

2016 Full Year results

Paris-La Défense, April 6th, 2017

2016 Results and Financial Position

€ million - Consolidated IFRS	2016 ¹	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.

¹ 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 ²	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 ³	31/12/2015
Shareholders' equity and debt		
Equity, Group share	54.2	54.9
Current and non-current financial liabilities	9.6	0.6
Analysis of net cash		
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.

² 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.

³ 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)