



Netgem launches a tender offer on Videofutur

Press Release

Neuilly-sur-Seine, 22 January 2013

The Boards of Directors of Netgem and Videofutur Entertainment Group (“**Videofutur**”) have today announced their approval of Netgem’s tender offer for 100% of the shares and convertible bonds issued by Videofutur, in exchange for cash or Netgem shares (the “**Offer**”).

Netgem’s objective is to return to growth on the French home market by seizing the opportunity offered by Connected TV. This will allow Netgem to extract more value from both its domestic presence and its technological assets.

Videofutur has completed over recent years a major business transformation by evolving from DVD rental and distribution to operating Connected TV services. Its cloud-based video-on-demand platform is available across a wide range of connected equipment (PC, Mac, smart TV, tablets, smartphones) and remains essentially distributed through its own direct network (through the Internet and its own stores).

As a result of the Offer, Netgem will acquire both an expertise and an existing offer to address the Connected TV market. This will put Netgem in a position to deploy rapidly, beyond Videofutur’s own limited network, a Connected TV offer for multi-services operators in France. The implementation of this strategy will be facilitated by the already close working relationship between Netgem and Videofutur.

Beyond the French market, the cloud services platform developed by Videofutur for the multi-screen distribution of video services will be progressively integrated within Netgem’s international offering.

Finally, the delisting and the merger, which are the ultimate objectives of the Offer, will lead to a reduction in operating costs (regulatory constraints and financing) and to the simplification of operations.

The terms of the Offer will be as follows:

- (i) Cash offer: €0.15 for each Videofutur share and €4.50 for each Videofutur convertible bond; or
- (ii) Share offer: 1 Netgem share (existing or to be issued) in exchange for 20 Videofutur shares and 3 Netgem shares (existing or to be issued) in exchange for 2 Videofutur convertible bonds.

The share offer will be limited to 4,570,840 Netgem shares representing 12.2% of Netgem's existing share capital.

The cash offer price for a Videofutur shares represents a 67% premium over its price at close of market on 21 January 2013.

The cash offer price for a Videofutur convertible bond represents a 50% premium over its issue price of 26 October 2012.

The share offer, based on Netgem's closing market price on 21 January 2013, values:

- one Videofutur share at €0.134, representing a 49% premium over its price at close of market on 21 January 2013;
- one Videofutur convertible bond at €4.02, representing a 34% premium over its issue price of 26 October 2012.

In addition:

- J.2.H. (a holding company owned by the Haddad family), which owns 40,516,974 Videofutur shares representing to date 42.3% of the share capital and voting rights of Videofutur, as well as 316,666 convertible bonds, has committed to tender 100% of its shares and convertible bonds to the Offer, such tendering being divided as follows: (i) 20% of its shares, i.e. 8,103,394, to the cash offer, and (ii) 80% of its shares, i.e. 32,413,580, and all its convertible bonds to the share offer; J.2H. has also stated its intention of remaining below the 30% threshold in Netgem's voting rights;
- Moussetrap, which owns 11,209,868 Videofutur shares representing to date 11.7% of the share capital and voting rights of Videofutur, and 105,573 convertible bonds, has committed to tender all of its shares and convertible bonds to the share offer;
- Moussescale, which owns 9,226,983 Videofutur shares representing to date 9.6 % of the share capital and voting rights of Videofutur, and 86,900 convertible bonds, has committed to tender all of its shares and convertible bonds to the share offer;
- Mousseville L.L.C, which owns 607,504 Videofutur shares representing to date 0.6% of the share capital and voting rights of Videofutur, and 5,721 convertible bonds, has committed to tender all of its shares and convertible bonds to the share offer;

- Moussedune L.L.C, which owns 191.849 Videofutur shares representing to date 0.2 % of the share capital and voting rights of Videofutur, and 1,806 convertible bonds, has committed to tender all of its shares and convertible bonds to the share offer;
- Fast Forward, which owns 6,000,000 Videofutur shares representing to date 6.3% of the share capital and voting rights of Videofutur, has committed to tender all its shares to the cash offer;
- the members of the Board of Directors of Videofutur, who own a total of 365,556 shares (excluding the shares held by J.2.H.), have stated they intention to tender their shares to the share offer.

The above-mentioned commitments are irrevocable, except if a competing tender offer is submitted and declared compliant by the Autorité des marchés financiers (« **Amf** ») and Netgem neither improves on its Offer nor decides to withdraw its Offer.

Consequently, at the closing of the Offer, Netgem is assured of holding at least 77.5% of the share capital and voting rights of Videofutur, after conversion of the bonds. The maximum amount paid in cash by Netgem would amount to €5.9 million.

As allowed by market regulation, in the event that the minority shareholders of Videofutur were to own, following the Offer, less than 5% of the share capital and voting rights of Videofutur, Netgem intends to present to the Amf, within three months of the closing of the Offer, a request to implement a mandatory squeeze-out procedure at the same cash price as the Offer.

The Board of Directors of Videofutur in its meeting of 13 December 2012 appointed Paper Audit & Conseil, acting through Mr. Xavier Paper, as independent expert, to report on the financial conditions of the Offer and the possible mandatory squeeze-out which could be implemented following the Offer, in accordance with the provisions of articles 261-1 and et seq. of the Règlement général de l'Amf (the “**Independent Expert**”).

The Independent Expert submitted his report on 21 January 2013, which confirmed the fairness of the cash price and exchange parity proposed for the Offer and the possible mandatory squeeze-out.

Based on the conclusions of the report by the Independent Expert, the Board of Directors of Videofutur has unanimously recommended and voted in favour of the Offer in the following terms:

« The Board acknowledges that the Offer is consistent with the continuation of Netgem's strategy, as described in the information document prepared by Netgem, a strategy aiming to consolidate Netgem's and the Company's offerings in France, and in relying on services offered by the Company to enrich Netgem's international offering in the medium term.

Finally, the Board acknowledges that the Offer represents an opportunity for immediate and complete liquidity, with fair terms and conditions, for all of the Company's shareholders and bondholders. It also acknowledges that the Offer lets the Company's shareholders receive, at their choosing, either Netgem shares (subject to the reduction mechanism) or cash. (...)

In light of the above, the Board, after due deliberation:

- *approves unanimously the tender offer, in exchange for cash or shares, initiated by Netgem and considers that such tender offer is in the interest of the Company, its shareholders, its bondholders and its employees;*
- *approves the draft document in reply to the Offer established by the Company;*
- *recommends unanimously that shareholders and bondholders tender their shares to the Offer, the terms and conditions of which it considers fair;*
- *indicates that the treasury shares held by the Company will not be tendered to the Offer.»*

The Offer should be filed in the first quarter of 2013 and will not be subject to obtaining any prior authorisation from any authority, nor conditioned by the tendering of a minimum number of shares.

The issuance of Netgem shares granted in exchange of tendered Videofutur shares or convertible bonds will be based on the delegation of authority conferred to the Board of Directors by the 16th resolution voted by the General Assembly that took place on 9 June 2011, in accordance with article L. 225-147 of the Code de commerce.

Netgem Contacts:

Investor relations

Charles-Henri Dutray
+33 (0)1 55 62 66 62
chd@netgem.com

Press relations

Beatriz Ledesma
+33 (0)6 25 69 22 44
ble@netgem.com

Videofutur contacts:

Press relations

Agence Rouge
Laurent Molin - Caroline de Sagazan
+33 (0)1 42 26 99 25 – +33 (0)1 42 26 99 18
laurent@rouge.fr ; caroline@rouge.fr

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 fifteen 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 - Twitter <http://www.twitter.com/netgem/>

(ISIN : FR0004154060, Reuters : ETGM.PA, Bloomberg : NTG FP).

About Videofutur Entertainment Group

Videofutur Entertainment Group aims to play a major independent role within the distribution of premium video content. Videofutur offers consumers the largest film catalogue (20 000 titles) in DVD and VoD (video-on-demand). Its attractive tariff plans allow consumers to access the latest releases a few months before they are first broadcast on TV. The company's offers are featured and available on its web-site (videofutur.fr), through its own store network and deliverable to a range of connected devices. Videofutur is listed on Alternext (code ALVOD)
Web-site : videofutur.fr – Listed on Alternext – ALVOD - ISIN : FR0010841189

The present press release does not constitute a tender offer by Netgem for the shares and convertible bonds of Videofutur. The documentation concerning the Offer will detail the terms and conditions of the Offer and will be submitted to the Autorité des marchés financiers which will decide on the regulatory compliance of the Offer.