



2016 Full Year revenue

Expanding Product Portfolio beyond TV in 2017

Paris-La Défense, January 12th, 2017

Revenue, activity and outlook

In € million - consolidated	Q4 2016	Q4 2015	Change	12 months 2016	12 months 2015	Change
Revenue (unaudited)	15.5	18.2	-15%	74.3	78.8	-6%

For the quarter ended December 31, 2016, Netgem announces a consolidated revenue of € 15.5 million, bringing total consolidated revenue for 2016 to € 74.3 million, down 6% compared to 2015.

As the Vitis Fiber-to-the-Home and content business is accounted for by the equity method from November 1st, its activity for the last two months of the year is not consolidated in the reported figures. For illustrative purposes only, should the Vitis hive-down transaction have taken place before 2016, the Group estimates that its Full Year revenue (B2B only) would have reached € 70.3 millions in 2016¹

Confirming the trend in the first half of 2016, Netgem will report gross profit growth on a full year basis, as revenue resulting from its cloud-based TV platform already more than compensates the pressure on device prices (SaaS business model effect).

The objective of opening 5 new markets in 2016 with the new #TelcoTV solution bundling Netgem smart devices with its TV platform is well under way, four new markets have already been confirmed to date and the sales pipeline should allow Netgem to exceed this objective in the course of 2017.

The year 2016 also marked the beginning of transitioning to 4K (Ultra High Definition), with several trials and a first successful launch by one of our customers. This transition will continue this year, and Netgem plans to use it to accelerate the adoption of the Netgem TV platform by its existing customers.

Expanding beyond TV in 2017

With its core B2B business offering a good visibility, an up-to-date and market proven products portfolio and an improved investment capacity following the Vitis transaction, Netgem has decided to respond to requests from some of its Customers, and widen its product offering beyond Connected TV to the Connected Home.

¹ Because of its nature, such pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.

The Smart (or Connected) Home market is one of the most promising segment in the consumer Internet Of Things market and is widely perceived by telecom operators to be an important driver of service revenue growth in the next few years.

Netgem expects new *lifestyle* service bundles to become the new *triple-play* of the future for Service Providers. With its new solutions, Netgem's goal is to enable its customers to double their Service ARPU in the next 3-5 years, as compared to the entertainment bundles they now deploy.

This product space is very fragmented, with a great diversity of products offered by startups and Asian companies, amid ecosystems proposed by Google, Amazon and Apple.

Netgem will focus its incremental R&D investments on its Cloud Service Platform. It aims to differentiate by offering in the connected devices space the same benefits it offers today in the fragmented Connected TV space :

- A seamless user experience (one app);
- Secure management and analytical tools for operators;
- Open interoperability with the proprietary offerings of the larger players.
- A limited range of digital devices optimised for the specific requirements of the telecom market.

The development of the new connected devices will leverage existing technological assets and be complemented by appropriate partnerships. Voice control, connected sound, surveillance and home automation will be the first categories where Netgem will invest.

Netgem will present its initial range of new *connected lifestyle* products in February at the Mobile World Congress in Barcelona.

The new solutions will be sold by Netgem's existing B2B Telecom sales and support teams. Incremental R&D will be financed by part of the savings generated by the Vitis transaction.

With its strong cash position, the Company believes it is well positioned to improve perspective in the mid-term by harnessing these opportunities in the connected home space, while maintaining its dividend policy.

Significant events and transactions

Mr. Marc Tessier has left the the Board of Directors due to the statutory age limit. The Board is very grateful to Mr. Tessier for his dedication, commitment and contributions during his tenure. It intends to propose a new member at the next Shareholders' Meeting.

The Group is continuing its share buyback program and now owns about 7.5% of its capital.

Calendar of Financial Communication

- Gross profit 2016:	February 24, 2017, before market opening
- Results 2016:	April 6, 2017, before market opening
- Revenue and gross profit Q1'2017:	May 3, 2017, before market opening
- Annual shareholders' meeting:	June 1st, 2017
- Revenue and results for H1 2017:	July 28, 2017, before market opening
- Revenue and gross profit Q3'2017:	October 13, 2017, before market opening

About Netgem

We offer a platform of connected objects to improve the daily life of consumers and families.

Service Providers around the world use our Connected Solutions to deliver innovative digital services to their Customers.

Our #TelcoTV solution offers an intuitive multi-screen navigation to the content consumers love. It is used by more than 5 million active users, customers of more than 20 service providers in Europe, Asia and South America as part of *multi-play* service bundles.

Netgem is listed on NYSE Euronext Paris Compartment C (ISIN: FR0004154060, Reuters: [ETGM.PA](#), Bloomberg: NTG FP)