

PRESS RELEASE

Kudelski Group : good results in 2001 in a volatile environment

(in CHF thousand)	2001	2000	Variation %
Total Income	455,445	359,527	+ 26.68%
Gross Margin	269,794	178,316	+ 51.30%
EBITDA	102,247	86,697	+ 17.94%
EBIT	82,973	75,405	+ 10.04%
Extraordinary items	-16,334	-	-
Net Profit	72,086	66,618	+ 8.21%

Cheseaux, April 16th, 2002 – For the fiscal year 2001, the Kudelski Group announces total income of CHF 455.4 M, (+26.7%), EBITDA of CHF 102.3 M and net profit of CHF 72.1 M (+8.2%) after extraordinary items of CHF -16.3 M which include a provision for risks related to the IPPV lawsuit.

If the progress in total revenues is apparently less spectacular than in 2000, it is principally due to the risk management strategy adapted to the new situation, with focus being placed on the improvement in gross margin rather than on total income growth. This new policy has allowed the gross margin to grow by 51.3% to reach CHF 269.8 M. while reducing the associated financial risks.

A highlight of the year 2001 was the inclusion of six new companies into the Group. Of these, two are active in the digital television sector (Livewire, Lysis) while four (SkiData, TicketCorner, e-prica, AccessArena) bolster the Group's activities outside TV. The physical access sector had a good 2001 fiscal year.

In the digital TV and Broadband Internet sector, the Group's basic business, over 25 new systems were deployed in 2001 and between 9 and 10 M smart cards for new subscribers were delivered.

Despite a difficult situation in the European digital TV market, Nagravision has successfully concluded several new deals recently :

- 3 new contracts in the Europe / Middle East and Africa Region, representing short term deliveries of several hundreds of thousands of smart cards. In the medium term, the potential exceeds by far one million cards. Due to confidentiality, the names of these customers (cable and satellite) cannot be currently disclosed.
- A contract with Global Vision in Indonesia allows Nagravision to break through the Indonesian DTH market.
- A contract with IndoSat, one of the most important cable operators in Indonesia.

- In the United States, Globecast has chosen Nagravision for the distribution of its services to operators through cable and satellite networks. Nagravision's systems will be installed on headends in Los Angeles, Miami and New York.

In addition to the new customers who recently selected Nagravision, several new businesses are in final stages of negotiation in China.

In Portugal, TV Cabo, who has already been using a Nagravision system since 1998 for its satellite services, has placed an important order with Nagravision in the framework of the deployment of its digital cable network and of its interactive services, as well as for its MMDS transmissions.

Changes in the Group's structure

The Board of Directors elected Mr. Claude Smadja as Vice Chairman of the Board of Directors and President of the Audit Committee effective April 1st, 2002. Mr. Smadja joined the Board of Directors in 1999 and his know-how in macro-economics strategy is highly appreciated.

Due to the inclusion of new companies into the Group, it was necessary to provide the digital TV as well as the physical access sectors of the Group with coherent structures. In each area, integrated product development and sales forces now allow the Group to benefit from additional advantages to meet the needs of a more demanding market. Thanks to increased efficiency in the structure, a large number of new strategic projects have been launched.

Perspectives for 2002

The European digital TV market is not performing well : stagnation of operational results, large debt, all of this particularly due to high new subscriber acquisition costs. While the awareness of the situation is relatively recent, the origin is to be found a few years ago. The Kudelski Group is paying a lot of attention to this situation and is working with operators to find solutions that are adapted to the new digital TV environment and to support the upswing of the sector, which is expected to take place during the second half of 2002.

However, this context is specific to Europe. In America and in Asia, the situation seems more favorable. Nagravision should collect the benefits particularly during the second half of 2002. Approval from the American regulatory authorities regarding the EchoStar – DirecTV merger should improve the situation even further.

In conclusion, the Kudelski Group expects a good fiscal year 2002 however with a hard first semester in contrast with a promising second half. Finally, the Kudelski Group intends to collect the first benefits of its strategy of convergence between digital TV, Internet, mobile phones and physical access.

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