PRESS RELEASE

2012 ANNUAL RESULTS

- **Total revenues of CHF 860.3 million sustained by strong emerging markets**
- **Restructuring program completed resulting in CHF 86.8 million total savings**
- **Operating income before restructuring costs at CHF 67.7 million and operating cash flow at CHF 110.5 million**
- **Restored profitability with net income of CHF 16.1 million**
- **Cyber Security and IP licensing on track, while display cards deployment exceeded expectations**
- **High profile new wins with last generation solutions at Foxtel and Starhub**
- **Top line growth expected for 2013 with improved net profitability**

(in million CHF)	2012	2011	Variation %
Total Revenues and OOI	**860.3**	**896.6**	**-4.0%**
Operating Income (w/o restructuring costs)	**67.7**	**35.3**	**+91.8%**
Operating Income	**35.7**	**25.4**	**+40.6%**
Net Income	**16.1**	**-17.7**	**N/A**

Cheseaux, Switzerland – February 28, 2013 - The Kudelski Group (SIX: KUD.S), the world's leading provider of media content protection and value-added service technology, announced today its 2012 annual results.

Total annual revenues and other operating income reached CHF 860.3 million. The 3.4% revenue reduction was partly driven by the 2011 divestment of the audio business, Polyright, EmbedICs, Medioh and Nagra Thomson Licensing. The lower other operating income reflects a reduction of innovation subsidies to French operations.

At CHF 35.7 million, the reported operating income for the year increased by CHF 10.3 million from the previous year, while the Group restored profitability with a CHF 16.1 million net income.

2012 cash flow generation was strong. In 2012, the Group generated cash flow from operating activities of 110.5 million, representing an increase of CHF 23.8 million from the previous year. The Group used CHF 27.7 million cash for investing activities, compared to CHF 72.8 million in 2011.

The Group strengthened its balance sheet structure as it significantly reduced its indebtedness by refunding its CHF 350 million convertible bond in October and secured a new committed CHF 145 million syndicated credit line facility.

RESTRUCTURING PROGRAM RESULTING IN CHF 86.8 MILLION SAVINGS

The successful completion of the restructuring program initiated in 2011 was the main driver of the turnaround in profitability. The restructuring program enabled the Group to achieve total savings of CHF 86.8 million, of which CHF 71.0 million were delivered in 2012. While the Group has benefited from a more favorable exchange rate development, a stronger USD and emerging countries' currencies reduced total net savings. Net of CHF 32.0 million restructuring charges, the Group achieved an operating income of CHF 67.7 million, compared to CHF 35.3 million in 2011.

Personnel expenses decreased by CHF 7.5 million from 2011 and by CHF 33.5 million between 2010 and 2012. Group headcount at the end of the year stood at 2'931 full time equivalents compared to 2'999 at the end of 2011. Between the end of 2010 and the end of 2012, headcount declined by 137 units, as the Group significantly rebalanced the geographic mix of its operations, in particular through a continued buildup of its Indian operations.

In 2012, the Group achieved savings of CHF 41.4 million in other operating expenses as compared to 2011. This 22% spending reduction follows the CHF 44.9 million reduction of other operating expenses in 2011. Over this two-year period, the Group achieved total savings of CHF 86.3 million in other operating expenses, representing 37% of the Group 2010 spending base. The systematic replacement of expensive external resources with new lower cost internal resources was the key enabler of these cost savings.

STRONG MOMENTUM ACROSS EMERGING MARKETS

2012 was marked by strong demand for the full Group's portfolio in South America. Brazil continued to fuel growth, even on the back of the growth experienced in 2011, becoming the second largest market after the US for the Group, with revenues increasing by CHF 25.6 million to CHF 96.3 million.

The Indian market provided a further strong highlight for the Group, with yearly revenues close to double previous year's and with a stream of new customer wins in the Southern and Western Indian cable markets.

In China, NAGRA won the Video-On-Demand roll-out for the province of Guangdong targeted for commercial launch in the first half 2013.

Africa's accelerating TV digitization presents a promising new growth driver where NAGRA's integrated cost optimized solutions are showing an excellent market fit, as witnessed by wins of greenfield 2013 roll-out projects like Nigeria's COMSAT satellite launch and Tanzania's BTL terrestrial platform. SmarDTV has been selected by Canal Overseas as the key technology supplier for their African deployments. In 2012, the African region already provided a material contribution to Integrated Digital TV (hereafter "iDTV") sales. Africa will remain a focus of our emerging market development strategy for 2013 and beyond, as a new land of opportunity.

HIGH PROFILE WINS WITH LATEST GENERATION SOLUTIONS

In Australia, the Group has won a groundbreaking project at Foxtel for the deployment of a next generation platform. NAGRA will deliver its latest generation MediaLive Service Platform as well as a set-top box software suite, including in particular a new user experience as well as a portfolio of applications. This next generation platform will enable Foxtel to provide a coherent set of services across all their connected set-top boxes and home devices such as tablets and smart phones.

OpenTV5, NAGRA's next-generation HTML5 middleware platform, successfully launching with Telefonica on a worldwide basis has also been selected by Starhub along with the MediaLive Service Platform as the core of their new generation of hybrid boxes and home gateways. The new OpenTV5 platform enables the distribution of video services within the home cloud and beyond to support TV and extended media consumption across numerous devices.

NEW INITIATIVES GETTING TRACTION

Kudelski Security, a division of the Kudelski Group, has been launched in November 2012. It is an innovative independent Swiss provider of tailored Cyber Security solutions and services to enterprises, financial institutions, government administrations and the media industry. The cyber security division development is on track with new clients already on board and a growing number of promising prospects.

Kudelski Security secured a major industry-wide initiative in Latin America and will provide the advanced technical services used by Alianza. Expanding an initial collaboration between DIRECTV and NAGRA, 20 leaders in the pay-TV industry joined forces to create Alianza. Alianza brings together most of the major players in the Latin American pay-TV industry and creates a framework for broader industry collaboration in the fight against the new trends in piracy.

Kudelski IP licensing activities are progressing as planned with the Group continuing its investments for the extension of its IP portfolio and the set-up of licensing agreements.

In 2012, NagraID Security display cards gained significant traction, with deployments at over 20 financial institutions boosting revenues by a factor six compared to the previous year to pass the mark of CHF 10 million in 2012.

OUTLOOK AND PROPOSED DIVIDEND

In spite of the deconsolidation of Abilis, a subsidiary disposed of on December 13, 2012, the Group targets growing top line revenues from its iDTV segment. Growth initiatives, including new Digital TV solutions, NagraID Security's display cards and to some extent the new cybersecurity and IP licensing business lines are forecasted to drive the segment top line growth. In the core iDTV market, weak fundamentals in Europe will continue to affect volumes. In 2013, iDTV profitability will fully benefit from the effects of the restructuring program, as all restructuring costs have been accounted for in 2011 and 2012.

In the Public Access segment, the Group expects growth to recover to historical levels as well as a positive development of profitability.

On this basis, management expects to report 2013 total revenues and other operating income between CHF 860 and 885 million and an operating income between CHF 60 and 75 million.

The Board of Directors of Kudelski SA will propose to the Annual General Meeting of April 30, 2013 the payment of a dividend of CHF 0.20 per bearer share and CHF 0.02 per registered share. The ex-date will be May 3, 2013.

Note: The 2012 Financial Statements and MD&A are available in PDF format under: www.nagra.com >> Investors >> Doc Center

Note to the editor

About the Kudelski Group
The Kudelski Group (SIX: KUD.S) 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. The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland. For more information, please visit www.nagra.com

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