

SES-imagotag: Q1 2018 Sales

- > **€27 million in quarterly sales (-30%), limited by the ramp-up of new industrial facilities as anticipated**
- > **Order entries at €37 million (-8%) after a strong Q4 (€59 million)**
- > **Sales and orders rebound expected in Q2**
- > **Overall 2018 annual growth objective of at least +20%**
- > **Presentation of the new 5-year strategic plan on May 23rd 2018**

Sales in €M	France	International	Total
Q1 2017	14.1	25.0	39.1
Q1 2018	12.4	15.0	27.4
% Change	-12.0%	-40.0%	-29.9%

Q1 business update

As announced, deliveries in the first quarter were limited by the industrialization of the new VUSION line.

Sales in the first quarter of 2018 were €27 million, down 30% from €39 million in the first quarter of 2017. Sales in France were €12.4 million (-12%). International sales totaled €15 million versus €25 million in the prior year, greatly affected by the VUSION production delay. Sales outside Europe accounted for 37% of international sales thanks in part to the opening of Japan and China.

These Q1 figures do not reflect the high level of order entries during 2017 (€200 million), the fourth quarter of which in particular totaled €59 million. A high percentage of these orders are concentrated in or were transferred to the VUSION line, which explains the impact of the production plan on Q1 revenue.

SES-imagotag is carrying out a very ambitious industrial project with BOE to build the world's largest, most automated and most integrated ESL plant, from display components to finished products.

The goal is to prepare for intense growth in the ESL market in the coming years to reach an annual production capacity of 100 million units within the next few years. The plant is located in the city of Chongqing, China, a major industrial city in the center of the infrastructure initiative called "The New Silk Roads" which is linked to Europe via a direct rail connection. The new building is complete, and installation of the first industrial equipment began as soon as the financial transaction between BOE and SES-imagotag was finalized (December 22, 2017).

The usual time to ramp-up is currently aggravated by the current tension in the global electronic components market, significantly extending delivery lead times. The industrial ramp-up is now under way and should reach its first target capacity threshold by the start of the second semester. This development should make it possible to achieve substantial organic growth in the second half and the full-year of 2018.

In parallel, two sites operated by other industrial partners of SES-imagotag will continue to supplement the production process in the future so that SES-imagotag has maximum flexibility to produce and serve an increasingly comprehensive product offering.

Other main goals of the industrial partnership with BOE are:

- to attain, by the end of the year, a degree of competitiveness that enables the Group to accelerate the adoption of ESLs in major global markets concurrently stabilizing its industrial margins;
- to industrialize many new VUSION label formats in 2018 adapted to high-potential market segments (hard discount, convenience stores, luxury goods, furniture, smart office, logistics and industry, etc.).

Order entries

In the first quarter, SES-imagotag booked €37 million in new orders compared to €41 million in the first quarter of 2017. This moderate volume comes on the heels of a very strong previous quarter (€59 million in Q4) and is explained by the fact that customers are waiting for the complete delivery of their first VUSION orders before ordering additional batches. This situation will resolve itself over the course of the year as the production ramps-up. Moreover, substantial new VUSION contracts are currently under final negotiation, one of which was just concluded. It is therefore expected to see a substantial new order rebound in Q2.

For the whole of 2018, apart from the constraints of the industrial ramp-up, the company's business objectives are still offensive with an ongoing steep year-on-year increase in new order entries, as in 2017.

Outlook

Given the constraints linked to the production capacity described above, sales for the first semester are projected to be at ca. €70 - €80 million.

Thanks to the increased production capacity in the second half of the year, the goal for the full 2018 fiscal year is an organic growth of at least +20%.

The medium-term outlook and the new 5-year strategic plan for SES-imagotag – drawn up in close collaboration with BOE – will be presented on May 23, 2018.

Message from the Chairman & CEO, Thierry Gadou:

"As anticipated, the beginning of this year is impacted by our production constraints linked to our new industrial project. Our new solution keeps its promises and is expected to be the main driver for new orders and growth this year. VUSION has also been the first digital label to receive the prestigious Red Dot Award. We are actively working with BOE and our other partners to ramp up the production. This industrial project is essential as it aims to accelerate the global adoption of smart retail labels. Another major project of these first months of 2018 is the accelerating migration of our 150 million ESL installed base to the VUSION IoT Cloud, to make them connected and accessible to the new cloud-based functionalities of our platform. This is also central to the new 5-year strategic plan which was developed in close collaboration with BOE and integrates in particular our new ambitions in China. This strategic plan will be presented in the coming weeks."

About SES-imagotag

For 25 years, SES-imagotag has been the trusted partner of retailers for in-store digital technology. SES-imagotag, the worldwide leader in smart digital labels and pricing automation, has developed a



comprehensive IoT and digital platform that delivers a complete set of services to retailers. The SES-imagotag solution enables retailers to connect and digitally transform their physical stores; automate low-value-added processes; improve operational efficiency; inform and serve customers; ensure information integrity to continuously optimize on-hand inventory; prevent stock-outs and waste and create an omni-channel service platform that builds loyalty and meets evolving consumer expectations.

www.ses-imagotag.com

SES-imagotag is listed in compartment B of the Euronext™ Paris

Ticker: SESL – ISIN code: FR0010282822 – Reuters: SESL.PA – Bloomberg: SESL

Contact

NewCap – Investor Relations & Financial Communications

Marc Willaume / Tristan Roquet Montégon: Tel: +33 (0)1 44 71 00 13 / ses@newcap.eu