

# Q1 2018 revenue

Paris-La Défense, May 3rd, 2018

## Revenue and activity

€ Million - consolidated IFRS Non audited	Q1 2018	Q1 2017	Change	
Revenue	11.0	14.7	-3.7	-25%
Net revenue	5.3	6.4	-1.1	-17%

The growth in the number of active users was lower than expected in the first quarter of 2018 (+34,000 compared to the last quarter of 2017), causing a slowdown in the deliveries of new terminals. As a result, revenue reached € 11.0 million in the first quarter of 2018, down 25% compared to the first quarter of 2017.

The impact on net revenue, which reached € 5.3 million in the past quarter, is less significant, given the growing share of revenue related to the subscribers base (SaaS effect). It is worth noting the € 0.5 million negative impact on net revenue compared to 2017 due to the application of IFRS 15 since January 1st, 2018 (maintenance revenue billed in the first quarter are spread over the year). Without this accounting effect, the decline in net revenue would have been 9%.

On the French market, Vitis, Netgem's participation that is active as a provider of fiber-to-the-home services, continues to grow and has just announced:

- An agreement with TDF, representing a potential of 700,000 additional home passed;
- The addition of a mobile phone offer;
- The launch of its new Videofutur brand platform.

## Significant events, strategy and outlook

The Group is preparing to launch in the UK its Soundbox product, a complete TV and OTT music offering coupled with a connected soundbar and voice control. This "service product", launched on Amazon at the next TV Connect on May 9th, will be gradually distributed in the whole British market and in other territories over the year.



The joint developments of OTT and new services in the connected home open new perspectives in the box market. The Soundbox is the first step that the company is taking to value its historic assets in this new market.

The Group continues its transition to the SaaS business model, which aligns net revenue with the growth of its active pool of terminals. The transition to the new generation of 4K terminals and the launch of product binding TV and music are the main vectors of this evolution.

The dividend of € 0.10 per share will be proposed to the general meeting of May 3rd, 2018, with payment on May 18, 2018.

The Group continued its share purchase program and held 7.1% of its own capital at the end of April 2018.

#### Calendar of Financial Communication

- Revenue and results for H1'2018: August 2nd, 2018, before market opening
- Revenue and gross profit for Q3'2018: October 18th, 2018, before market opening

#### **About Netgem**

Netgem is the provider of a new generation of connected devices for digital entertainment and related services.

Netgem's connected devices and related services are used daily by millions of homes around the world and operate under the brands of our distribution partners, telecom and entertainment service providers.

Netgem is long term driven by innovation, simplicity, privacy, affordability and operational excellence.

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

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