

Press Release

2013 HALF YEAR RESULTS

HIGHLIGHTS:

- Stable revenue base with strong momentum in American markets
- Improved operating income and net income
- Solid cash flow generation
- Stream of new wins in Asian Digital TV market
- Internet TV gaining traction
- Kudelski Security expanding its footprint in cyber security market
- Confirmed full year guidance

KEY FIGURES HALF YEAR 2013

(In million CHF)	1H 2013	1H 2012 (restated)	Variation
Revenues & Other Operating Income	390.2	388.3	+ 1.9
Operating Income	16.9	-2.5	+ 19.4
Net Income	10.3	-9.7	+ 20.0

Cheseaux, Switzerland – August 20, 2013 - The Kudelski Group (SIX: KUD.S), the world's leading provider of media content protection and value-added service technology, announced today its 2013 half year results.

STABLE REVENUE BASE WITH STRONG MOMENTUM IN AMERICAN MARKETS

Total revenues and other operating income for the first half year increased by CHF 1.9 million to CHF 390.2 million, in spite of the divestiture of Abilis, a Group entity sold on December 13, 2012. Sales of SmarDTV devices as well as NagraID Security display cards were among the key drivers supporting the top line.

While the European crisis and weak consumer sentiment continued to affect the European Digital TV business, the American Digital TV business posted a 12.1% growth. Both the South American and the North American markets contributed to the strong regional performance. In North America, a large number of new smart cards delivered to Dish Network underpinned the top line, while a further expansion of Group's footprint in South America

enabled continued strong performance in that region. Nagra's footprint continues to expand with the win of Racsa, the largest Costa Rican telecom company, selecting Nagra's hosted Medialive multiscreen over-the-top service. Furthermore, Telefonica's middleware roll-out is progressing according to plan, with the deployment of OpenTV5 starting in Chile. Telefonica Chile also starts leveraging SmarDTV's highly cost optimized and pre-integrated set-top boxes.

Similarly, SkiData performed well in the American market, posting 46.5% growth, with strong momentum both in North America and South America, including in particular first installations in Peru, Columbia and Uruguay, as well as contracts for airport parking projects in Chile and Uruguay.

IMPROVED OPERATING INCOME AND NET INCOME

Following the successful completion of the 2011-2012 restructuring program, the Group reports a CHF 16.9 million operating income compared to the CHF 2.5 million operating loss in the first half of 2012. In the first half of last year, operating expenses included CHF 19.8 million of restructuring costs. This first half's operating income was comparable to the first half 2012 operating income before restructuring costs, in spite of the ongoing investments in cyber security. The Group turned the CHF 9.7 million net loss for the first half 2012 into a CHF 10.3 million net income for the first half of this year, improving net profits by CHF 20.0 million.

Following previous periods' cost saving, in the last six months the number of employees has grown by 106, among others as a consequence of the ongoing investment in the Group's cyber security business and SkiData further insourcing of its software development activities.

SOLID CASH FLOW GENERATION

Cash flows were strong in this first half. The Group generated CHF 51.9 million cash from operating activities, compared to CHF 26.3 million in the first half 2012. The Group used CHF 11.3 million of cash for investing activities, compared to CHF 11.8 million in the prior year's first half, reflecting the Group's tight management of capital expenditures. The Group used CHF 61.1 million for the reimbursement of bank overdrafts, long term loans and other non-current liabilities.

STREAM OF NEW WINS IN ASIAN DIGITAL TV MARKET

In Asia, the Group continues to extend its footprint, benefiting from a stream of new contract wins.

In the Chinese market, the Group is in the process of deploying its Video on Demand solution suite in the first of eight cities in the Guangdong province. Moreover, the Group entered into an agreement with Shandong Cable, one of the largest cable operators in the world, for the deployment of Nagra CAS and is starting head-end deployments in 17 cities of the Shandong

province as of this fall. Further, Nagra continues to extend its leadership in the Taiwanese market, with NanKuo cable selecting the latest generation Nagra CAS. In Mongolia, Sansar Cable and DDishTV selected a complete pre-integrated Nagra solution consisting of Nagra CAS, SmarDTV devices and OpenTV middleware for their cable and satellite networks.

Following a strong 2012 with the deployment of over a million iDecode-based devices with embedded security, Nagra continues to expand its footprint in the Indian digital cable market, entering into an agreement with GTPL. GTPL, a large cable operator in western India formerly using a third party CAS system, is initially deploying Nagra CAS on 700'000 digital set-top boxes.

INTERNET TV GAINING TRACTION

The Group Internet TV solutions continue to progress steadily. In the US, the Group further extended the scope of its partnership with Dish Network, supporting Dish's streaming and side-loading services with the Nagra PRM solution. The supported streaming service allows content streaming from a home gateway to mobile devices, using Echostar's Sling technology, while side loading allows the transfer of content to mobile devices, with Nagra providing the security functionality for both services.

As a foundation for the continuous evolution of their content portfolio including the recent launch of BT Sport, British Telecom are protecting their IP multicast TV service with Nagra integrated CAS.

In the French market, Nagra is expanding the scope of its security portfolio with Canal+ Group. Canal selected Nagra secure media player supporting a broad range of open devices.

Nagra Persistent Rights Management solution is also gaining traction with broadcasters. HBO Europe's popular over-the-top service will be protected by Nagra's PRM on connected TVs, PCs, smart phones and tablets in Central and Eastern Europe.

KUDELSKI SECURITY WELL ESTABLISHED IN CYBER SECURITY MARKET

Kudelski Security has established a strong presence in the cyber security market completing the first engagements for media, financial service and government institutions. Furthermore, Zurich Insurance Group selected Kudelski Security for the support of an innovative cyber insurance product.

CONFIRMED FULL YEAR TOP LINE AND PROFITABILITY GUIDANCE

For the second half of 2013, the Group expects favorable seasonality, similar to last year, in the Integrated Digital TV segment. In particular, the Group expects the positive momentum in the Asian Digital TV market to translate into a solid second half top line. In the Public Access segment, the Group expects that seasonality will be more pronounced than last year, resulting in a positive operating income and a growing top line for the full year. The Group

confirms the full year guidance, with total revenues and other operating income between CHF 860 and 885 million and operating income between CHF 60 and 75 million.

The 2013 first half Financial Statements and MD&A are available in PDF format under:
www.nagra.com/investors-doc.html.

Note to the editor

About The Kudelski Group

The Kudelski Group is listed on the Swiss Stock Exchange (SIX:KUD:S). It is a world leader in digital security; its technologies are used in a wide range of services and applications requiring access control and rights management to secure the revenues of content owners and services providers for digital television. The Group also offers cyber security solutions and services focused on helping companies assess risks and vulnerabilities, and protect their data and systems. The Kudelski Group is also a 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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