Press release | Paris, March 19, 2014

2013: acceleration in transformation and development

- 2013 sales up +31% to €82.3m
- Substantial improvement in Operating Profit over the 2nd half (+46%)
- Net profit stable on the year
- Signing of a definitive agreement for the acquisition of Imagotag

Store Electronic Systems (Euronext: SESL, FR0010282822), global leader in Electronic Shelf Labeling (ESL) systems for large-scale food and non-food retailers, today announces its annual results for the year to December 31, 2013.

IFRS, €m	H1 2013	H2 2013	Δ	**2013**	2012	Δ
Sales	34.8	47.5	+37%	82.3	63.0	+31%
Operating profit (EBIT)	2.1	4.1	+95%	6.2	5.8	+7%
% of sales	*6%*	*9%*		*8%*	*9%*	
Net profit	1.7	2.2	+29%	3.9	4.1	-5%
% of sales	*5%*	*5%*		*5%*	*7%*	

In 2013, SES accelerated the implementation of its "i^3" strategic plan launched in 2012 and based on three priorities: International, Innovation, Industrialization. The Company has obtained tangible results in all three of these areas: overseas, SES has recorded annual growth of +84% to €45 million; in terms of innovation, the major success of the new range of G-tag+NFC interactive dynamic graphic labels has enabled it to achieve 30% of sales in just one year; thirdly, the improvement in the Company's organization and processes has enabled it to record the fastest ever deployment in the history of ESL (more than 600 stores in 8 months), to operate more efficiently abroad and to substantially increase productivity and profitability from the second half of 2013, with H2 operating profit up +95% on the previous half and +46% on the same period of 2012.

In 2013, SES thus improved its profitability and consolidated its leadership, gaining further market share in Europe, the Americas and the Asia-Pacific zone.

Second half of 2013: buoyant sales growth and sharp improvement in operating profit

Over the second half of the year, Store Electronic Systems reaffirmed its buoyant momentum with sales totaling €47.5 million (+37%), due to a sharp acceleration in overseas sales (+108%), whilst sales in France held steady (+1%) within a difficult market context.

In the second half, in line with the market plan, operating profit came to €4.1 million, substantially improving the Company's profitability with the operating margin improving from 6% in H1 2013 to 9% in H2 2013, giving an annual figure of 8%. With most restructuring efforts completed, expenses stabilized and totaled €11.5 million, up +3% compared with H1.

SES improved its cash flow over the second half (+€3.7 million), and had a net cash position of €22.2 million at the end of December 2013 (vs. €24.7 million).

2013: a year of improvement for activity and all operations

Sales and operating profit were both up in 2013, notably due to the implementation of the "i^3" strategic plan.

Substantial growth in international activity (+82%)

SES recorded international sales of €44.5 million in 2013 (+84%), with a significant acceleration over the second half of the year (+108%). SES fitted out 981 overseas stores in 2013 (+44%), where the number of stores with the Company's products installed in them has almost doubled over the last two years, increasing from 1,699 to 3,205.

In Europe, growth was driven by the deployment of the Company's systems in NorgesGruppen stores in Scandinavia. Sales in Southern Europe (Italy, Spain) rallied despite the difficult economic situation due to a significant marketing impetus. The same is true in Central and Eastern Europe, where SES has successfully carried out a number of pilot schemes.

Elsewhere in the world, sales in the Asia-Pacific region provided a significant contribution to growth (in particular the Fairprice deployment in Singapore). Sales also improved in Latin America and development efforts intensified in North America, where the Group opened a subsidiary in Boston during H1. The first few months of prospection have enabled the first high-potential commercial partnerships to be formed.

At end-2013, the number of stores fitted out around the world was 6,710 (in 52 countries). Sales generated by this installed base (renewal and maintenance) totaled €29.3 million, or 36% of total sales (+16%). Orders taken stood at €83 million in 2013, giving a book-to-bill ratio of 102%.

Sales stable in mainland France

Despite the significant number of stores already equipped and a poor economic situation, in France SES fitted out 329 new stores amongst independents (Intermarché, Système U, Leclerc) and integrated retailers. SES continued the deployment of Simply Market stores and began installing its equipment in new food and non-food chains of stores. The level of customer loyalty and the renewal rate of the installed base were satisfactory due to the Company's innovation policy, resulting in a significant acceleration in swaps. Sales generated by SES' installed base (maintenance and renewal) were up +10% in 2013.

Improvement in operating profit

Over the year, operating profit came to €6.2 million (+7%), bolstered by the contribution of the second half of the year (+46% to €4.1 million), with an annual operating margin of 8%.

The margin on variable costs remained under pressure, at 35% of sales, due to the evolution of the product mix (Gtag+), persistent strong pricing competition, notably on deployments amongst major clients that accelerated substantially over the second half, and the marketing efforts required by the Company's international expansion strategy.

Operating expenses increased by +17% in 2013 with the ramping up of the i^3 transformation plan, but stabilized as expected during the second half (€11.5 million in H2 vs. €11.2 million in H1). The ratio of expenses to sales thus improved from 84% to 73% between H1 and H2. These productivity gains allowed growth to be absorbed and profitability to be improved.

Consolidated net profit came to €3.9 million, a slight decrease (-4%) because of revaluations associated with foreign exchange rates and hedging instruments for 2014 (in IFRS) having an exceptional impact on the 2013 financial result.

Sustained R&D investments

SES has continued its R&D investments (€6 million) in order to strengthen its technological positioning and its strategic assets with a renewed product range and some major innovations: NFC-tag dynamic display HD graphic range and mobile-shopping solution, new software platform, wireless infrastructure. Numerous other technological projects are currently underway in order to further accentuate SES' strategic and competitive leadership.

SES has also invested in the modernization of its IT System (ERP project in particular). All in all, investments totaled €7 million in 2013 (vs. €5.6 million in 2012).

Financial structure: net cash position of €22m, improvement in WCR

The Group had a net cash position of €22.2 million at the end of December 2013 (compared with €24.7 million at end-2012), consuming €2.5 million in cash compared to sales growth of +€20 million over the same period. WCR stood at €35.4 million, up +€3 million on the previous year as a result of the Company's buoyant growth. Due to the significant improvement in trade receivables, the ratio of Working Capital Requirements to Sales improved from 50% to 43% over the year. SES has thus improved its cash management (-€6.2 million consumed over H1 2013 followed by +€3.7 million generated over H2 2013).

Imagotag: a highly strategic acquisition

Founded in 2010 in Graz, Imagotag is an Austrian technological startup that develops an innovative Electronic Shelf Labeling solution based on VHF wireless transmission technology and a range of E-paper displays. Due to the qualitý of its products and the system's ease of installation and maintenance, Imagotag's solution has met with immediate success. In 2012, not long after its creation, the company carried out a deployment in more than 1,000 Billa stores (Rewe group), one of Austria's leading mass retailers. In 2013, the startup successfully installed a number of pilot schemes amongst some of Germany's largest retailers, as well as in Central Europe, thus representing substantial potential for future deployments. Given its current order book, Imagotag anticipates sales of over €5 million and buoyant growth for 2015 and the following years, in particular given the expected dynamism of the German market.

Following its acquisition of a minority stake in Imagotag, as announced on February 18, SES and Imagotag signed a definitive agreement on March 7 2014 regarding the 100% acquisition of Imagotag by SES in two stages over a two-year period.

The first stage, scheduled for the first half of 2014, will see SES acquire a further 69.3% stake in Imagotag, taking SES' total stake to 76.9% given the 7.6% already acquired in February. This operation will be paid for partly in cash for €4.5 million and partly through the issuance of 591,969 new SES shares based on a price of €15.35 per share, i.e. dilution of 5.1%, this being subject to the approval of the SES Shareholders' Meeting planned for May.

The second stage, scheduled for 2016, will see SES increase its stake to 100% through the acquisition of the remaining Imagotag shares still held by the company's founders and shareholders. This second stage will be paid for in cash, the amount of which could vary from €2 to 6 million depending on performance criteria.

All in all, the operation values Imagotag at between €16 and 20 million (or an Enterprise Value of between €18 and 22 million, given its debt of €2 million at the end of 2013).

2014 outlook

Despite an economic situation that remains difficult in Europe and uncertain in emerging countries, SES is confident in its prospects for sales growth, notably abroad, and for operating profit in 2014.

The effective implementation of the Imagotag acquisition in 2014 will be a factor that will accelerate our future growth and that should have a neutral or limited impact in terms of core operating profit for the current year.

Thierry Gadou, CEO of SES, concludes: "*2013 was an encouraging year for SES' teams, because the efforts undertaken are beginning to show results and our clients' trust supports the strategic choices we have made. Our international sales almost doubled in 2013 and, more importantly, major deployments were carried out on various continents, unequivocally showing that Electronic Shelf Labeling is not a local or regional affair, but a market with global potential that is still in its infancy. A lot of work still needs to be done to accompany this market and accentuate our leadership position in coming years. Innovation, industrial competitiveness and sales dynamism will remain our priorities. Our alliance with Imagotag is perfectly in line with this strategy, in terms of our technological and geographical complementarities and their growth dynamic.*"

Next press release

2014 First-Quarter Sales: April 28, 2014 (before market)

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
www.store-electronic-systems.com

Contact

*New***Cap.**
Florent Alba, Investor Relations & Financial Communication - Tel.: +33 (0)1 44 71 98 55, falba@newcap.fr