2 million (+9%) and represented 40% of the activity.

SES installed 891 stores in 2012, up 5% vs.2011. The number of stores installed abroad exceeded France (526 vs. 365).

In 2012, new order intake reached 1064 stores, an increase of +37% over the previous year.

H2 profitability expected to be similar to the 1st half

SES is revising its previous forecast of higher 2nd half profitability versus the 1st half. Indeed, despite the absence of the exceptional expenses that affected 1st half results, the Company's profitability remained under pressure in the 2nd half because of substantial pricing pressure and the acceleration of the international expansion and the operational improvement plans.

- **Pricing pressure in some regions:** prices came under substantial pressure in France and Southern Europe where contracts were scarcer and more fought-over than in the 1st half because of the difficult economic situation. This price erosion was not offset by lower costs because of the persistent negative currency impact (as was the case in the 1st half) and the time required to record the benefits of the Sourcing program launched at the start of the year.

- **Acceleration in the transformation and international expansion plan:** the +29% increase in international sales over the 2nd half was made possible due to the strengthening of the marketing and operational resources devoted to international development with the recruitment of business engineers, project managers and integration, support and technical assistance teams. Indeed, prospecting and developing new regions is complicated to manage because the numerous pilot schemes that represent the bulk of activity at the start require intensive technical and marketing support. The distances and various languages involved further accentuate the need for specific resources. Lastly, rapidly winning over the first customer references in new territories requires initial pricing efforts to initiate and accelerate sales.

- These international efforts, as well as the strengthening of the Company's organization and other work undertaken to ensure operational improvements (processes, IT systems, quality, security) are temporarily weighing on profitability. Combined with an intensification in pricing competition in some regions, this should result in 2nd half operating profit (EBIT) being similar to that recorded in the 1st half.

2013 outlook

2013 will see a continuation in the implementation of the strategic plan focusing on four priorities: international acceleration, innovation, quality and competitiveness. Despite the ongoing poor economic situation in France and Europe, SES is targeting higher growth and profitability than in 2012. In 2013 SES will be able to capitalize on the improvement in its product & service range and its many recent and upcoming innovations on all of its markets,. The Sourcing program will help protect margins from pricing pressure for some markets.

Thierry Gadou, CEO and Chairman of SES, says:

"*2012 was a year of intense change on all fronts: innovation, international activity, quality and operational performance. In terms of its offer, SES is clearly back in pole position with a competitive and revamped range incorporating major innovations (dynamic display HD screens, NFC-tag and mobile-shopping solutions a new web server platform, etc.) Other projects are currently ongoing in order to accentuate our product benefits.*

In operational terms, substantial work has been carried out and SES is already working with a strengthened organization and more efficient processes. Further efforts will be needed in 2013 regarding our IT systems, which are the key to scalability and future productivity.

Abroad, we have significantly increased our sales outside Europe and can rely on a number of new countries with substantial potential. Following Latin America, the Asia-Pacific region and Northern Europe, we are now seriously attacking the North American market as we just announced at the NRF's 'Retail Big Show' in New York. These international expansion efforts represent investments for the future that will, once critical size is achieved, generate a satisfactory level of profitability.

Given its size and maturity, the French market is highly competitive. This dynamic is negatively affecting prices, especially as volumes are lower due to the difficult economic situation. However, despite disappointing 4th quarter sales, SES saw activity grow over the year in France. Indeed, in 2012 we won over a number of new chains and further increased the trust of our clients thanks to the major efforts we have undertaken in innovation and quality of service. French retailers are sophisticated and demanding clients and we intend to continue increasing our market share by outperforming our peers.

The economic situation remains difficult in Europe but we aim to achieve in 2013 higher growth and profitability than in 2012 and strengthen our world leadership. We also intend to improve our profitability from the second half of the year thanks to the combined effects of growth, increased differentiation and better operating productivity.

SES has emerged from this transitional year stronger and more dynamic than ever, with the restored image of an innovative and all-conquering company. The major competitive advantage that we are building today is the speed at which we can move forward and the motivation of our teams."

Next press release

2012 annual results: March 18th, 2013

About Store Electronic Systems

Store Electronic Systems is the 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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