



NETGEAR®
2019 Analyst Day
NOVEMBER 20, 2019



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AGENDA

Introduction by Patrick

Financials

Connected Home

Subscriber Growth

Pro AV

Q&A

Demos





Introduction

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

SERVICE REVENUE FOUNDATION

12.3M



41%

REGISTERED USERS

1 MILLION

SUBSCRIBER TARGET

6.3M



50%

EMAIL OPT-IN

3.7M



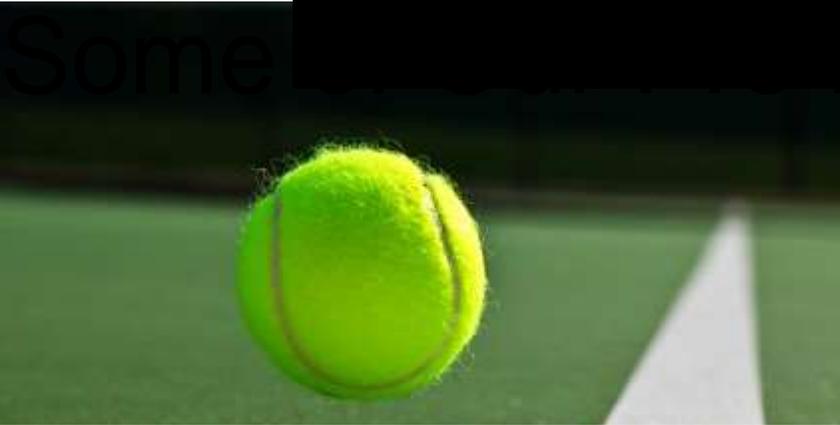
469%

REGISTERED APP USERS

*All numbers shown from Sep 2018 Analyst
Day to Nov 8th 2019



PRO AV DEPLOYMENTS



SPORTS



COMMAND & CONTROL



Home Office



EVENT VENUES



HEALTHCARE & EDUCATION



CORPORATE





Financials

BRYAN MURRAY

Chief Financial Officer

2019 FINANCIAL TARGETS REVISITED

Mid-single-digit YoY top line growth

Service provider revenue of \$35-\$40M per quarter

10-11% non-GAAP operating margin

Double-digit non-GAAP EPS growth

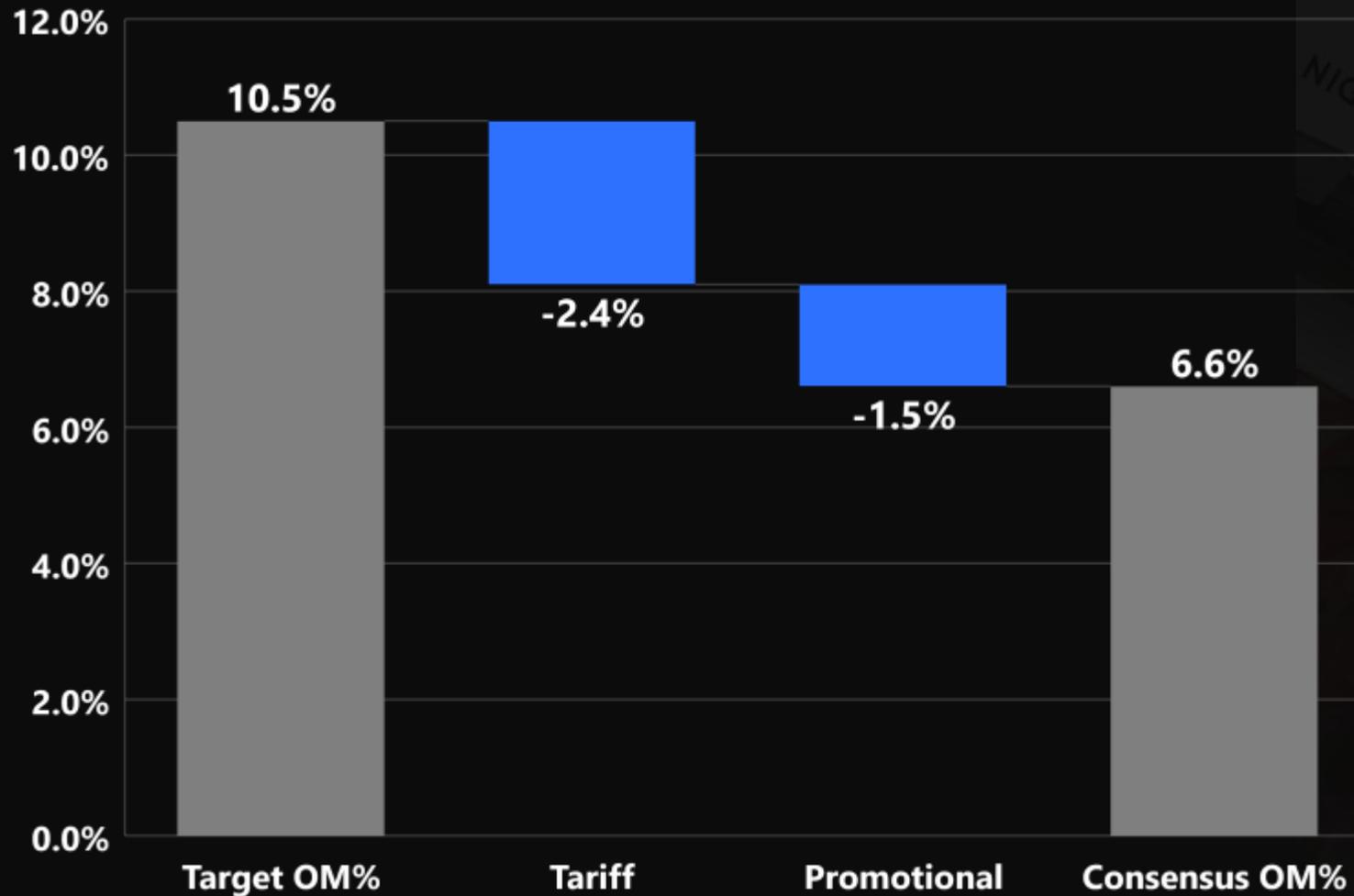
TOPLINE CHALLENGES IN FY'19

-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

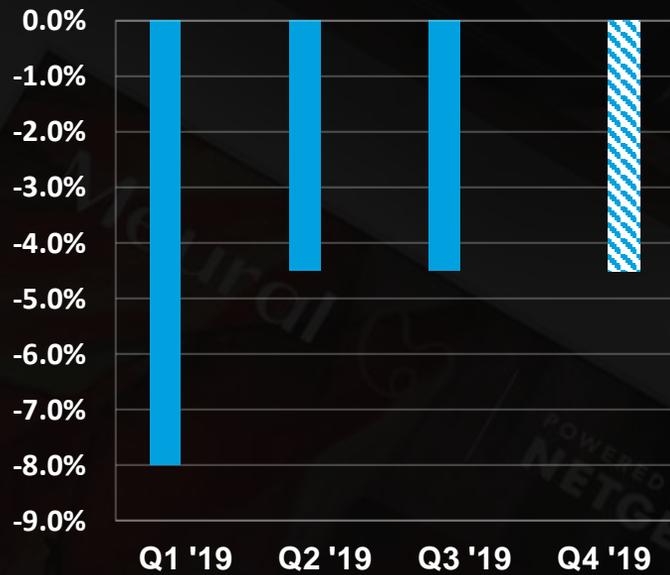
New production lines yet to reach efficiency levels

Introduction of new tariffs



PROMOTIONAL EFFORTS

Stabilizing the US WiFi Market



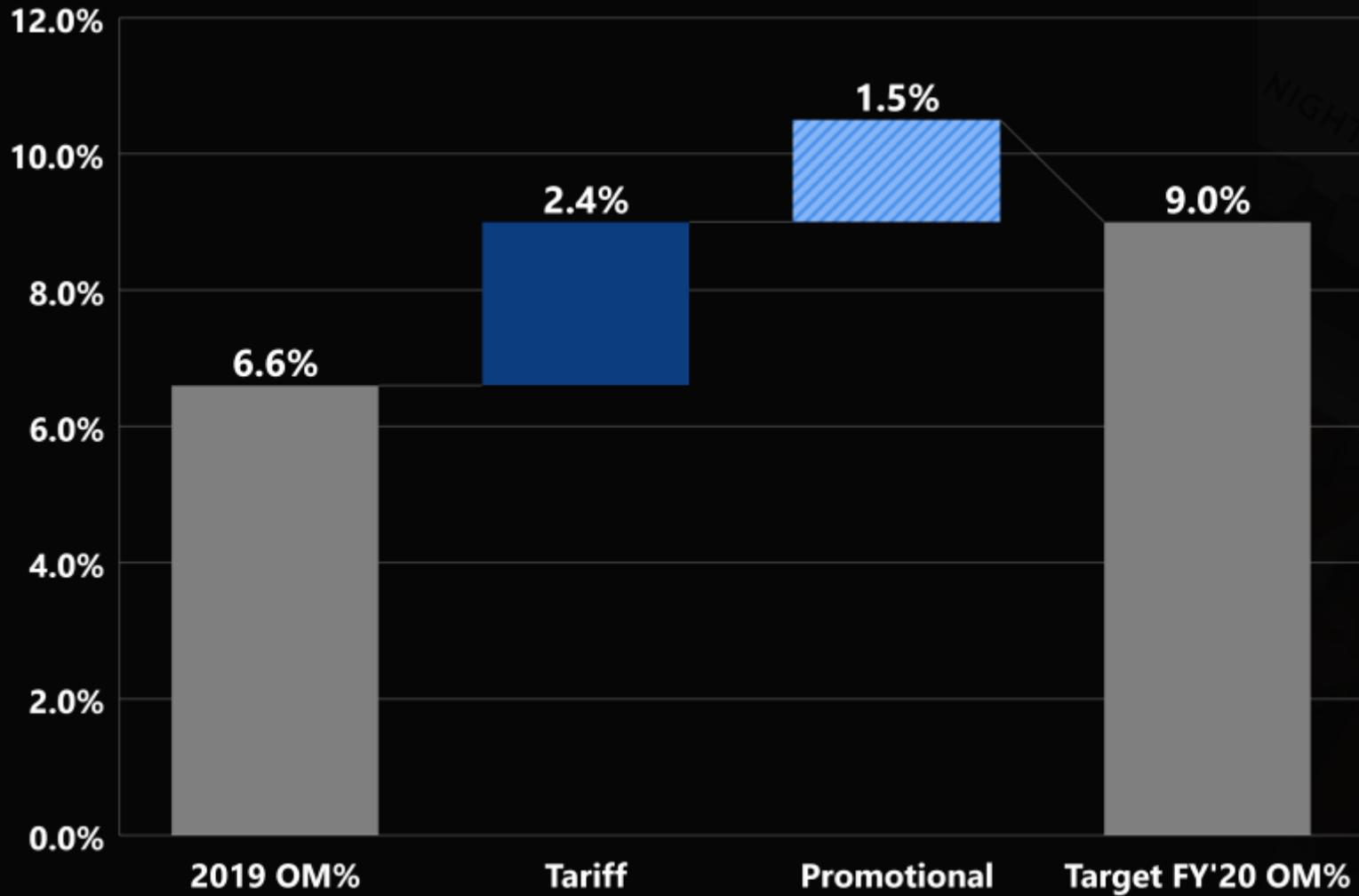
Expanded Prime Day



Market Transition

WiFi 6

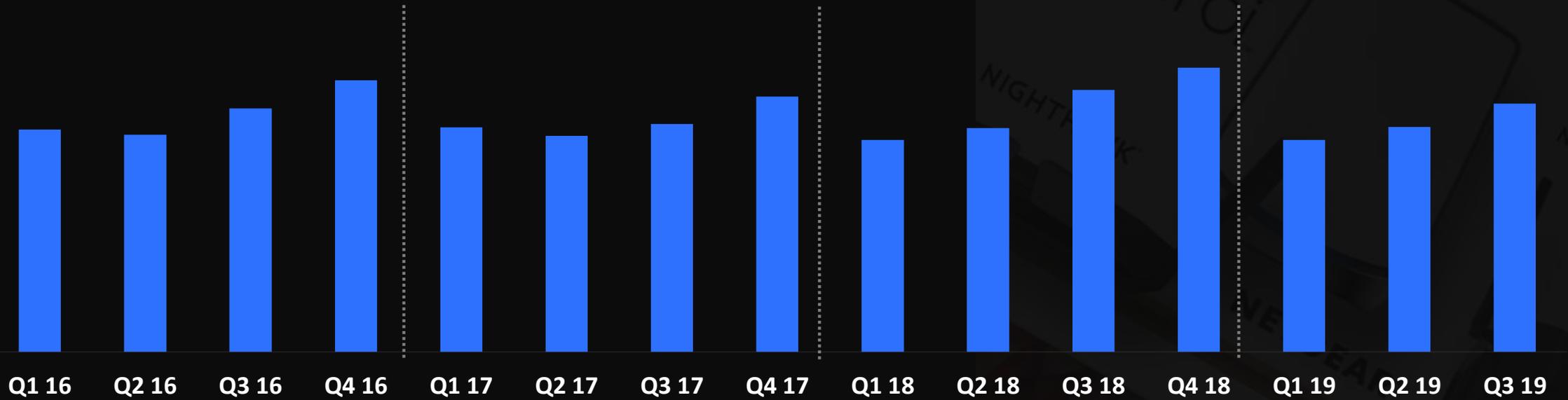
OPPORTUNITIES IN 2020



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

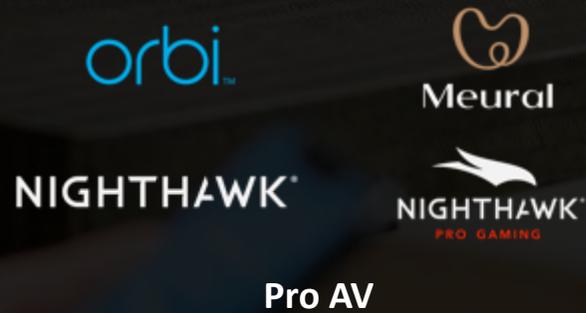
	FY'17	FY'18	FY'19 (YTD)
	Total	Total	Total
Segment CM%	14.2%	15.7%	14.1%
Corporate & Unallocated	-7.2%	-8.5%	-6.9%
Non-GAAP OM%	7.0%	7.2%	7.2%



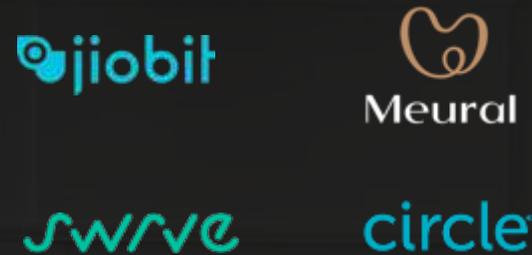
STRATEGIC CAPITAL ALLOCATION



R&D/BRAND INVESTMENT



M&A & INVESTMENTS



SHARE REPURCHASE

NTGR

SHARE REPURCHASES

From January 1, 2016

Approach	OPPORTUNISTIC
Total free cash flow generated	\$140M
Total cash used for share repurchases	\$235M
Shares repurchased	5.4M
Reduction in diluted shares	3.9%

2020 FINANCIAL TARGETS

Low to mid-single-digit YoY top line growth

8-9% non-GAAP operating margin

Double-digit non-GAAP EPS growth

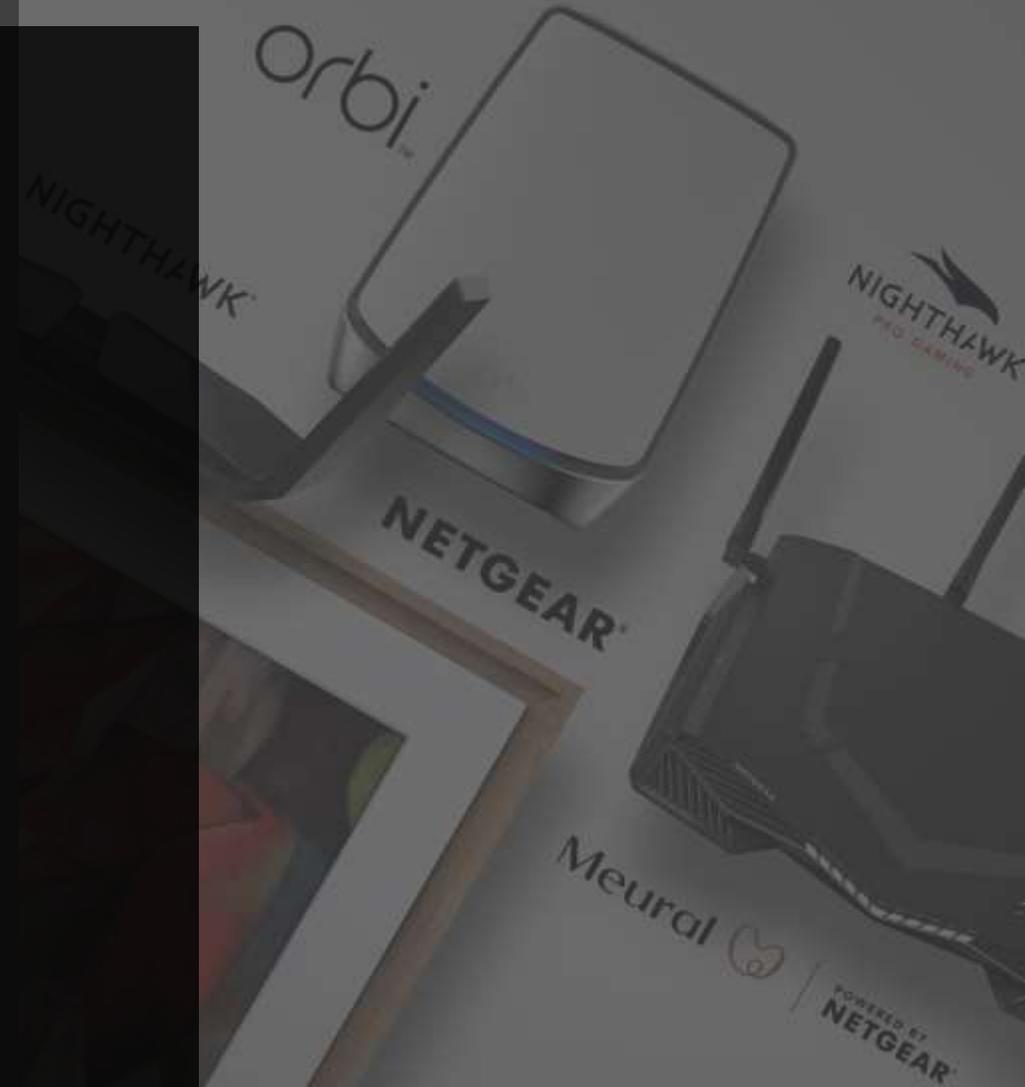
LONG TERM TARGET MODEL

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





Connected Home Update

DAVID HENRY

Senior Vice President, Connected Home

WIFI MARKET GROWTH

2017

0.7%

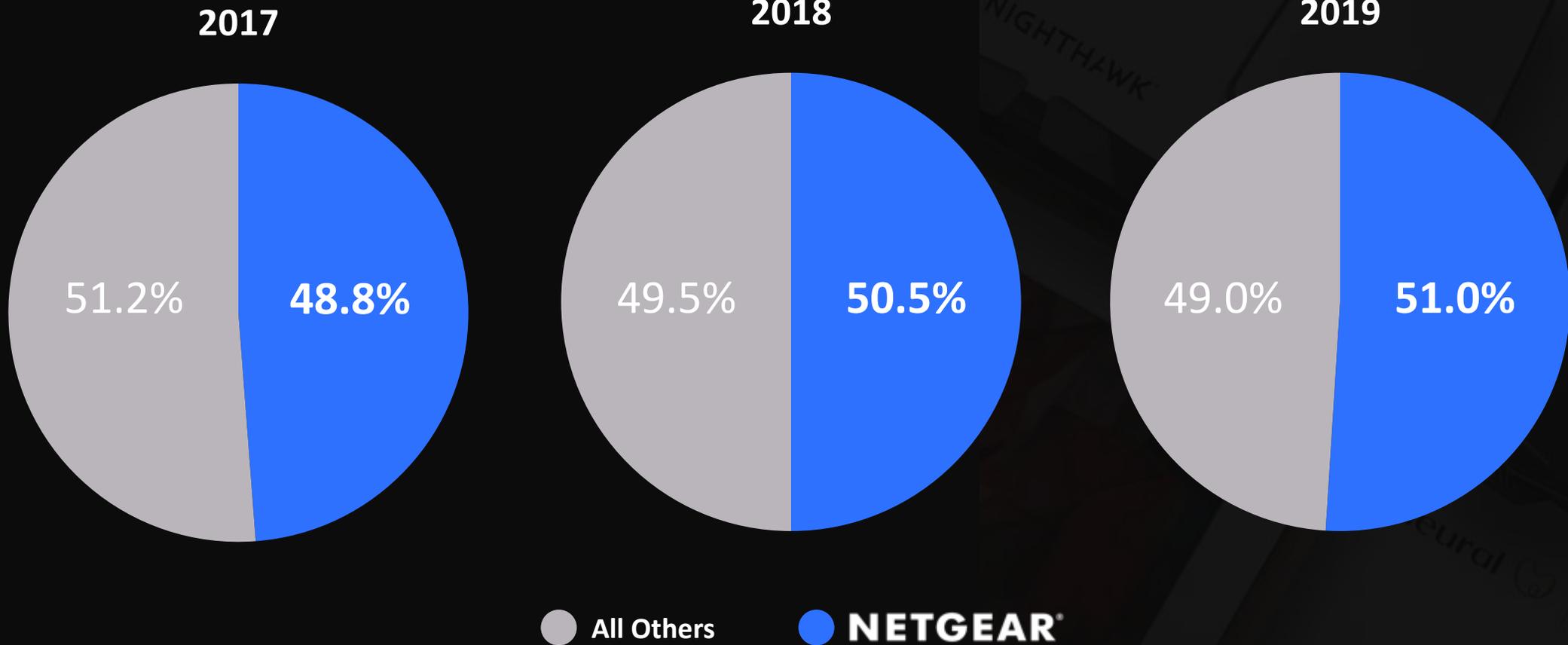
2018

1.9%

2019 YTD

-5.5%

NETGEAR GROWS WIFI MARKET SHARE



BIGGEST REVOLUTION IN WIFI, EVER

WiFi 6

4X Better Performance than WiFi 5

Capacity: More WiFi for more devices

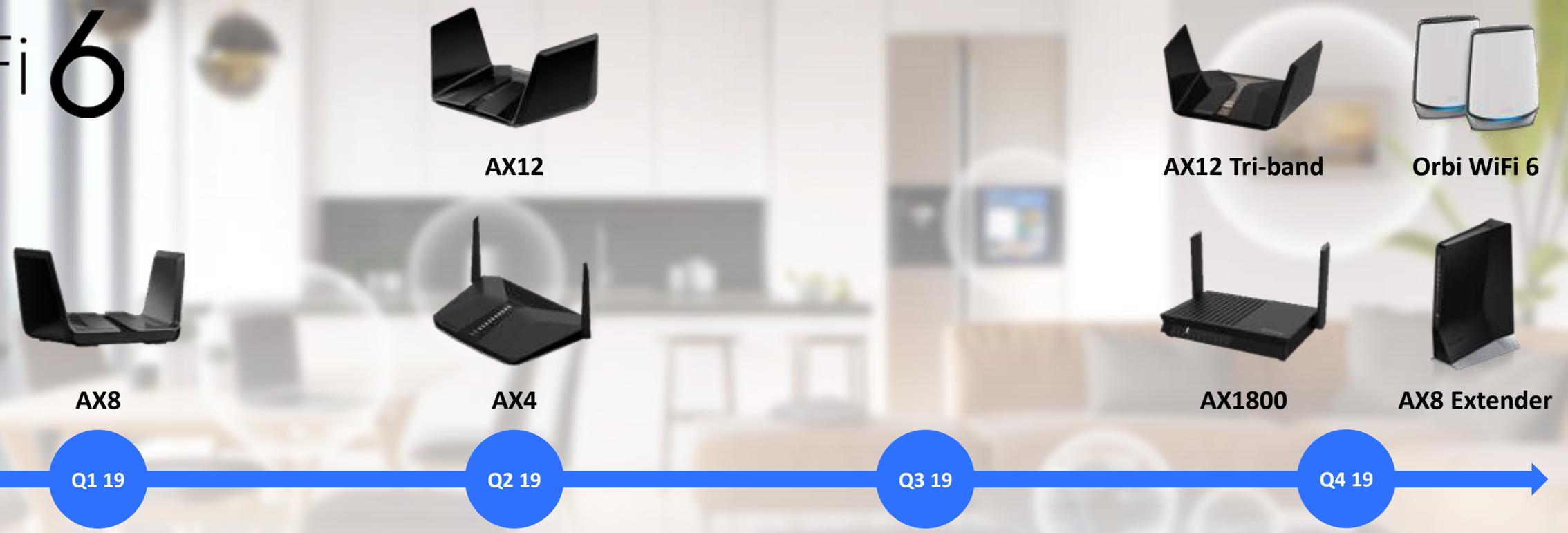
Speed: Fastest WiFi for the gigabit home

Efficiency: Longer battery life for mobile

Backward compatible with 11AC

NETGEAR LEADS THE WIFI 6 TRANSITION

WiFi 6



SAMSUNG
Galaxy S10



Lenovo

acer



WIFI 6 INCREASES ASP IN PREMIUM WIFI

Low End



WiFi 6 \$179

Mid Price



WiFi 6 \$399

High End



WiFi 6 \$599

Mesh WiFi



WiFi 6 \$699

AC \$79



AC \$229



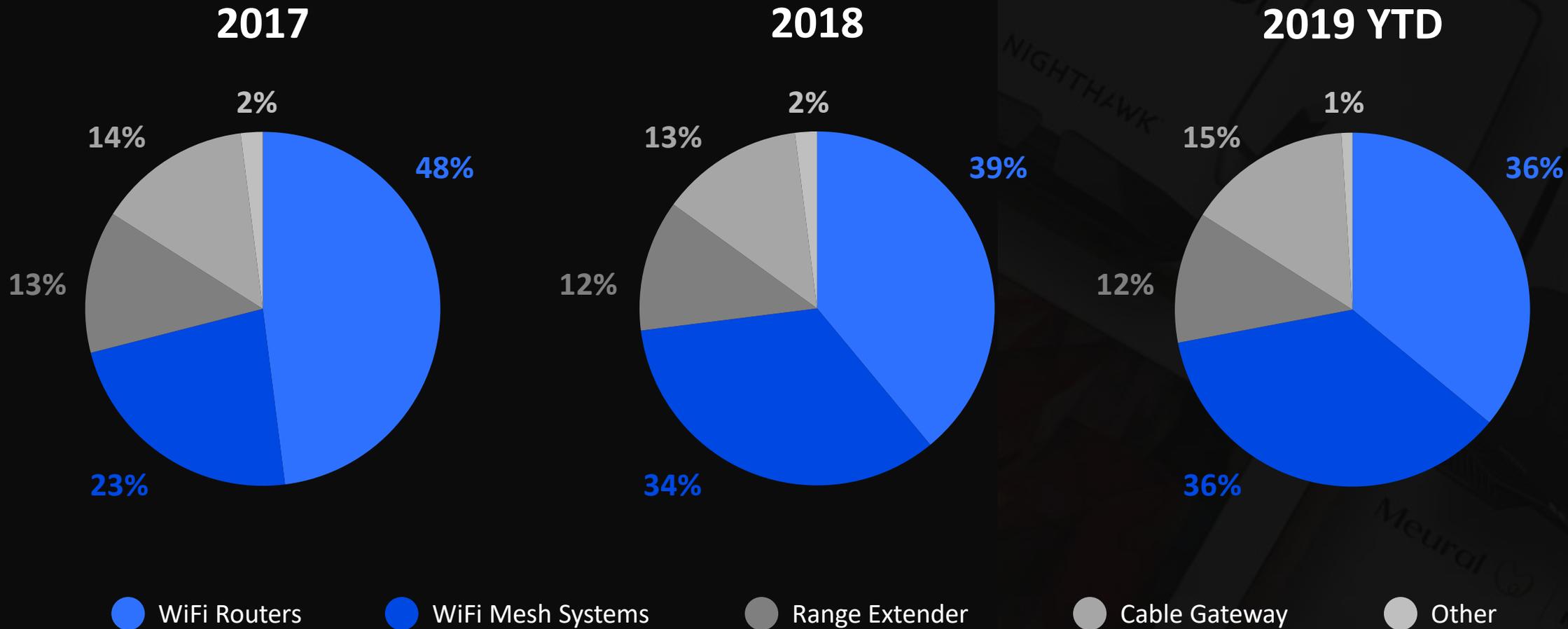
AC \$379



AC \$279



MARKET IS MORE THAN JUST WIFI MESH



WIFI MESH SYSTEM

Competition Not Focused on WiFi Performance



Competitors focused on own ecosystem

NETGEAR Differentiation

Performance, privacy, and security

Tri-band technology for max performance

Broad portfolio vs point products

Retail focus vs competing with retail



WIFI ROUTER

Competition Focused on Cost / Price

LINKSYS



ASUS

Competitors are legacy networking brands Minimal differentiation

Slow with new tech

NETGEAR Differentiation

Best in Class WiFi, Tri-band technology

First to market with new technology

Unparalleled retail channel worldwide



RANGE EXTENDERS

Competition Focused on Low End



For those consumers who won't change ISP gateway
Competitors lack innovation and differentiation

NETGEAR Differentiation

Best in class performance and interoperability
Seamless roaming with one network name
Nighthawk Mesh - turn any ISP network to Mesh
Unparalleled retail channel worldwide



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

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



CHP SUMMARY

WiFi 6

5G

Meural

Gaming

NETGEAR Leads





Subscriber Growth

HEIDI CORMACK

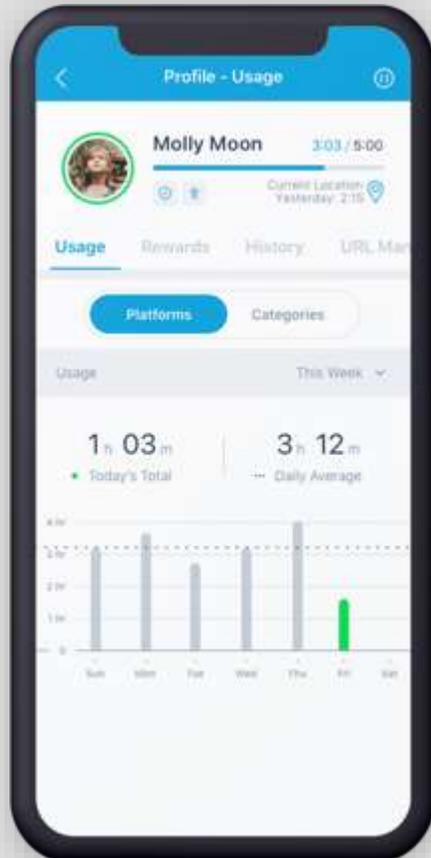
Senior Vice President, WW Marketing

NETGEAR VALUE ADDED SERVICES

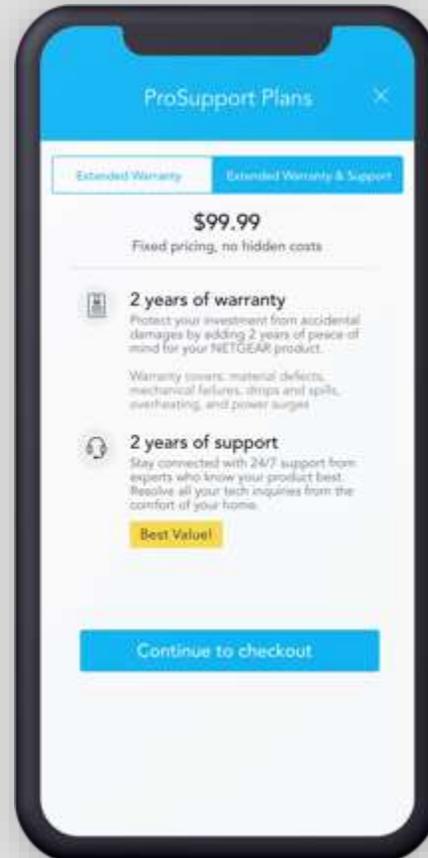
NETGEAR
ARMOR



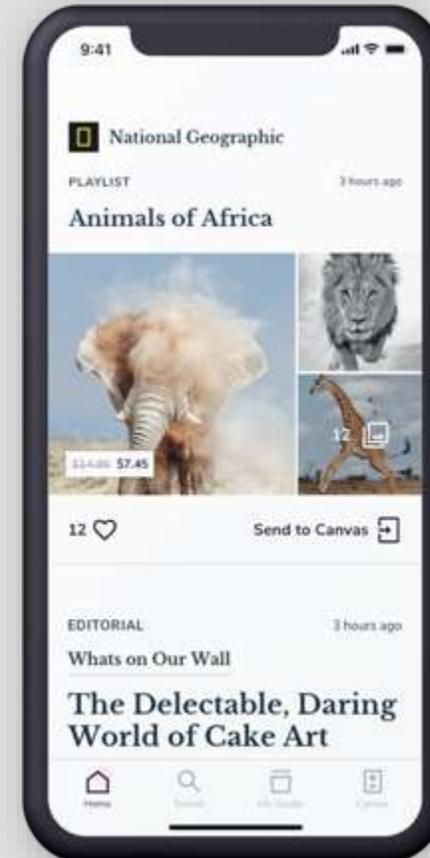
circle on
NETGEAR



NETGEAR
PROSUPPORT



Meural 



NETGEAR
INSIGHT



SERVICE REVENUE FOUNDATION

12.3M



41%

REGISTERED USERS

1 MILLION

SUBSCRIBER TARGET

6.3M



50%

EMAIL OPT-IN

3.7M



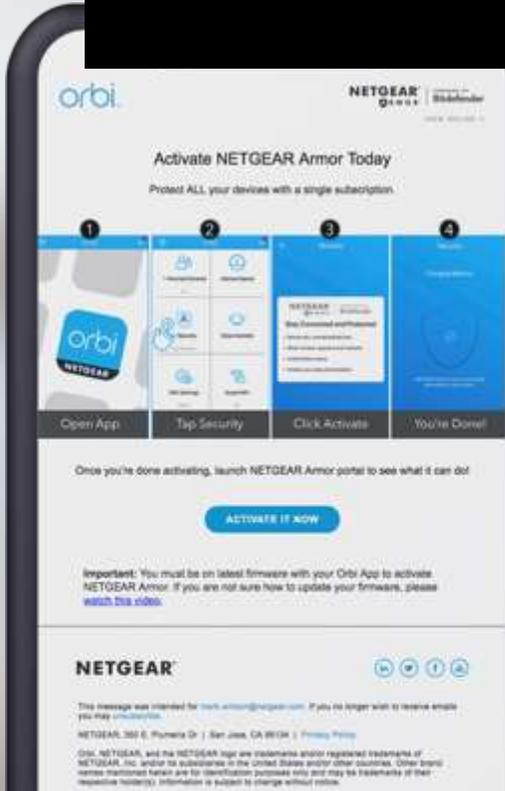
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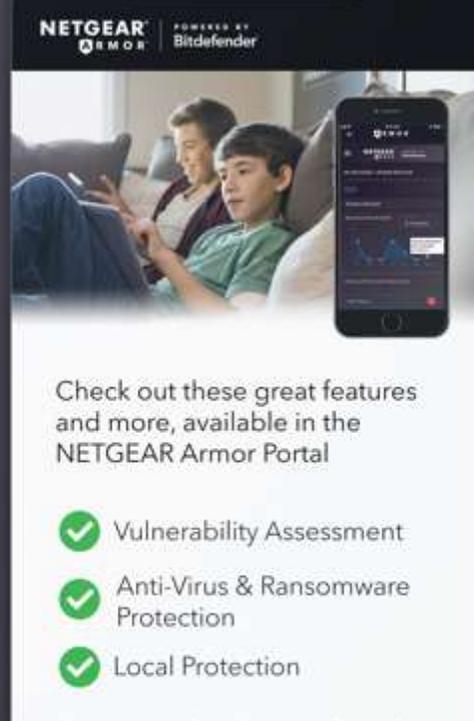


CUSTOMER ENGAGEMENT



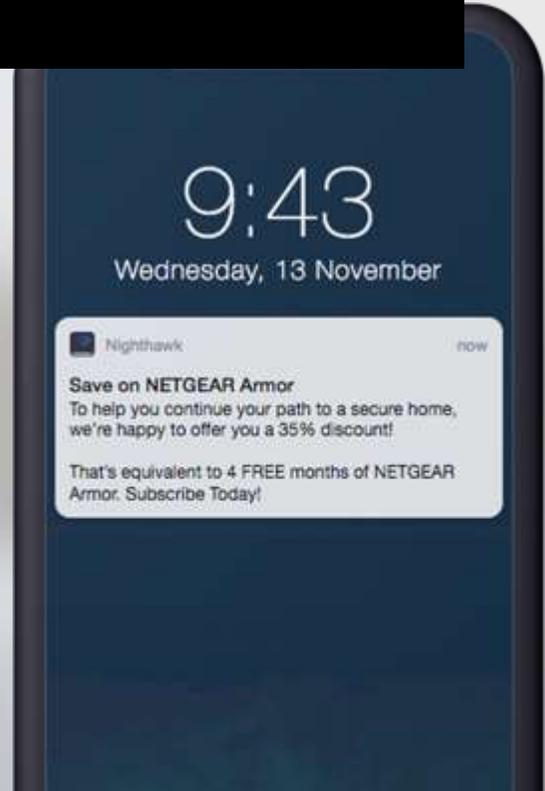
WW EMAIL

65M **↑ 7%**



IN-APP

2M **↑ 215%**



PUSH NOTIFICATION

985K **↑ 4K%**

TRANSFORMATION

Armor on Orbi



Improved Conversion Rates

4% **NIGHTHAWK**

Up to 9% **orbi**

Attach at Point of Purchase



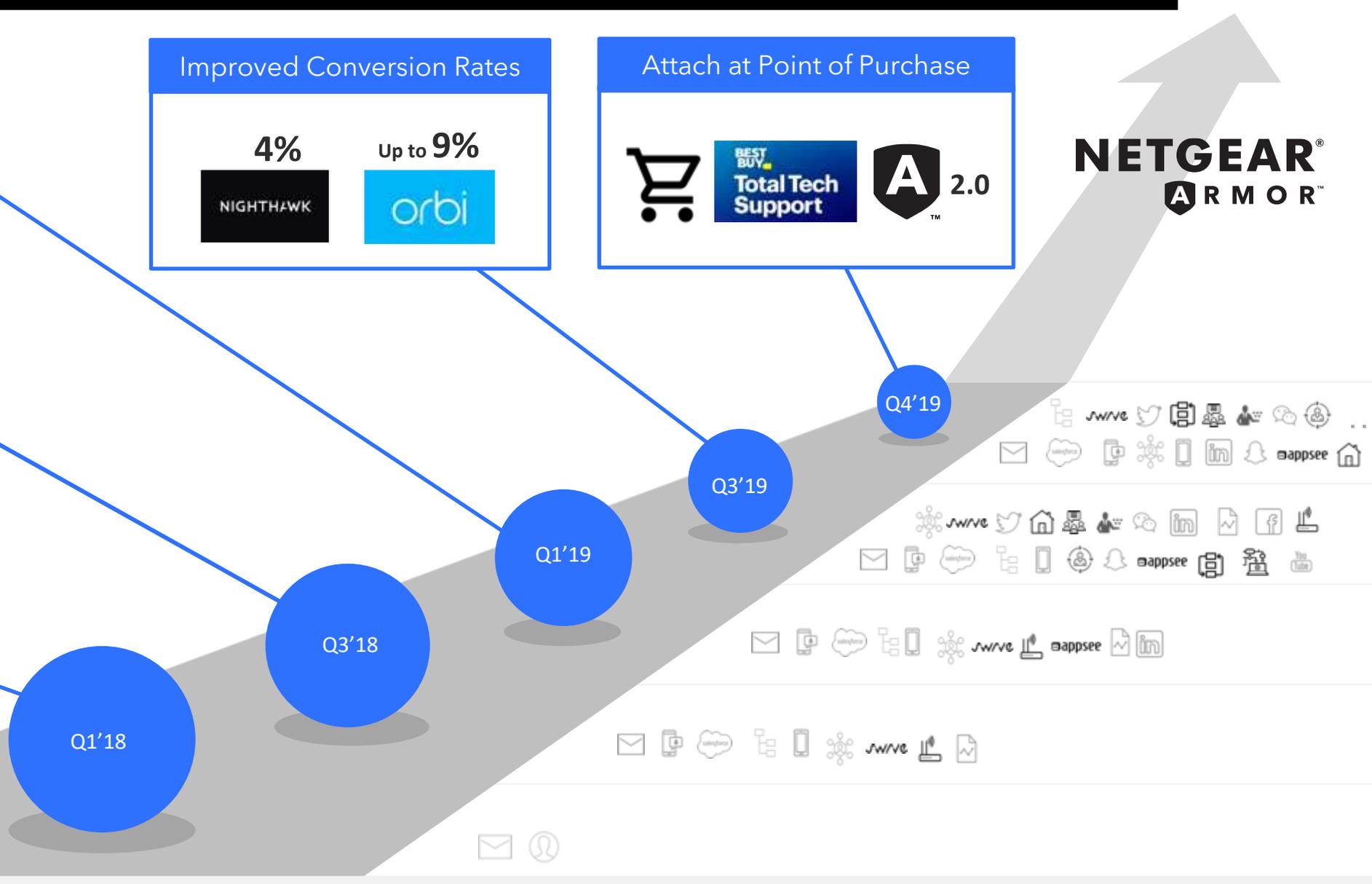
Enhanced Journeys



Armor on Nighthawk



0.2%



NETGEAR
ARMOR™

ACQUIRING SUBSCRIBERS



LESSONS LEARNED

NEW USERS

Higher ASP, higher attach rate

Orbi, higher conversion rate

Attach at point of purchase

INSTALL BASE

High touch, 6+ interactions

Multi-channel engagement

In-app, high conversion

WHAT OUR CUSTOMERS ARE SAYING

"I feel much more secure when on the internet knowing that I have the Armor protection."

"I use it as a front door protection to my different devices."

"I love the reports and seeing what was blocked and what devices were targeted. Love this protection."

"So far it's stopped phishing attempts on my iPhone and iPads."

NETGEAR
ARMOR

WEEKLY SUBSCRIBER GROWTH



CUMULATIVE SUBSCRIBERS

150K+
Subscribers

150,000

100,000

50,000

Jul 18

Nov 18

Feb 19

May 19

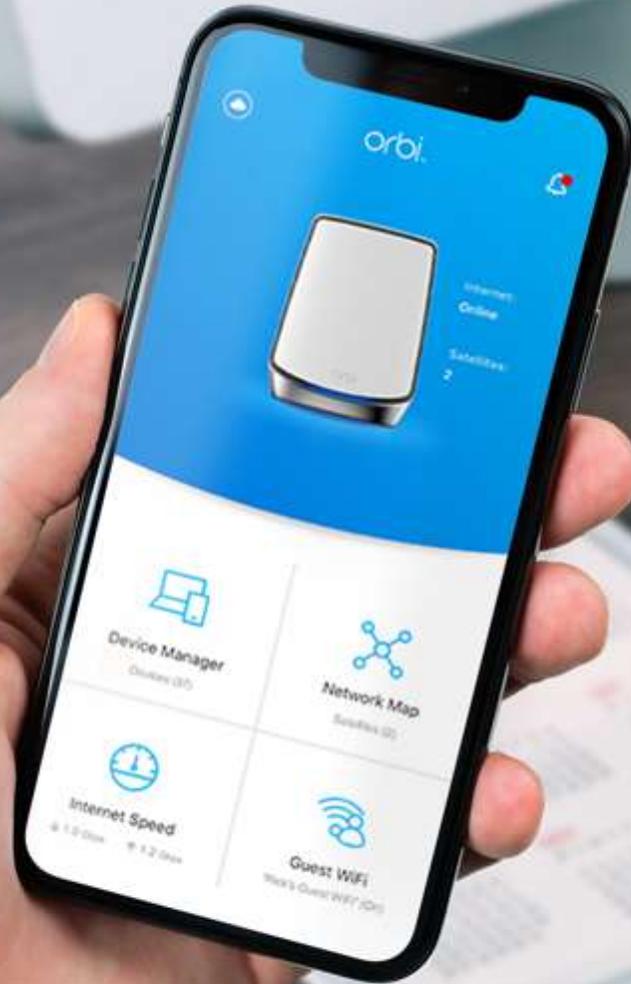
Aug 19

Oct 19

Nov 19



SUBSCRIBER GROWTH



Continued test & learn

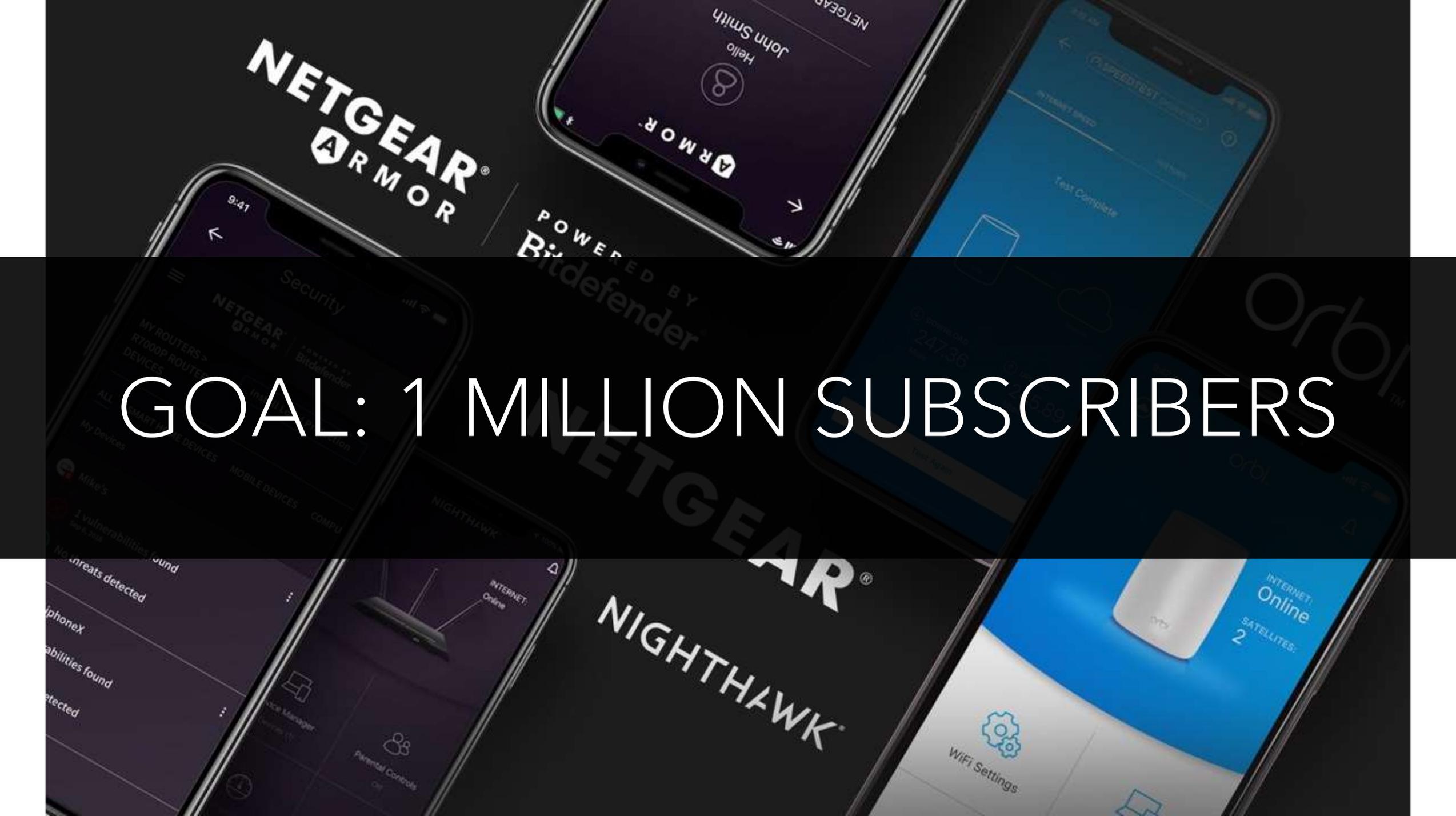
Optimization in-app & email marketing

Increased app engagement

Availability on more products

Expansion of services roadmap

Increased conversion



GOAL: 1 MILLION SUBSCRIBERS

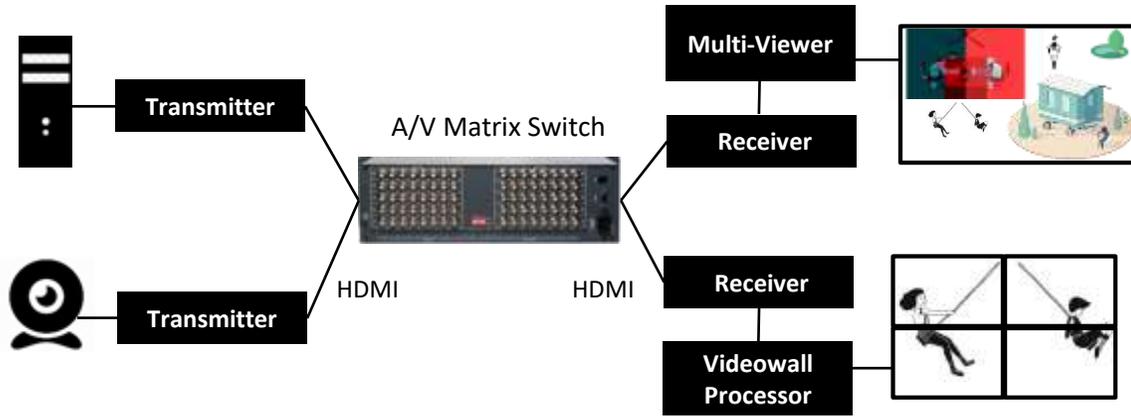


Enabling the Next Generation of Professional Audio Visual Networks

VIKRAM MEHTA

SMB Products and Services

LEGACY AV SIGNAL DISTRIBUTION



Proprietary

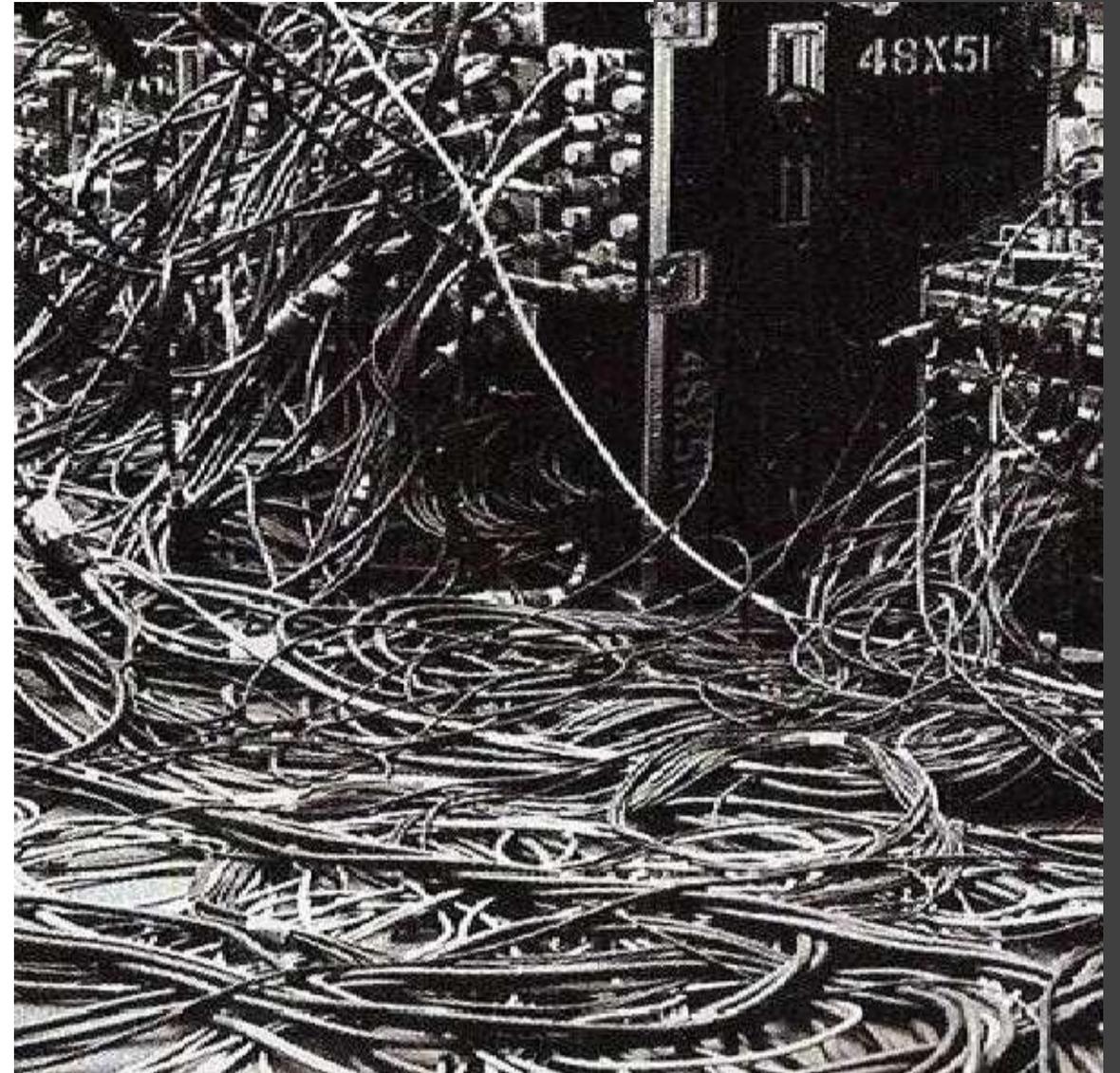
Expensive

Unwieldy

Poor Scaling

Complex

Fork-lift Upgrades



AVOIP: THE MATRIX TRANSFORMED



Ethernet

Near Zero Latency

10x Lower Cost

10x Better Scaling

Simplicity of Deployment & Management

Investment Protection

Uncompressed Content Delivery

4K/8K & Beyond

Longer Distances

Up to 40% Lower Power Consumption

Up to 80% Reduction In Rack Space



SDVOE FOUNDING MEMBERS



AQUANTIA®

zeevee

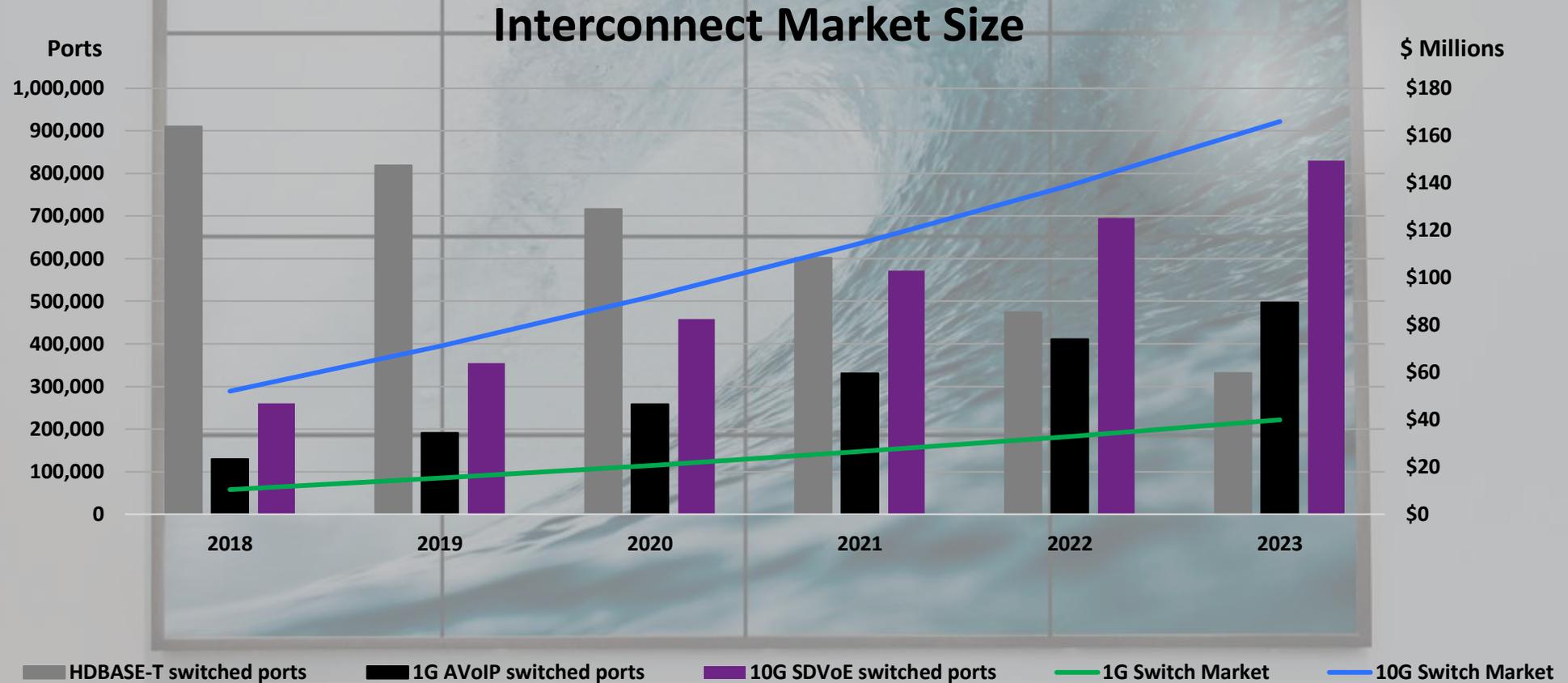
SONY

CHKISTIE®

NETGEAR®



VAST MARKET OPPORTUNITY



Source: SDVoE Alliance market sizing based on FutureSource Consulting's "HDBase-T in AV signal distribution" and AVIXA's IOTA reports.

NETGEAR PRO AV STRATEGY

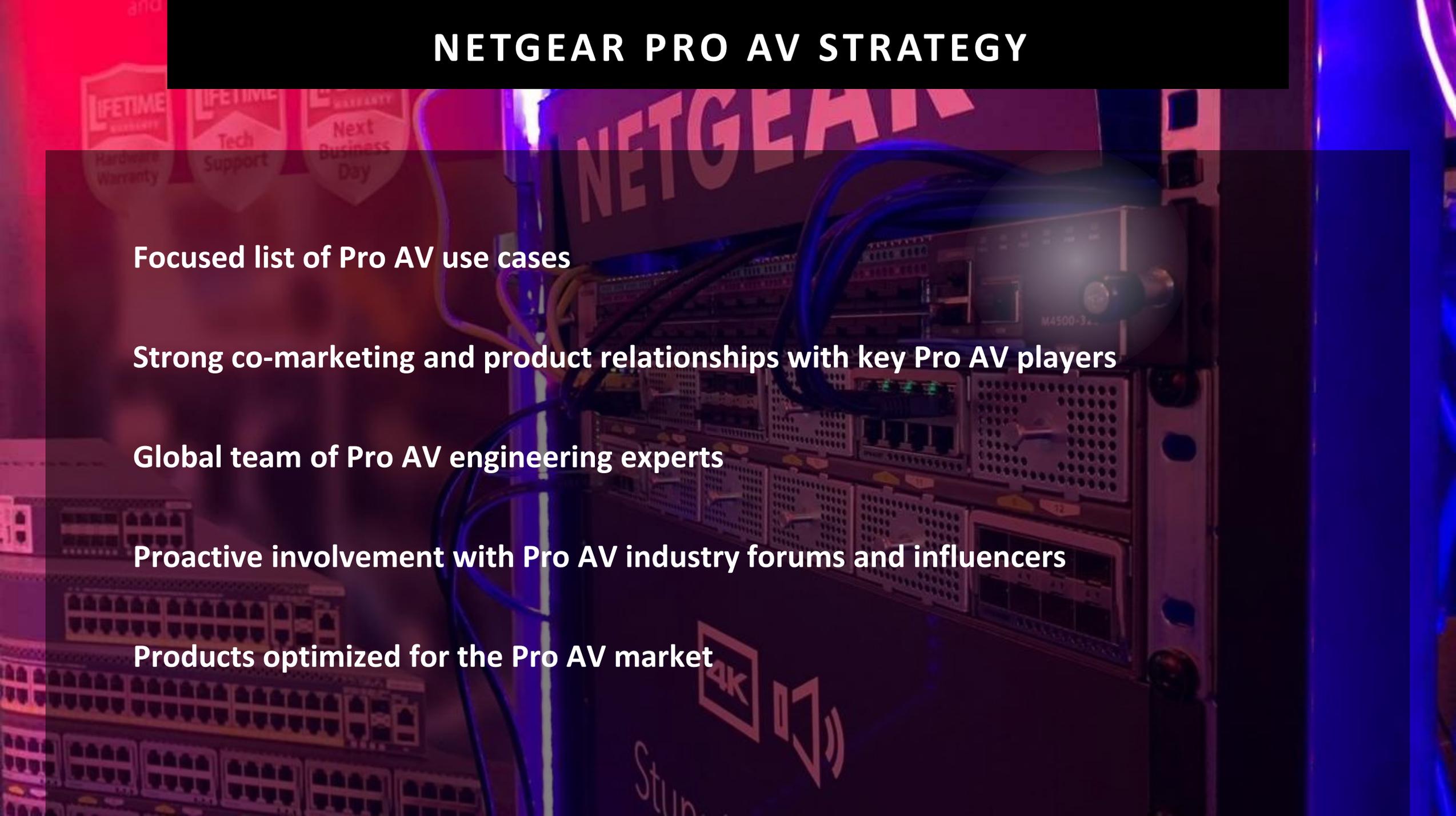
Focused list of Pro AV use cases

Strong co-marketing and product relationships with key Pro AV players

Global team of Pro AV engineering experts

Proactive involvement with Pro AV industry forums and influencers

Products optimized for the Pro AV market



PRO AV APPLICATIONS



SPORTS



LARGE EVENT VENUES



EDUCATION



MEDICAL SURGERIES



HIGH-END HOMES



RETAIL SIGNAGE



SMALL & MOBILE EVENT VENUES



CORPORATE OFFICES



COMMAND & CONTROL CENTERS

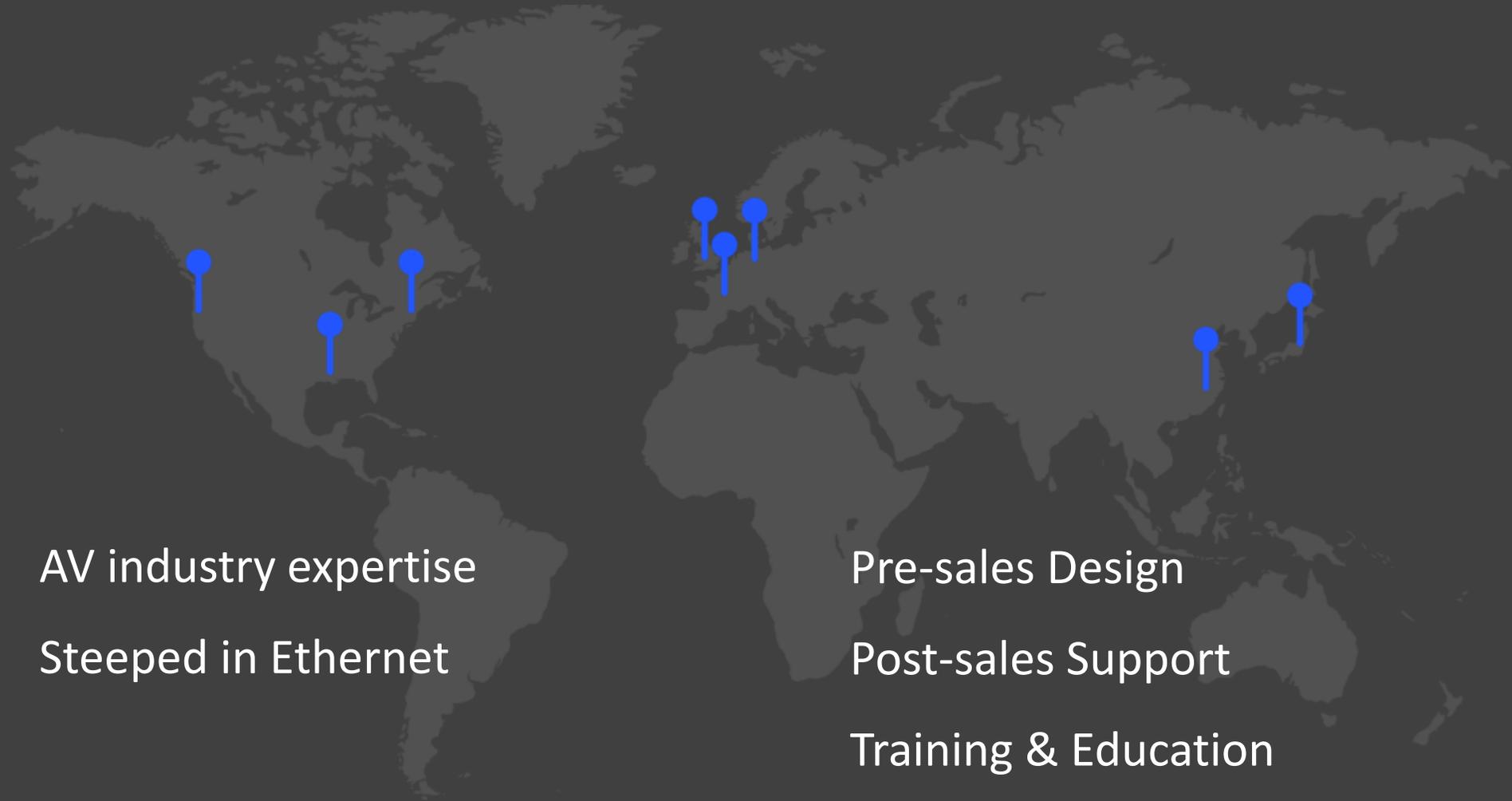
KEY VENDOR PARTNERSHIPS



Pro AV Distributors & Integrators



GLOBAL TEAM OF ENGINEERING EXPERTS



AV industry expertise
Steeped in Ethernet

Pre-sales Design
Post-sales Support
Training & Education

INDUSTRY FORUMS & INFLUENCERS



PRODUCTS ENGINEERED FOR PRO AV

Embedded AV Modules

NETGEAR



zeevee
Intelligent AV Distribution

2.5G, 10G, 25G, 50G & 100G
Low Latency Pro AV Switches



Gaming Routers

NIGHTHAWK®
PRO GAMING



Unique AV Software & Configurations

NETGEAR IGMP Plus™

Support for Dante, AES67, QSYS, and AVB

Support for PTPv2

Ability to run AV Management App on the switch

AV pre-set configurations for ease of deployment

Over 40 Switch SKUs Including



World's first ruggedized 10GE
switch for outdoor Pro AV
installs

60W/Port and Greater



WHAT THE INDUSTRY IS SAYING



BOB MADONNA
FOUNDER & CEO, *SAVANT SYSTEMS*

“Savant is the ultimate choice in residential and commercial building automation. Our strategic partnership with NETGEAR enables us to automate all aspects of a home or office building – from lighting, to blinds, to audio-visual systems, to physical security and energy management.”



BRAD SOUSA
CHIEF TECHNOLOGY OFFICER, *AVI SYSTEMS*

“AVI Systems is the fastest growing AV integrator in the US, with Business Practices that include Pro-AV, Unified Collaboration, Digital Media, Broadcast and Enterprise applications. All of these are IP centric. We see our strategic partnership with NETGEAR as adding velocity to our business and reshaping how AV integrators think about technical solutions.”



BILL MCGOWAN
U.S. DISTRIBUTION ACCOUNT MANAGER, *ATEN*

“Plug the M4300 in and it just works, without the need to go into complex settings.”



MOHAN MAHESWARAN
PRESIDENT & CEO, *SEMTECH CORP*

“10G Ethernet switches play a central role in an SDVoE (Software Defined Video over Ethernet) network and we view NETGEAR, given its brand recognition, global footprint, and focus on addressing the technical requirements of the pro-AV industry, as a key partner in our efforts to help Pro-AV (Professional Audio Visual) industry make the migration to an all-IP infrastructure.”



JEFF BETHKE
VP ENGINEERING, *LEVEL 3 AUDIO VISUAL*

“We looked around the industry and liked the out-of-the-box design of the M4300. Also NETGEAR looked like a good partner, unlike other switch vendors focused on larger enterprise use cases.”



PAUL HARRIS
CEO, *AURORA MULTIMEDIA* & CHAIRMAN

“What’s unique about NETGEAR is the ability of its pro-AV switches to work out of the box with our AV-over-IP products. NETGEAR also excels in customer support, which is critical in our industry to ensure rapid deployment.”

SOME OF OUR PRO AV DEPLOYMENTS



SPORTS



COMMAND & CONTROL



Home Office



EVENT VENUES



HEALTHCARE & EDUCATION



CORPORATE





Q&A

NETGEARIR@NETGEAR.COM

