PRESS RELEASE

2015 ANNUAL RESULTS

Highlights:

- **+11.1% constant currency revenue growth and +32.7% operating income increase**
- **Successful large-scale deployment of innovations in the TV space and solid growth in emerging TV markets**
- **Kudelski Security going global by entering the US market**
- **Continued patent licensing momentum**
- **SKIDATA successfully expanding outside Europe**
- **Positive outlook for 2016, with a guidance of around CHF 1 billion revenues and CHF 75-90 million operating income**
- **Proposing an increased cash distribution (dividend) of CHF 0.35 per bearer share (+16%)**

KEY FIGURES YEAR 2015

(In million CHF)	2015	2014	Variation (%)
Revenues & Other Operating Income	950.8	886.7	+7.2
Operating Income	81.2	61.2	+32.7
Net Income	49.3	33.4	+47.7

Cheseaux, Switzerland – February 18, 2016 - The Kudelski Group (SIX: KUD.S), the world's leading provider of media content protection and value-added service technology, announced today its 2015 annual results.

The year 2015 has been marked by a 32.7% operating income increase and a 11.1% revenue growth in constant currency. Net income improved from CHF 33.4 million to CHF 49.3 million compared to 2014. This will translate in a proposition to increase the dividend by 16%, to CHF 0.35 per bearer share.

In 2015, the Group generated CHF 106.4 million of cash from operating activities.

As importantly, the year has strengthened the global positioning of the Group, has confirmed the validity of key strategic orientations, and allowed the development of activities that will help sustain the future expansion of the Group as highlighted by the

positive outlook for 2016 with a guidance of around CHF 1 billion revenues and CHF 75-90 million operating income.

While the Kudelski Group has confirmed its global leadership position in traditional markets for digital media, it has been able to achieve solid growth in emerging TV markets with the development of major new projects. In the Public Access domain, SKIDATA has achieved the highest growth in its history, expanding its international presence and entering new markets.

The Group has strengthened its strategic positioning by successfully developing innovations on a large scale in the TV space, in partnership with the most significant players in the industry, and joining forces with EchoStar in the smart device area.

The development of new patent license agreements and the expansion of Kudelski Security activities, with a significant move to increase the company's extra-European footprint and make major inroads in the US, have validated the new strategic orientations taken by the Group three years ago and confirmed their growth potential.

SUCCESSFUL LARGE-SCALE DEPLOYMENT OF INNOVATIONS IN THE TV SPACE

In 2015, the Group strengthened its position in the TV market with a series of new contracts and deployments where NAGRA continues to emerge as the platform of choice in the service provider consolidation momentum.

The most significant players in the industry have extended their partnership with NAGRA, using some of the Group's most innovative solutions:

- Liberty Global (LGI), Altice Group, Dish-EchoStar have selected the newest anyCAST content security technologies, a range of disruptive new end-to-end content security solutions, complying with the most stringent Hollywood requirements for 4K Ultra HD content and structurally resilient to new forms of piracy;

- NET in Brazil, TBC in Taiwan have deployed NAGRA OpenTV5 in volumes, which forms the foundation for continuous innovation in consumer experience;

- Telefonica, Altice Group, KBRO in Taiwan, have implemented MediaLive Multiscreen, with the proven flexibility and scalability for a fast growing service now available to millions of users;

- StarHub in Singapore has selected NAGRA's Professional Services for a turnkey migration of an entire TV headend without any service interruption in 2016;

- Mediaset in Italy has deployed new Innovative Wi-Fi Conditional Access Modules (CAM), bridging the quality of the TV experience and easiness of mobile devices to allow consumers to use Android or iOS devices to conveniently discover and view tens of thousands of VOD titles on any digital TV set.

NAGRA launched a number avant-garde projects, the most significant being NAGRA intuiTV, unveiled at CES 2016, a state-of-the art combination of a software platform and high-performance device, allowing consumers to intuitively discover and enjoy all content in one convenient place through an extraordinary ergonomic swipe-to-tune experience.

SOLID GROWTH IN EMERGING TV MARKETS

In emerging markets, solid growth has been driven by major projects including the following:

- The Hinduja Group in India launched with NAGRA one of the largest Headend-in-the-sky (HITS) platforms;

- Sat HD Regional service in Brazil have deployed NAGRA's geo-control system allowing a dynamic regional service and advertising localization;

- VTV Cab in Vietnam launched a range of basic and advanced cable services based on NAGRA anyCAST and Conax Contego security.

Conax solutions have also been selected widely, major projects including the following:

- StarTimes in China deployed "Trusted Link" a media gateway solution to further enhance Direct-to-Home and Digital Terrestrial Television expansion;
- Nuevo Siglo in Uruguay selected CONAX Multiscreen OTT.

JOINING FORCES WITH ECHOSTAR IN THE SMART DEVICE SPACE

The Kudelski Group and EchoStar Corporation have joined forces with the integration of EchoStar Europe's team into SmarDTV. EchoStar became a 22.5% shareholder in SmarDTV. This partnership is designed to reinforce its development and competencies in the set-top box sector, thereby extending the SmarDTV product portfolio.

KUDELSKI SECURITY: GOING GLOBAL BY ENTERING THE US MARKET

Rich Fennessy was appointed Chief Executive Officer of Kudelski Security to build on the foundations set during previous years. His task is to develop and execute Kudelski Security's vision to increase the company's global footprint beyond Europe and to accelerate growth with a specific focus on the US.

Kudelski Security will leverage its core technology developments, especially in new encryption algorithms, automation of private and public networks situational awareness, and aggregated actionable intelligence based on specific threat landscapes to extend its footprint in the cyber security domain.

CONTINUED PATENT LICENSING MOMENTUM VALIDATING THE QUALITY OF GROUP'S INNOVATION

The strength of the Group's 4,500-patent portfolio and its intellectual property strategies were further validated in 2015 through additional patent license agreements with well-known companies including Google, Disney, Vevo, Bloomberg, and a leading European broadcaster. This confirms the quality of the Group's fundamental research, and gives it access, through cross-licensing, to a very relevant panel of portfolios from some of the most innovative companies in the industry.

SKIDATA SUCCESSFULLY EXPANDING OUTSIDE EUROPE

In 2015, SKIDATA achieved the highest growth in its history, 31.2% in constant currency compared to 2014, due both to acquisitions and organic growth. On top of its already established leadership in the ski resort sector, SKIDATA became the world leader in off-street parking.

SKIDATA increased its international presence during the past year by entering new markets with installations in Latvia, Botswana, Guatemala, Panama and Paraguay. In 2015, SKIDATA achieved more than 700 new installations and celebrated its 7000th parking facility installation. The company also opened new offices in Tunisia and India.

2015 new installations included such large-scale projects as Auckland International Airport (New Zealand), Cape Town Stadium (South Africa), Winter Park Resorts (USA) and Gran Torre Santiago (Chile). SKIDATA also developed an innovative flow regulating solution for people onboarding gondolas, to optimize the available load capacity of ski resorts, first deployed in Bad Gastein (Austria).

POSITIVE OUTLOOK FOR 2016, WITH A GUIDANCE OF AROUND CHF 1 BILLION REVENUES AND CHF 75-90 MILLION OPERATING INCOME

In the core digital TV business, the Group will continue to improve its ability to anticipate the needs of operators and content owners, and to enhance the intuitiveness of user experience, taking into consideration the evolving competitive landscape of the Group's customers.

The Groups has today the opportunity to be at the crossroad of traditional operators and specific content-rich platforms. Some arbitrages in terms of market penetration, access to catalogues and user experience streamlining will need to be made. Working with stakeholders from both origins, the Group is meant to play a role in this change of paradigm.

In this field, the Group expects to benefit from solid momentum of key South East Asian markets, where the Group managed to establish a strong competitive position. In Europe and in the Americas, in particular in South America, market conditions are expected to be more challenging. As IP licensing activities have established a robust track record in the past two years, the Group expects to benefit from further agreements in 2016. Overall, iDTV business resilience is expected to be sustained in 2016, resulting in a growing revenue base.

In Public Access, the digitization of access operations is consolidating SKIDATA's position as a global business partner for operators, helping them optimize operational processes and data management, thus further contributing actively to the growth of their business.

In this field, the Group will complete the absorption of the newly acquired entities, with the aim to maintain the growth trajectory of the last few years and materially improve cash generation. Following a year with a particularly strong seasonality, the Group is now implementing measures to reduce a year-end loaded revenue and profit distribution.

Overall, in 2016, the Group expects to maintain the positive momentum from the previous year with expected revenues of around CHF 1 billion and CHF 75 to 90 million operating income.

PROPOSING AN INCREASED CASH DISTRIBUTION (DIVIDEND) OF CHF 0.35 PER BEARER SHARE (+16%)

Considering the solid performance of the Group in 2015 and the perspectives for 2016, the Board of Directors is proposing to the Annual General Meeting to pay CHF 0.35 per bearer share.

Technically the Board of Directors is proposing to reduce the bearer share par value by CHF 2.00, of which CHF 1.65 will be attributed to capital contribution reserves and a CHF 0.35 cash distribution (dividend) will be distributed to shareholders as capital redemption. Proposed capital reduction respectively redemption for registered shares amount to CHF 0.20 respectively 0.035.

Note to the editor

The 2015 Financial Statements and MD&A are available in PDF format at: www.nagra.com > Investors > Publications

About the Kudelski Group

The Kudelski Group (SIX: KUD.S) is a world leader in digital security and a provider of end-to-end convergent media solutions to the digital entertainment industry, including services and applications requiring access control and rights management to secure the revenue in digital television, internet, mobile and interactive applications. The Group offers cybersecurity solutions and services to enterprises, financial institutions, government administrations and the media industry. It also supplies integrated solutions to manage access control of people and vehicles to sites and events. For more information, please visit www.nagra.com

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