Global retail market for smartphones, IT, TV & Audio: Regional split 2018

Asia and Europe account for two thirds of the global turnover

Global turnover: €749bn, growth rate: +4%.

- **Europe**: €166bn, growth rate: +6%
- **Asia-Pacific**: €330bn, growth rate: +3%
- **North America**: €147bn, growth rate: +4%
- **Latin America**: €55bn, growth rate: ±0%
- **Middle East & Africa**: €50bn, growth rate: +2%

Source: GfK Point of Sales Tracking and total market estimation incl. North America, based on a fixed currency exchange rate.

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Global market for smartphones, IT, TV & Audio: Segment performance 2018

Smartphones as the largest segment but smaller segments steal the show

Turnover Share

- Smartphones: 65%
- Computing: 16%
- TV: 16%
- Headphones: 2%
- Bluetooth Speakers: 1%
- Audio Home Systems: 1%
- Loudspeakers & Soundbars: 1%

Turnover Growth

- Smartphones: +37%
- Computing: +14%
- TV: +5%
- Headphones: +2%
- Bluetooth Speakers: +14%
- Audio Home Systems: +2%
- Loudspeakers & Soundbars: +5%

Source: GfK Point of Sales Tracking, based on a fixed currency exchange rate

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5 key themes drive the technical consumer goods market

<table>
<thead>
<tr>
<th>Performance</th>
<th>Simplification</th>
<th>Premium</th>
<th>Borderless Shopping</th>
<th>Developing economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Enablement of rich experiences</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Manifestation via high-end features</td>
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<tr>
<td>- Simplify recurrent tasks</td>
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<td></td>
<td></td>
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<tr>
<td>- Smart</td>
<td></td>
<td></td>
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<tr>
<td>- Voice Assistants bring next level connectivity</td>
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<tr>
<td>- Aspirational Products express Identity</td>
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<tr>
<td>- Pamper the “Me”</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Shopping 24/7 everywhere</td>
<td></td>
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<tr>
<td>- Omnichannel</td>
<td></td>
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<tr>
<td>- Mobile shopping on the rise</td>
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<tr>
<td>- High impact</td>
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<tr>
<td>- Risk: Fluctuation</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>- Maturing economies expand regionally</td>
<td></td>
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</tbody>
</table>
Rich experienced delivered through **Performance**
Performance as the enabler to deliver on the need for rich experience

<table>
<thead>
<tr>
<th>Feature</th>
<th>2018 Value %</th>
<th>2016 Value %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance CPU</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>Full HD or better</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>SSD</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>4K</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>55+ inch</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>OLED</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>6-7&quot; displays</td>
<td></td>
<td>31%</td>
</tr>
<tr>
<td>128+ GB Storage</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>16MP+ Front camera</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>Soundbars</td>
<td></td>
<td>73%</td>
</tr>
<tr>
<td>Multiroom</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>True Wireless</td>
<td></td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: GfK Point of Sales Tracking
Performance as the enabler to deliver on the need for rich experience

Why would the consumer care?

- Superior and immersive gaming experiences
- Mobility, design and lifestyle in ultra thin form factor
- More pleasure in superior picture quality format
- Size matters and bigger is better, when it comes to TVs
- Capturing and sharing high quality moments in life and having fun on-the-go
- Having enough storage to take my world with me
- Enjoying cinema-like sound experience
- Flexibility without constraints
Visual & sound as an ecosystem: TVs embedded in home sound system and in smart home ecosystem

While the European TV market is stalling, sound solutions continue their upswing

<table>
<thead>
<tr>
<th>Product</th>
<th>Sales Value Growth 2015-18</th>
<th>Attach Rate with 40&quot;+ TVs</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV sets</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td>Soundbars</td>
<td>+23%</td>
<td>17%</td>
</tr>
<tr>
<td>Multiroom Speakers</td>
<td>+76%</td>
<td></td>
</tr>
</tbody>
</table>

Embedded in a Smart Home Ecosystem
Gaming as an ecosystem: From a niche market to an industry

Gaming notebooks as the main device but the hype goes well beyond computers

Source: GfK Point of Sales Tracking
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Gaming as an ecosystem: From a niche market to an industry

“
I have played games on a computer in the past 30 days.

51%↑
global respondents agreeing

Gaming Notebooks
Sales value and growth rate 2018

APAC excl. China
+32%
$0.8bn

Western Europe
+14%
$1.9bn

China
+29%
$4.2bn

Source: GfK Consumer Life Study 2018, GfK Point of Sales Tracking
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Rich experienced delivered through **Borderless Shopping**

Delivering on the experience of borderless shopping is an opportunity.
Delivering on the experience of borderless shopping is an opportunity: Online growth slowdown in some countries → Omni-channel strategy needed

“I really need the shops and services I use to be available at all times.”

38% global respondents agreeing

Smartphones, IT, TV & Audio online
Share of online sales value %

Source: GfK Consumer Life Study 2018, GfK Point of Sales Tracking
Online promotional events set the sales peak agenda

“Seasonal discounts trigger me to make more online purchases.”

88%↑
global respondents agreeing

Smartphones, IT, TV & Audio
Germany, France, Italy, UK, Spain, Poland, Russia, Brazil
Sales Value

Source: GfK Consumer Life Study 2018, GfK Point of Sales Tracking
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Black Friday year-on-year growth of retail channels: Events born in the online sphere are becoming increasingly borderless

Black Friday growth mainly came from *Click & Mortars*, 70% offline share in 2018

**Smartphones, IT, TV & Audio**
Germany, France, Italy, UK, Spain, Poland, Russia, Brazil
Sales Value

Source: GfK Point of Sales Tracking
Developing economies
Developing economies and their influence on the global smartphone market

High impact of fluctuating demand

**Impactful**
Regional sales unit share %

- China: 25%
- Brazil: 7%
- Developed Asia: 5%
- Western Europe: 10%
- Rest of world: 53%

**Fluctuating**
Regional sales unit growth %

Source: GfK Point of Sales Tracking

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Developing economies and their maturing role:
From production economy to a significant global player

China as the home of an increasing number of global brands

**Export**
China's smartphone makers increasingly tap into the international markets (2016: 31%)

**Acquisitions**
Chinese MDA brands strengthen their footprint via acquisitions with significant impact in Europe

<table>
<thead>
<tr>
<th>Region</th>
<th>Pre-acquisition 2017 (unit %)</th>
<th>Post-acquisition 2018 (unit %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WE</td>
<td>1.2%</td>
<td>7.4%</td>
</tr>
<tr>
<td>CEE</td>
<td>0.6%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

40% Smartphone production is exported

Source: GfK Point of Sales Tracking
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Consumer Electronics today & tomorrow with Markus Kick

IFA Global Press Conference 2019
Friday, April 26
3:25-3:45 PM | Room 2