

## PRESS RELEASE

### From **BOX FOR EVERYONE** to **FIBER FOR EVERYONE** Netgem opens a new chapter in its story of the connected home

- Netgem unveils its Services strategy and strengthens its position in Videofutur
- Successful launch of Videofutur in Fiber with more than €10 million revenue in 2018

Paris, January 24, 2019

Netgem Board of Directors announces the annual consolidated revenue and net revenue of 2018 and validates the strategic plan in the services for very high-speed and the Fiber.

Netgem Group	4th quarter 2018	4th quarter 2017	Change	12 months 2018	12 months 2017	Change
<b>consolidated revenue</b>	10.8	16.5	-34%	41.8	61.8	-32%
<b>consolidated net revenue</b>	4.7	7.0	-33%	19.7	25.2	-22%
Videofutur revenue (non consolidated)	3.3	1.8	+89%	10.2	5.6	+82%

*Unaudited data, in € millions*

Consolidated revenue confirm unsurprisingly the slowdown of operators' investments in Boxes, noted since the beginning of 2018, but a more moderate slowdown in net revenue, thanks to the contributory effect of services activities within the scope of consolidation of Netgem.

In 2018, the revenue of Videofutur (Vitis), Fiber operator and unconsolidated subsidiary in our published statements, has grown by 82% and exceeds € 10 million.

*“By creating Netgem in 1996, our ambition was to offer everyone the services of a connected home. Box have been the solutions for us to connect millions of televisions. It has been a*



*successful first step. With Fiber, we open ourselves to the market of new services and uses of the whole family. This is where we want to invest from now on* " explains Joseph Haddad, Founding President of Netgem Group.

### **20 years of successful connected home experience**

In 1996, the television was the center of the home and the symbol of entertainment. Netgem invented the "Box", allowing the development of the IPTV, emblematic service of the deployment of ADSL, the first generation Internet.

Today, this central point has fragmented into multiple individual screens and connected objects, and many other digital services are there and will be consumed: video streaming and very high-resolution audio, virtual reality, but also security, health, energy, education ... Fiber optics will inexorably replace the "copper wire", and makes a new generation of digital services that will improve the lives of everyone possible.

### **The emergence of a Fiber ecosystem, with favorable rules of the game**

Everywhere in Europe the Fiber market is partially or totally open. It is the consequence of the priority of the political choice of "ultra-high-speed for everyone". Since the infrastructures are being financed by public resources, independent service operators should be able to access that market in a non-discriminatory manner.

In France, Netgem has been active in this market for several years through its participation in Videofutur, and more recently in the UK, and is deploying in those countries as an operator of the connected home and very high-speed services.

After focusing on the Box for Everyone as mission of its first 20 years, Netgem now chooses the Fiber for Everyone, its new mission in the conquest of the connected home.

### **First success with Videofutur, a replication in progress in Great Britain**

This model of service operators for ultra-high speed has been incubated and developed these past years in France within Vitis, mother company of Videofutur, of which NETGEM is the largest shareholder, alongside la Caisse des Dépôts, the first investor in the open access market and Océinde, fiber operator in La Réunion.

In few years, Videofutur succeeded in positioning itself as an alternative operator in France, leader of the open access market, which are the fiber operators that provide the national coverage of very high speed in the regions and cover almost half of the homes. The infrastructures of these networks are financed by public funds and any operator can deliver services there in a non-discriminatory way. The reference magazine 01net, in a recent comparative overview of the operator offers in France, has made the offer of VITIS, under the Videofutur brand, the best in the regions.

In Great Britain, in a different market organization context, a similar development is underway. The contract won a few years ago in Great Britain has led the local subsidiary to develop a know-how as an "operator of services for third-parties", which it now deploys more widely under the brand name Netgem.tv, through several distribution channels, including fiber in priority.

### **Strengthen in Videofutur to assess strategy services**

Netgem announces that the company will give down to Vitis its "multi-screen cloud platform and digital recorder" activity which has been so far part of the Box activity, with nine employees and exclusive rights to technology in France and Germany.

This operation, validated by the competent bodies of Vitis and Netgem, reinforces appreciably the resources of Vitis, and leads to a majority takeover of Netgem within Vitis, which will own 53.2% of the capital post operation (fully diluted). This operation follows a capital increase of € 4 million in cash subscribed at the end of 2018 by the others shareholders.

This operation is subject to a number of usual conditions precedent, including the agreement of the next General Meeting of Netgem shareholders. It values the participation of Netgem within VITIS to € 17.9 million post-money.

Videofutur business plan, which is not consolidated in Netgem Group's accounts, shows a tripling of activity to reach € 30 million in 2021.

### **Refocused Box activity**

This operation also allows the Box activity to refocus on its core business, to significantly reduce its costs and thus ensure the support of its customers and the maintenance of its products in a profitable way.

### **A new space to discuss the strategy: [fiberforeveryone.Netgem.com](https://fiberforeveryone.netgem.com)**

To dialogue with its shareholders on this strategy, NETGEM is now opening a new dedicated area: [fiberforeveryone.netgem.com](https://fiberforeveryone.netgem.com).

Everyone can comment on the strategy, make suggestions, register to participate in the presentation of the strategy and the latest offers of Videofutur on May 14, 2019 in Paris.



## Financial calendar

2018 Results March 21, 2019, before stock market opening  
Revenues and net revenue for Q1 2019 May 10, 2019, before stock market opening  
Annual General Assembly May 14, 2019  
First half 2019 revenues and results 1st August 2019, before stock market opening  
Revenues and net revenue for Q3 2019 October 17, 2019, before stock market opening

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## About NETGEM

NETGEM is the pioneer of the connected home, with the invention of the Box in 1996, and the co-creation of the independent operator of services for the very high-speed and Fiber in France, under the brand VideoFutur. Millions of homes around the world today use the NETGEM Box, under brands of our distribution partners, operators of telecommunications services and entertainment.

NETGEM is listed on Euronext Paris Compartment C (ISIN: FR0004154060, Reuters: ETGM.PA, Bloomberg: NTG: FP) [www.netgem.com](http://www.netgem.com)