

SES increases its leadership on the worldwide ESL market

Record Q2 2013 sales of €18.9 million, up +27%

- International acceleration: +71% in Q2
- Growth in France: +5% in Q2
- H1 sales up +13%, driven by international sales (+47%)
- Record orders taken over the half: €49 million

Store Electronic Systems (NYSE Euronext: SESL, FR0010282822), the leader in Electronic Shelf Labeling (ESL) systems for large-scale food and non-food retailers, today announces its sales for the 2nd quarter and 1st half of 2013.

Sales (€ millions)	France	International	Total
Q1 2012	11.2	4.7	15.9
Q1 2013	10.0	5.9	15.9
Change	-10%	+26%	0%
Q2 2012	9.7	5.2	14.9
Q2 2013	10.2	8.7	18.9
Change	+5%	+71%	+27%
H1 2012	20.9	9.9	30.7
H1 2013	20.2	14.6	34.8
Change	-3%	+47%	+13%

Over the 2nd quarter of 2013, SES recorded sales of €18.9 million, up +27% on the 2nd quarter of 2012. Activity grew by +5% in France, but was essentially driven by the acceleration in international sales, which increased by +71% to a record €8.7 million (46% of total sales).

Over the 1st half of 2013, SES recorded sales of almost €35 million, an increase of +13% compared with the 1st half of 2012, driven by international sales (+47%). A total of 453 new stores were fitted out. Orders taken reached a record €49 million, giving a book-to-bill ratio of 140% over the half.

Thanks to its innovative and competitive product range, efficient organization and motivated teams, SES is increasing its global ESL market leadership position quarter after quarter.

International acceleration

SES is successfully pursuing its international development plan and has recorded buoyant sales growth for the 3rd straight quarter (+64% in Q4 2012, +26% in Q1 2013, +71% in Q2 2013).

Thanks to a number of major deployment contracts signed in recent months, there was a significant increase in the number of stores fitted out. This growth also concerned renewals and maintenance activity. Over the 1st half of the year, Latin America, Southeast Asia and Northern Europe saw particularly strong growth thanks to the sales and marketing efforts undertaken since 2012 to develop these markets. Sales in Southern Europe (Italy, Spain) also saw an upturn,

despite a difficult economic environment, as a result of solid sales momentum. Over the 1st half of the year, international sales thus jumped by +47%.

Moreover, considerable development efforts continued in other high-potential regions (North America, Eastern Europe, Middle East and Far East). This business development activity is resulting in an increase in the number of new pilot projects and in the sales opportunity portfolio, thus providing visibility regarding the future.

Over the 2nd quarter, international sales accounted for 46% of total SES sales, a percentage that should continue to rise in coming quarters.

Growth in France

France saw a return to growth over the 2nd quarter (€10.2 million, +5%), but more importantly recorded sequential half-year sales growth of +7.5% between the 2nd half of 2012 (€18.8 million) and the 1st half of 2013 (€20.2 million).

Coming despite the large number of stores already fitted out and an economic situation that has limited the number of new installations, this performance can notably be explained by client loyalty and the high rate of renewal for SES' installed base on its domestic market, as well as by the Company's innovation policy. The range's new products (G-tag+, NFC-tag) and software have been introduced into the majority of major independent and integrated chains of retailers that are clients of SES.

On top of food retailers, substantial work is currently being undertaken with specific solutions and teams to fully grab the upcoming potential of non-food and specialized retailers.

Worldwide leadership

Over the 1st half of 2013, SES increased its market share and further strengthened its position as the world n°1 in ESL solutions for the mass retail sector.

SES continues to be at the forefront of innovation. The "contactless" and interactive labeling (NFC) revolution has been launched with some ten chains equipped in five countries and orders for NFC-tags stood at over 4 million at the end of June. Furthermore, the product range has been expanded via the launch of the Gtag+4 NFC, currently the world's smallest NFC graphical label.

At the same time as these infrastructures are being put in place, the applications that will underpin new interactive uses are being developed: *"Our retailer clients are preparing to bring digital technology into their stores and to talk to consumers in the future in order to provide new services. Thanks to the key advantage provided by intelligent stores, mass retailers around the world henceforth know that they can become e-commerce and multi-channel leaders"*, says Thierry Gadou, CEO of SES.

Outlook: an upturn in profitability

Mainly because of international growth investments resulting in a level of expenses running ahead of the sales curve, as well as because of new regions currently being developed not yet having reached their critical size (notably the Americas and APAC), first-half profitability is likely to be below that of the previous half – a situation that is in line with the Company's market plan. However, given growth prospects, profitability should, as expected, see an upturn over the 2nd half of the year.

For the 2nd half, SES is thus expecting further growth driven by international activity. Its offensive in terms of innovation will also continue, with the launch of new offers and technological solutions.

Thierry Gadou concludes: “SES is moving rapidly forward in the methodological implementation of its “i3” strategic plan that is based on three priorities: international, innovation, industrialization. During the 2nd half, SES will see the contribution of international sales increase to over 50% of total sales. As we move forward in a market whose potential is confirmed, our ambition is becoming clearer: to be global, to be involved in helping the world's largest retailers take onboard the digital revolution and to increase our competitiveness thanks to our world n°1 position and to our unique experience curve. I also know that we can rely on a key asset in this battle: the passion and mindset of SES staff to serve our customers.”

Next press release

Results for the first half of 2013: August 28, 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 and developing new contactless uses for consumers.

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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