



## Netgem 2009 Results And Outlook

**Paris, France, January 19th, 2010.** Netgem ([www.netgem.com](http://www.netgem.com)) a leading provider of IPTV technology and services to Telecom operators worldwide has announced their results for 2009 and their outlook for the year ahead.

### Revenue and business performance

2009 saw a sharp growth in revenues at Netgem (+46%) to €146.2 million. This performance included sustained sales in Q4 2009 (€34.3 million), slightly down compared with Q4 2008 (€38.7 million)<sup>1</sup>, the first quarter following the merger of SFR and Neuf.

Revenue from the technology division was up 44% to €131.3 million. Sales at this division were marked in 2009 by the signing of a strategic licensing agreement with SFR<sup>2</sup>, and the first stage in its strategy of international diversification, with particular the signing of two new contracts in Australia (Telstra) and Monaco (Monaco Telecom).

Sales at the Content and Services division amounted to €14.9 million, up 72% on the back notably of the change in scope that took place in October 2008. Sales at this division were spurred on in 2009 by the re-launch of the content distribution and services activities under the VideoFutur brand, notably through the launch in June of the Galaxy offering, the first rechargeable card for multiple entertainment services combining video on demand and DVD rental.

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<sup>1</sup> See press release of 9 January 2009 “2008 results and goals for 2009”.

<sup>2</sup> See press release of 29 June 2009 “SFR and Netgem take software partnership to new dimension”.

Millions of euros - IFRS compliant	Quarter			Cumulative		
	Q4 2009	Q4 2008	Change 09/08	Full-year 2009	Full-year 2008	Change 09/08
Technology solutions	30.4	35.9	-5.5 -	131.3	91.4	+39.9
Content and services	3.9	2.8	15% +1.1	14.9	8.6	+44% +6.3
Total revenue	34.3	38.7	+39% -4.4 - 11%	146.2	100.0	+72% +46.2 +46%
France	30.8	38.5	-7.7 -	140.5	96.0	+44.5
International	3.5	0.2	20% +3.3 x18	5.7	4.0	+46% +1.7 +43%

### Group strategy and outlook

2010 is expected to be driven by the following factors:

In France, the Group feels that the market is maturing, meaning that there may be a certain inflection in the level of triple-play subscribers signed up by telecom operators;

Nevertheless, the agreement entered into in June 2009 provides the Group with visibility to a minimum level of sales to SFR. The full impact of the January 2010 licence sale under this agreement will be seen in the 2010 operating profit;

Internationally, Netgem has over the past months, enjoyed a very positive response to its technology offering from top-level operators, and is continuing its efforts to build up a marketing and pre-sales unit that reflects this potential. This trend justifies the Group's confidence in its ability to significantly grow revenue generated with new operator customers. Netgem believes that, over full-year 2010, the level of business growth, excluding SFR, will be a key indicator as to the effectiveness of its development strategy;

Moreover, and in parallel to this, the Group is looking at possible partnerships with consumer electronic players (“Netbox inside”). Such agreements would enable operators to broaden the distribution of their services beyond their installed bases, and would enable manufacturers to differentiate their products.

Finally, the spin-off of VideoFutur3, which should take place at the end of January 2010, will result in a clearer positioning for the two Group entities vis-à-vis their respective customers and will mean that Netgem is able to deconsolidate the operating losses of its developing subsidiary.

### **General description of the financial position and results**

In light of the positive business performance over the period, the Group continues to strengthen its financial and strong cash position.

### **Deals and highlights**

There was no change in the Group’s scope of consolidation over the past quarter.

- Ends -

### **About Netgem**

Netgem is a pure-play provider of innovative IPTV solutions (software and hardware) for telecom operators. Combining a unique TV and telecom expertise, Netgem has been instrumental in the successful rollout of IPTV in the French market, with 2 millions homes active, and is undertaking the international development of its business.

Netgem is listed on Compartment C of Eurolist–Euronext Paris (NTG FP 7537).  
www.netgem.com. ISIN code: FR0004154060, Reuters code: ETGM.PA, Bloomberg code: NTG FP 7537

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<sup>3</sup> See press release of 9 December 2009 “Netgem proposes to its shareholders 1.36 euro Special Dividend in cash and VideoFutur Entertainment stock”. The deconsolidation in 2010 of the Content and Services division is subject to (i) approval by Netgem shareholders at the Extraordinary General Meeting of 19 January 2010 of the distribution of a dividend in Video Futur stock and (ii) approval by the Euronext Listing Committee.