

Netgem releases consolidated first half 2012 revenue and results

Neuilly-sur-Seine, July 27th, 2012 - Netgem (www.netgem.com), a leader in connected home entertainment solutions, today announced its consolidated revenue and results for the first half of 2012.

Revenue and activity

Netgem has reported consolidated revenue of € 38.2 million for the semester ending on June 30th 2012, a 12% fall year-on-year, reflecting a new decrease in the French market.

International revenue for the first half of 2012 amounted to € 22.3 million, a 15% increase year-on-year, representing 58% of the Group's sales. During the first half of the year, Netgem has signed contracts with five new operators, confirming a positive commercial momentum of the Group's offering.

IFRS data in €M	Q2'12	Q2'11	Change		H1'12	H1'11	Change	
Revenue	19.8	17.6	+2.2	12%	38.2	43.3	-5.1	-12%
- International	13.3	7.5	+5.8	78%	22.3	19.5	+2.8	15%
- France	6.4	10.1	-3.7	-36%	15.9	23.8	-7.9	-33%

Financial situation and results

The Group recorded a current operating profit of € 5.0 million for the first half of 2012, representing 13% of revenue.

During this period, the gross margin amounted to € 13.8 million (36% of revenue), reflecting an international expansion that does not deteriorate profitability, despite the impact of a temporary rise in Hard Disk Drives prices resulting from flooding in Thailand.

Operating expenses totaled € 8.8 million for the first half of 2012, a 2% decrease year-on-year. This performance was not achieved at the expense of innovation and business development.

The Group recorded a € 3.5 million consolidated net profit for the first half of the year, which represents € 0.09 per share. Consolidated net profit includes a negative financial result of € 0.2 million, mainly a result of the US dollar/Euro exchange rate evolution, and a tax expense of € 1.2 million.

Following dividends payment, the Group's net cash position and shareholders' equity amount respectively to € 46.7 million and € 51.4 million, as of June 30th, 2012.



Strategy and Outlook

The connected television market continues to show high growth potential globally. Connected television technologies enable operators to deploy new innovative services, with a better control over investments compared to the first-generation of IPTV solutions. Netgem demonstrates a proven know-how for these new Over-the-Top solutions.

In this context, Netgem re-affirms its objective to double international sales between 2011 and 2014.

The Group enjoys a healthy financial position and continues to evaluate new growth opportunities. The recent acquisition of PlugnSurf (announced on June 18th 2012) fits into this strategy.

Operations and significant events

At the end of June 2012, Netgem acquired 100% of the equity of PlugnSurf, a startup company that offers expertise in mobile boxes. PlugnSurf was fully consolidated into Netgem as of June 30th 2012.

Since the start of the share-buyback program at the end of 2011, the Group has bought back 1.2 million of its own shares, of which number circa half of them were used for the vesting of free shares already granted.

Financial calendar (subject to possible change):

- Q3 2012 Revenue: week of October 8th, 2012
- Q4 2012 Revenue: week of January 14th, 2013



Selected Financial Information (consolidated IFRS data, unaudited)

In € million	H1'12	H1'11	Change
Revenue	38.2	43.3	-12%
Gross Margin	13.8	17.4	-21%
Gross Margin in % of Revenue	36%	40%	
Current Operating Profit	5.0	8.5	-41%
Current Operating Profit in % of Revenue	13%	20%	
Net Profit, Group Share	3.5	6.5	-46%
Net Profit, Group Share, per share in €	0.09	0.17	
Operating Cash flow ⁽¹⁾	3.8	3.3	
Cash flow linked to financing operations	-6.8	-4.0	
Net change to cash position	-3.0	-1.0	

In € million	06/30/2012	12/31/2011
<u>Shareholder equity and Debt</u>		
Group Shareholder equity	51.4	54.0
Current and non-current financial debt	0.3	-
<u>Analysis of net cash position</u>		
A. Cash & cash equivalents	47.1	50.0
B. Current financial debt	-	-
C. Current net cash (A) + (B)	47.1	50.0
D. Non-current financial debt	(0.3)	-
E. Net cash position (C) + (D)	46.7	50.0

(1) Operating cash flow includes net cash flow linked to operating business and cash flow linked to investment operations.

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 NYSE Euronext Paris. ISIN : **FR0004154060**, Reuters : **ETGM.PA**, Bloomberg : **NTG FP**

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