

## PRESS RELEASE

**Kudelski Group : First Half 2001 Results : 15% revenue increase and strong growth expected for the 2nd half.**

	<b>1<sup>st</sup> half 2001</b>	1 <sup>str</sup> half 2000	Variation
Revenues	<b>CHF 158.5 m</b>	CHF 138.1 m	+15%
Operating income	<b>CHF 19.6 m</b>	CHF 28.4 m	- 31%
Net profit	<b>CHF 21.8 m</b>	CHF 23.7 m	- 8%

### **First Half 2001 Results**

The Kudelski Group announces a 15% revenues increase for the first half of 2001. Total revenues reached CHF 158.5 m with an operating income of CHF 19.6 m. and a net profit of CHF 21.8 m.

These results do not include any exceptional provision for the IPPV lawsuit since the court has not yet decided on the motions filed by NagraStar and Echostar, following the decision returned by the popular jury.

The sales increase over the first six months of 2001 is not as strong as it was the previous year. The first half of 2000 had been recognised as exceptionally strong and was compensated by a softer second half.

The operating income and the net profit reduction is mainly due to the increase in operating expenses that are necessary and in line with the projected growth for the full year as well as the impact of the acquisitions realized during the first half of the year.

### **Commercial Activities**

Nagravision continues its expansion and announces three new contracts in China, England and in the US with:

- ❑ He Nan Cable TV, with currently 200,000 analog subscribers in the Zhengzou region (He Nan Province) will have 450,000 subscribers by the end of this year. The mid-term potential for this network is between 4 and 5 million subscribers.
- ❑ E-On cable in England, with a potential of 100'000 subscribers in the near future. This confirms the leading position of Nagravision in UK cable.
- ❑ A soon to be disclosed digital TV operator in the US.

**Trend for the second half 2001**

New contracts are in the final phases of negotiation and should be announced during the second half of this year. In parallel with the sales of new systems, we have seen a record increase in requirements for smartcards from our customers. These elements confirm the positive trend for the full year 2001, with a seasonal breakdown similar to the one that was observed in 1999.

**Acquisitions**

Following the approbation of the regulatory authorities, SkiData has recently joined the Kudelski Group. The integration of Lysis and Nagravisio is proceeding according to expectations and should be completed by the end of the year.

For more information, please contact Mr. André Kudelski on (+41 21) 732 0103.

Cheseaux, 6th September 2001