

Sales for the first half of 2014  
**1H 2014 sales of €40.4 million, up +16%**

- Half-year international growth: +32%
- Return to growth in France (+5%) thanks to a significant rally in 2Q (+14%)
- Buoyant orders taken over the half: €47 million (book-to-bill ratio of 116%)
- SES is winning market share and increasing its leadership

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 2<sup>nd</sup> quarter and 1<sup>st</sup> half of 2014.

| Sales (€ millions) | France      | International | Total       |
|--------------------|-------------|---------------|-------------|
| Q1 2013            | 10.0        | 5.9           | 15.9        |
| Q1 2014            | 9.6         | 9.8           | 19.4        |
| % change           | -4%         | +66%          | +22%        |
| Q2 2013            | 10.2        | 8.7           | 18.9        |
| Q2 2014            | 11.5        | 9.5           | 21.0        |
| % change           | +14%        | +9%           | +11%        |
| H1 2013            | 20.2        | 14.6          | 34.8        |
| <b>H1 2014</b>     | <b>21.1</b> | <b>19.3</b>   | <b>40.4</b> |
| % change           | <b>+5%</b>  | <b>+32%</b>   | <b>+16%</b> |

#### Growth in France and abroad

SES recorded sales of €21 million over the 2Q of 2014, up +11% (vs. 2Q 2013). Activity grew both in France (+14%) and internationally (+9%).

Over the first half of the year, SES recorded consolidated sales of €40.4 million, up +16% on 1H 2013 despite there being no major deployments initiated over the period. Organic growth was +14% excluding Imagotag, whose contribution to consolidated sales in June was €0.9 million. Activity was up both abroad (+32%) and in France (+5%). The number of stores fitted out around the world currently stands at more than 7,000.

The solid order book in France and abroad (€47 million, giving a Book-to bill ratio of 116%) and good control of margins over the 1<sup>st</sup> half support our forecast of growth and higher profitability over 2014 as a whole.

#### Renewed growth in France

With sales totaling €11.5 million over the 2Q of 2014, SES recorded growth of +14% and therefore saw its best quarter in France since early 2013. Over the first six months of the year, growth was +5% compared with 1H 2013 and +17% compared with 2H 2013. Despite a rather negative economic situation for retail sector investments, SES recorded an excellent sales performance, notably among independent networks whose orders have risen significantly since the start of the year.

Innovation also drove the Company's growth, inciting more and more stores to modernize their equipment and migrate towards the new range of interactive dynamic graphic labels (G-tag+ NFC), in order to intensify their labels' sales performance (impact of promotions) and develop new applications for internal or consumer use.

SES' efforts to develop the non-food sector are also bearing fruit with sales to drugstores, a high-potential sector in France and elsewhere around the world, doubling. New chains of stores in the DIY, gardening and electronics sectors have also started working with SES, fitting out stores during the 1H of 2014.

Sales of services increased thanks to the efforts undertaken in terms of the quality of service achieved within the framework of the i<sup>3</sup> program. SES should soon receive ISO 9001 certification for its after-sales service activity.

Driven by the increase in orders taken over the half, this growth momentum should continue in France over the 2<sup>nd</sup> half of the year.

### **Further international growth (+32% over the 1<sup>st</sup> half)**

SES recorded international growth of +32% over the half, despite more moderate growth in the 2Q (+9%) due to a slowdown in investment decision processes and some projects being pushed back.

There was strong across Europe, where SES has continued its deployments and has won new clients in Eastern Europe (notably in Russia, Poland and Slovakia), Northern Europe (Scandinavia, Germany) and Southern Europe. SES is now active, either directly or via a solid network of partners, in almost all European countries.

Sales outside Europe (the Americas, Asia, Pacific) accounted for just under 15% of all international sales. SES is continuing the Wal-Mart deployment in Argentina, albeit at a slightly slower pace due to the government's currency restrictions. In Asia, initial installations have been carried out in Taiwan and new clients have come onboard in Singapore. In the US, SES is continuing to fit out pilot stores and to sign major partnerships thanks to which SES' presence and visibility in the region is growing rapidly.

### **With Imagotag, a new European group**

The first half of the year also saw the acquisition of Imagotag, enabling the new group to offer the most comprehensive and technologically-advanced range of electronic shelf labeling solutions.

Following the Shareholders' Meeting of May 21, the consolidation of the Group's new scope in its accounts came into effect in June. Imagotag's contribution to the Group's consolidated sales was €860 thousand in 1H (this figure would be €1.5 million, consolidated pro forma, taking the whole of 1H into account), with its activity mainly focusing on operational pilot schemes.

Over the 1<sup>st</sup> half, Imagotag continued to intensify its cooperation with a number of mass retailers in Germany, successfully fitting out additional stores. New pilot schemes have been signed in Central Europe, Russia and the United Kingdom. This installed base of successful pilot schemes with close to ten chains of stores represents substantial potential regarding future deployments. One of Germany's leading chains already began an initial deployment phase at the end of the 1<sup>st</sup> half. These developments reaffirm previous forecasts of sales of more than €5 million in FY 2014.

Technological synergy projects between the two companies are making good progress: SES has already finalized the development of its new radio frequency unit (RFU) infrastructure enabling its clients, via a single radio and software platform, to benefit from SES and Imagotag's entire labeling range, an unparalleled choice on the market. The first stores supported by this platform will be fitted out in 3Q. The SES/Imagotag teams are preparing the upcoming launch of the first Cloud platform associated with an SAAS/On-Demand mode offer.

### **Innovation: SES bringing electronic labeling into the Internet of Things (IoT) era**

SES is continuing to pursue its innovation strategy aimed at making smart labels the cornerstone of the in-store digital revolution, thanks to all the applications derived from the connected and

interactive sensor feature present in front of each product.

Regarding the very latest innovation, in May SES and Atos presented the first 3D digital mock-up (DMU) of a connected hypermarket. Electronic shelf labels (ESL) are used as a network of precise geo-referencing indicators for products in the store. A new mobile software package for in-store ESL management allows information on the layout of labels to be continually updated. This information is then memorized by SES and integrated by Atos in the store owners' planogram software. The software then produces an accurate Virtual 3D plan of the store's shelves, permanently synchronizing the actual layout situation with the retailer's information system. The solution is able to draw up accurate merchandising plans adapted to each store's context. It thus allows substantial productivity gains for employees and ensures that customers can precisely locate the products they are looking for. A live pilot has been implemented with a major French retailer equipped with the Dassault Systèmes "PerfectShelf" 3D merchandising solution.

The other benefit of these innovations is that they make brands (mass-consumption products) aware of the appeal smart labeling can represent with regard to improving their sales performance and how well they know their customers. In 1H, SES initiated cooperation with certain brands' marketing & innovation departments.

## Outlook and a word from the CEO

Assessing the first half and looking at the Group's prospects, Thierry Gadou says: *"Despite a flat economic situation, SES has continued to gain market shares and has met its growth pledge for the 7<sup>th</sup> half in a row (+16% in 1H). International growth remains buoyant, but the significant upturn in France was the most noteworthy event over the period: in the 2Q, SES recorded its best performance in France for almost two years. We are delighted by this situation because to grow in France – by far the world's best-equipped and most-demanding market in terms of ESL – requires continual innovation and high-quality products and services over the long term. Having said that, and now more than ever with our friends at Imagotag, henceforth our new domestic market is the whole of Europe, where our sales are continuing to record buoyant growth and have now begun in every region. Simultaneously, we are continuing to invest commercially in the rest of the world (Americas, APAC), since new regions will undoubtedly follow in Europe's footsteps due to similar pressure in terms of growing price volatility and increasing labor costs.*

*SES is fully carrying out its role as the market leader, which is to develop the market and to innovate. Our image in terms of reliability, quality and expertise is acknowledged around the world.*

*This first-half performance represents a solid step toward our objective of recording growth and improved profitability over 2014 as a whole."*

## Next press release

Results for the first half of 2014: August 28, 2014

## 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 to develop 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](http://www.store-electronic-systems.com)

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