

Revenue Q1 2014 Results 2013

Netgem shares eligible to *PEA-PME*

Neuilly-sur-Seine, France, April 10th 2014,

Consolidated revenue for the 1st quarter 2014

Consolidated IFRS figures, in € million	Q1 2014	Q1 2013	Change
Revenue	19,3	16,3	+18%
<i>of which International</i>	16,0	12,1	+32%
<i>of which France</i>	3,3	4,2	-21%

For the first quarter ended March 31, 2014, Netgem announced consolidated revenues of € 19.3 million, up 18% and 32 % internationally.

Results and financial position 2013 – consolidated figures

Consolidated IFRS figures, in € million	2013	2012	Change
Revenue	81.4	81.2	0%
<i>of which international</i>	63.0	53.0	+19%
<i>of which France</i>	18.3	28.1	-35%
Gross margin	33.6	30.2	11%
Current operating income	10.2	12.3	-17%
Net income, Group share	9.3	9.3	0%
Net income, Group share, per share in €	0.23	0.25	

Current operating income in 2013 amounted to € 10.2 million for a revenue of € 81.4 million, a decrease of 17% compared to 2012. It includes the activity of Videofutur since early April 2013, when Videofutur was taken over by Netgem.

Gross margin reached € 33.6 million in 2013, up 11 % compared to 2012.

Operating expenses amounted to € 23.4 million in 2013, against € 17.9 million in 2012 (+31 %). This increase resulted primarily from the first consolidation of VideoFutur and incorporates a 26% increase of efforts in Research and Development (€ 5.4 million in 2013, net of *Crédit Impôt Recherche*).

After taking into account non-recurring income of € 0.4 million, financial income of € 1.1 million and a tax expense of € 2.5 million (including a € 1.0 million deferred tax expense arising from the use of capitalized loss carry-forwards), net income for the Group amounted to € 9.3 million, as in 2012.



Consolidated IFRS figures, in € million	2013	2012
Cash flow related to operating activities	13.5	13.4
Cash flow related to investing activities	-6.9	-1.3
Cash flow related to financing activities	-6.8	-6.9
Net change in cash	-0.4	5.2

The Group's net cash position amounted to € 54.8 million, down € 0.4 million over the year, after taking into account cash flows related to investing activities (acquisition of Videofutur and acquisition of tangible and intangible fixed assets) and related to financing activities (dividend payment and share buy back program during the year).

Consolidated IFRS figures, in € million	31/12/2013	31/12/2012
Shareholders' Equity and Debt		
Group shareholders' Equity	66.8	56.2
Current and non-current financial liabilities	0.9	0.3
Analysis of net cash position		
A. Cash and cash equivalents	54.8	55.2
B. Current financial liabilities	0.9	0.3
C. Current net cash (A)-(B)	53.9	54.9
D. Non-current financial liabilities	0.0	0.0
E. Net cash position (C)+(D)	53.9	54.9

Pro forma figures

Pro forma figures consolidate the results of Videofutur as of January 1st 2012 (when consolidated figures only include them as of April 1st 2013).

Pro forma IFRS figures, in € million	2013	2012	Change
Revenue	83.3	88.1	-5%
Gross Margin	34.8	34.5	1%
EBITDA	10.8	8.8	23%
Current operating income	9.3	7.3	27%
Net income	9.3	4.3	116%

Pro forma operational and net income respectively increased by 27% and 116% in 2013 compared to 2012, to reach €9.3 million.

Pro forma IFRS figures, in € million	Q1 2014	Q1 2013	Change
Revenue	19,3	18,2	+6%
<i>of which International</i>	16,0	12,1	+32%
<i>of which France</i>	3,3	6,1	-46%



Strategy and outlook

The Group maintains its objective of doubling international revenue over the period 2012-2014.

The expected growth vectors for the Group are:

- business from historical customers, fixed operators in Europe and Australia;
- growth in the fixed lines market (fiber deployments) in emerging countries;
- new market opportunities with mobile operators in Europe.

This last opportunity aims to replicate internationally, with mobile operators looking for TV solutions, the experience in France with LaBox Videofutur.

To strengthen its offering in this segment, Netgem presented at the 2014 TV Connect show in London, its first offer for end-to-end operated TV services (SaaS model applied to television over Internet).

The Board of Directors of the Company will propose to the General Meeting of shareholder of 12 June next, a dividend of € 0.15 dividend per share.

Operations and significant events

Netgem confirms its eligibility for the PEA-PME share savings accounts for small and medium-sized companies according to Decree n° 2014-283 of March 4th 2014, as provided for in article 70 of the French Budget Law n° 2013-1278 for 2014 dated December 29th 2013, which establishes the eligibility criteria of companies for PEA-PME accounts as less than 5,000 employees, annual revenue below 1,500 million euros or total assets below 2,000 million euros.

At the beginning of March, as previously announced, Netgem Mexico SA de CV was created to support the Netgem's development in Mexico.

Financial Calendar (subject to possible changes)

- General Shareholders' meeting: June 12th 2014
- First Half 2014 results and Analysts meeting: week of July 28th 2014

About Netgem

Netgem is a provider of innovative video end-to-end solutions for the connected home entertainment market. Its solutions are a combination of field-tested technology assets, expertise in media content and knowledge of new video consumption on all screens. They provide multi-service operators worldwide with a competitive edge to enhance and deepen their relationship with their subscribers. Netgem is present in Europe, Asia and Latin 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**)

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