**Press Release**

## *FIRST HALF 2009 -TRANSITION TO SERVICE MODE COMPLETED*

- **More than 114 million active smartcards/devices**
- **Total revenues and other operating income reach CHF 454 million (+ 7%)**
- **CHF 8.5 million operating income (+CHF 27 million comparing to first half 2008)**
- **Strong resilience of the Public Access division and substantially stable economics in Middleware and Advertising**
- **Increasing footprint in Europe, South America and Asia with significant new client wins**
- **Positive outlook for the second half of 2009 with improved profitability; Upward revised guidance for the full year**
- **Innovation : Shaping the future of Television 2.0**

**Key figures half year 2009**

| **(in CHF '000)** | **January/June 2009 Unaudited** | **January/June 2008 Unaudited** | **Variation %** |
|---|---|---|---|
| Revenues | 447'608 | 418'386 | +7.0% |
| Other operating income | 6'372 | 5'820 | +9.5% |
| **Total** | **453'980** | **424'206** | **+7.0%** |
| OIBDA | 35'584 | 11'732 | +303.3% |
| **Operating income** | **8'456** | **-18'463** | |
| **Net Income / (loss)** | **483** | **-39'839** | |

**Cheseaux, Switzerland – August 28, 2009** - The Kudelski Group (SIX:KUD.VX), the world's leading provider of media content protection and value-added service technology, announces today its half year 2009 results. During this period, the Group started to reap the fruits of the migration of a significant share of its digital TV conditional access deployed base to the service model. In 2008, the Group delivered over 25 million new generation upgrade smartcards to key operators including Dish (Echostar), Bell and Sogecable. In the first months of this year, the migration was completed. Moreover, since June of this year, the cards deployed at Echostar started to yield the full monthly service fee.

With the completion of the transition to the service model, the Digital TV division has materially improved its operating profitability in this first half and is expected to further recover in the second half. Together with a strong resilience of our Public Access division and with substantially stable economics in Middleware and Advertising, this results in a growing revenue base and a material improvement of the Group operating profit.

Total revenues and other operating income are 7% higher than in the first half of 2008, reaching CHF 454 million. The “Margin after cost of material” (a pro forma non-IFRS item) is CHF 18.2 million higher, due to new agreements with strategic partners. With an operating income of CHF 8.5 million, the Group reversed the loss of last year’s period, improving its operating margin by CHF 27 million. Compared to the same period of last year, personnel expenses grew by CHF 8.3 million reaching CHF 185.2 million, while net income for the first half year was marginally positive at CHF 0.5 million

**STRONG DIGITAL TV MOMENTUM**

The Digital TV segment generated sales of CHF 301.3 million, delivering a strong 12.2%, growth rate. Profitability recovered with operating profit improving by CHF 33.2 million to reach CHF 20.9 million.

European net sales increased by 7.9% to CHF 168 million. Among the highlights of this first half, the Group Italian business did particularly well, both due to a strong growth of Mediaset Premium cards as well as increasing sales of SmarDTV Common Interface modules. Furthermore, Canal+ and TVCabo experienced high double digit growth rates compared to the same period of last year.

American net sales soared with a plus of 42.7%, as the final delivery of upgrade smart cards at Echostar more than compensated slower sales in Latin America.

Asian sales declined by 12.9% reaching CHF 43.6 million, as some large operators slowed down investments in new operations and for subscriber acquisition due to the economic downturn.

**RESILIENT PUBLIC ACCESS**

While the economic downturn affected the Public Access business, the impact was restricted, as the decline of net sales was limited to CHF 4.2 million and operating income was down CHF 3.2 million. The careful management of the Division’s cost base was the key driver enabling the satisfying profitability development.

Public Access performed particularly well in Europe, with sales increasing by 2.1% compared to the first half 2008, while extra-European sales declined to an absolute level comparable to the first half 2007’s.

In light of the customary seasonality of this business, Public Access is well in line to maintain a satisfactory profitability for the full year.

**MIDDLEWARE AND ADVERTISING IN LINE WITH FIRST HALF 2008**

The Middleware and Advertising top line growth for the first half was at 1.3%, with net sales reaching CHF 65.4 million. Asia/Pacific and Africa were the largest sales contributor at CHF 23.4 million, representing a strong growth of 22.6% compared to the first half 2008. On the other hand, both Europe and Americas were down by close to 8% compared to the previous half year, reflecting a slow down in set-top box shipments observed at selected customers.

Middleware and Advertising segment contribution is regressing compared to the first half of last year, with an operating income at CHF 5.4 million, representing a decline of CHF 1.9 million compared to the first half 2008.

**CLIENT WINS**

During the first half of 2009, the Digital TV division has continued to win new contracts in both traditional and new business areas. In addition to the already announced contracts, the following deals are communicated in this press release:

HD+ (Germany)

Nagravision expands set-top box integration and certification program to insure multiple HD+ set-top boxes availability at commercial launch. Nagravision proven retail model combines smart cards with set-top boxes for pre-paid viewing. HD+ is a subsidiary of the satellite operator SES ASTRA, the leading direct-to-home (DTH) system in Europe. HD+ is a new and additional program offerings in HD via satellite for the German market bringing attractive TV offerings in high-resolution. The first commercial channels to be carried by the HD+ service are RTL and VOX, which will start to broadcast their HD programmes in autumn this year. In January 2010, the channels Sat.1, ProSieben and Kabel eins will follow.

Abertis (Spain)

Nagravision has consolidated its clear conditional access solutions leadership in Spain by having been selected by Abertis Telecom - the leading technology operator in Spain offering PayTV retail services to broadcasters – to protect its “TDT Premium” white brand horizontal retail platform. Nagravision delivered for Abertis Telecom an end-to-end ecosystem ensuring a retail market of devices (STBs, iDTVs and CAMs) closely collaborating with leading manufacturers like Samsung, Sony, Philips, Panasonic, Vestel, Pace, Sagem, Siemens-Gigaset, Zinwell, ADB and more.

Canal Overseas (Vietnam DTH)

Through a competitive tendering process Nagravision has been selected as Vietnam Satellite Digital Television’s (VSTV) sole provider of conditional access technology. VSTV is a joint venture between the Canal+ Group and Vietnam Cable Television, a subsidiary of Vietnam’s public service broadcaster VTV, which aims to bring satellite pay television to Vietnam

Growing momentum in the Americas

- DISH Mexico, a partnership between Telmex, MVS and Echostar, has launched end of 2008 a satellite offering in 15 cities of Mexico using NAGRA Media ACCESS. In July this year, DISH Mexico reached 530.000 subscribers expecting to double its current subscriber base by year end.

Several additional contracts were signed in the first half of the year:

- In Panama, American Movil selected NAGRA Media ACCESS to protect their 6th deployment in the region

- Claro Puerto Rico DTH will launch this year a NAGRA Media DTT end-to-end solution including conditional access, middleware and DVRs
- Oi Brazil a major Brazilian telecommunications company selected NAGRA Media DTH solution for its DTH platform
- Cable Magico Peru will deploy more than 100 000 STBs with NAGRA Media Livewire OS ecosystem to address the growing need of providing cost effective solutions for cable subscribers
- Brazil second largest telecommunications company, Embratel, is deploying NAGRA Media ACCESS solution to secure the content and provide access to over 100'000 subscribers over its DTH platform
- In the US, Globecast has launched NAGRA Media Livewire OS for their new STB

**TV 2.0: NAGRAVISION BRINGS WIDGET SERVICES TO PAY TV OPERATORS**
Nagravision will disclose at the IBC 2009 (September 10-14, 2009) its new NAGRA Media widget publishing platform. A widget is a smart, intuitive, easy-to-use software application that lets consumers play with graphics and information online. It creates a targeted and familiar environment with recommendation of relevant data for users. Delivering personalised services to the users increases the usage rate which translates to direct revenue, ads revenue, cross selling opportunities for the operator. Embracing widgets as the starting point for Internet-enabled TVs allows operators to attract new subscribers, retain existing ones, and utilize Internet social networks and content for viral promotions. The platform allows operators to jointly develop with content partners, advanced Widgets services in relation to live or on-demand content for pay TV subscribers. Additionally, operators can incorporate Internet ad serving services to complement traditional broadcast media revenues.

**OUTLOOK**
With the completion of the migration of over 30 million active devices to the service model early this year, the profitability of the our Digital TV division has started to recover during the first half of 2009. In the second half-year, the division's operating performance will further improve, as it will fully benefit from the revenues generated by the installed base of cards / devices in the service model.

The Public Access and the Middleware and Advertising divisions have shown an overall bottom line stability in this first half, with a performance substantially in line with the previous year. While we do not anticipate a short-term reversion to historical market growth rates, we expect both divisions to maintain their respective momentum in this second half.

In spite of the slower than expected top line development in some areas, the successful management of the mass transition to the service model and the tight control over the Group cost base result in an improvement of the operating income outlook for the full year.

As announced on February 27, 2009, the management guidance for total revenues remains between CHF 1.07 billion and 1.1 billion, while the operating profit is reviewed upwards between CHF 60 million and 70 million.

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**Note**
The half year 2009 Financial Report PDF is available on
http://www.nagra.com/ir/2009/kudelski_en.pdf

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## Note to the editor

**About the Kudelski Group**
The Kudelski Group (SIX: KUD.VX) is a world leader in digital security and convergent media solutions for the delivery of digital and interactive content. Its technologies are used in a wide range of services and applications requiring access control and rights management to secure the revenue of content owners and service providers for digital television and interactive applications across broadcast, broadband and mobile delivery networks. The Kudelski Group is also a world technology leader in the area of access control and management of people or vehicles to sites and events. It additionally offers professional recorders and high-end hi-fi products. The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland. For more information, please visit www.nagra.com

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