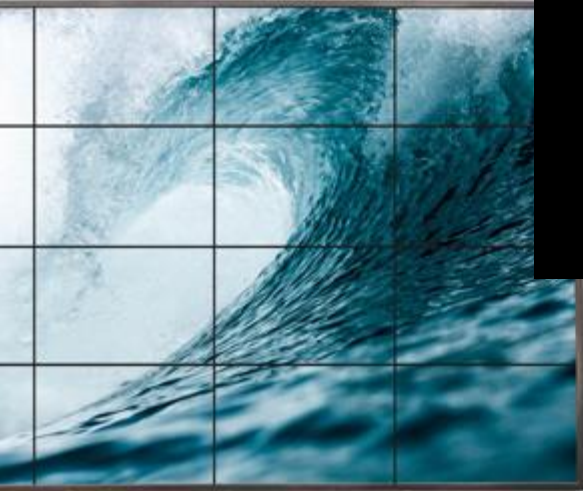




# NETGEAR®

DECEMBER 2019

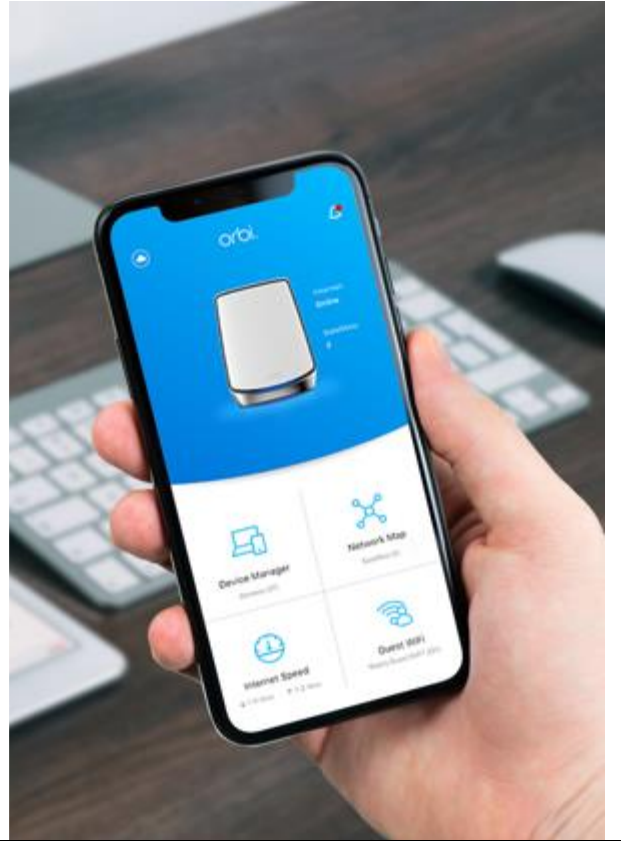
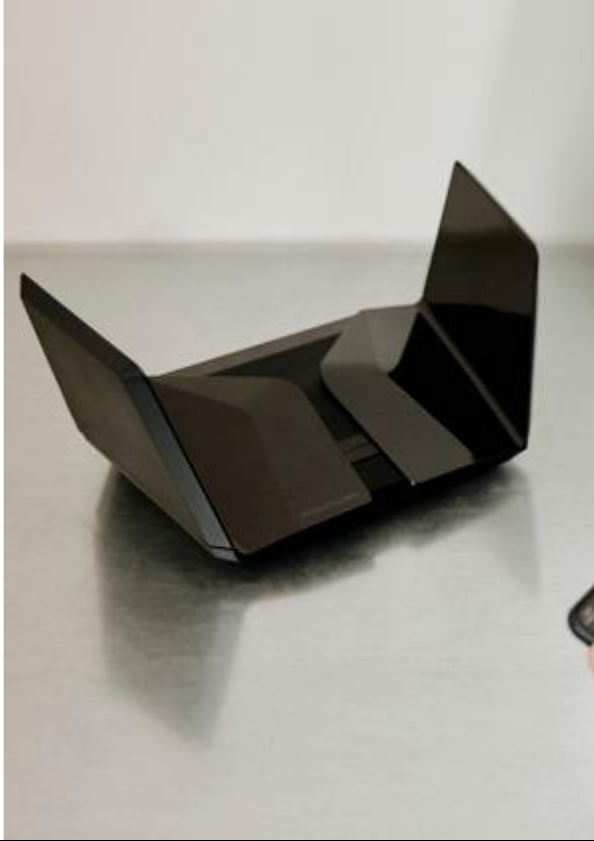


# Safe Harbor Disclosure

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This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The words “anticipate,” “expect,” “believe,” “will,” “may,” “should,” “estimate,” “project,” “outlook,” “forecast” or other similar words are used to identify such forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. The forward-looking statements represent NETGEAR, Inc.’s expectations or beliefs concerning future events based on information available at the time such statements were made and include statements regarding: NETGEAR’s ability to pursue its long-term strategies; NETGEAR’s future operating performance and financial condition, expected net revenue, GAAP and non-GAAP operating margins, and GAAP and non-GAAP tax rates; expectations regarding the timing, distribution, sales momentum and market acceptance of recent and anticipated new product introductions that position the Company for growth; expectations regarding NETGEAR’s paid subscriber base, registered users and registered app users and their effect on NETGEAR’s paid subscriber base; and expectations regarding future market size for certain areas of potential growth. These statements are based on management’s current expectations and are subject to certain risks and uncertainties, including the following: future demand for the Company’s products and services may be lower than anticipated; consumers may choose not to adopt the Company’s new product or service offerings or adopt competing products or services; product performance may be adversely affected by real world operating conditions; the Company may be unsuccessful or experience delays in manufacturing and distributing its new and existing products; telecommunications service providers may choose to slow their deployment of the Company’s products or utilize competing products; the Company may be unable to collect receivables as they become due; the Company may fail to manage costs, including the cost of developing new products and manufacturing and distribution of its existing offerings; the Company may fail to successfully continue to effect operating expense savings; changes in the level of NETGEAR’s cash resources and the Company’s planned usage of such resources, including potential repurchases of the Company’s common stock; changes in the Company’s stock price and developments in the business that could increase the Company’s cash needs; fluctuations in foreign exchange rates; and the actions and financial health of the Company’s customers. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Further information on potential risk factors that could affect NETGEAR and its business are detailed in the Company’s periodic filings with the Securities and Exchange Commission, including, but not limited to, those risks and uncertainties listed in the section entitled “Part II - Item 1A. Risk Factors,” in the Company’s quarterly report on Form 10-Q for the fiscal quarter ended September 29, 2019, filed with the Securities and Exchange Commission on November 1, 2019. Given these circumstances, you should not place undue reliance on these forward-looking statements. NETGEAR undertakes no obligation to release publicly any revisions to any forward-looking statements contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

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**PATRICK LO**  
Chairman & Chief Executive Officer

# STRATEGY FOR GROWTH



Technology Inflections



Create New Categories



Recurring Service Revenue



# 2019 IN PERSPECTIVE

Trade war and tariff

Transition to WiFi 6

Kick-start service subscription

Launch into Pro AV opportunities



# TRADE WAR AND TARIFF

Tariffed inventory not offset by price increase

New production lines yet to reach efficiency levels

Introduction of new tariffs



**BIGGEST REVOLUTION IN WIFI, EVER**

WiFi 6

---

Increase ASP

Growing the TAM

Gain share

Sell subscription services

# NETGEAR LEADS THE WIFI 6 TRANSITION

## WiFi 6



AX8

Q1 19



AX12

Q2 19



AX4



AX12 Tri-band

Q3 19



AX1800



Orbi WiFi 6

Q4 19



AX8 Extender

SAMSUNG  
Galaxy S10



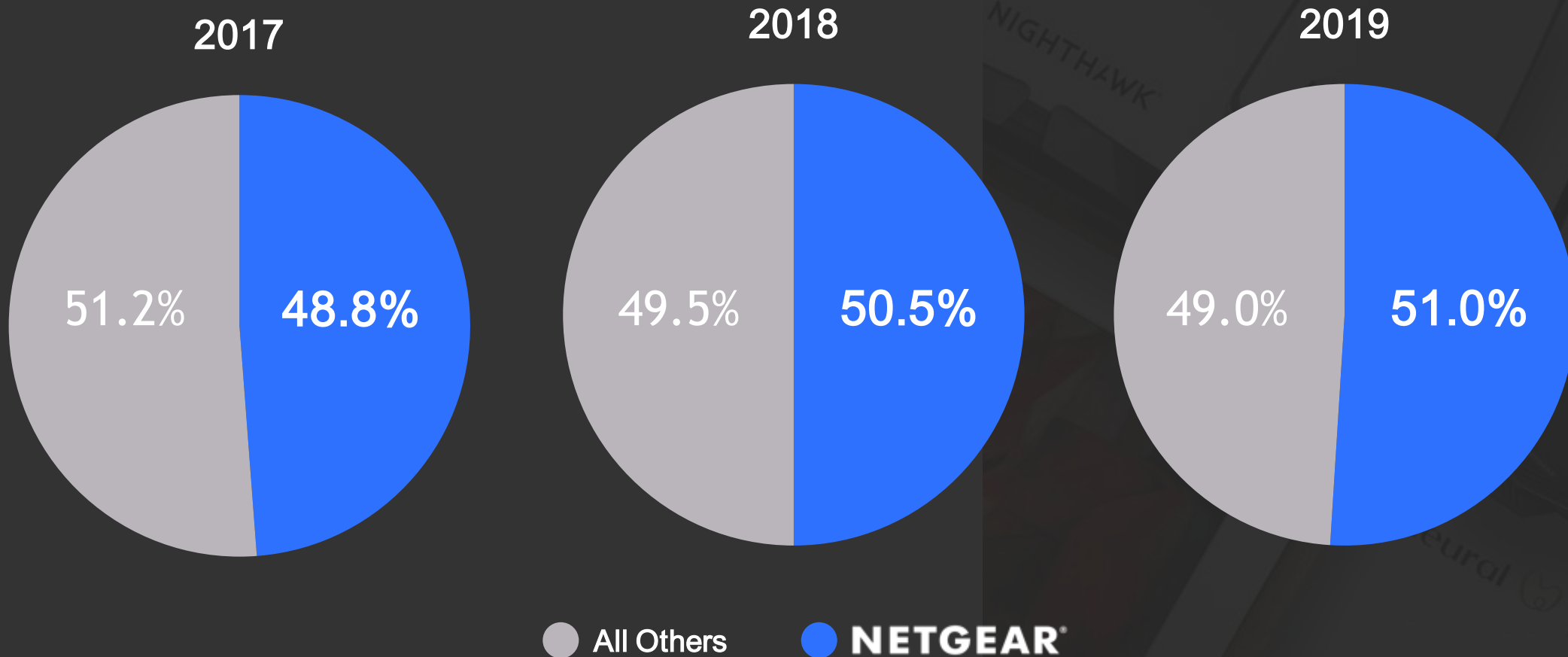
Lenovo

acer





# NETGEAR GROWS WIFI MARKET SHARE



# WIFI CABLE GATEWAY

## Save Rental Fees, Improve WiFi



Inflection points: D3.0 to D3.1, and 11ac to WiFi 6  
Competitor is “Carrier-First,” retail an afterthought

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### NETGEAR Differentiation

“Retail First” focus on product roadmap  
Best in class WiFi, including Orbi Mesh  
Speed to market on voice, D3.1, and WiFi 6



# 5G MOBILE AND FIXED WIRELESS

## 5G transition drives 'unlocked' opportunity



Mobile



Fixed Wireless

LTE and 5G are competing for home broadband  
65% of M1 customers use it as primary internet  
Rapid growth of unlocked market in US and EMEA

### NETGEAR Differentiation

Best in Class WiFi and Mesh technology

First to market with 5G

Privacy concerns with Chinese competition



# MEURAL DIGITAL CANVAS

## Expansion of product line, content and market

New Meural Canvas II - New style, size, price points



**Broaden the appeal of digital canvas**

Adding pop-culture artwork – GoT, Marvel

Enhance personal photography user experience





# NIGHTHAWK PRO GAMING

## Cloud gaming needs low latency WiFi

Greenfield opportunity to create a category



### NETGEAR Differentiation

DumaOS gaming software

Best in class WiFi, transition to WiFi 6

**\$4.5B**

Cloud Gaming  
Spending by 2024



# PRO AV DEPLOYMENTS



## SPORTS



## COMMAND & CONTROL



Home Office



## EVENT VENUES



## HEALTHCARE & EDUCATION

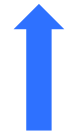


## CORPORATE



# SERVICE REVENUE FOUNDATION

12.3M



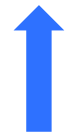
41%

REGISTERED USERS

1MILLION

SUBSCRIBER TARGET

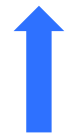
6.3M



50%

EMAIL OPT-IN

3.7M



469%

REGISTERED APP  
USERS

\*All numbers shown from Sep 2018  
Analyst Day to Nov 8<sup>th</sup> 2019



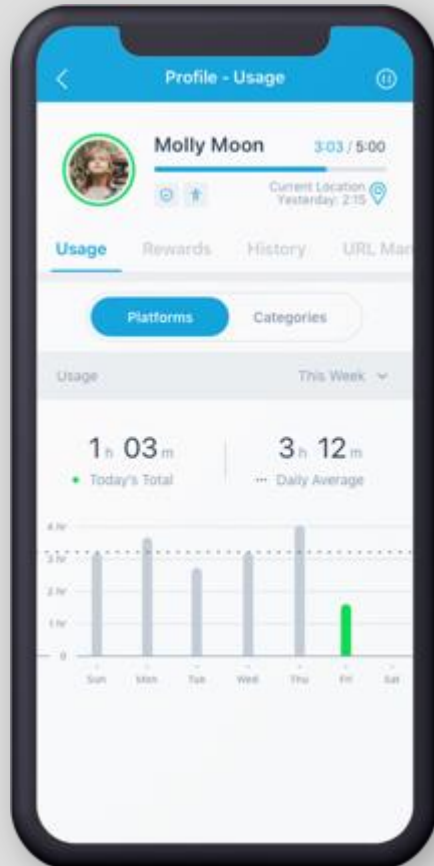


# NETGEAR VALUE ADDED SERVICES

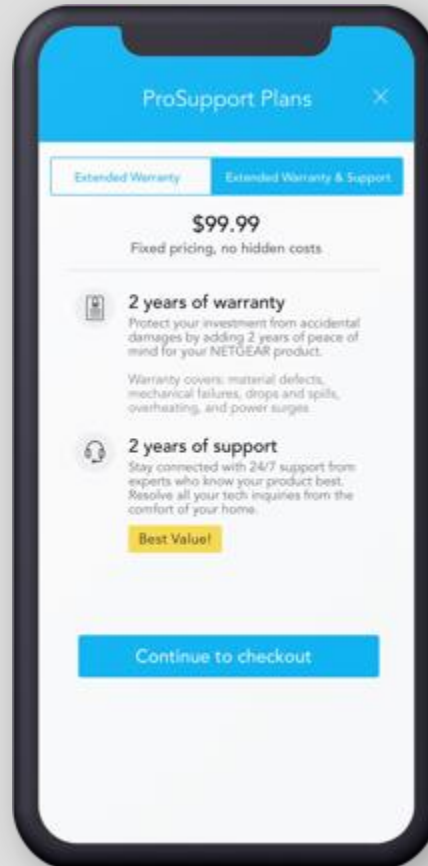
**NETGEAR**  
ARMOR



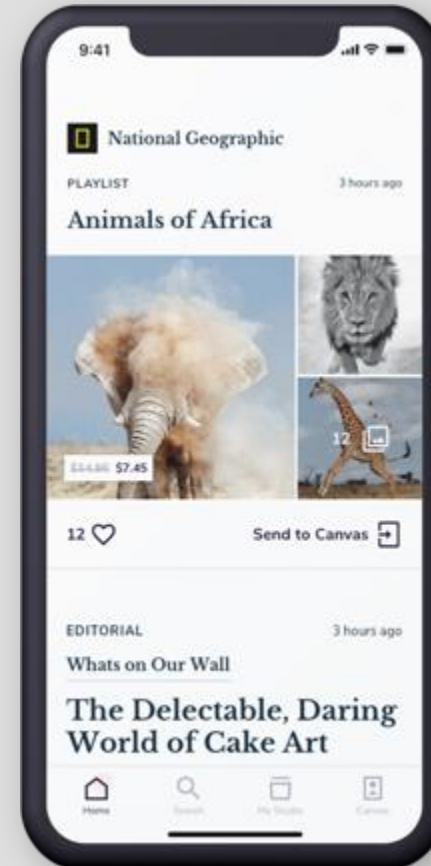
circle on  
**NETGEAR**



**NETGEAR**  
PROSUPPORT



Meural 



**NETGEAR**  
INSIGHT







# Financials

**BRYAN MURRAY**  
Chief Financial Officer

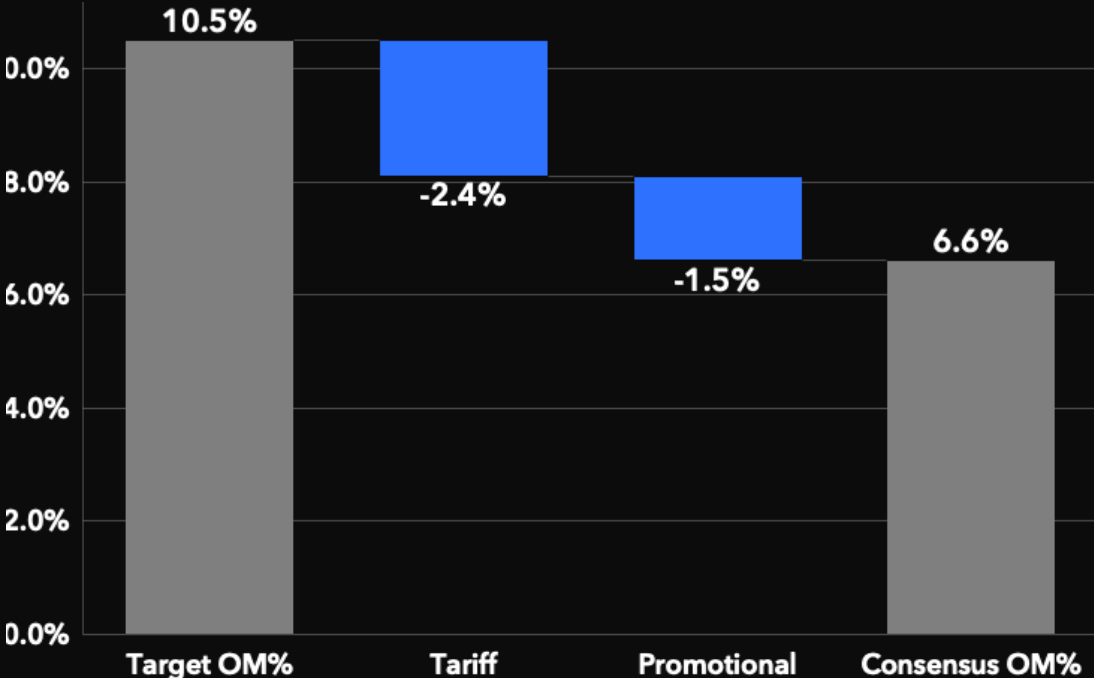
# TOPLINE CHALLENGES IN FY'19

-5.5%

US Consumer WiFi Market Decline YTD



# OPERATING MARGIN CHALLENGE FY'19



2019 target non-GAAP operating margin shown reflects the mid-point of the range provided at the Sept 2018 Analyst Day, and the consensus non-GAAP operating margin shown is per FactSet as of 11/18/19.

# TRADE WAR AND TARIFF

Tariffed inventory not offset by price increase

New production lines yet to reach efficiency levels

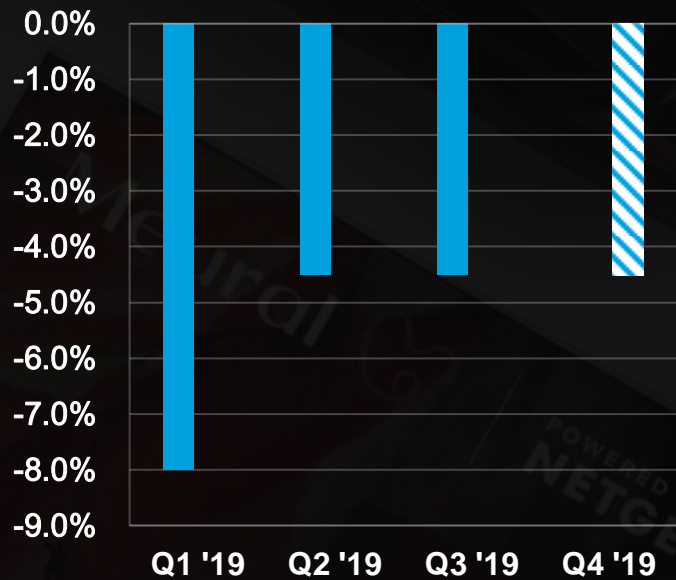
Introduction of new tariffs





# PROMOTIONAL EFFORTS

## Stabilizing the US WiFi Market



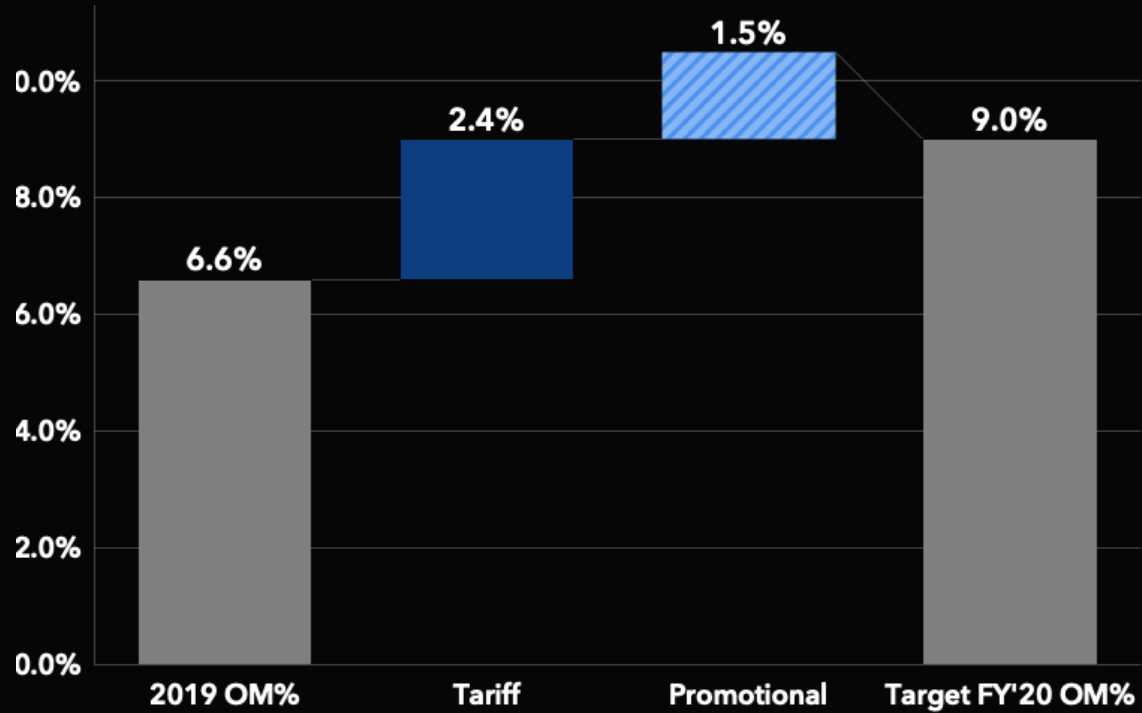
## Expanded Prime Day



## Market Transition

WiFi 6

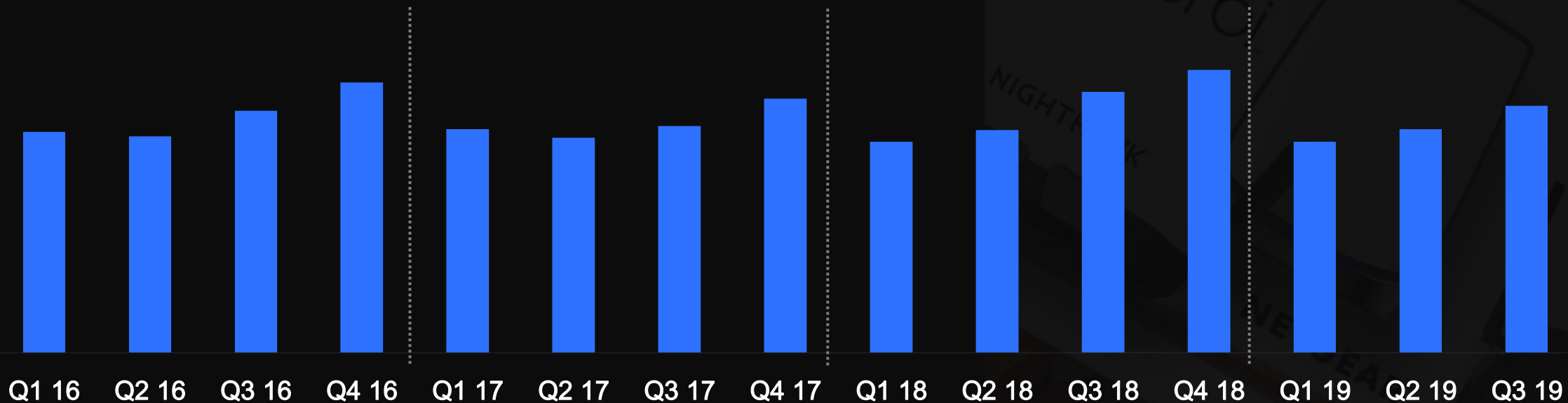
# OPPORTUNITIES IN 2020



All measures shown above are non-GAAP



# CHP SEASONALITY



QoQ Seasonality				
	Q1	Q2	Q3	Q4
Historical	-20%	2%	14%	12%
FY'20 Estimates	-12% to -15%	2%	14%	12%

Above reflects seasonality of the Connected Home business, excluding revenue from service providers.

# SERVICES DRIVE MARGIN EXPANSION

## Paid Service User Count

		100K	500K	1M	1.5M	2M
ARPU	\$12	+0.1%	+0.3%	+0.6%	+0.8%	+1.1%
	\$24	+0.1%	+0.6%	+1.1%	+1.6%	+2.1%
	\$36	+0.2%	+0.8%	+1.6%	+2.4%	+3.2%

Assumptions: 50% gross margin on services



# MANAGEMENT OFFSETS LOST LEVERAGE

	FY'17	FY'18	FY'19 (YTD)
	Total	Total	Total
Segment CM%	14.2%	15.7%	14.1%
Corporate & Unallocated	-7.2%	-8.5%	-6.9%
Non-GAAP OM%	7.0%	7.2%	7.2%



# STRATEGIC CAPITAL ALLOCATION



R&D/BRAND INVESTMENT

orbi™

Meural

NIGHTHAWK™

NIGHTHAWK™  
PRO GAMING

Pro AV



M&A & INVESTMENTS

jiobit

Meural

swrve

circle



SHARE REPURCHASE

NTGR

# 2020 FINANCIAL TARGETS

Low to mid-single-digit YoY top line growth

8-9% non-GAAP operating margin

Double-digit non-GAAP EPS growth

# LONG TERM TARGET MODEL

Low to mid-single-digit % annual revenue growth

Convert 1 Million of installed base to paid subscribers

15% non-GAAP operating margin

Low double-digit non-GAAP EPS growth

orbi™

NIGHTHAWK®

NETGEAR®

NIGHTHAWK  
PRO GAMING

Meural

POWERED BY  
NETGEAR®