



2019 Results

Netgem pivots to a service provider model

SFAF - 20th March 2020

Agenda

Introduction

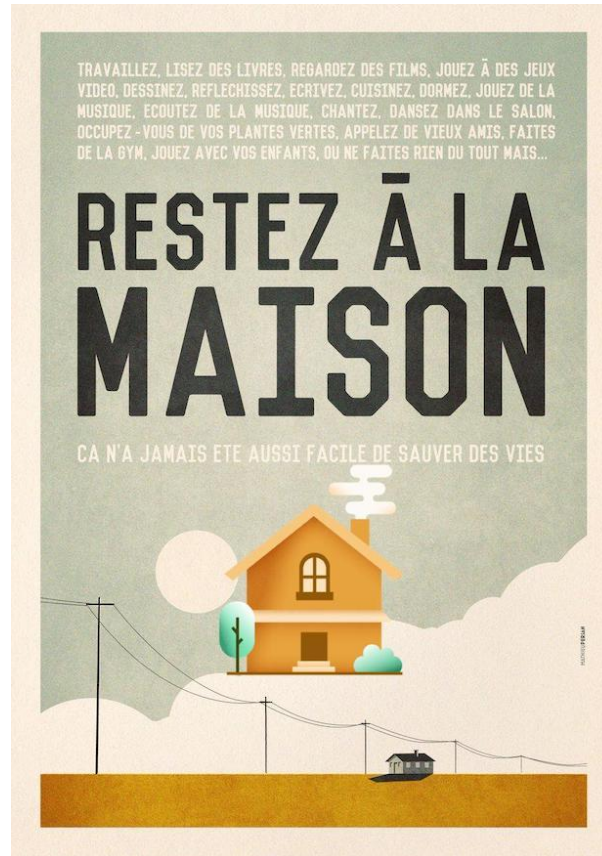
Operational review

2019 Financial results

2020 Outlook

Q&A

Covid-19 Action plan



Initial measures to limit the impact of Covid-19

Our first objective is to support our customers during this difficult period.

- Our mission - Entertainment & Ultrafast Broadband- is more than ever essential, and being close to our customers will be greatly appreciated during this sanitary crisis
- We are focusing our teams on delivering the best quality Entertainment and Ultrafast Broadband service for our customers that are now at home (VOD, Replay, Digital books, Amazon delivery...) thanks to our range of services (Amazon, Youtube, Cafeyn, Youboox...).

We have also been developing a detailed plan to monitor in real-time the impact on our operations, and to ensure that the impact on our teams is mitigated.

- HR measures and IT solutions to ensure effective Remote working, and for the Field Sales agents (FR), possible implementation of partial unemployment, **given the impact on Consumer Fibre sales and longer lead times for connexions.**
- Pegatron factories in China are back to full production, there is enough stock of BOXes in our Clients or Netgem warehouses, no adverse impact expected in the coming weeks
- Specific solutions in place with our Partners to work in remote (Customer service, 24/7 Helpdesk, Video head-end, IP transit...).

So far, there is no material impact on the activity of our Clients.



Introduction

Mathias Hautefort, CEO



2019 : Netgem pivots to a Service provider model

- Development of a **Group vision** and setup of a **transversal organisation** across the Group focused on **customer** satisfaction
- Evolution of the business and operating model to a **Service provider, with recurring revenue**
- Priority focus on markets: **France, UK, and Finland**
- **Full end-to-end control of the Technology** of a multiscreen Entertainment platform across Mobile, TV, and voice
- Expected return to **topline revenue growth for the Group**
- Clear support from the main **shareholders of Netgem, and its subsidiary Vitis**

2020 Key figures

- **100 people organisation**, with central team of **engineers** across all Technology platforms, and **marketing-commercial-customer service** primarily local
- **Net Revenue Netgem 2019 : 13,5 millions d'euros (-31 %)**
Net Revenue Vitis 2019: 14,3 millions d'euros (+54%)
Vitis will be consolidated from 01/01/2020
- OPEX **Savings implemented** with -21% from 2019
- **75% of recurring revenue in 2020**
- **Cash position end of 2019 of 8,5 M€ (excl. Vitis)**
Vitis co-funding extended from 'CDC' in early 2020



Operational review 2019

Our vision and our ambition for the Group:

“Enjoy your connected life”

Vision

- Broadband Internet access has become even more essential than water or electricity.
- We are all increasingly connected to each other, our family, our friends, and our work colleagues. 4G brought true mass-market mobile data services, and now an even greater digital revolution that has just started: Ultrafast Fibre networks will transform services in households connected via ADSL Broadband today.
- The rollout of Ultrafast Broadband, now accessible to an increasing number of people, is currently transforming usage of current services and new services start to appear in those ultrafast connected households.

Ambition

- With more than 20 years of innovation in connected technology solutions, we are focusing on bringing to life innovative and smart services for the next generation of Ultrafast connected homes - enabling consumers to truly enjoy their connected life.

Connected home for everyone: 2019 key facts

- Continued deployments of full fibre **fibre** Broadband, **across all local areas** promoted and supported by **strong government ambitions**
- **Large investments** in Full Fibre networks, that **radically transform** the combination of “ADSL & IPTV box” and lead to a more open and OTT model
- Development of **new usages**, with ***streaming for everyone*** now becoming a reality thanks to **Ultrafast Broadband** : TV can be provider OTT by other **Service providers than just the Network owners**

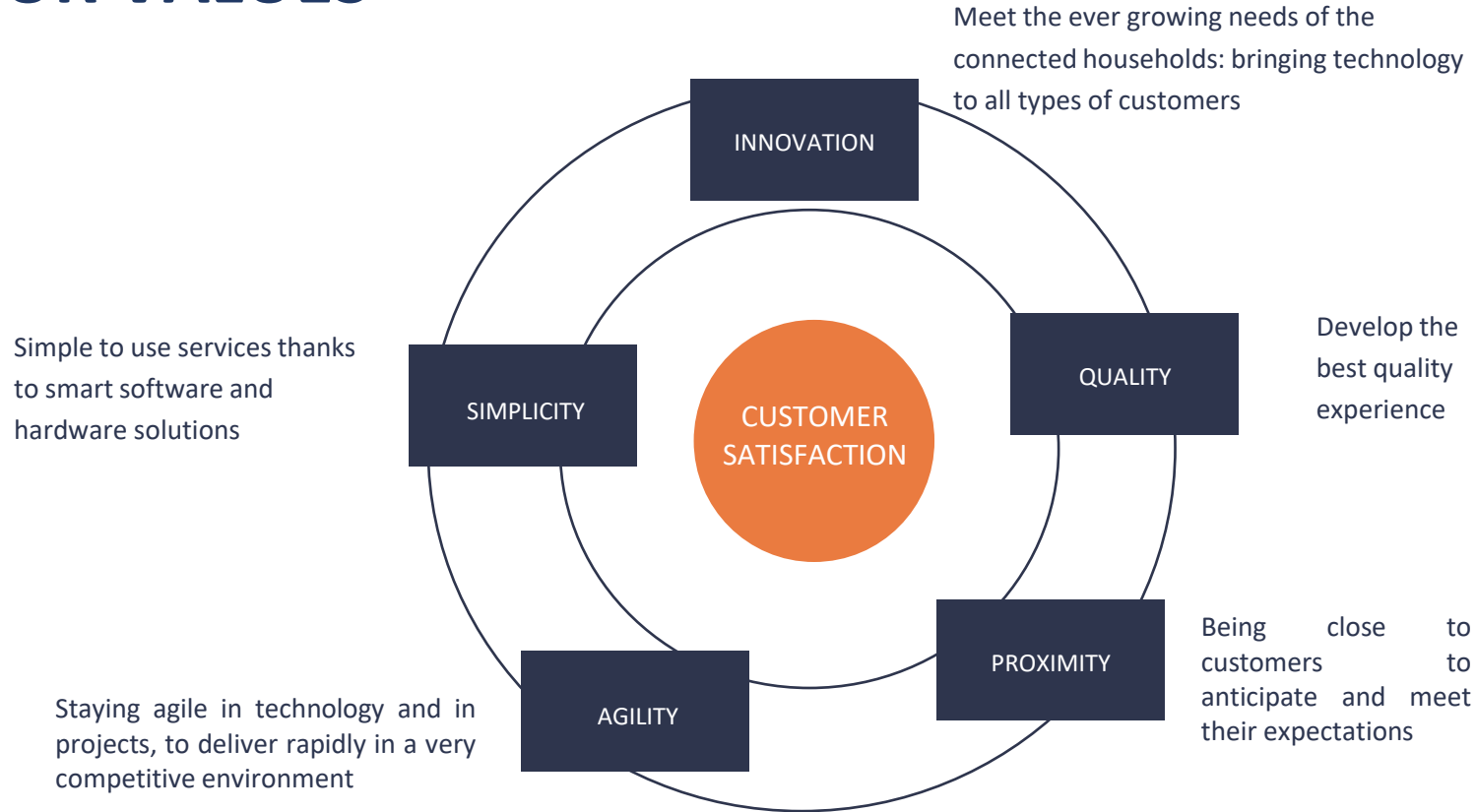
Our market positioning: the reference alternative Service Provider

- **Technology innovation on Ultrafast Broadband networks** : Netgem is developing new services and enabling an enhanced customer experience thanks to Fibre Broadband
- **Direct distribution (B2C) or via Distribution partners (B2B2C)** in a balanced mix to control the acquisition costs
- **Loyalty** of our customers thanks to great quality of experience, across content and connectivity services
- **A unique insights on the evolution of Customers usage and needs**, thanks in particular to the management platform across all the whole Multiscreen Entertainment experience

Our assets

- One **experienced Group Management team** now working across all Group companies , who has been leading the transformation to the Service provider model whilst containing costs, and yet nurturing talents for the next phase of Netgem
- A collection of **strong technology assets** proven by many successful operator deployments
- Choice of **priority markets, France and UK**, both offering strong growth potential given the large investments -public and private- in **Full Fibre**, largely supported by governments
- A **Business model mixing B2C and B2B2C** offering flexibility to drive growth with a balanced approach to cash
- A **clean Balance sheet**, with **strong positive cash position**, and investors who are very supportive of the new business plan and co-financing (like the CDC in France).
- A group of **committed shareholders to develop the 'Service Provider' model for Ultrafast Fibre**

OUR VALUES



New Brand identity



- Leverage strength of the Brand, with a more “consumer friendly” tagline
- Relates to Technology and Fibre
- More modern, Digital, and fresh
- Distinctive graphic design
- Build on colours already used in the Group
- ***“Enjoy your connected life”* conveys a true customer benefit, a positive mindset, attractive and exciting, with entertainment at the heart of all services provided by the Group**

Netgem Group today : transversal organisation designed for a Service provider / Operator

Group Comex : CEO, C3O, CTO, CFO
+ *Transversal functions*

Netgem SA

TV technology and Connectivity solutions, shared across markets, support functions, B2B clients, unified approach to international partners

Local entities with dedicated Sales & Marketing teams to ensure agility and deliver the 'proximity' promise

Vitis - Videofutur

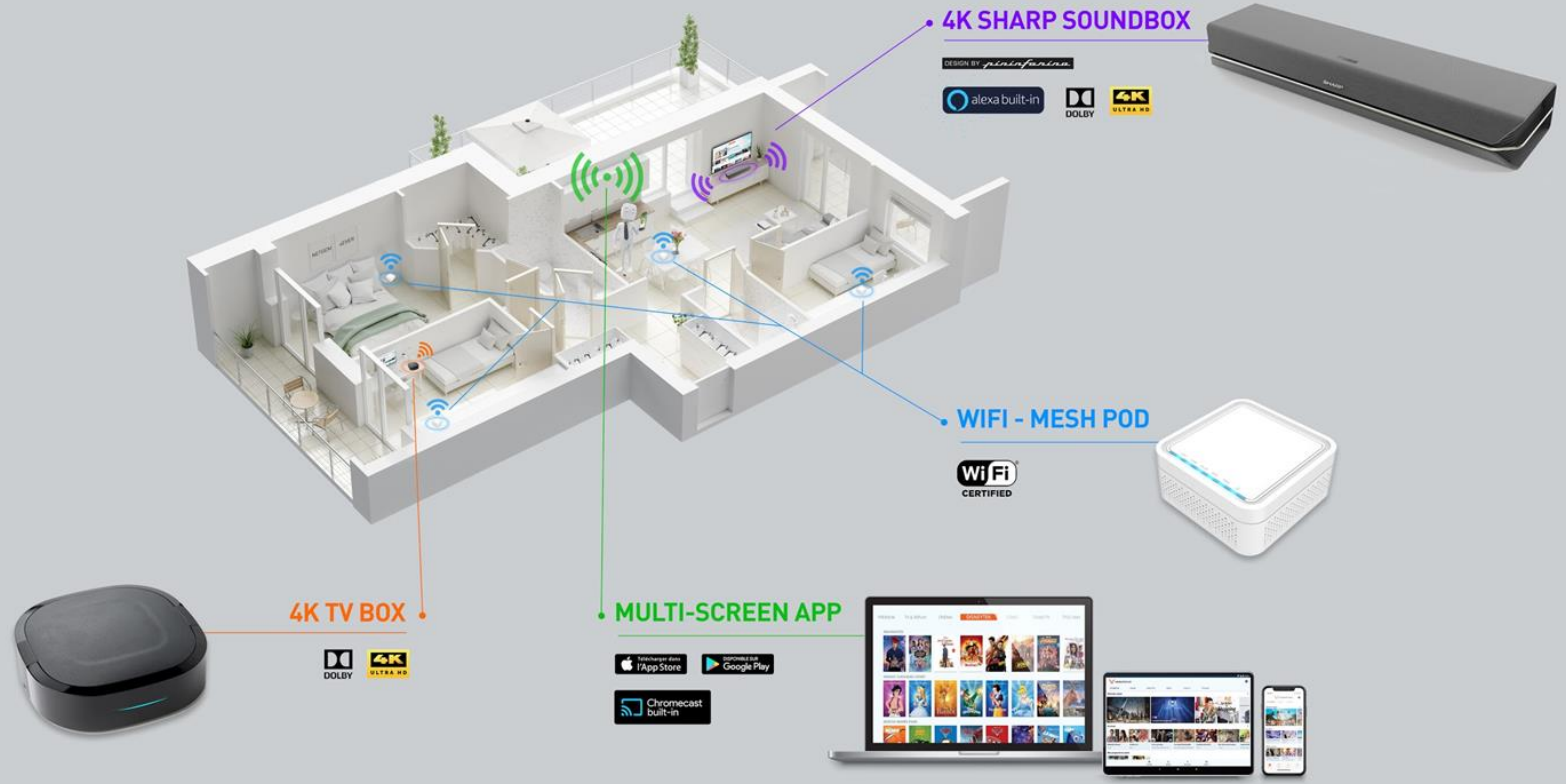
Ultrafast Broadband in France

Netgem UK

Ultrafast Broadband in the UK

THE CONNECTED HOME NETGEM

enjoy your connected life



'Managed Services' in B2C, B2B2C, B2B

VIDEOFUTUR & Vous la Fibre

NOS OFFRES LA FIBRE ÉLIGIBILITÉ QUESTIONS FRÉQUENTES

VOS CONTENUS, À TOUT MOMENT, AVEC LA FIBRE TRÈS HAUT DÉBIT >
DÈS **32,90€/MOIS**

Tester mon éligibilité

Être rappelé !

Contactez-nous au 01-86-56-56-56

1^{er} MOIS OFFERT **32,90*** €/mois

1^{er} MOIS OFFERT **43,90*** €/mois



netgem.tv

WHAT'S ON DEVICES REVIEWS SUPPORT PARTNERS SIGN UP

Bringing it all together

- Discover our premium features that let you **pause, rewind and record** Live TV.
- Our library is **all on one place** so that you can find something to watch **quickly and simply**.
- Personalise your experience** on mobile and TV while switching seamlessly between the two with our cast function.
- Our **award winning TV box is included**.
- Fully compatible with Alexa**. No more hunting for that pesky remote!

All in one place

Watch on the go

Fully integrated Amazon Alexa

Pause and rewind functions

Screen casting functionality

24/7 customer service

Help





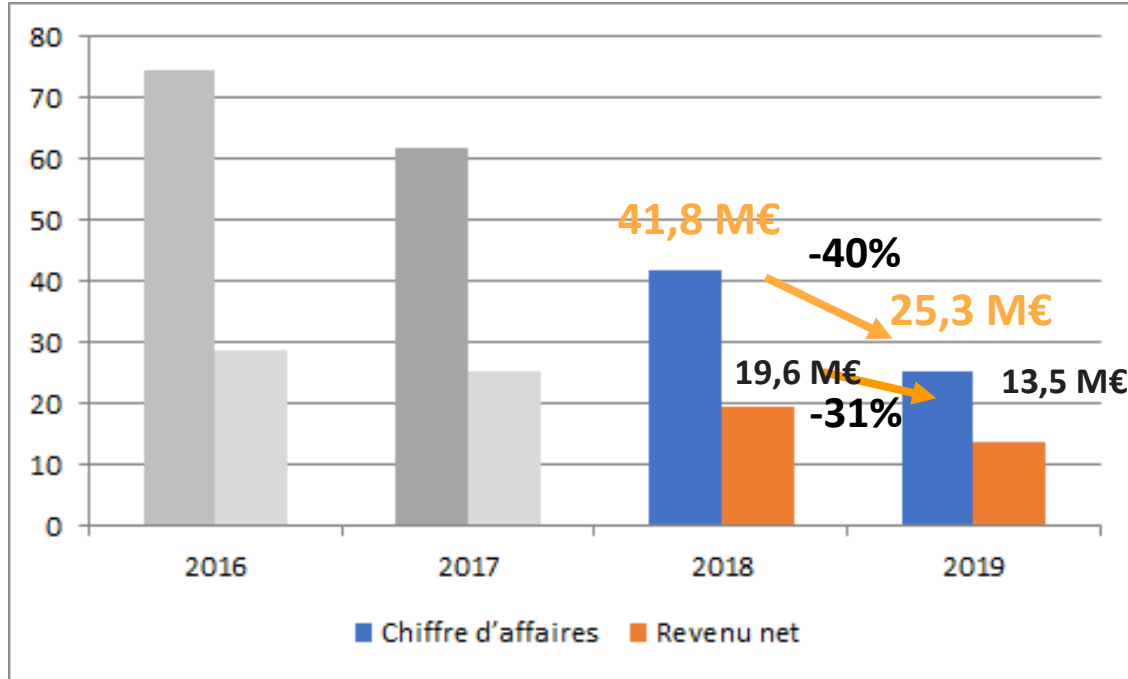
Financial results 2019

Alain Floch, CFO

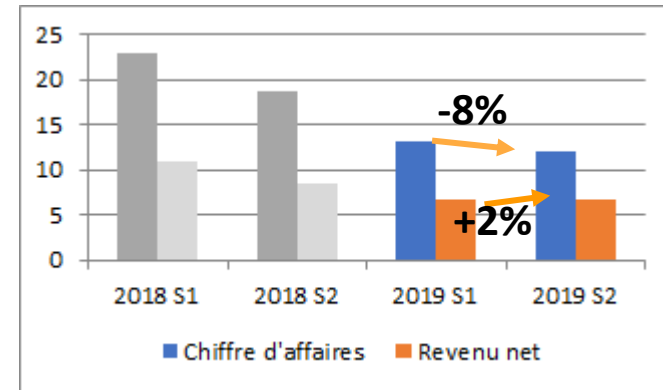
Evolution of Sales and Net Revenue

Decreasing YoY, but Net Revenue stabilised in H2'19

M€ Euros

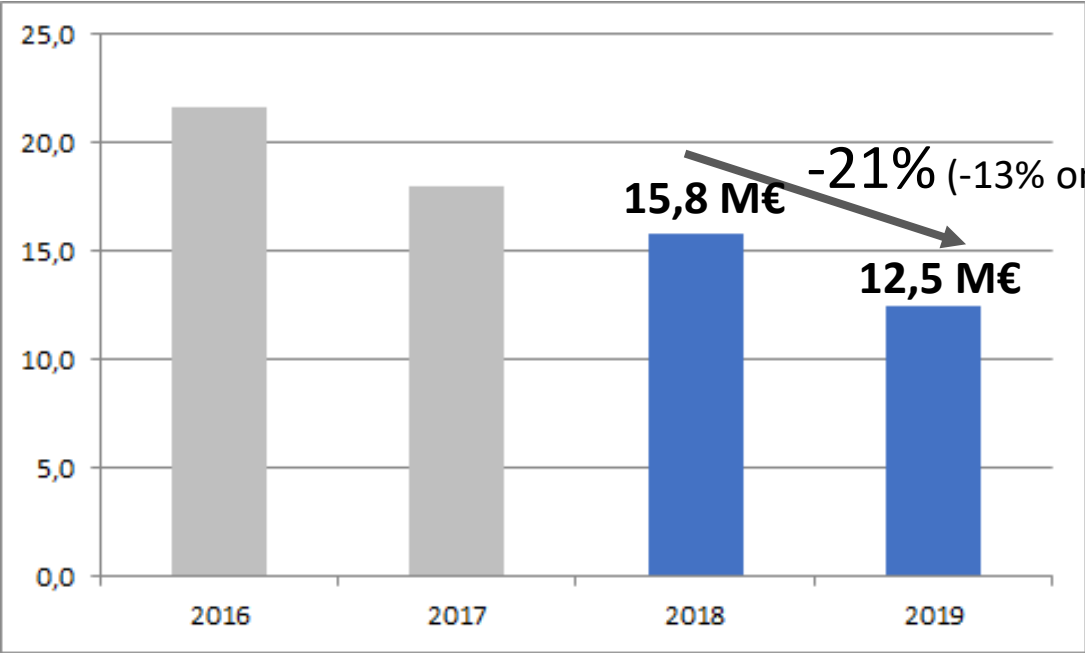


Focus 2018-2019 by Half-years



Synergies driving cost reduction

In M€



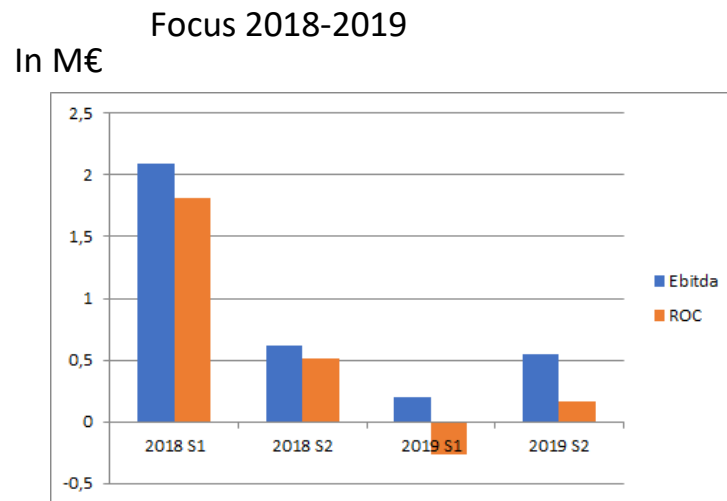
-21% (-13% on a comparable (*) basis)

*) After restatement of transfer of platform activity and IFRS16

Operational result 2019 vs 2018

Current operational result close to breakeven and Positive operating income

IFRS data in thousand euros	2019	2018
Sales	25 264	41 828
Net Revenue	13 515	19 562
Ebitda	746	2 706
Current Operational result	(93)	2 321
Operational result	732	4 411



Net result 2019

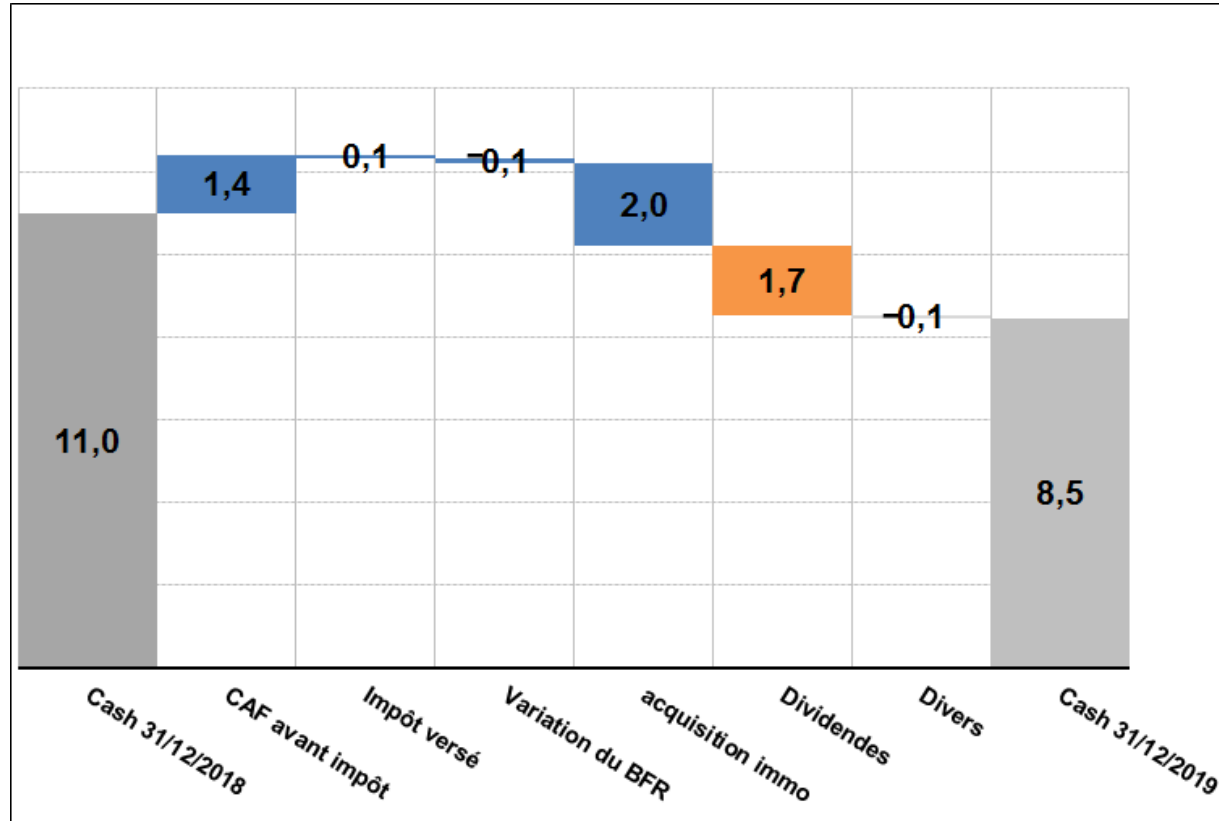
Impacted by a non-cash tax charge

IFRS data in thousand euros	2019	2018
Operational result	732	4 411
Financial result	(515)	(853)
Share of associates and discontinued operations	(3 144)	(2 803)
Taxes	(4 039)	(552)
Net Result (Group share)	(6 966)	203
Other	33	134
Global net result	(6 933)	337

Cash Flow 2019

Strong cash position

in M€



Vitis (not consolidated in 2019) high growth

M€	2019	2018	var
Sales	15,8	10,4	52%
Net revenue	14,3	9,3	54%
Net result	-5,4	-5,6	-4%

M€	2019	2018
Cash position	2	5,1

Vitis funding completed in early 2020

Dividend

The Group has demonstrated in the past its attachment to a generous dividend policy but, out of prudence in the current context, the Board, on the recommendation of the Chief Executive Officer, will propose to the Annual Shareholders' Meeting not to pay a dividend in 2020 for the 2019 financial year.



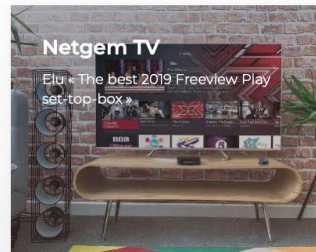
2020 Outlook

Mathias Hautefort, CEO

2020 Outlook

- Continue to grow with focus on **France** and **UK**
- Support Elisa in their growth in **Finland**
- Experiment in **Germany**
- **Consolidation of Vitis accounts**, completely integrated in the Group Financial results in 2020
- Also open to **growth by acquisitions** to be assessed on a case by case basis in order to accelerate growth and drive more synergies

A new Web site to inform our Customers and investors

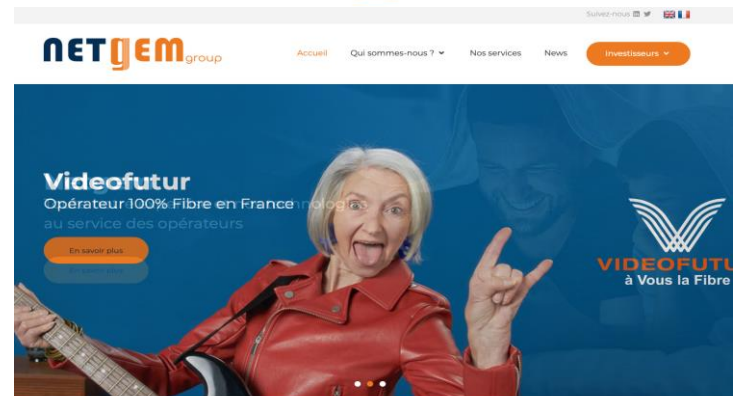


Netgem

Netgem est un fournisseur indépendant de services pour le Très Haut Débit. Le Groupe fournit ses services principalement en France et en Grande Bretagne sur des territoires ruraux en accompagnement d'investissements d'infrastructures soutenus par les pouvoirs publics pour réduire la fracture digitale et améliorer l'aménagement des territoires. Netgem fournit ses services en B2C (directs consommateurs) et en B2B2C (via d'autres opérateurs partenaires). Le Groupe se différencie par sa maîtrise technologique bout-en-bout d'une offre digitale de streaming TV, vidéo et musique disposant d'une expérience unifiée



enjoy your connected life



enjoy your connected life



Q & A



THANK YOU

APPENDICES

2019 Results

Données en milliers d'euros, sauf nombre d'actions et résultat par action	Notes	2019	2018
Chiffre d'affaires		25 264	41 828
Coût des ventes		(12 034)	(23 291)
Marge brute		13 230	18 537
Frais marketing et commerciaux		(6 444)	(7 215)
Frais de recherche et développement		(4 207)	(6 229)
Frais généraux		(2 672)	(2 772)
Résultat opérationnel courant		(93)	2 321
Autres produits et charges opérationnels		825	2 090
Résultat opérationnel		732	4 411
<i>Produits de trésorerie et équivalents de trésorerie</i>		-	-
<i>Coût de l'endettement financier brut</i>		(464)	(278)
Coût de l'endettement financier net		(464)	(278)
Autres produits et charges financiers		(51)	(575)
Résultat des activités destinées à être cédées ou abandonnées		(18)	-
Quote-part de résultat des entreprises mises en équivalence		(3 126)	(2 803)
Impôt sur les résultats		(4 039)	(552)
Résultat net de l'ensemble consolidé		(6 966)	203

Balance Sheet 2019

ACTIFS – en milliers d'euros	Notes	31/12/2019	31/12/2018
Ecarts d'acquisition		4 295	4 295
Immobilisations incorporelles		22	23
Immobilisations corporelles		1 882	283
Droits d'utilisation des actifs loués		725	-
Participation dans les entités associées		1 175	2 350
Actifs financiers non courants		171	667
Impôts différés actifs		0	4 060
Total des actifs non courants		8 270	11 678
Stocks		363	842
Clients		5 549	10 174
Autres actifs courants		5 753	5 207
Actifs financiers courants		0	7 130
Trésorerie et équivalents de trésorerie		8 482	10 981
Total des actifs courants		20 147	34 334
Actifs destinés à être cédés et activités abandonnées		-	1 983
TOTAL DES ACTIFS		28 417	47 995

Balance Sheet 2019

CAPITAUX PROPRES ET PASSIFS – en milliers d’euros	Notes	31/12/2019	31/12/2018
Capital		6 144	5 933
Réserves liées au capital		4 270	4 414
Réserves et résultat consolidés		5 077	13 675
Capitaux propres, part attribuable aux actionnaires de la société mère		15 491	24 022
Capitaux propres, part attribuable aux intérêts ne donnant pas le contrôle			-
Capitaux propres		15 491	24 022
Impôts différés passifs			-
Avantages au personnel		173	160
Provisions – part non courante		-	-
Passifs financiers non courants	9	215	308
Passifs sur contrats de location - part non courante	9	259	-
Total des passifs non courants		647	468
Passifs financiers courants	9	549	7 206
Passifs sur contrats de location - part courante	9	468	-
Provisions - part courante	10	604	54
Fournisseurs et comptes rattachés	11	7 849	12 049
Autres passifs courants	12	2 809	3 956
Total des passifs courants		12 279	23 265
Passifs destinés à être cédés et activités abandonnées		-	240
TOTAL DES CAPITAUX PROPRES ET PASSIFS		28 417	47 995

Consolidated Cash Flow (Hors IFRS16)

M€ - consolidé IFRS	2019	2018
Cash flow lié à l'activité (A)	1,2	1,4
CAF avant versement de l'impôt	1,4	2,8
Impôt versé	-0,1	0,1
Diminution (augmentation) du BFR	-0,1	-1,5
Cash flow lié aux investissements (B) (*)	-2,0	0,1
Cash flow opérationnel (A+B) (*)	-0,8	1,4
Cash flow lié aux financements (*)	-1,6	-4,8
Dividendes	-1,7	-2,8
Achat net actions en propres	0,1	-2,0
Impact Net solution de financement international	0,0	4,1
Activités abandonnées et variation devises	-0,2	0,0
Variation nette de trésorerie	-2,5	0,7

(*) retraité de l'impact des solutions de financement international

Cash Flow

MJ - consolidé IFRS	2019	2018	Var.	
Cash flow lié à l'activité (A)	1,7	1,4	26%	0,4
CAF avant versement de l'impôt	1,9	2,8	-31%	(0,9)
Impôt versé	- 0,1	0,1	-169%	(0,2)
Diminution (augmentation) du BFR	- 0,1	- 1,5	-91%	1,4
Cash flow lié aux investissements (B)	5,8	3,2	79%	2,6
Cash flow opérationnel (A+B)	7,5	4,6	63%	2,9
Cash flow lié aux financements	- 10,0	- 3,8	163%	(6,2)
Variation nette de trésorerie	- 2,5	0,8	-412%	(3,3)

Shareholders 31/12/2019

Actionnaire	% capital	% capital hors AD	% droits de vote	% DDV hors AD
Groupe J.2.H.	24,03%	25,60%	29,67%	31,20%
Groupe Fast Forward	8,51%	9,07%	12,91%	13,58%
Mousse Partners	9,44%	10,05%	7,51%	7,89%
Fidelity Investments	6,76%	7,20%	5,38%	5,65%
Eximium	4,45%	4,75%	4,96%	5,21%
Autres administrateurs et dirigeants	2,33%	2,48%	2,44%	2,57%
FCPE Netgem	1,60%	1,70%	1,27%	1,33%
Salariés	2,08%	2,22%	1,76%	1,85%
Auto-détention (AD)	6,14%	0,00%	4,89%	0,00%
Autres	34,66%	36,93%	29,22%	30,72%
Total	100,00%	100,00%	100,00%	100,00%

AD : auto-détention