

## Netgem announces consolidated 2011 first half results

**Neuilly-sur-Seine, September 2<sup>nd</sup>, 2011** – Netgem, a leader in Connected Home technologies and solutions, today announced its consolidated results for the first half of 2011.

### First Half of 2011 Results

The Netgem Group recorded a revenue of € 43.3 million and an operating profit of € 8.5 million for the first half of 2011, generating a margin rate of circa 20%.

Gross margin amounted to € 17.4 million for the first half of 2011, accounting for 40% of revenue, reflecting:

- An international expansion (revenue is up 58% compared to the first half of 2010) that does not deteriorate profitability ;
- A favorable weight of the software and services revenue in France with relation to hardware revenue during the first half of 2011, following the renewal of the SFR contract.

As a reminder, operating profit for the first half of 2010 stood at € 26.3 million, representing a margin of 35%, but included a one-off revenue linked to the transfer of license rights to SFR.

Operating expenses amounted to € 9.0 million for the first half of 2011, down by 12% compared to previous year. This performance was not achieved at the expense of innovation and business development.

The Group recorded a € 6.5 million consolidated net profit for the first half of 2011, representing € 0.17 per share. It includes (i) a one-off profit linked to the sale of Mediatrix (€ 0.3 million, the exit having taken place in April 2011), (ii) a positive financial result of € 0.4 million, mainly due to improved exchange rates and interests perceived on cash available and (iii) a tax expense of € 2.7 million.

Given these results, following a dividend payment of € 4.7 million and a tax payment of € 7.1 million, the Group still enjoys a healthy net cash position and high equity level, amounting respectively to € 41.9 million and € 48.9 million as of June 30<sup>th</sup>, 2011.

### Outlook

Netgem will continue its business development whilst containing operating costs. The Group forecasts the launch of two new IPTV technology offerings in Europe by the end of the year. These new offerings, alongside with recently announced commercial contracts, should start by the end of 2011 and contribute to customer base diversification in 2012.

Netgem engaged into the broadening of its product line to extend its commercial reach from the connected TV's market to the Connected Home's. These new products will enable Netgem's clients to offer new innovative services allowing to share multimedia content across any connected device, such as iPad and smartphones.

Besides, the Group enjoys a solid cash position allowing it to serenely assess investments opportunities that would appear within current financial markets conditions.



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### Selected Financial Information (consolidated IFRS data, unaudited)

In million euros	H1'2011	H1'2010(1)	Variation
<b>Revenue</b>	<b>43.3</b>	<b>74.3</b>	<b>-42%</b>
<b>Gross margin</b>	<b>17.4</b>	<b>36.5</b>	<b>-52%</b>
Gross margin in % of revenue	40.3%	49.1%	
<b>Operating Profit</b>	<b>8.5</b>	<b>26.3</b>	<b>-68%</b>
Operating profit in % of revenue	20%	35%	
<b>Net profit, Group share</b>	<b>6.5</b>	<b>20.1</b>	<b>-68%</b>
Net profit, Group share, per share (in euro)	0.17	0.54	
Operating Cash flow (2)	3.3	15.5	
Cash flow linked to financing operations	- 4.3	- 29.8	
<b>Net change to cash position</b>	<b>- 1.0</b>	<b>- 14.3</b>	

In million euros	06/30/11	12/31/2010 (1)
<u>Shareholder equity and debt</u>		
<b>Group Shareholder equity</b>	<b>48.9</b>	<b>45.8</b>
<b>Current and non-current financial debt</b>	<b>-</b>	<b>-</b>
<u>Analysis of net cash position</u>		
A. Cash and cash equivalents	41.9	42.9
B. Current financial debt	-	-
<b>C. Current Net cash (A) + (B)</b>	<b>41.9</b>	<b>42.9</b>
D. Non-current financial debt	-	-
<b>E. Net cash position (C) + (D)</b>	<b>41.9</b>	<b>42.9</b>

(1) Corrected data, including the finalization of Research and Development Tax Credit assessment

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

The consolidated 2011 first half results including financial status and appendixes are available on Netgem's website (<http://www.netgem.com>) Investors corner/Reports & Documents/Half yearly financial reports.

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

- Q3 2011 Revenues: Week of October 10th, 2011
- Q4 2011 Revenues: Week of January 9th, 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.

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