

## 2018 SES-imagotag Full-Year Sales: Strong growth at €187.7m (+22.7%)

- Record year driven by sharp acceleration in H2 (+84% vs H2 2017)
- Annual sales of €187.7m, an increase of +22.7%, compared with FY 2018 Revenue Guidance of +20%
- New manufacturing facilities now fully on stream enabling accelerated roll out of the VUSION Retail IoT Cloud platform
- Orders rose +25.4% to €251.1m, aided by several strategic wins
- Major strategic alliances with partners including Microsoft and Cisco enabling greater connectivity of VUSION platform and access to Cloud based technology
- First fruits of manufacturing, technology and distribution partnership with BOE coming through
- FY 2019 Revenue growth expected to be in the region of +30%

**Thierry Gadou, Chairman and CEO of the SES-imagotag group said:** "We have achieved a triple record in a pivotal year during which we laid the foundations for accelerated growth through our partnership with BOE and the implementation of our ambitious VUSION 2022 Strategic Plan. We had a record Q4, a record second half and a record full year, enabling us to come in comfortably ahead of our forecast of +20% sales growth in 2018. The efforts we have made over the last two years to position ourselves for accelerated growth is now bearing fruit with higher sales and higher orders. We are encouraged by the increase in international sales, both in Europe and outside Europe. We have seen important breakthroughs in key strategic markets such as Germany, Switzerland, Benelux, China and Japan where we see high potential for growth. These developments and the particularly strong showing in the second half of 2018, give us confidence that we have the momentum to continue our growth into 2019 and beyond."

Sales	France	International	Total
Q4 2017	12.8	10.9	23.8
<b>Q4 2018</b>	<b>21.5</b>	<b>44.0</b>	<b>65.5</b>
<b>% change</b>	<b>67.4%</b>	<b>+302.2%</b>	<b>+175.4%</b>
H2 2017	31.4	26.1	57.6
<b>H2 2018</b>	<b>33.2</b>	<b>73.3</b>	<b>106.5</b>
<b>% change</b>	<b>5.5%</b>	<b>+180.6%</b>	<b>+84.1%</b>
FY 2017	69.0	84.0	153.0
<b>FY 2018</b>	<b>59.4</b>	<b>128.3</b>	<b>187.7</b>
<b>% change</b>	<b>-13.9%</b>	<b>+53.2%</b>	<b>+22.7%</b>

## 2018 A Pivotal Year

The year was one of successful transition as SES-imagotag laid the foundations for the acceleration of its growth through the implementation of the VUSION 2022 Strategic Plan, which is targeting sales of €800m by 2022. Thanks to the successful ramp up of new state-of-the-art manufacturing facilities in Asia, SES-imagotag was able to accelerate the fulfilment of existing orders in the second half. H2 Revenue rose +84.1% to €106.5m compared with the same half in 2017, more than compensating for the planned first half decline of 14.9% to €81.2m. As had been communicated well in advance to the market, the implementation of certain orders needed to be held back in order to regulate workflow so as to allow the new production facilities to successfully come on-stream. With production accelerating back up in the second half, SES-imagotag saw total revenue for the year as a whole come in at €187.7m, up +22.7% on FY2017. This was a record performance and is comfortably ahead of FY Revenue Guidance which was for a +20% uplift in revenue for the year. There was a particularly marked improvement in Q4, as sales were up +175.4% compared with Q4 2017.

## Accelerating Adoption of ESL

Particularly encouraging was the growth in international sales. This has been a key objective for SES-imagotag and part of the rationale underpinning the BOE partnership and the VUSION 2022 plan unveiled last year. Activity in France, the industry's most mature market, went from €69.0m to €59.4m due to fewer roll-outs in 2018 but saw growth in H2 that should continue in 2019. Sales outside of France rose by +180% in H2 to €73.3m. International sales for the year as a whole totalled €128.3m, or 68% of total sales. Sales outside of Europe accounted for over 15% of sales. This is set to increase further given the faster growth rates and greater take-up of digital solutions anticipated particularly in America and in Asia, where SES-imagotag is now strongly positioned. This is in line with the VUSION 2022 plan which targeted 25% of total sales ex-Europe in 2020 and 50% in 2022.

## Strong Order Book

Order intake was also strong. FY Order Intake stood at €251.1m, an increase of +25.4% year-on-year. The figure of €113.2m booked in H2, was up +17.5% compared with the H2 2017.

Much of the growth in orders was driven by the growing customer take-up of SES-imagotag's innovative VUSION Retail IoT (Internet of Things) Cloud platform and its growing appeal to physical retailers, seeking to digitalize their operations in response to the increasing challenge posed by e-Commerce and cost pressures in general.

## Major 2018 wins

Underpinning the successful progress in 2018, were important strategic client wins. These include, amongst others, many leading retailers in their markets such as Colruyt, the leading Belgian Food retailer. SES-imagotag also inked a roll-out contract with one of the global top 10 food retailers, and signed an agreement with Coop, the leading Swiss food retailer to roll out its E-paper smart label system.

Other significant wins in 2018 included contracts to continue roll-out in leading Nordic CE retailer Elkjop's stores, while in an important breakthrough in the Gulf, SES-imagotag won a contract with Sharaf DG, the Number 1 retailer in its sector in the Middle East, to equip the chain's stores. In Germany, the Euronics group also selected SES-imagotag for its stores, while in China Xiaomi recently rolled-out its shops with VUSION smart labels, highlighting a global trend in this industry towards the adoption of ESL technology. Another major first recorded in 2018, was a contract to equip one of Japan's leading retailers, a significant foothold in a globally significant market which has traditionally been regarded as difficult for foreign entities to enter successfully.

In addition, SES-imagotag is currently operating numerous pilots with top retailers in other strategic markets such as China, US and UK where there is significant potential interest.

## **Building the world's largest Retail IoT ecosystem**

Over the year, a number of key alliances have been formed, as SES-imagotag has been actively building what is now the world's largest Retail IoT ecosystem. This ecosystem enhances VUSION's versatility as a platform which plugs seamlessly in to the more agile, lower-cost, cloud-based industry data, logistics and payments management systems and technologies now prevailing in the world.

Among strategic agreements that are underpinning this wider SES-imagotag ecosystem, are partnerships with Aruba, Cisco Systems, Microsoft, and Wirecard. The ability of stores to automate low value-added and error-prone manual price changes, while delivering end-to-end inventory management through automatic stockouts detection and precise in-store product geolocation is increasingly being recognized as a major weapon in the armoury of physical retailers as they seek to adapt and maintain their appeal to customers in an increasingly challenging environment.

Thanks to the success of the new VUSION platform, supported by Microsoft Azure, over 40 million electronic shelf labels are now connected to SES-imagotag's Retail IoT Cloud.

## **Good start to 2019**

The robust acceleration in sales in H2 and particularly in Q4 has given SES-imagotag strong momentum going into 2019. Based on that healthy ongoing momentum, SES-imagotag continues to expect revenue growth for FY2019 in the region of +30%, based on a strong sales pipeline for the year ahead. Among factors that are expected to continue to support this more rapid growth trajectory are the growing evidence of widespread adoption of the VUSION platform worldwide, the strong supportive and rapidly growing eco-system of partnerships with related technology suppliers, and the expanded suite of products and functionality at a time when physical retailers are under extreme pressure to improve their agility, cost structures and relevance to an increasingly demanding customer base.

## **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](http://www.ses-imagotag.com)

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