

## 2016 Full Year results

Paris-La Défense, April 6th, 2017

### **2016 Results and Financial Position**

| € million - Consolidated IFRS | 2016 <sup>1</sup> | 2015 | Change |       |
|-------------------------------|-------------------|------|--------|-------|
| Revenue                       | 74.3              | 78.8 | -4.4   | -6%   |
| Gross profit                  | 27.5              | 25.8 | +1.7   | +7%   |
| Current operating income      | 5.5               | 1.9  | +3.6   | +195% |
| Operating income              | 8.7               | 1.6  | +7.1   | +430% |
| Net income                    | 6.3               | 1.4  | +4.9   | +339% |
| OCI                           | 0.2               | 0.4  | -0.2   | -46%  |
| Total comprehensive income    | 6.5               | 1.8  | +4.7   | +261% |

Revenues for 2016 reached € 74.3 million (-6% year-on-year) and gross profit reached € 27.5 million (+7% year-on-year).

Current operating income for 2016 amounted to € 5.5 million, a 195% increase over 2015. Operating expenses decreased by 8% to € 22.0 million, notably due to the streamlining of operations in France, while R&D effort was reinforced.

Including a result of cession linked to the Vitis transaction (+€ 3.9 million), Operating income reached € 8.7 million in 2016 (+430% year-on-year).

Financial income was € 1.1 million, of which € 0.4 million from investment of the Group's cash balance and € 0.7 million from foreign exchange hedging positions.

Group tax charges reached € 3.4 million, of which € 1.8 million were offset with deferred tax assets.

The Group recorded a net profit of € 6.3 million in 2016 (group share) and total comprehensive income (IFRS) amounted to € 6.5 million.

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<sup>1</sup> The last two months of the year 2016 of the Vitis Fiber-to-the-Home and content business is accounted according to the equity method.

| € million - Consolidated IFRS                              | 2016 <sup>2</sup> | 2015 |
|--|-------------------|------|
| Cash flow related to operations - after tax (A), of which: | 4.9               | 2.8  |
| - before tax and changes in working capital                | 7.6               | 4.8  |
| - taxes paid   | 0.1               | -0.4 |
| - decrease (increase) in working capital                   | -2.8              | -1.7 |
| Cash flow related to investments (B)                       | -11.4             | -1.4 |
| Operating cash flow (A + B)                                | -6.5              | 1.4  |
| Cash flow related to financing                             | 2.9               | -5.7 |
| Net change in cash   | -3.6              | -4.3 |

The Group's operations generated € 4.9 million of cash after tax in 2016. The increase in working capital of € 2.8 million in 2016 is mainly due to delays in reimbursement of French VAT credits.

Cash flows related to investment mainly relates (€ 10.0 million) to the use of cash position to provide secured medium-term financing solutions.

Cash flow related to financing encompasses -€ 5.9 millions of dividends, -€ 1.8 million of share buy back, +€ 0.4 million of interests received and +€ 10.0 millions of factoring linked to the financing solutions mentioned above.

The Group's cash balance at 2016 year end amounted to € 32.8 million, a year-on-year decrease of € 3.6 million.

| € million - Consolidated IFRS                 | 31/12/2016 <sup>3</sup> | 31/12/2015 |
|---|-------------------------|------------|
| <b>Shareholders' equity and debt</b>          |                         |            |
| Equity, Group share                           | 54.2                    | 54.9       |
| Current and non-current financial liabilities | 9.6                     | 0.6        |
| <b>Analysis of net cash</b>                   |                         |            |
| A. Cash                                       | 32.8                    | 36.4       |
| B. Current financial liabilities              | 3.3                     | 0.6        |
| C. Current net cash (A) - (B)                 | 29.5                    | 35.8       |
| D. Non-current financial liabilities          | 6.3                     | -          |
| E. Net cash (C) - (D)                         | 23.3                    | 35.8       |

Group financial statements were approved by the board on 5 April 2017. Statutory audit work was completed and auditors' report is in the process of being published.

<sup>2</sup> The last two months of the year 2016 of the Vitis Fiber-to-the-Home and content business is not included in the reported figures.

<sup>3</sup> Vitis Fiber-to-the-Home and content business is consolidated according to the equity method in the reported figures as at 31/12/2016.

## **Significant transactions and events**

The Group continues its share buyback program and now owns about 7.6% of its capital.

At the General Meeting of June 1, 2017, the Board of Directors will propose to maintain the annual dividend to € 0.15 per share for 2016.

## **Calendar of Financial Communication**

|                                     |   |
|-------------------------------------|---|
| - 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**

Netgem designs software to connect the daily lives of consumers and their families. Service Providers around the world use our #TelcoTV solutions built around our software to deliver bespoke innovative digital entertainment services to their customers.

From software licensing, to turnkey, white-label, TV as a Service offering, Netgem offer Telco Service Providers, a complete suite of software, solutions, content, services and direct access to Telco-grade quality digital devices from our global industrial partners.

Our #TelcoTV solutions enable Telcos to differentiate, increase ARPU/service revenue and build customer base loyalty.

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