

## First half 2011 revenue

Neuilly-sur-Seine, July 12th, 2011 – Netgem, a leader in connected home technologies and solutions, today announced its revenue for the first half 2011.

### Revenue and activity

IFRS data in €M	H1 2011	H1 2010	Change	
<b>Revenue</b>	<b>43.2</b>	<b>74.3</b>	<b>- 31.1</b>	<b>-42%</b>
France	23.7	62.0	- 38.3	-62%
International	19.5	12.3	+ 7.2	+58%

Netgem generated consolidated revenue of €43.2 million, of which circa 45% from international sales, for the semester ending June 30<sup>th</sup>, 2011.

In France, revenue for the first semester reached €23.7 million. As a reminder:

- In France, the €62.0 million revenue for the first half 2010 included a one-off payment from SFR for the software license granted in 2010;
- In June 2011, Netgem renewed its contract with SFR for 3 years, evolving it towards a more service and software oriented business model with more recurring revenue. As a consequence, Netgem's set-top-box revenue, starting this quarter, will be lower than those set out in the previous contract but SFR's projected contributions to Netgem's gross margin in value for the year will be higher<sup>1</sup>.

International revenues kept growing and reached €19.5 million for the first half of 2011, up 58% year-on-year.

### Strategy and Outlook

Netgem achieved numerous successes in France and abroad during the first half of 2011, the effects of which should boost 2011 FYE revenue and fully impact 2012:

- The launch of Foxtel service in Australia enriches the content offering on Telstra's T-Box. Foxtel is the leading pay-TV service in Australia and reaches more than 1.6 million households;
- The signing of a commercial contract with Virgin Mobile, the fourth largest mobile telecom operator in France, to support the launch of its quadruple play offering early 2012<sup>2</sup>;

<sup>1</sup> Cf. Press release dated June 9th, 2011 : « Netgem renews its contract with SFR for 3 years »

<sup>2</sup> Cf. Press release dated June 23rd, 2011: « Virgin Mobile selects Netgem for the TV offering of its Virgin Box».

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- The launch before the end of the third quarter 2011 of an IPTV offering for Grupo Iusacell, one of Mexico's leading communications and television services companies, within the terms of a global partnership with Sezmi<sup>3</sup> ;
- Contracts signed with Netplus.ch (a group of cable-operators in Switzerland), H1 Telekom (a Croatia-based telecom operator) and a European IPTV operator, whose deployment will start during the fourth quarter of 2011.

Following those wins, the Group will keep on continuing its commercial endeavor, mainly at an international level.

#### *From Connected TV to Connected Home:*

Netgem recently announced the new version of its software suite, N-Cloud, which will equip next-generation boxes with shared hard-disk. This opens new opportunities for the Group, as a response to the multiplication of household video screens, particularly tablets. It meets customers' needs for greater simplicity, consistency and privacy and will help operators maintain their competitive edge towards new offerings from big players of the Internet industry.

### **Financial Situation and Results**

The Group continues to develop profitably, generating a high capacity for investment.

### **Operations and key events**

In April 2011, Netgem sold its 45% stake in Mediatrix, an equity-accounted investment since 2008. This transaction is consistent with the Group's strategy to focus on its core business and wipes a source of recurring losses.

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

- |                     |  |
|---------------------|--|
| - H1 2011 Results:  | Week of August 29th 2011               |
| - Q3 2011 Revenues: | Week of October 10th, 2011             |
| - Q4 2011 Revenues: | Week of January 9 <sup>th</sup> , 2012 |

**About Netgem:** Netgem is a leader in technology solutions for digital convergence. 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](http://www.netgem.com) Twitter <http://www.twitter.com/netgem/>

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

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<sup>3</sup> Cf. Press release dated June 7th, 2011: « Sezmi selects Netgem technologies to extend its multi-screen TV platform as global expansion gains momentum ».