



Press Release
Paris, May 12, 2009

First quarter 2009 results: sharp rise in gross margin

DANE-ELEC Memory, a manufacturer and distributor of digital products (Dram memory chips, external hard drives and handled products) has published its first-quarter 2009 results.

Revenues

In the first quarter of 2009, Dane-Elec Memory generated revenues of €33.0 million. The highlights of the analysis are as follows:

- Sales trends. Once again, Dane-Elec Memory saw volume sales increase during the first quarter. In the United States, the group is enjoying considerable success, notably with its range of Flash memories sold under licence by *Duracell*. In Europe, sales are driven by products developed by the group's R&D teams, including the *Zpen*, *So by Dane-Elec* external hard drives, and *Dane-Elec Music* digital players. Sales activity was, however, penalised by the less accommodating position of credit insurers vis-à-vis certain customers. As a result, the group preferred to refuse some orders due to a lack of sufficient financial guarantees.
- Price trends. Despite an upturn in the semiconductor market for Dram chips and Flash memories from March 2009, average sale prices over the quarter were lower than in the first quarter of 2008.
- Breakdown by activity. In the first quarter of 2009, the sale of mass storage products (Flash memories and external hard drives) accounted for 88% of business activity compared with 77% in the first quarter of 2008. Dram modules generated 6% of total revenues compared with 12% a year earlier. Following the withdrawal from the market of the two main suppliers, *ViaMichelin* and *Palm*, the activity of the Intervalle subsidiary, which specialises in distributing handled products, fell by 59%. This now accounts for no more than 6% of revenues, compared with 11% in the first quarter of 2008.
- Geographic breakdown. Dane-Elec generated 58% of its quarterly revenues in Europe compared with 63% a year earlier; 38% in the United States (30%) and 4% in the Asia/Middle East region (7%).

Income statement

€m (unaudited data)	Q1 2008*	Q1 2009
Revenues	41.6	33.0
Gross margin	4.4	5.8
% of revenues	10.5%	17.5%
Recurrent operating income	(2.2)	(0.6)
Operating income	(2.2)	(0.6)
Net interest charges	(0.2)	(0.1)
Other financial charges	(0.1)	(0.4)
Tax	-	-
Net income	(2.5)	(1.1)

The Dane-Elec Memory group generated quarterly revenues of €33.0 million compared with €41.6 million last time. Exchange rate fluctuation had a positive impact of €1.6 million.

After a very low gross margin in 2008, the group has improved things in the first quarter of 2009. The return to more normal business conditions on the memory market and improved purchase cost controls took the gross margin from 10.5% in the first quarter of 2008 to 17.5% in the first quarter of 2009.

This increase in gross margin, combined with a slight fall in operating costs, significantly reduced the operating loss, which fell from €2.2 million in the first quarter of 2008 to €0.6 million in the first quarter of 2009.

After taking interest charges and foreign exchange losses into account, quarterly net income came out at a loss of €1.1million compared with a loss of €2.5 million a year earlier.

Financial situation

As at 31 March 2009, Dane-Elec Memory's shareholders' equity stood at €35.5 million.

Cash-in-hand amounts to €4.1 million. Financial debt totals €10.3 million, of which €6.5 million in medium-term debt maturing in June 2011, and €1.5 million in bank loans and overdraft facilities. Net financial debt thus stands at €6.2 million, or 17.5% of shareholders' equity.

Dane-Elec Memory also had unused credit lines totalling €10.3 million as at 31 March 2009.

Outlook

Over the coming months, Dane-Elec Memory will continue to base its development on its new product lines (sales under licence and multimedia products) by enlarging their distribution footprint.

At the same time, the group will continue its efforts to maintain a high gross margin and cut its general and administrative expenses (personnel and external costs) by at least €1 million in the full year.

Special attention will also be paid to controlling the working capital requirement in order to preserve a healthy financial situation.

(*) The group published no accounts for the first quarter of 2008. They have been restated to serve as a basis for comparison.

Next publication: 21 July, after close of trading, for first-half 2009 revenue data.

About DANE-ELEC Memory

Founded in France in 1985 by David Haccoun and Nessim Bodokh, Dane-Elec Memory is an international company headquartered near Paris. The company specialises in the manufacture and distribution of digital products: Drams, external hard drives and handled products.

Since it was founded, the group has seen steady growth and is a European leader in its sector. As a global player, Dane-Elec Memory operates in Europe, the United States, Asia, and the Middle East. The group has a Dram manufacturing and assembly plant in Ireland, three assembly units (in the United States, Ireland and France), and two packaging logistics platforms, in the United States and France, making it extremely responsive to demand.

Dane-Elec Memory also has a handled product distribution subsidiary, Intervalle, in France.

In 2008, Dane-Elec Memory generated revenues of 162 million euros.

Dane-Elec Memory is listed on Euronext Paris, Segment C.
ISIN: FR000036774, Mnemo: DAN, REUTERS: DEMY.

All our financial information at www.dane-elec.fr or www.actus-finance.com

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