



## Netgem Announces Consolidated 2010 First Half Results

France, Neuilly-sur-Seine September 1 2010

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### First Half of 2010 Results

- Since January 2010 the Netgem Group has refocused on its core technology business, operating profits for the first half of 2010 stood at €25.9 million, up 34% on a like for like basis<sup>1</sup> on the previous year, whilst revenue increased by 6%<sup>2</sup> to € 74.3 million.
- This performance stems from an improvement in gross margin (€ 36.5 million, up 42% on a like for like basis), and is mainly down to continuing efforts to rationalise hardware prices and non-recurring revenues linked to the transfer of license rights to SFR.
- The Group recorded a € 19.7 million consolidated net profit for the first half of 2010, up 54%, representing € 0.53 per share. This includes (i) a € 5.4 million non-recurring non-cash gain due to VideoFutur deconsolidation, (ii) a € 10.7 million corporate tax expense (of which a € 4.6 million deferred tax having no cash impact) and (iii) a € 1.0 million charge encompassing financial and equity associate losses.
- Thanks to this performance, and despite significant cash outlay during the first half of the year (including cash dividends of € 30.4 million<sup>3</sup> and VideoFutur recapitalization for € 10.0 million), the Group still enjoys a sound net cash position and high equity level, respectively amounting to € 34.8 million and € 42.1 million.

### Forecast

- Netgem will continue to expand its marketing and business development teams in order to build on its technology and expertise and develop strong commercial relationships with new customers, mainly in the Europe and Asia-Pacific areas. At the same time Netgem will address new business opportunities by reinforcing its product range, such as connected TV technologies, within existing markets.
- Given its current favourable market conditions and sound financial position, Netgem will sustain its investments policy and assess any opportunity that would permit it to accelerate its growth.

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1 First Half 2009 data adjusted for the contribution of VideoFutur, which was deconsolidated January the 1st, 2010.

2 See Press Release of July 8th, 2010 « Netgem Announces First-Half 2010 Revenue »

<http://www.netgem.com/news.php>

3 € 0.11 € per share in June 2010 and in January 2010, payment of an extraordinary cash dividend of € 0.70 per share, coinciding with the distribution of VideoFutur shares.

## Selected Financial Information (unaudited consolidated IFRS datas)

<i>In million euros</i>	<i>H12010</i>	<i>H12009 (1)</i>	<i>Variation</i>	<i>H12009 like for like (2)</i>	<i>Variation</i>
Revenues	74.3	77.9	-5 %	70.3	+6 %
<b>Gross Margin</b>	<b>36.5</b>	<b>28.6</b>	<b>+27 %</b>	<b>25.6</b>	<b>+42 %</b>
<i>Gross Margin as a % of revenue</i>	<i>49%</i>	<i>37%</i>		<i>37%</i>	
<b>Operating Profit</b>	<b>25.9</b>	<b>15.7</b>	<b>+65 %</b>	<b>19.3</b>	<b>+34 %</b>
<i>Operating Profit as a % of revenue</i>	<i>35%</i>	<i>20%</i>		<i>27%</i>	
<b>Net income, Group share</b>	<b>19.7</b>	<b>8.7</b>	<b>+128 %</b>	<b>12.8</b>	<b>+54 %</b>
Net income, Group Share, per share (in €)	+0.53	+0.24	+125 %	+0.35	+53 %
Operating Cash flow (3)	15.5	10.4			
Cash flow linked to financial operations	(29.8)	(0.2)			
<b>Net change to cash position</b>	<b>(14.3)</b>	<b>10.2</b>			

<b>Balance Sheet elements in million euros</b>	<b>06/30/2010</b>	<b>12/31/2009</b>
<b><u>Shareholders' equity and debt:</u></b>		
- Group Shareholders' equity <sub>1</sub>	42.1	76.3
- Current and non-current financial liability	0.1	0.7
<b><u>Analysis of net cash position</u></b>		
A. Liquid Asset	34.9	49.3
B. Current financial liability	-	(0.1)
<b>C. Current Net Cash (A)-(B)</b>	<b>34.9</b>	<b>49.2</b>
D. Non-current financial liability	(0.1)	(0.7)
<b>E. Net cash position (C)+(D)</b>	<b>34.8</b>	<b>48.5</b>

(1) Published data, including VideoFutur's contribution

(2) Adjusted for the contribution of VideoFutur division which was deconsolidated on January 1<sup>st</sup>, 2010.

(3) Operating Cash flow includes cash flow linked to investment operations, of which a negative cash flow of € 11.6 million linked to VideoFutur deconsolidation (after a € 10 million capital increase subscribed in cash by Netgem) of which € 30.4 million cash dividends paid during 1<sup>st</sup> semester.

Consolidated H12010 accounts are made available on the Group's website ([www.netgem.com](http://www.netgem.com))

### **About Netgem:**

Netgem enables operators to deliver branded connected entertainment in the digital home, enriching the broadcast TV experience with the power of the Internet. Installed in over 3 million homes around the world, Netgem is among the top 10 most deployed Hybrid Set Top Box solutions worldwide. Netgem customers include: SFR, Telstra, Monaco Telecom, Elisa in Finland, Spec-Com for Algeria Telecom, Melita Telecom in Malta and FetchTV in the UK. Netgem is listed on Compartment C of Euronext Paris Eurolist (ISIN code: FR0004154060, Reuters code: ETGM.PA, Bloomberg code: NTG FP 7537). [www.netgem.com](http://www.netgem.com) Twitter <http://www.twitter.com/netgem/>

### **Contacts:**

Vanessa Vigar, Communications, Tel: + 31 6 11 56 22 18, [vanessa.vigar@netgem.com](mailto:vanessa.vigar@netgem.com)  
Charles-Henri Dutray, Finance Director, Tel: + 33 1 55 62 55 62, [chd@netgem.com](mailto:chd@netgem.com)

### **Next financial meeting:**

Third Quarter of 2010 Revenues: Week of October 12th, 2010  
*Meet Netgem at IBC from 10th to 14th September 2010. The Netgem stand is 405, The Connected World, Hall 9, IBC, The RAI, Amsterdam.*