

2010 Consolidated Full Year Results Netgem continues its international expansion

Paris, March 18th, 2011 - Netgem, leader of IPTV technologies, announced today its 2010 consolidated results.

2010 Results¹

In 2010, Netgem's revenues grew by 3% to €134.9 million with operating profit of €30.8 million.

The Group's gross margin remained stable at 39% of revenues and amounted to €52.4 million for the year (+3%). Current operating profit reflected reinforcement in sales and marketing to develop the Group's international expansion that lead to the international sales multiplication by 7.

Netgem has posted a 2010 consolidated net profit of €22.6 million, equivalent to €0.61 per share. This includes €5.4 million² from a one-off non-cash gain due to VideoFutur spin-off, €12.0 million deferred tax expense (of which €4.9 million have no monetary impact) and charges encompassing financial and equity associate losses one-off.

After dividend distributions during the year³, the Group's net cash position amounted to €42.9 million.

Outlook

Continuing its international expansion strategy, and following deals signed in 2010, Netgem announces recent agreements with three European operators and with one based in Latin

¹ 2009 financial datas used for comparison are expressed at constant perimeter.

² With no monetary impact.

³ See September 1st, 2010 press release.



America. With these contracts, Netgem confirms its ability to respond to telecom operators needs by upgrading their services with new IPTV content delivery and technologies.

In France, upcoming quadruple play competition might drive new opportunities in a market that Netgem once considered mature.

Following its IPTV2.0 strategy announced at CES in Las Vegas in January, Netgem will unveil in 2011 its first Home Cloud Media Server solution suite and address the higher-end market segments. This innovative solution will allow Netgem's customers to leverage the growing number of connected devices (tablets, smartphones, TV screens...) into the home.

Finally, Netgem has started to progressively adapt its business model, and has recently made the first version of its *Software Development Kit* (« SDK ») available to developers, Internet service providers and operator partners. The SDK provides a software framework to develop live and on-demand TV, Home Networking and multimedia applications available from a TV application store.

About Netgem

Leader of IPTV technologies, Netgem provides its technology and solutions to telecom operators enabling them to add value and services to their broadband offerings in a challenging multimedia and multi-screens environment. 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 ten countries around the world with an install base of more than 3 million. Netgem is listed on Compartment C of Euronext Paris Eurolist.

Website : www.netgem.com Twitter <http://www.twitter.com/netgem/>

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

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Selected financial information (Consolidated IFRS data, unaudited)

Profit and Loss, in million of euros	2010	2009 (1)	Variation	2009 at constant perimeter (2)	Variation
Revenues	134.9	146.2	-8%	131.3	+3 %
Gross Margin	52.4	56.6	-7%	51.0	+3 %
Gross margin in % of revenues	39%	39%		39%	
Operating Profit	30.8	30.6	+1 %	37.4	-18 %
Operating profit in % of revenues	23%	21%		28%	
Net profit, Group share (2)	22.6	20.4	+11 %	28.5	-21 %
Net profit, Group share, per share (in euro)	+0.61	+0.56			
Operating Cash flow (3)	23.4	25.8			
Cash flow linked to financing operations (4)	(29.8)	(3.5)			
Net change to cash position	(6.4)	22.3			

Balance Sheet elements, in million of euros	31/12/2010	31/12/2009 (1)
<u>Shareholder equity and Debt</u>		
Group Shareholder equity	45.0	76.3
Recurring and non-recurring financial debt	0.3	0.7
<u>Analysis of net cash position</u>	42.9	49.3
A. Liquid assets	-	(0.1)
B. Recurring financial debt	42.9	49.2
C. Current net cash (A)-(B)	(0.3)	(0.7)
D. Net non-recurring financial debt	42.5	48.5
E. Net cash position (C)+(D)		

(1) Published data, including VideoFutur's contribution

(2) Data adjusted for the contribution of VideoFutur, which was deconsolidated January the 1st, 2010.

(3) Operating Cash flow includes cash flow linked to operating business and 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).

(4) Of which € 30.4 million cash dividends paid during 1st semester.