



**January – June 2009 (H1) results**  
**Significant increase in profit in a difficult economic environment**

- **Operating profit: 9,493 K€ (at 31.5% of turnover).**
- **Net profit: 6,588 K€(21.9% of sales), up 16%**
- **Increased investments in R&D.**

In K€ (French GAAP)	H1 2009	H1 2008	% Change
Net sales	30,144	25,983	+16%
Operating profit	9,493	8,709	+9%
Operating margin	31.5%	33.5%	
Net profit	6,588	5,688	+16%
Net margin	21.9%	21.9%	

**Turnover**

During the first half of 2009 Store Electronic Systems achieved revenues of 30,144 K€, against 25,983 K€ in the same period the previous year (up 16%). The Company set a new sales record both for the first half and for the second quarter, in spite of the adverse effect of the economic crisis. Indeed, over the period under consideration SES achieved revenues more than twice that of its main competitor, thereby accounting by itself for nearly two thirds of the worldwide market.

For the half-year overall, very strong growth in business in France (up 54.1%) has more than offset the significant decline in export sales due to repeated deferrals of capital expenditure decisions by a number of integrated retail chains.

The significant rise in recurring revenues should be noted (swaps/restocking up 31.6% and maintenance up 37.9%), a confirmation of the true revenue potential originating from the leverage of SES' installed customer base.

## **Increase in profits and R&D investments**

In a difficult economic environment, Store Electronic Systems was able to convert strong growth in revenues into an equivalent growth in net profit (up 16% at 6,588 K€).

At 9,493 K€, operating profit for the first half was up by 9% compared to the same period in 2008, impacted by the amortization of increased research and development expenditures; SES has decided to boost its product development efforts, a consequence of the true success already enjoyed by the new label. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 17%, faster than revenues, an indication that margins and overheads are well under control.

## **Balance sheet**

The Company has no financial debt and had a cash position of 17.5 M€ as of June 30 2009, (vs. 10.0 M€ at the end of the first half of 2008).

This situation is the result of SES' structural profitability, combined to the sale of premises at the end of December 2008 (2.0 M€); it is also a consequence of tighter control of customer receivables (down 4% vs. December 2008) and of inventories (up 1%) in spite of a major growth in revenues (up 16%).

The Company is therefore in a position to finance its future growth and will not hesitate to tap into these financial resources to speed-up the development of its products, if need be through the acquisition of new technologies.

## **Shareholding structure and corporate governance**

During the first half of 2009 Chequers Capital and Pechel Industries Partenaires acquired blocks of Store Electronic Systems shares held by major shareholders, representing 29.4% of share capital and voting rights.

This resulted in Philippe Catteau and Vincent Favier resigning from their appointments as Company directors. On June 10 2009, the Board of Directors of SES appointed as directors, for the remaining term of office of the outgoing directors:

- Mr Jérôme Kinas
- Pechel Industries Partenaires, represented by Mr Bertrand Hainguerlot.

## **Outlook**

Store Electronic Systems continues to achieve regular and significant commercial successes, both in France and abroad. Amongst the most promising, the leading UK mass retailer selected the SES solution for a second store in Hungary (150 stores) following pilot stores carried out with competing systems.

For the 2009 full year, the Company initially expected growth in revenues in the magnitude of 25%. This forecast was based on a high sustained equipment rate of independent stores, on the "goodwill" effect boosting recurring sales (swaps/restocking and maintenance) and, for export markets, on new tiers of roll-outs in integrated chains that are existing customers.

At this point in time, one must realize that the latter are still regularly postponing their investment decisions while, at the same time last year, SES was busy rolling-out previous tiers. It is now nearly impossible for the Company to determine when these chains will decide to resume roll-out of its solution and what the impact could be on the 2009 year-end; as of today, SES has therefore decided to report its forecast sales without including this potential.

The revenue growth rate expected by SES for FY 2009 should thus be in the +5 to +10% range; Spanish and Mexican roll-outs are no longer included in the guideline, even though the Company remains confident that they will continue in the near future. Furthermore, SES confirms its targeted operating margin in the magnitude of 30%.

*Q3 turnover will be published on November 12, 2009.*

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**About Store Electronic Systems**

*Store Electronic Systems is the worldwide leader in Electronic Shelf Labelling systems (ESL) for large-scale food and non-food retailers.*

*The global market for this reliable, high value-added product offers strong potential, in its deployment phase at the international level.*

Store Electronic Systems is listed on the Compartment C of Euronext<sup>TM</sup> Paris.

Mnémono: SESL

ISIN codes: FR0010282822 - Reuters: SESL.PA - Bloomberg: SESL.FP

[www.ses-esl.com](http://www.ses-esl.com)

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