

## **Netgem releases consolidated full year results for 2011 - Presents three-year objective**

**Neuilly-sur-Seine, March 29th, 2012** – Netgem ([www.netgem.com](http://www.netgem.com)), a leader in connected home entertainment solutions, today announced its consolidated results for 2011 and presented its three-year objective.

### **2011 Results and Outlook**

Netgem's current operating profit for 2011 was €12.6 million with revenues of €84.7 million, equivalent to a margin of 14.9%.

The Group's gross margin remained stable at 38.2% of revenue and amounted to €32.4 million for the year.

Operating expenses decreased by 6% to €19.8 million in 2011, as compared to €20.9 million for 2010, including a year on year 53% increase in R&D effort.

Netgem has posted a 2011 net profit of €10.7 million, including €1.5 million from a one-off gain and €3.4 million in tax expenses. The Group's net cash position amounted to €50.0 million at year end.

Since the start of its share-buyback programme at the end of 2011, the Group has bought back 965,978 of its own shares, equivalent to 2.6% of its capital. Early 2012, 491,000 of those shares were used for the vesting of free shares granted in 2010.

As previously announced, in early 2012 Netgem's business was still impacted by a shortage of hard disk drives as a result of last year's flooding in Thailand and the Group expects its first quarter revenue for 2012 to amount to €18 million. The availability and pricing of hard disk drives are now coming back to normal.

### **Objectives and development plan: doubling Netgem's international sales in three years**

Netgem aims to double its international revenue over the 2012-2014 time period by focusing on the following areas:

- Support its broadband customers' ongoing deployments as they continue to recruit new subscribers. In this context, Telstra, the Australian national operator and one of



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Netgem's customers, has just been awarded for its T-Box offering for Best IPTV innovative solution at the recent IP&TV World Forum in London ;

- Maintain and accelerate business development efforts targeting tier-2 and tier-3 operators for which the Group offers end-to-end competitive solutions with a short time to market;
- Target tier-1 operators that have started a cycle to reassess their current range of products and services with specifically tailored offerings.

Taking into account the business and innovation efforts necessary to meet this target, the Group should continue to benefit from a positive cash flow generation, allowing it to maintain an attractive dividends level. Meanwhile, the Group will continue to evaluate potential external growth opportunities that would allow it to reinforce its position within the market and to increase its value creation.



### Selected financial information (Consolidated IFRS data, unaudited)

in million of euros	2011	2010 corrected (1)	Change
<b>Revenue</b>	84.7	134.9	-37%
<b>Gross Margin</b>	<b>32.4</b>	<b>52.4</b>	-38%
<i>Gross Margin in % of revenue</i>	38%	39%	
<b>Current Operating Profit</b>	<b>12.6</b>	<b>31.5</b>	-60%
<i>Current Operating Profit in % of revenue</i>	15%	23%	
<b>Net profit, Group share</b>	<b>10.7</b>	<b>23.4</b>	-54%
Net Profit, Group Share, per share (in €)	0.28	0.63	
Operating Cash flow (2)	11.2	23.4	
Cash flow linked to financing operations (3)	(4.5)	(29.8)	
<b>Net change to cash position</b>	<b>7.2</b>	<b>(6.4)</b>	

in million of euros	12/31/2011	12/31/2010 corrected (1)
<b>Shareholder Equity and Debt</b>		
Group shareholder Equity	54.0	45.8
Current and non-current financial debt	0.0	0.0
<b>Analysis of net cash position</b>		
A. Cash & cash equivalents	50.0	42.9
B. Current financial debt	0.0	0.0
C. Current Net Cash (A)-(B)	50.0	42.9
D. Non-current financial debt	0.0	0.0
<b>E. Net cash position (C)+(D)</b>	<b>50.0</b>	<b>42.9</b>

- (1) Corrected data, including the finalization of 2010 Research and Development Tax Credit assessment.  
 (2) Operating cash flow includes net cash flow linked to operating business and cash flow linked to investment operations. Notably in 2010, it includes a negative cash flow of €11.6 million linked to VideoFutur deconsolidation.  
 (3) Of which €30.4 million cash dividends paid to shareholders during the first half of 2010 and €4.7 million cash dividends paid during the first half of 2011.

#### Financial Calendar (subject to possible changes)

- Q1 2012 Revenue: week of April 16th, 2012
- Shareholders' Meeting: June 6<sup>th</sup>, 2012

#### About Netgem

Netgem provides Connected Home Entertainment Solutions to Multiservice Operators to help them strengthen their end-customer relationship and drive revenue growth. Based upon Netgem's hardware and software technologies, operators are able to develop innovative convergent services and a unique broadcast TV experience, enriched by the power of Internet. Netgem is present in more than twelve countries around the world with an install base of more than 4 million. Netgem is listed on Compartment C of Euronext Paris Eurolist.

Website: [www.netgem.com](http://www.netgem.com) Twitter <http://www.twitter.com/netgem/>

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