

The Kudelski Group today

The strategy of the Kudelski Group is to target first and foremost high-added-value mass markets. The Group favours Business-To-Business (BTB) type of marketing models rather than Business-To-Consumer (BTC).

For the past fifteen years, the Kudelski Group has chosen pay television, a domain that has gradually evolved into digital television, as its core business. The Group's added value to this business is a flexible combination of security and access management activities. The Group provides solutions for digital television operators distributing content (television) to millions of subscribers, the end-users of the Kudelski Group's products.

As an extension to its digital television activity, the Kudelski Group created a second sector: access control to public places. Synergies between the two main activities of the Kudelski Group are both strategic (convergence) and technological (security).

The Kudelski Group invests continuously in research and development in order to offer state-of-the-art solutions and technologies. Priority is given to projects with a significant potential of long-term economic profitability. Innovation is encouraged and the Group applies a proactive policy of intellectual property protection, particularly in the form of patent filing.

The recent evolution of the digital television industry has given rise to a series of new opportunities, such as television on the Internet (IPTV), television on mobile terminals (Mobile TV) and television in Push VOD mode. Although these new markets are expected to really take off in 2007 only, the Kudelski Group decided to invest massively so as to be a leader in these new sectors, even if this means a reduced short-term profitability for the Group.

Innovation is an essential value for the Kudelski Group. However, it does not stop at technology. It also involves a creative approach to marketing modes, for example through offers made to clients or through the tools that the Group places at its clients' disposal to enable them to better market their own services. Consistent with this approach, the Group's major digital television customers will be migrated to the rental model in 2006.

In the coming years, the Kudelski Group will concentrate primarily on strengthening its geographical footprint and on extending into areas of related activities so as to increase the value added per unit sold and to reinforce its position in sectors with strong potential. Organic growth remains the top priority, even though an active policy of acquisitions is envisaged in strategic sectors.

Strong growth in revenues and profitability for the Group

Strong organic growth for the Digital TV division

New strategic alliances with Canal+, UGC and Disney

Powerful penetration on the IPTV (Internet television) and mobile TV markets

Nagra Public Access (NPA) profitable again

New NPA structure and access to new markets outside Europe

New Nagra PMA – pyramid amplifier – receives international awards