

Interim results for the first half of 2013

Merger with Videofutur. Changes in corporate governance.
Maintain cap on Connected TV markets.

Neuilly-sur-Seine, 31 July 2013

Activity, results and financial position of the group - consolidated

IFRS, in € millions	H1 2013	H1 2012	Change
Revenue	33.8	38.2	-12%
<i>of which International</i>	23.4	22.3	+5%
<i>of which France</i>	10.4	15.9	-34%
Recurring operating income	4.1	5.0	-18%
Net profit, group share (RNPG)	3.8	3.5	+7%
<i>Earnings (RNPG) per share in €</i>	<i>0.10</i>	<i>0.09</i>	

Netgem reports a consolidated revenue of € 33.8 million for the six months ended June 30, 2013. It includes the activity of Videofutur as of the date of its take-over by Netgem at the beginning of April 2013.

Consolidated international revenue reached € 23.4 million in the first half of 2013, representing 69% of total revenue. International development temporarily slowed during this period as a result of the winding down of the previous version of T-Box in Australia. Netgem expects a catch-up effect in the second half of the year with the successful launch of the new T-Box in May.

Netgem recorded a consolidated first-half 2013 recurring operating income of € 4.1 million. Consolidated operating expenses remained under control despite the sizeable R&D effort pursued since the beginning of the year, the costs of the Videofutur takeover and merger, and increased sales & marketing costs in France.

After taking into account a consolidated financial result of € 0.2 million and an income tax expense of € 0.6 million, Netgem recorded in the first half of 2013 a consolidated net profit, group share, of € 3.8 million.



IFRS, in € millions	As at 30 June 2013	As at 30 June 2012
Equity and debt	62.9	56.5
Equity	62.0	56.2
Current and non-current financial liabilities	0.9	0.3
Net cash = (C) + (D)	50.9	54.9
A. Cash	51.8	55.2
B. Current financial liabilities	-0.5	-0.3
C. Current net cash = (A) + (B)	51.3	54.9
D. Non-current financial liabilities	-0.4	-

IFRS, in € millions	H1 2013	H2 2012
Net cash generated from operating activities	2.7	5.0
Net cash used in investing activities	-5.0	-1.1
Net cash used in financing activities	-1.1	-6.8
Net decrease in cash and cash equivalents	-3.4	-3.0

At the end of June 2013, net cash and shareholders' equity amounted to € 51.8 million and € 62.0 million. Net cash used in investing and financing activities primarily reflects the acquisition of Videofutur, capitalized R&D costs and video content, and the purchase of treasury shares.

In early July 2013, the Company distributed a dividend of 14 cents per share, up 8% compared to 2012.



Pro forma data

The *pro forma* data consolidates Videofutur as of 1 January 2012.

in € millions	H1 2013	H2 2012 ¹	Change
Revenue	35.7	41.6	-14%
Gross Margin	16.8	16.7	-
EBITDA	4.7	4.5	+4%
Recurring operating income	2.8	2.6	+9%
Net profit	2.4	1.0	+131%

Gross margin rose slightly over the period, confirming the growing importance of software and services in Netgem's business, comforted by the integration of Videofutur.

On a *pro forma* basis, recurring operating income and net profit rose during H1 2013 to € 2.8 million and € 2.4 million, up 9% and 131% compared to the first half of 2012.

Strategy and Outlook

According to Digital TV Research, the number of pay-TV homes will increase from 772 million in 2012 to 1 billion in 2018. For telecom operators, facing strong competition on their core business, pay television has become an essential factor for the retention and monetization of their subscriber base.

On its **premium** line of products, deployed in Australia with Telstra, Netgem will present numerous innovative solutions for multi-screen entertainment and next generation networks at the upcoming IBC 2013 Exhibition in September. These innovations will enable the Group to target the purchase tenders from major operators in the market for the new generation of their box for VDSL, fiber and 4G/LTE networks.

Netgem has overhauled its historical **low-cost** offer by integrating the cloud-based video platform acquired this year through Videofutur. Netgem will bring to market an original and competitive offer, encompassing terminal to content and addressing a market segment with significant potential, in Europe and emerging economies. This offer will be made available to operators in a "TV as a service" mode, which will increase recurring business.

Netgem intends to choose France as its reference market for this innovative offer. For a subscription price of € 10 per month, customers of the "Videofutur Box" have access to an enriched connected TV offer with an amazingly fluid user experience. The pre-launch of this offer took place in June.

¹ Unaudited figures.



Netgem is also adapting its commercial and operational organization: Christophe Aulnette is taking his post in Singapore to preside over Netgem International. He will be in charge of supporting the deployment by Telstra, which has successfully launched its new generation T-Box, and of increasing Netgem business with major international operators.

Mathias Hautefort, CEO of Videofutur before the merger, becomes Deputy General Manager of Netgem. His mission is to ensure the success of the "*Box Videofutur*" connected television service in France, and to develop Netgem's presence in Europe, in particular through the deployment of customized versions of this service.

Operations and key events

Following the public tender offer it initiated, Netgem now owns approximately 94.5% of the outstanding shares of Videofutur. The simplified merger with Videofutur was approved by Netgem's Board of Directors and is subject to the approval by the General Assembly of Videofutur to be held on August 1, 2013. The merger exchange ratio of 1 Netgem share for 20 Videofutur shares is identical to that used for the public exchange offer. Part of the 1.3 million of its own shares currently held by Netgem will be used in exchange for the Videofutur shares that Netgem does not already own.

The 2013 interim financial report Netgem can be viewed or downloaded on the company's website, www.netgem.com, under Investors' Corner / regulated information. It is also available to the public free of charge and on simple request to Netgem, 27 rue d'Orléans, 92200 Neuilly sur Seine (France).

Provisional calendar of financial communication

- Revenue for Q3 2013: week of October 1, 2013

About Netgem

Netgem is a technology provider of innovative video solutions for the connected home entertainment market. Combining proven technology assets with expertise in content and new video usage, including on new companion screens, Netgem solutions give multi-service operators around the world an edge to enhance and deepen the relationship with their subscribers. Netgem is present in Europe, Asia and South America with over 4 million active households worldwide. Netgem is listed on NYSE Euronext Paris, Compartment C (ISIN: **FR0004154060**, Reuters: **ETGM.PA**, Bloomberg: **NTG FP**)

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