

2015 Full Year Results

First Quarter 2016 Revenue

Paris La Défense, April 14, 2016

Consolidated 2015 Results and Financial Position

€ million - Consolidated IFRS	2015	2014	Change	
Revenue	78.8	72.5	9%	6.3
Gross profit	25.8	26.6	-3%	-0.8
Current operating income	1.9	0.8	149%	1.1
Operating income	1.6	0.0	ns	1.6
Net income	1.4	-2.3	ns	3.7
OCI (currency translation adjustment)	0.4	2.4	ns	ns
Total comprehensive income	1.8	0.1	ns	1.7

Revenues for 2015 reached € 78.8 million increasing by 9% year-on-year. Gross profit reached € 25.8 million.

The gross profit decline of 3%, despite the revenue increase, reflects the progressive change in business model from one-off sales to recurring license revenue.

The US dollar appreciation in H1 2015 semester also impacted gross profit.

Current operating income for 2015 amounted to € 1.9 million, a 149% increase over 2014. Operating expenses decreased by 8% to € 23.9 million, notably due to the streamlining of operations started in 2014. The French business was refocused, leading to a non-recurring €2.3 million charge in 2015.

The financial income was € 0.4 million (including investment of the Group's cash balance) and group tax charges reached € 0.6 million.

The Group recorded a net profit of € 1.4 million in 2015 (group share) and total comprehensive income (IFRS) amounted to € 1.8 million.

At the General Meeting of June 9, 2016, the Company's Board of Directors will propose to maintain the annual dividend to € 0.15 per share for 2015.

€ million - Consolidated IFRS	2015	2014
Cash flow related to operations – after tax (A)	2.8	(4.9)
of which:	4.8	1.5
- before tax and changes in working capital		
- Taxes paid	- 0.4	- 0.5
- Decrease (increase) in working capital	- 1.7	- 5.9
Cash flow related to investments (B)	- 1.4	- 2.3
Operating cash flow (A + B)	1.4	- 7.2
Cash flow related to financing	- 5.7	- 6.8
Net change in cash	- 4.3	- 14.0

The Group's operations generated € 2.8 million of cash after tax in 2015. Cash flows related to operations before tax and changes in working capital amounted to € 4.8 million. The € 1.7 million increase in working capital is mainly due to strong activity in the last quarter of 2015.

After taking into account € 1.4 million investments in the acquisition of operating assets, the € 5.9 million dividend distribution for 2014, € 0.5 million of share buy backs and €0.6 million of financial income, the Group's cash balance at 2015 year end amounted to € 36.4 million, a year-on-year decrease of € 4.3 million.

€ million - Consolidated IFRS	31/12/2015	31/12/2014
Shareholders' equity and debt		
Equity, Group share	54.9	59.4
Current and non-current financial liabilities	0.6	0.6
Analysis of net cash		
A. Cash	36.4	40.7
B. Current financial liabilities	0.6	0.6
C. Current net cash (A) - (B)	35.8	40.1
D. Non-current financial liabilities	-	-
E. Net cash (C) + (D)	35.8	40.1

Group financial statements were approved by the board on 13 April 2016. Statutory audit work was completed and auditors' report is in the process of being published.

Consolidated revenue for the 1st quarter of 2016, Strategy and Outlook for the Year

€ million - Consolidated IFRS	Q1 2016	Q1 2015
Revenue	19.0	19.0

For the quarter ended 31 March 2016, Netgem reports € 19.0 million in consolidated revenue, stable compared to 2015.

The Company is focusing its international business development efforts on its new *#telcoTV* cloud TV platform. Since its launch in October 2015 at the IBC exhibition, Netgem won 12 nominations and awards for its unique multiscreen user experience.

In France, the Company has focused its investment on the operator VOD business and deployments on local alternative FTTH networks.

Significant transactions and events

The Group continues its share buy back program and now owns about 5.3% of its capital.

French tax authorities are auditing Netgem SA regarding its “Crédit d’Impôt Recherche” (R&D tax grant), challenging 90% of the tax credits claimed for 2011, 2012, 2013, and leading to a potential tax liability of €3.0 million. The Company is challenging the current notification, it considers that its R&D effort is fully compliant with the conditions of the tax grant, and will defend vigorously its position. This potential tax liability is not provisioned in the audited accounts.

Provisional calendar of financial communications

- Annual shareholders’ meeting: June 9, 2016
- Revenue and results for H1 2016: July 29, 2016, before market opening
- Revenue for Q3’2016: October 13, before market opening

About Netgem

Netgem is a provider of innovative solutions and video entertainment services for the connected home. Combining proven technology assets and expertise in content and new uses on all screens, Netgem’s offers help multi-service operators worldwide to enhance and enrich their relationship with end-users. Netgem is present in Europe, Asia and South America with over 4 million active households worldwide. Netgem is listed on NYSE Euronext Paris Compartment C (ISIN: **FR0004154060**, Reuters: **ETGM.PA**, Bloomberg: **NTG FP**)