

# 4Q17 Investor Presentation

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February 6, 2018

**NETGEAR®**



# 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: the potential separation of the Arlo business, including NETGEAR’s and Arlo’s expected capital structures, future financial flexibility and ability to pursue their 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; and expectations regarding seasonal changes in the Company’s business performance. 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 may be lower than anticipated; consumers may choose not to adopt the Company’s new product offerings or adopt competing products; 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,” pages 50 through 71, in the Company’s quarterly report on Form 10-Q for the fiscal quarter ended October 1, 2017, filed with the Securities and Exchange Commission on November 3, 2017. 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.

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# Special Update

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Separating the Arlo Business

# Two Leading Businesses



WiFi & Switching  
North America Retail



DIY IP Cameras in  
North America Retail



NETGEAR®

NIGHTHAWK®

orbi

NIGHTHAWK®  
PRO GAMING

NETGEAR®  
Insight

arlo

# Benefits of Separation



## 1. Sharpened Management Focus

*Profit growth for NTGR; User growth for ARLO*

## 2. Business-appropriate Capital Structure

*Accretive acquisitions for NTGR; Organic R&D for ARLO*

## 3. Unique Company Currencies

*Cash and equity for M&A*

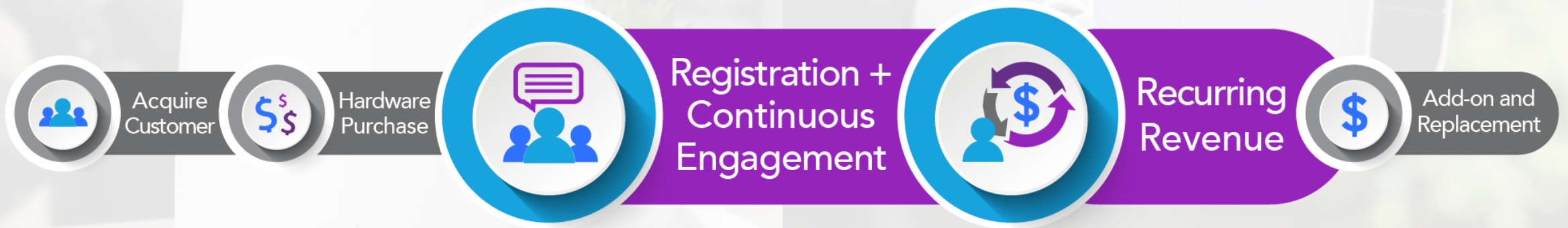
## 4. Two Distinct Investment Profiles

*Income vs. Growth*

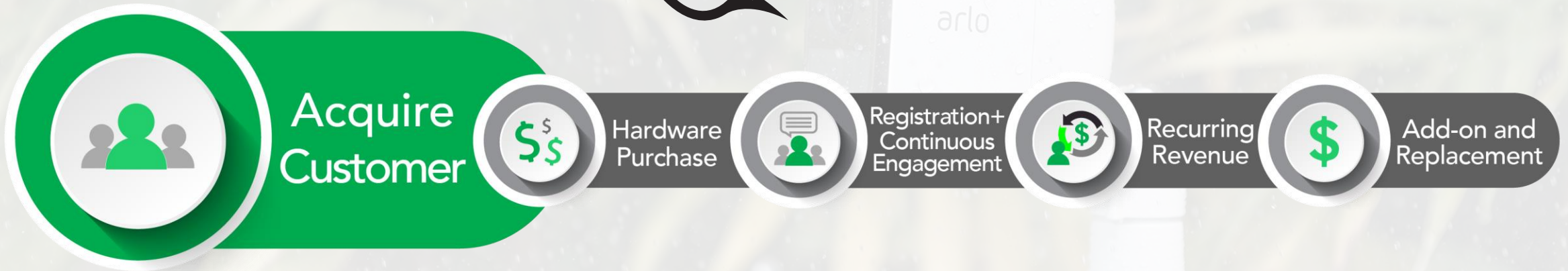


# Long-term Business Models for Both

**NETGEAR®**



# Beginning the Arlo Lifecycle



Leverage Arlo's registered user base to create a recurring revenue stream.

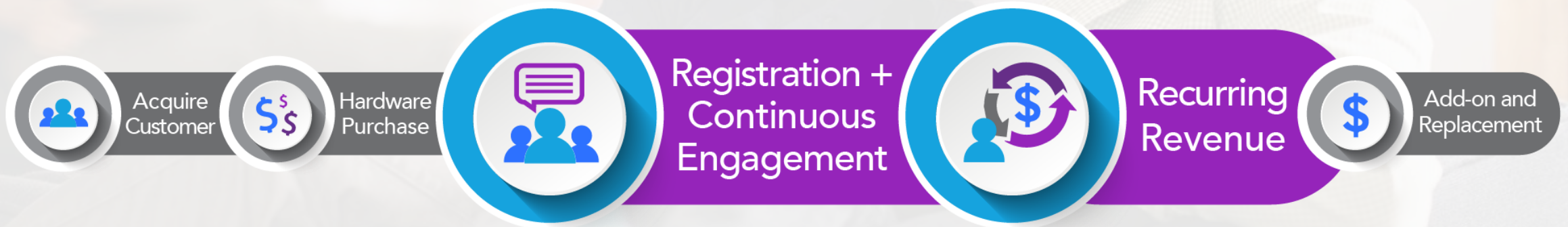


# The NETGEAR Evolution

From a large installed base with limited engagement...



...to a large and engaged customer community.



Leverage NTGR's robust cash flow to drive the customer conversion via cloud and app development, as well as strategic acquisitions.



# Roadmap to Separation



# 4Q17 Corporate Overview

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# Mission

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Be the innovative leader in connecting the world to the Internet.

# Strategy for Growth





# Strategy for Growth



# Formula for Innovation

Leadership in  
WiFi, LTE and  
Wire-free

Unique  
products

Intelligent  
software

Cloud  
connectivity

Mobile  
experience

# Continued Strong Performance by Arlo



>6.5 million  
cameras shipped

43 million  
streams per day

162 countries  
registered customers





# Introducing the Arlo Pro 2...

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1080p HD video

Wire-free or Plugged In

Motion & Activity Zone Analytics\*

Optional 24/7 CVR\*

Three Second Look Back\*

\*When plugged in to indoor power outlet





# Nighthawk Pro Gaming Router

Powered by **NETDUMA** OS – built for serious gamers

Geo-filter for PoP control

Comprehensive QoS for traffic prioritization

Network performance monitoring

Enhanced privacy and security





# PC GAMER

**We tried Netgear's first gaming router and it's the fastest we've tested**

Netgear gets serious about gaming

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## PC GAMER

*The Nighthawk Pro Gaming XR500 Router (XR500) is Netgear's return to gaming routers. It has the appearance of a modern take on the Nighthawk X4S, with a horizontal design, and four antennas with the sharp angles that can be compared to a stealth aircraft, all in black plastic. Hardware wise, it ticks the right boxes with AC2600 speeds (N800/AC1733), a dual core 1.7 GHz processor, dual USB 3.0 ports, Beamforming and MU-MIMO. It also uses Dynamic Frequency Selection (DFS), which adds fifteen additional unlicensed channels on the 5 GHz frequency to minimize interference.*



# Nighthawk Pro Gaming eSports Partnership

Sponsor of the Overwatch League™ team Seoul Dynasty

Deepens ties with the growing eSports community

Exclusive corporate logo on the Dynasty jersey



"Netgear Announces  
Sponsorship of the  
Seoul Dynasty"

USA TODAY





# Nighthawk – Innovation in Premium WiFi



The Original  
Nighthawk



2013



Nighthawk  
X6



2014



Nighthawk  
X4S



2015



Nighthawk X8



2015



Nighthawk  
X10



2016



Nighthawk  
Mesh



2017





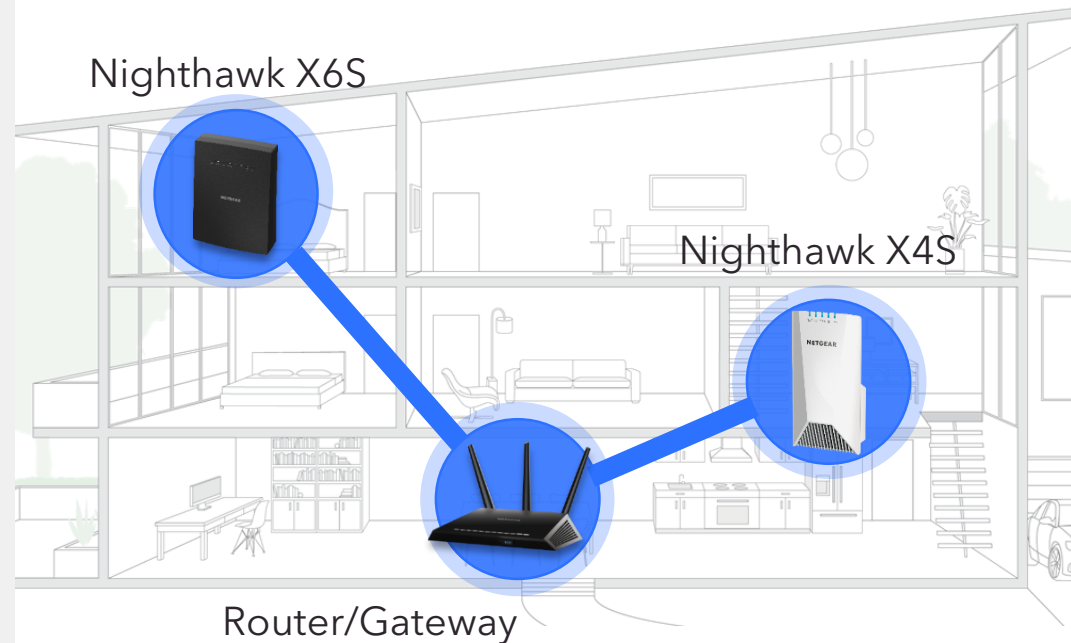
# Taking Nighthawk to the Mesh System World



Nighthawk<sup>®</sup>  
X6S

- Tri-Band WiFi (1733+866+400 Mbps)
- Patented FastLane3 technology
- Quad Core processor
- 6 high performance internal antennas
- MU-MIMO
- Smart Connect on 2.4 GHz and 5 GHz
- Four Gigabit ports
- USB for storage and printer

## A NIGHTHAWK MESH WIFI SYSTEM



Nighthawk<sup>®</sup>  
X4S

- Tri-Band WiFi (866+866+400 Mbps)
- Patented FastLane3 technology
- Quad Core processor
- 4 high performance internal antennas
- MU-MIMO
- Smart Connect on 2.4 GHz and 5 GHz



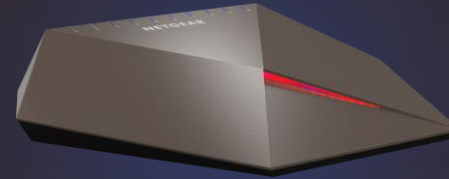
# Nighthawk – Extended Across Product Lines



DSL & Cable



Range Extender



Switching



AT&T 5G Evolution  
LTE Mobile Router



# Orbi WiFi Mesh System Family

With TriBand FastLane3 Technology



All managed through the Orbi App!



RBK20



AC2200



RBK30



AC2200



RBK40



AC2200



RBK50



AC3000



RBK60

Admin, Employee and Guest Networks  
Captive Guest Portal  
Flexible Mounting  
Ideal for small businesses



RBS50Y

Add-on Orbi Outdoor Satellite  
Extends WiFi Coverage Outdoors  
Weather-Resistant  
Wall Mountable

Netgear Orbi Outdoor Satellite (RBS50Y) review:

## Netgear's outdoor Wi-Fi extender performs out of this world

**The Good** / It has superb range and can live outside year round to extend Wi-Fi to your yard, pool or garage. It even has a night-light.

**The Bad** / It can only be used with an Orbi router and it costs more than most of its competitors. Despite security measures from Netgear, someone could steal or break it if you leave it outside.

**The Bottom Line** / If you have the money to spend, and already have an Orbi router, the Orbi Outdoor Satellite will give you great coverage outdoors and speeds as fast as you get inside. Make sure you mount it somewhere safe if you plan to leave it outdoors.



9.0

OVERALL

Setup

9.0

Features

8.0

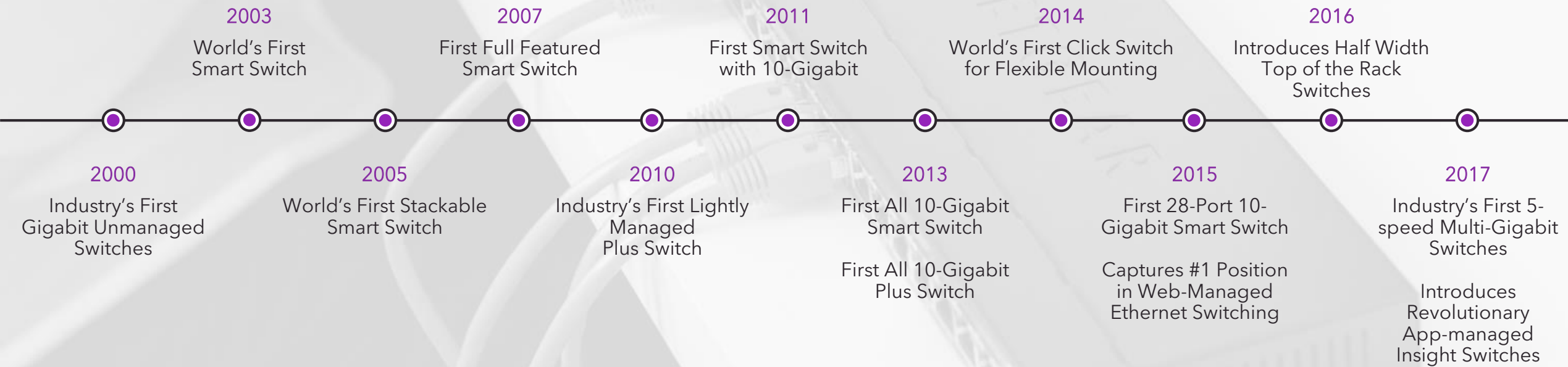
Performance

10.0





# A History of Innovation in SMB Switching



# Industry-first Multi-Gig Switching

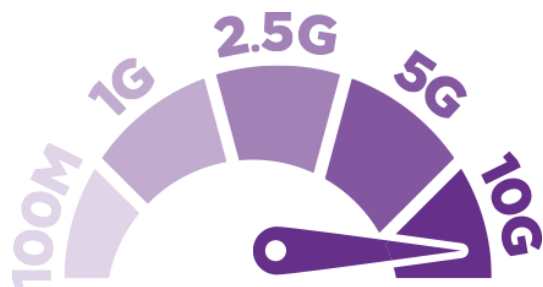
5-speed intelligent auto-adapt ports

Keep existing cabling for cost savings

Ideal for Wave 2 - 802.11ac and 802.11ax

Large portfolio - ports, management, PoE, gaming

Next generation switching



# Introducing App-Managed Switches



Plug-and-play mobile app setup



Unified Wired/Wireless Management



Smart Cloud L2 Switching Features



Multi-site, remote network management



Easy setup, deployment,  
management & monitoring through  
the NETGEAR Insight mobile app!



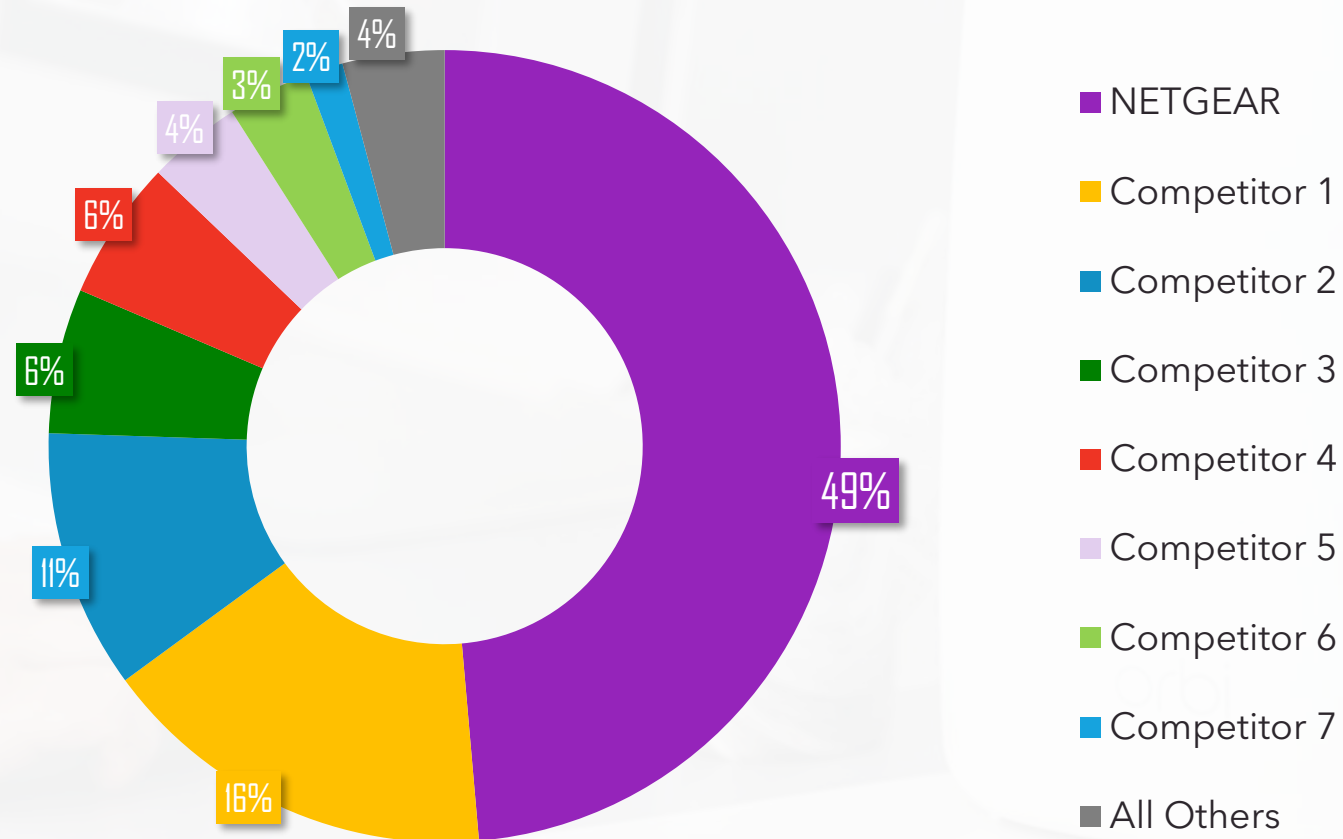
# Strategy for Growth





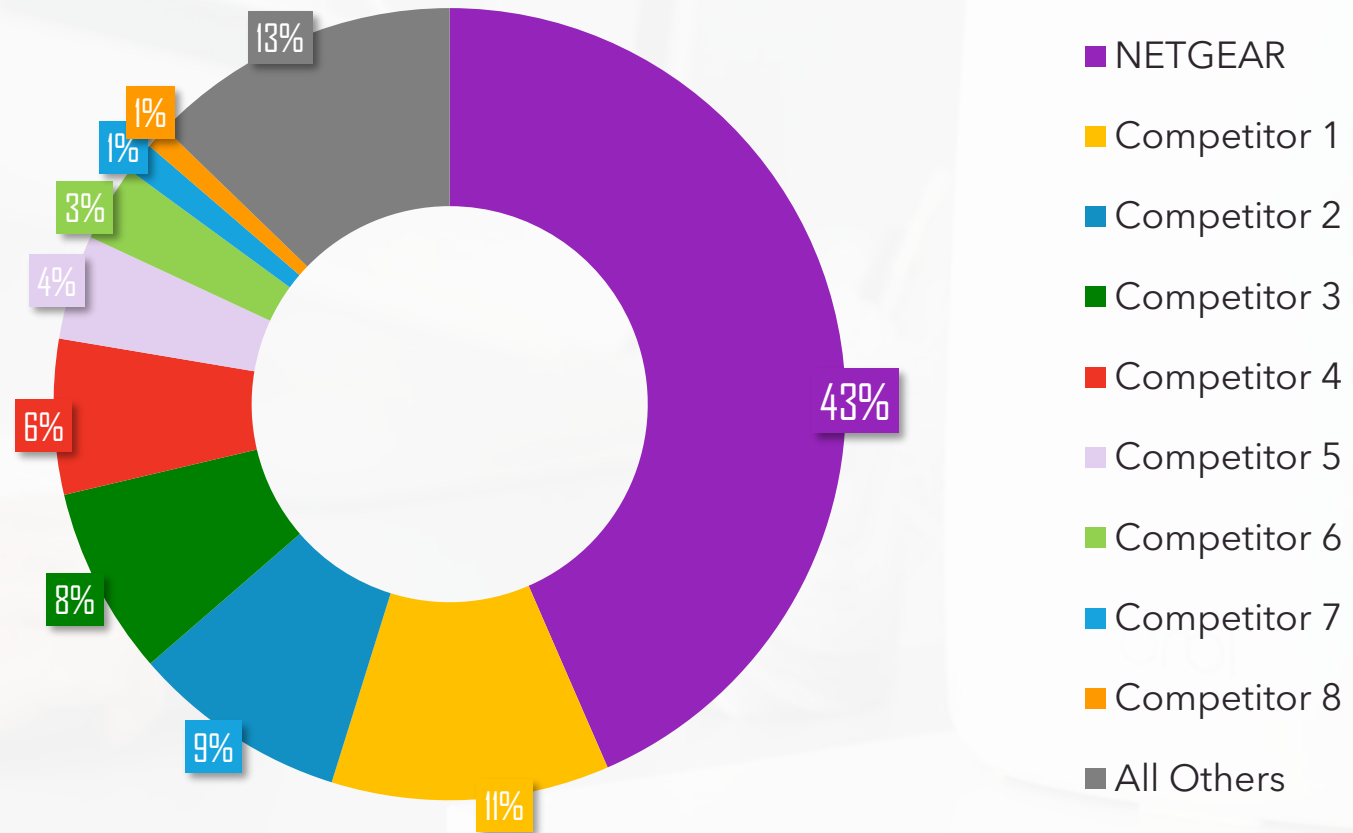
# Consumer WiFi Market Share

Wireless Routers, Gateways, Mesh Systems, and Extenders US 4Q17



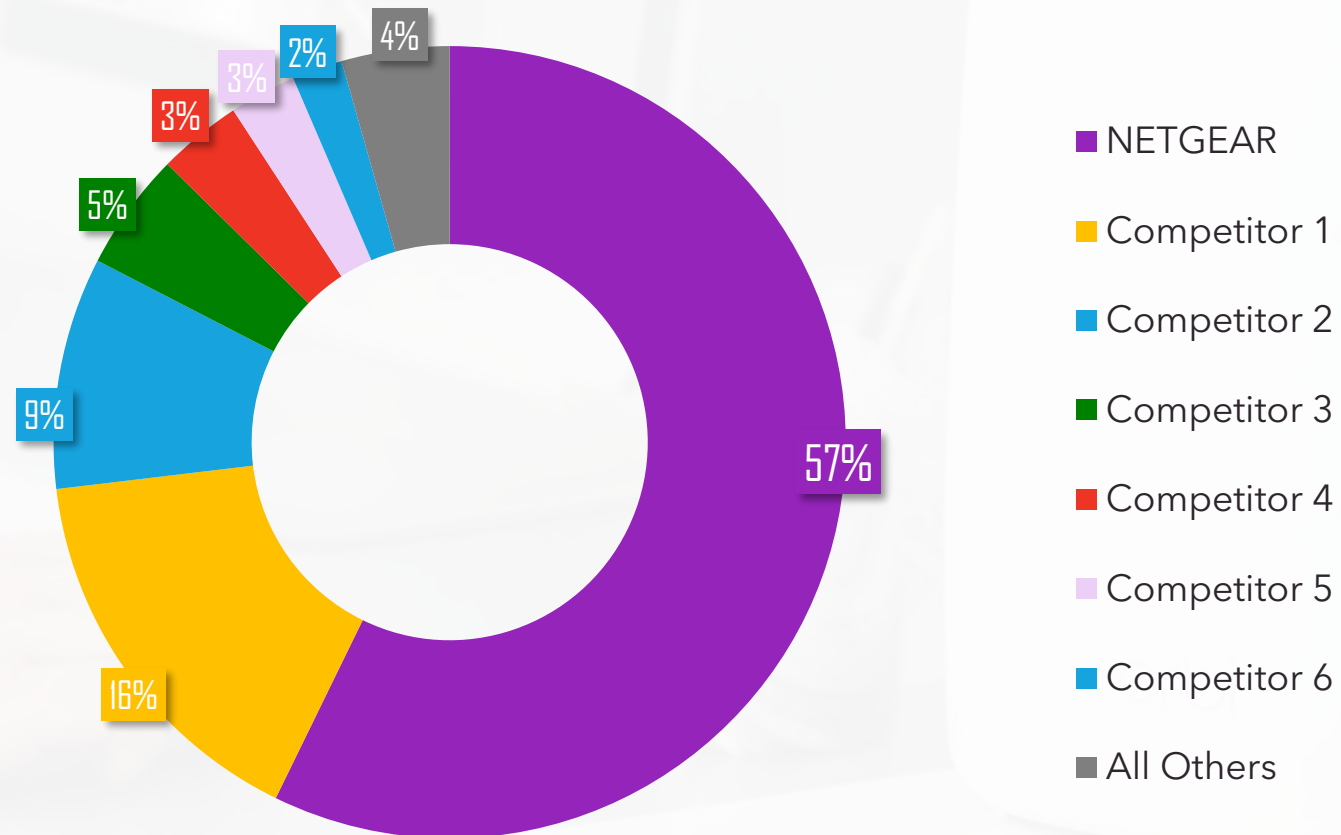
# IP Camera Market Share

US 4Q17



# Core Switches Market Share

Retail US 4Q17



# Strategy for Growth





# Global Brand and Distribution

Biggest Competitive Advantage

69%

20%

11%



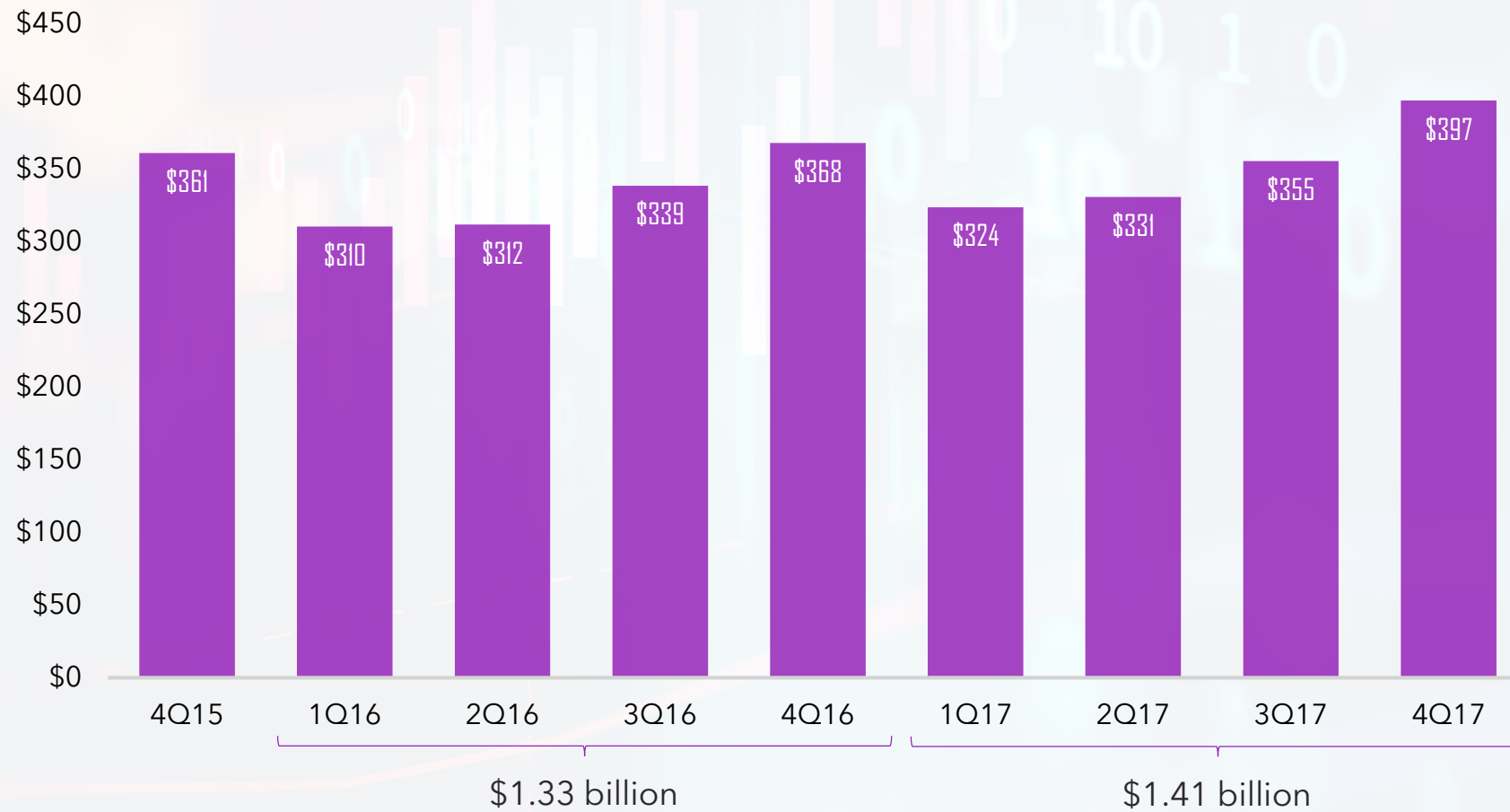
WORLDWIDE: 30,000 retail outlets 25,000 VARs

Geographic net revenue breakdown for 4Q17

# Financials

# Quarterly Net Revenue

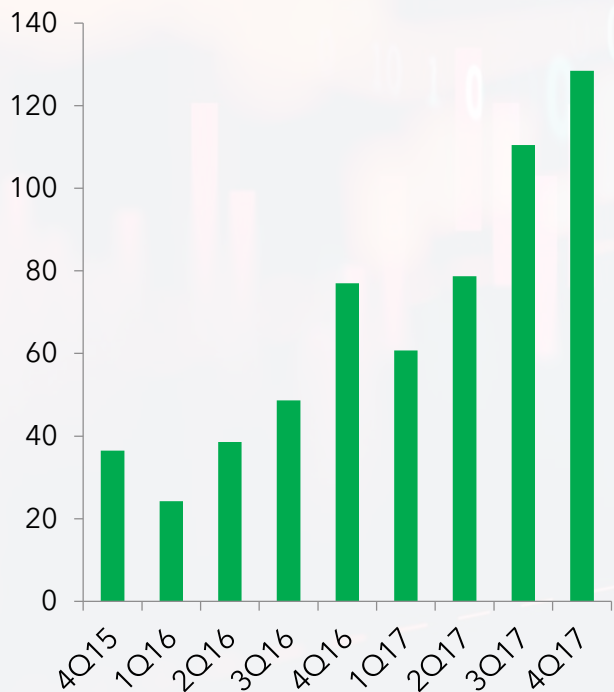
(Net Revenue, \$ Millions)



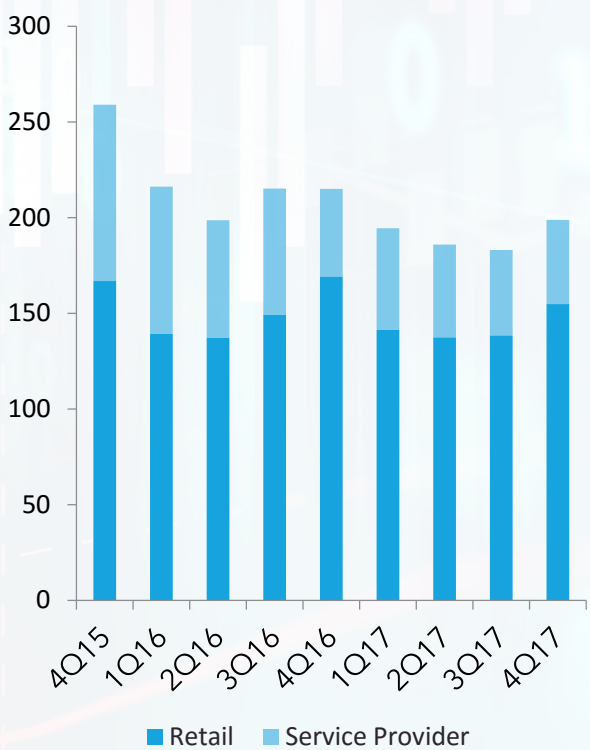
# Segment Performance

(Net Revenue, \$ Millions)

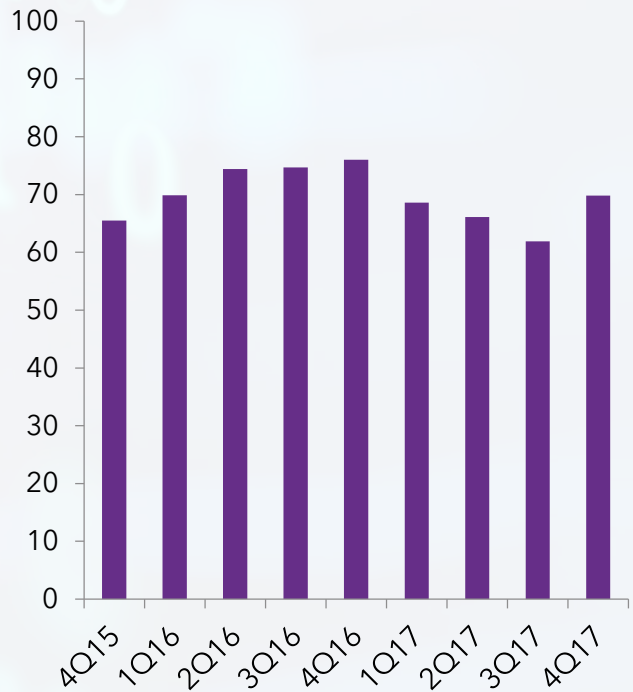
ARLO



CONNECTED HOME



SMB

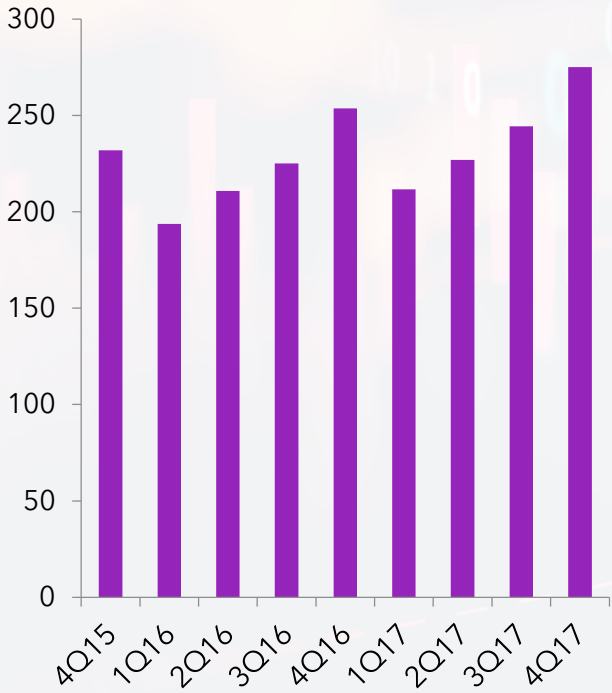




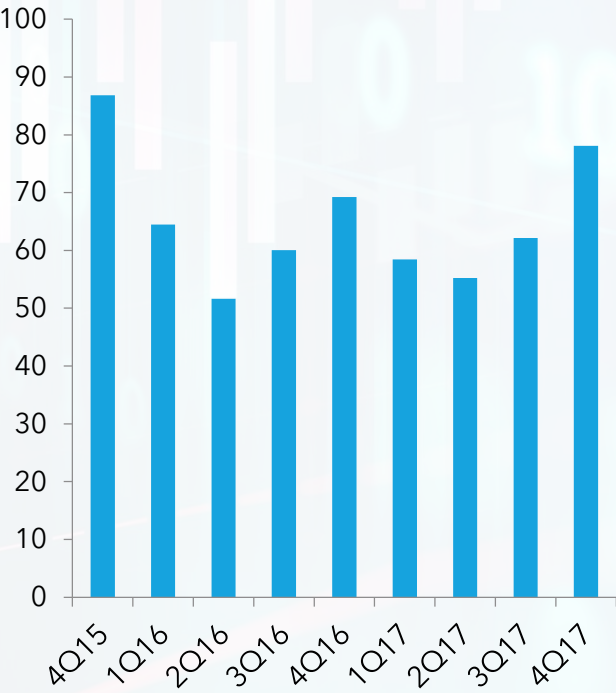
# Regional Performance

(Net Revenue, \$ Millions)

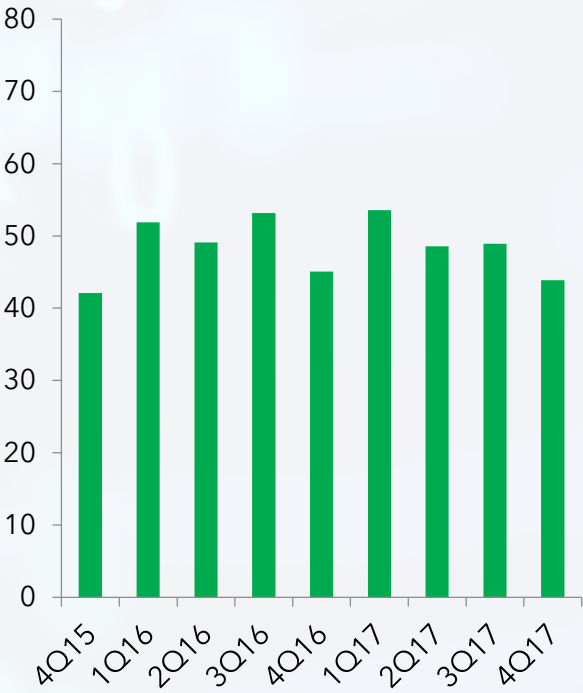
AMERICAS



EMEA

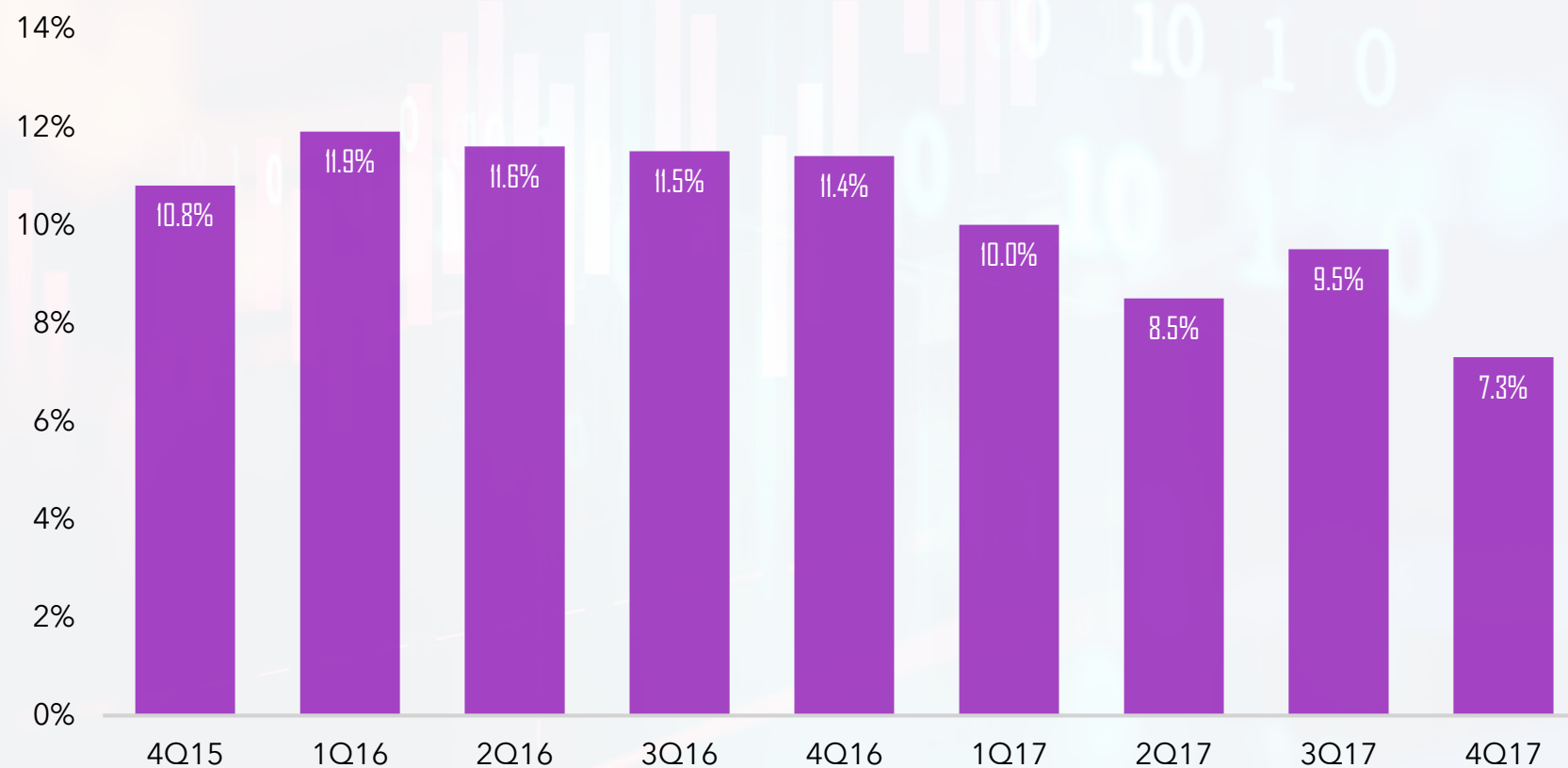


APAC



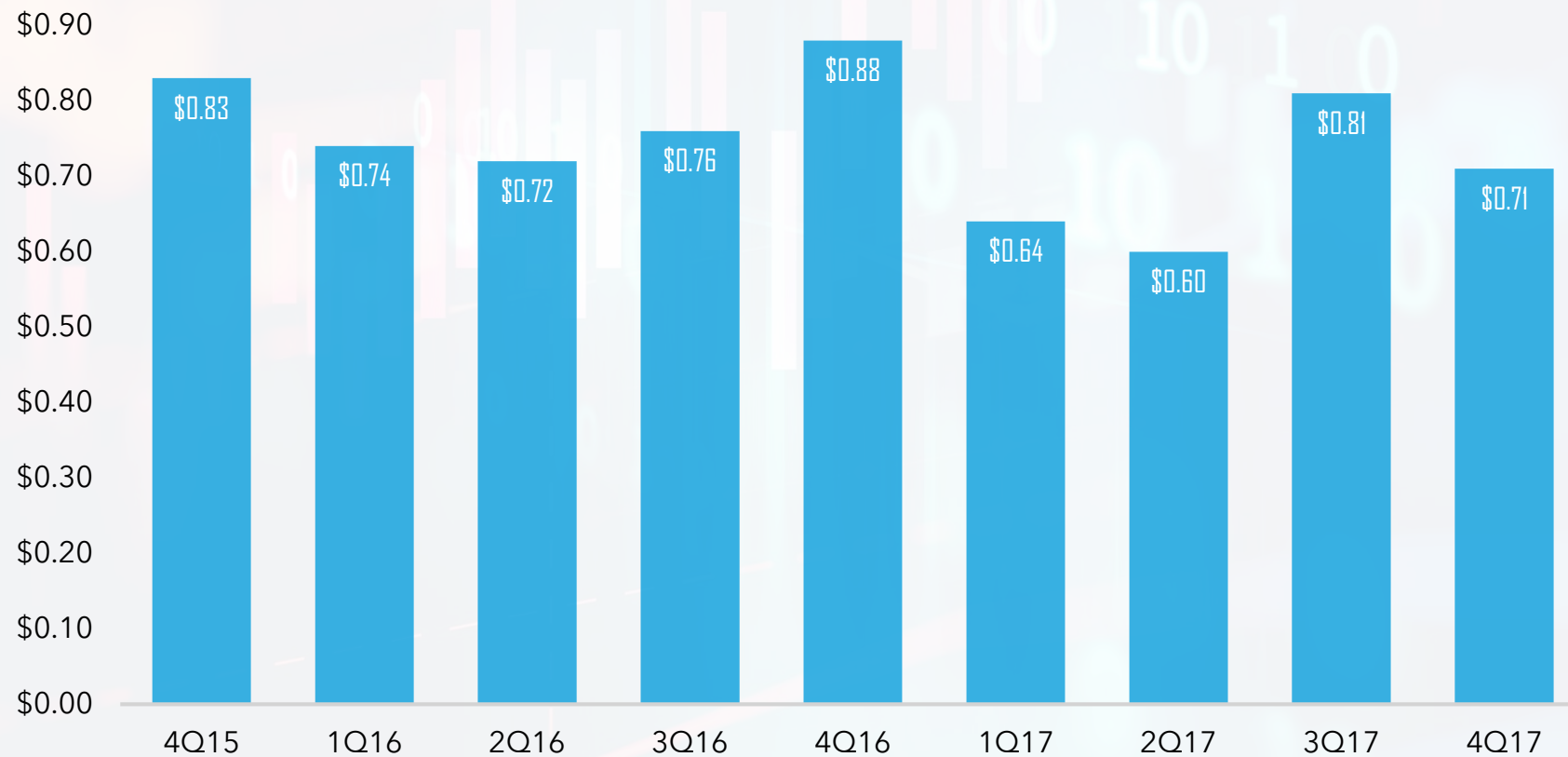
# Operating Margin

(Non-GAAP, % of Revenue)



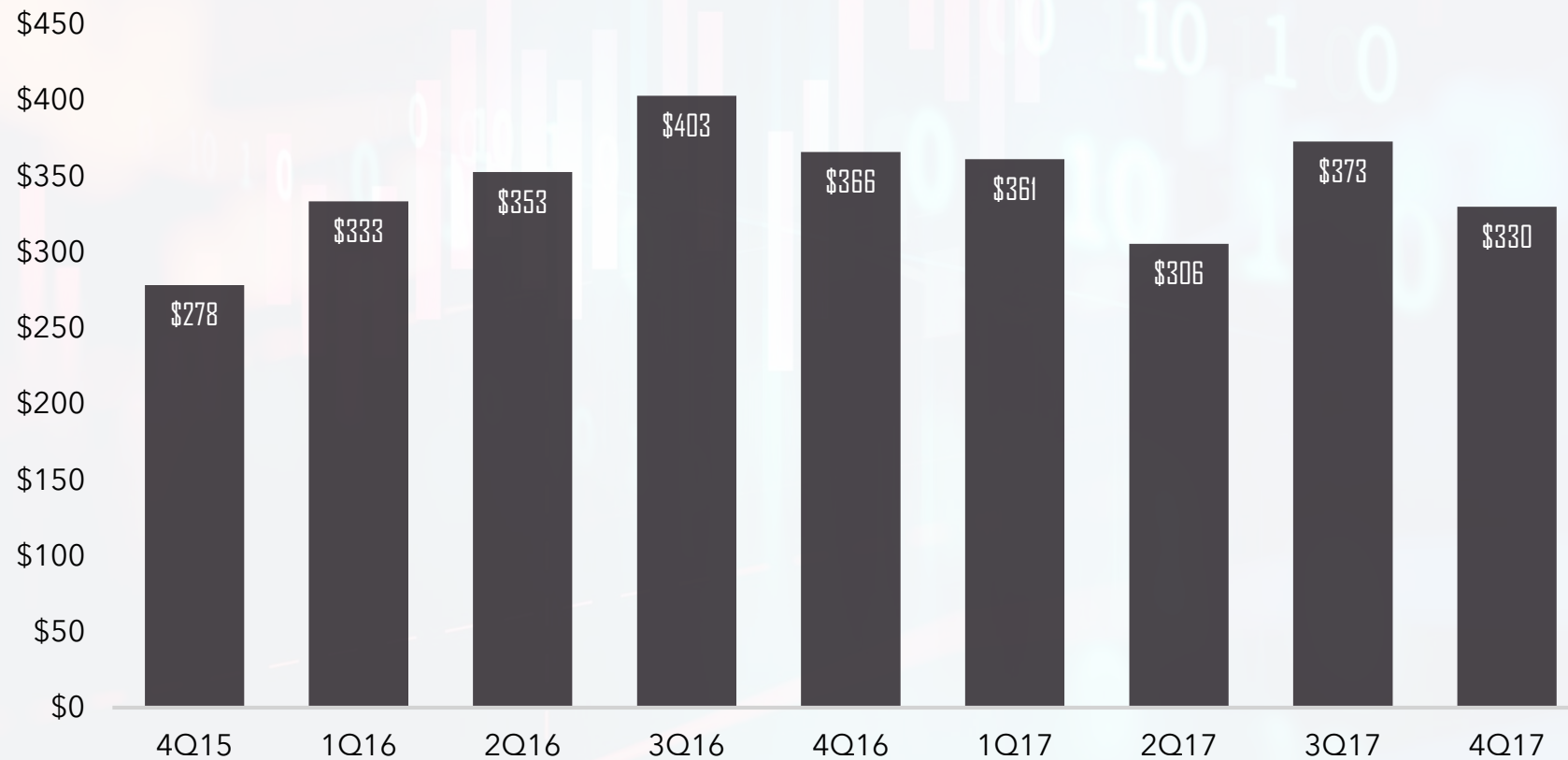
# Earnings Per Share

(Non-GAAP, \$ per Share)



# Cash Balance

(Cash, Cash Equivalents and Short-Term Investments, \$ Millions)





## Return of Capital

