PRESS RELEASE

2016 HALF YEAR RESULTS

Highlights:

- Solid Group performance with revenues & OOI up by +11.6% and net profit increasing by +115.2%
- Robust performance of the integrated Digital TV division with +51.8% growth in Asia/Pacific & Africa
- Further wins in core digital TV markets on all continents
- Expanding the digital TV technology portfolio through R&D and acquisition of NexGuard, the watermarking leader (July 2016)
- Continued patent licensing momentum with the addition of new major licensees including Verizon, Yahoo and a Fortune 50 company
- Establishing the basis for future growth for Kudelski Security in the USA by setting up the Phoenix Kudelski Security HQ, acquiring Milestone and recruiting key global executives
- Executing upon the global expansion strategy of Public Access initiated in 2015 with strong momentum and revenue growth reaching 51.3%
- Positive outlook for 2016 with a guidance of more than CHF 1 billion in revenues and between CHF 90-100 million of operating income

KEY FIGURES HALF YEAR 2016

<table>
<thead>
<tr>
<th>(In million CHF)</th>
<th>1H 2016</th>
<th>1H 2015*</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues &amp; Other Operating Income</td>
<td>481.8</td>
<td>431.7</td>
<td>+11.6 %</td>
</tr>
<tr>
<td>Operating Income</td>
<td>33.4</td>
<td>35.9</td>
<td>- 6.9 %</td>
</tr>
<tr>
<td>Net Income</td>
<td>21.0</td>
<td>9.8</td>
<td>+ 115.2 %</td>
</tr>
</tbody>
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*Restated
Cheseaux, Switzerland, Phoenix, AZ, USA – August 18, 2016 - The Kudelski Group (SIX: KUD.S), a leading provider of media content protection and value-added service technology, announced today its 2016 half year results.

For the first half 2016, total revenues and other operating income increased by 11.6% to reach CHF 481.8 million, with operating income of CHF 33.4 million, which is 6.9% lower as compared to the first half 2015. Net income increased by 115.2% to CHF 21 million compared to the first half 2015.

The Kudelski Group was able to deliver solid performance during the first half 2016 as a result of previous strategic decisions and in spite of adverse market conditions in some countries. More specifically, the Group’s performance during the first half benefitted primarily from the following factors:

- SKIDATA experienced strong revenue growth primarily in its non-European business, which reflects the solid execution of the company’s strategic expansion plan. The broader application of the percentage-of-completion accounting method (POC) at SKIDATA has also reduced the volatility of the company’s results, which allows us to better report the operational reality.

- Robust performance of the integrated Digital TV division, in spite of adverse market conditions in South America and in some countries in Europe, demonstrates the division’s diversified customer footprint and product portfolio.

- Efforts to optimize the Group’s cost structure continue, including through an evolution of the Group’s overall geographic location mix.

The integrated Digital TV (iDTV) segment was resilient in this first half, with a stable core digital TV business and strong momentum at Conax. Reported iDTV revenues increased by 1.7% to CHF 336.7 million.

In the Public Access segment, SKIDATA posted its best ever first half revenue growth with revenues reaching CHF 138.8 million, representing a 51.3% increase over the same period last year, and its first ever positive first half operating income, which improved from a CHF 15.3 million loss in the first half of 2015 to positive CHF 0.2 million. Using the first half 2015 revenue recognition method, SKIDATA would have achieved a 28.3% sales increase.

FURTHER WINS IN CORE DIGITAL TV MARKETS

The Group entered into several new contracts and completed new deployments in the digital TV segment.

EUROPE

- As part of its strategic supplier agreement with the rapidly expanding Altice Group, NAGRA anyCAST CONNECT will be deployed in various Altice subsidiaries worldwide, including SFR/Numericable and HOT Telecom in Israel. The solution will also allow Altice to launch a new all-in-one home center.

AFRICA

- NAGRA’s footprint in Africa continues to grow. After being selected for Digital Terrestrial Television (DTT) in South Africa, NAGRA’s latest cardless and DRM content protection
technologies enabling advanced features such as Push Video On Demand have been chosen by Nigeria’s National Broadcasting Commission for their nationwide DTT project. Other African countries are launching their DTT switchover with NAGRA this year, some of them relying on SmarDTV’s devices embedding NAGRA’s latest cardless content protection solution.

AMERICAS

- In the USA, CableOne continues to expand its 41 city footprint to all digital with NAGRA products and services. NAGRA is also supporting CableOne’s initiative to offer higher quality services to its broadband clients.
- In Brazil, NAGRA is deploying new features for NET, including a new 4K platform for both cable and satellite to support the Olympics.
- In Colombia, America Movil is deploying NAGRA’s end-to-end ecosystem. The platform allows America Movil to connect its cable subscribers to its advanced Subscription Video On Demand platform in the Cloud known as Claro Video.
- SmarDTV is expanding its market presence to Mexico with a contract with Dish Mexico.

ASIA PACIFIC

- In Singapore, StarHub launched Netflix in May 2016 in full HD quality using NAGRA’s MediaLive Suite and anyCAST CONNECT content protection.
- StarHub’s MediaHub headend relocation and migration from cable to IP, with NAGRA as overall system integrator, is progressing according to plan.
- Vietnam Cable VTV has selected SmarDTV’s 4K set-top boxes for its high-end offer.
- In Korea, SkyLife has renewed our contract, selecting NAGRA as its next generation CAS vendor for smartcard-based and cardless operations.
- In Taiwan, Kbro/Taiwan Mobile has selected NAGRA for its Over-The-Top platform which launched in June.

Conax continued its strong momentum, delivering robust first half results with high volume performance in key growth markets such as the Americas and India. It added five new customer contracts including new Over-The-Top projects in the Americas and a national telecom greenfield operator in Europe for DTT and DVT-T2 operations.

EXPANDING THE DIGITAL TV TECHNOLOGY PORTFOLIO

The Kudelski Group announced in July 2016 the acquisition of NexGuard Labs BV, a leader in digital content watermarking solutions, expanding the Group’s portfolio of end-to-end content protection solutions, thus marking a key milestone in the Group’s growth strategy in security.

Watermarking is a key component of the content protection chain, helping to prevent illegal sharing, ensure full traceability and provide guarantees to end-users in terms of quality. The use of this technology has become a major requirement from content owners, especially for 4K, High Dynamic Range and live sports events distribution. It also helps pay-TV operators ensure that content is not distributed illegally.
CONTINUED PATENT LICENSING MOMENTUM

In the first half of 2016, the Group continued to extend the scope of its intellectual property and technology licensing activities, concluding patent license agreements with Yahoo, Verizon, Fine Swiss Metals (in the smartcard market) and an unnamed Fortune 50 company.

Significant new license agreements were also announced with Apple, RPX and Hulu, which will be accounted for in the second half of 2016.

The Kudelski Group’s innovation and patent program continues to be strong, with a worldwide portfolio of approximately 4,900 issued patents and pending applications.

KUDELSKI SECURITY EXECUTING ON ITS EXPANSION STRATEGY

Kudelski Security continued to implement its expansion strategy. This involved:

- recruiting key global executives in various fields (R&D, consulting, managed services, marketing and operations),
- entering into new global technology partnerships with F5 and RSA to expand its solution portfolio,
- launching a strategic partnership with Kryptus in Brazil to expand into Latin America, and
- acquiring US based cybersecurity solutions provider Milestone Systems (renamed Kudelski Security) to benefit from a broader portfolio of tier one customers across multiple industries in the world’s largest cybersecurity market.

Kudelski Security formally announced its expansion into the U.S. market to address growing demand for advanced cybersecurity solutions on August 2 at the Black Hat conference in Las Vegas, Nevada, USA.

During the first half, the Group also established a new US headquarters for Kudelski Security in Phoenix, Arizona, which will include a state-of-the-art Cyber Fusion Center.

STRONG MOMENTUM IN PUBLIC ACCESS

SKIDATA concluded significant new deals during the first half of 2016, including a contract with the City of San Francisco to manage 22 garages and 15,000 parking spaces, which represents the largest contract in SKIDATA’s history, and the installation of access control solutions in 10 MGM hotels in Las Vegas. SKIDATA will also deliver to the City of Amsterdam a smart, integrated parking platform for off-street parking combined with on-street parking, which will include the most advanced parking and payment technologies. These contracts confirm SKIDATA’s position as the global market leader in the off-street parking segment.

In the ski segment, in which SKIDATA is also the worldwide market leader, SKIDATA won 15 Japanese resorts in the Hakuba Valley, the main venue of the 1998 Winter Olympics in Nagano.

SKIDATA deployed more than 250 new installations during the first six months and opened new offices in Dubai and Mexico, which reflects its strategy to be directly present in key growth markets.
POSITIVE OUTLOOK FOR 2016 WITH A GUIDANCE OF MORE THAN CHF 1 BILLION IN REVENUES AND BETWEEN CHF 90-100 MILLION OF OPERATING INCOME

The Kudelski Group continues to execute its strategy by building the next generation of digital TV technologies, investing in the expansion of its Kudelski Security business, continuing its intellectual property initiatives and expanding the global footprint and revenues of SKIDATA.

The establishment of a dual headquarters structure, with Cheseaux (Switzerland) and Phoenix (Arizona – USA) will enable the Group to be closer to its most important market and to benefit from the USA’s unparalleled potential for new business opportunities, while at the same time maintaining its Swiss and international roots.

For the full year 2016, the Group expects growing iDTV revenues, driven, in particular, by the expansion of the Group’s cybersecurity operations and strong results from IP licensing. Second half iDTV revenues and operating income are forecasted to be higher than in the first half. In the Public Access segment, seasonality effects are expected to be less pronounced compared to previous years. The strong first half momentum of SKIDATA is expected to continue in the second half, resulting in a robust full year growth and profitability that exceeds last year’s. For the full year, the Group forecasts continued strong cash generation with operating free cash flow in the same range as in recent years.

For the full year 2016, total revenues and other operating income are expected to exceed CHF 1 billion, and operating income is expected to be between CHF 90 - 100 million.

Note to the editors:
The 2016 first half Financial Statements and MD&A are available in PDF format under: www.nagra.com >> Investors >> Publications.

About the Kudelski Group
The Kudelski Group (SIX: KUD.S) is a world leader in digital security and a provider of end-to-end convergent media solutions to the digital entertainment industry, including services and applications requiring access control and rights management to secure the revenue in digital television, internet, mobile and interactive applications. The Group offers cybersecurity solutions and services to enterprises, financial institutions, government administrations and the media industry. It also supplies integrated solutions to manage access control of people and vehicles to sites and events. For more information, please visit https://www.nagra.com.

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