

First half 2016 sales: €85m (+113%)

- > **Record first half sales of €85m (+113%)**
- > **Strong growth in France (+65%) and international markets (+157%)**
- > **Robust order intake of €76m**
- > **Full year growth prospects reaffirmed (+30% to +50%)**

Store Electronic Systems (Euronext: SESL, FR0010282822), a digital solutions specialist for physical retail and the world leader in electronic labelling systems, today announced its sales for the first half of 2016.

Sales	France	International	Total
Q1 2015	9.0	7.2	16.2
Q1 2016	14.6	18.3	32.9
% change	62%	154%	103%
Q2 2015	10.3	13.5	23.8
Q2 2016	17.4	34.7	52.1
% change	69%	157%	119%
H1 2015	19.4	20.6	40.0
H1 2016	32.0	53.0	85.0
% change	65%	157%	113%

SES-imagotag enjoyed a record first half, with sales of €85m representing strong growth of +113% compared to the first half of 2015, and +20% sequential growth on the record set in the previous semester. Second quarter sales topped the €50m mark for the first time, and was characterized by massive rollouts in both France and Germany.

Order intake was strong at €76m. This is the third highest half-year level ever, albeit below the record of €100m set in the first half of 2015. Orders were driven by several new contracts signed during these last six months.

The outlook for the second semester reinforces the initial annual growth forecast of +30% to +50%, as well as the improved operating margin from 2015.

Growth accelerated in the 2nd quarter of 2016

Business levels were very strong in the second quarter both in France and internationally, thanks to orders signed at the end of 2015 and beginning of 2016. Revenue moved above the €50m mark for the first time in the second quarter, reaching €52.1m, an increase of +119% on Q2 2015.

In France, sales hit a single-quarter record of €17.4m, an increase of +69% on the same period in 2015, thanks in particular to new contracts with Casino and Sephora, and positive steps with independent supermarket chains.

International sales also set a new record at €34.7m with an increase of +157% over the second quarter of 2015. This acceleration was mainly due to the deployment ramp-up from the major contract signed in Germany in 2015. This leading European consumer electronics retailer is pushing to benefit as rapidly as possible from the competitive advantage and operational benefits offered by the SES-imagotag solution. The accelerated pace of the deployment validated the strength and flexibility of the solutions introduced by the Group. A major share of the production relating to this contract is done in Europe.

Record six-month sales of €85m (+113%)

During the first half of 2016, SES-imagotag generated sales of €85m, representing strong growth of +113% compared to H1 2015.

In France, SES-imagotag recorded its best ever performance, with sales of €32m, thanks to new contracts brought about by numerous innovations. These new innovations have encouraged the client base to renew their technology in order to benefit from solutions including geolocation, shopper connectivity, optimization of in-store delivery, analysis of in-store customer traffic, or centralized software architecture.

SES-imagotag generated 62% of total sales in international markets, where sales were +157% higher than H1 2015 at €53m. This performance came mainly from Europe, particularly in Germany (acceleration of the above-mentioned deployment), in Scandinavia (Jysk, Spar), Italy and Spain.

Robust order intake of €76m in H1

First half order intake was strong at €76m, thanks to new contracts with the Casino Group, Sephora and the Jysk Group in Scandinavia, as well as a new contract with a major retailer of consumer electronics. At the same time SES-imagotag continued to pursue deployment and modernization of its existing client base. This performance confirms the growing uptake by major European retailers of the Group's innovative solutions, which are bringing about a digital transformation of physical sales outlets and a shift towards an omnichannel consumer experience. In the United States, the first semester has seen a very satisfying start with almost 30 new stores signed (half already operational) and many new pilot projects. Customer satisfaction is especially encouraging.

Thierry Gadou, Chairman and Chief Executive Officer of SES-imagotag on first half sales and the company's prospects: *"In the first half, SES-imagotag strengthened its leadership in the market for intelligent labels and digitization of physical retail, with record sales. This rollout acceleration is the logical extension of the major contracts signed by SES-imagotag in recent months, but also reflects our clients' desire to step up the pace of deployment, highlighting the impact and efficiency our solutions provide for their digital transformation strategies. This unprecedented sales growth – particularly in Q2, when we topped the €50m mark – also demonstrates the new industrial strength of SES-imagotag. Nearly half of our sales came from products produced in Europe. On the commercial front, several major new contracts were signed with food and non-food retailers. New pilot projects were undertaken, adding to numerous ongoing ones. In Europe, the digital transformation of physical retail is now under way and SES-imagotag is allowing physical retailers to improve operational efficiency and offer an omnichannel customer experience in order to meet the current tough economic challenges. In the United States, the response to our solutions is also encouraging and highlights the fact that American retailers are facing the same challenges. For the 2nd half of the year, we expect to confirm our initial estimate of full-year growth between +30% and +50%, and an increase in operating margins relative to last year."*

About Store Electronic Systems (SES-imagotag trademark)

Store Electronic Systems is a digital solutions specialist for physical retail and world leader of electronic labeling systems. The Group designs and markets all the components of its solutions (software, radio frequency equipment, labels and fasteners), thus providing its customers with a turnkey solution. The range of products and services offered by SES-imagotag allows retailers to manage their stock in real-time, improve store productivity and develop new contactless applications for shoppers.

Store Electronic Systems is listed on compartment B of Euronext™ Paris.

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