TABLET MARKET

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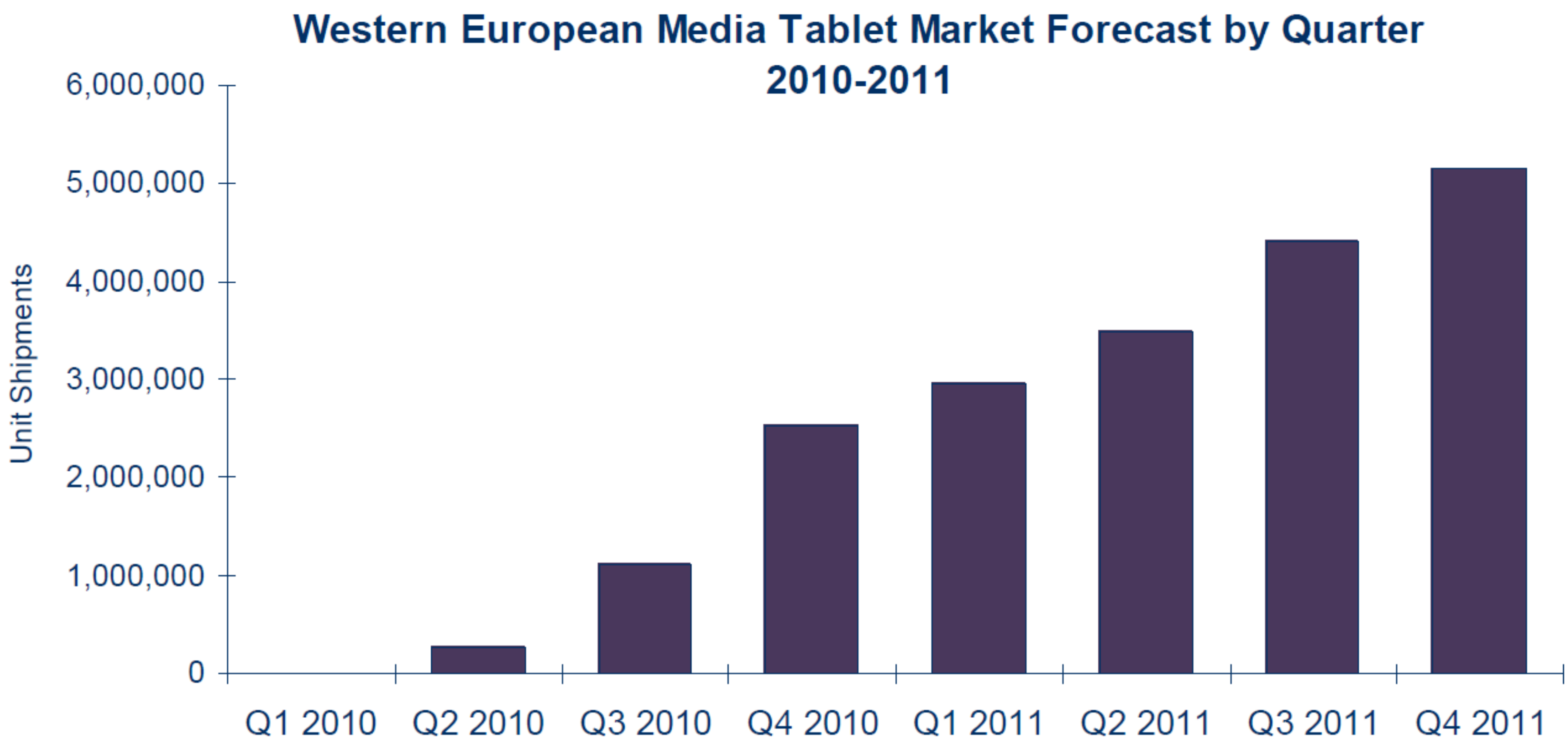
MEDIA TABLET DEFINITION

Media tablets are multi-function electronic devices designed and marketed to enable access to and creation of a wide range of digital content and services including media and communications.

They are typically more portable and leverage lighter-weight hardware than portable PCs.

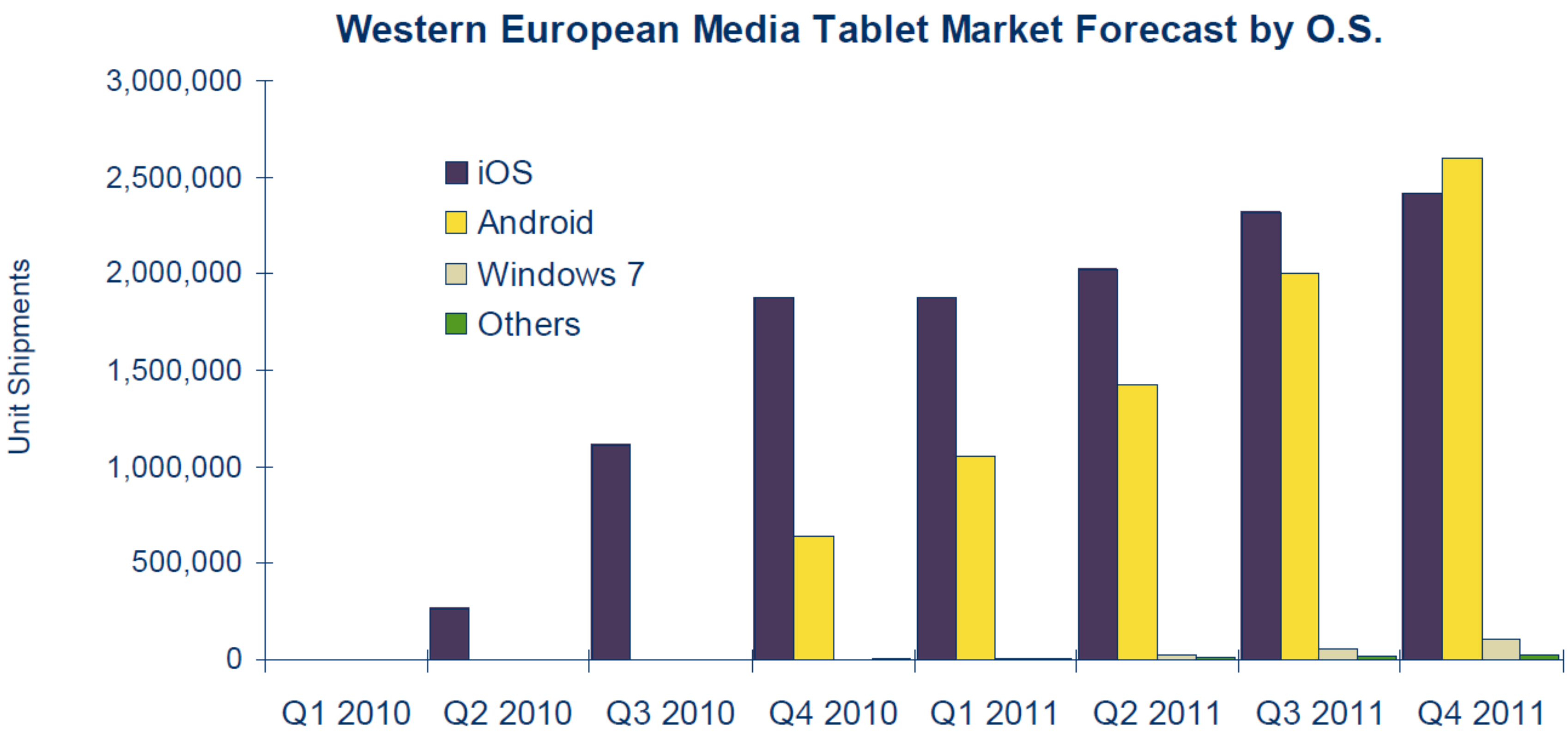
$$\ddot{r}_i = G \sum_{\substack{j=1 \\ j \neq i}}^{N} M_j \frac{r_j - r_i}{\left| r_j - r_i \right|^3}$$

W. EUROPE MEDIA TABLET MARKET FORECAST



- Media Tablet volumes expected to reach 3.9 M units in Western Europe in 2010, and 16 M units in 2011
- Apple iPad will remain primary product in 2H10, but other products are already arriving for Q4, and competitive environment set to expand rapidly from Q1 2011 (Asus, MSI, Acer etc.)

W. EUROPE MEDIA TABLET - BY OS



- With Apple's iPad likely to dominate product offering over the next two quarters, iOS likely to dominate in the short-term, but Android will grow fast as PC vendors launch their products through 2011, and could capture 44 % of the market in 2011
- Several product announcements around Windows-based systems -will however depend on product positioning (standard Tablet PCs-not included here-or Media Tablets?)

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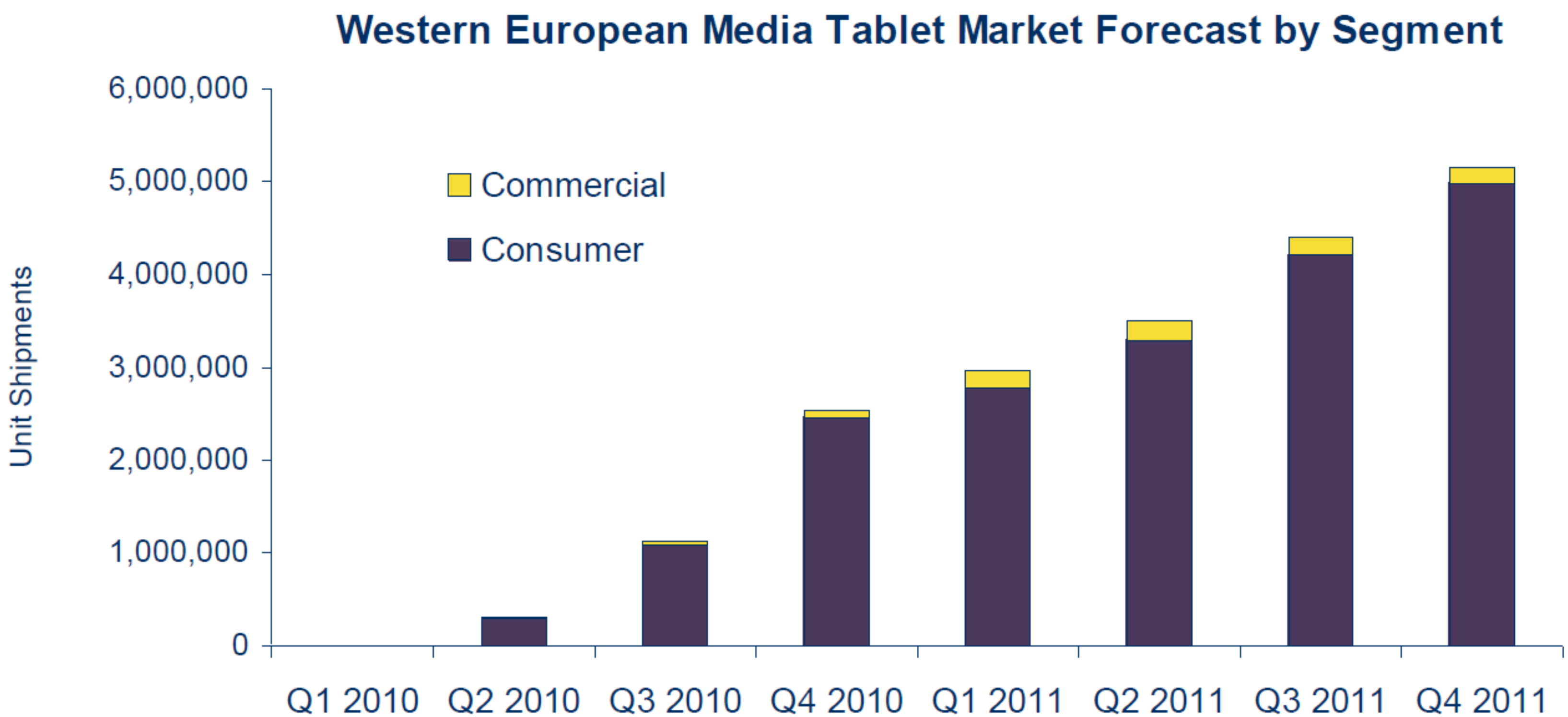
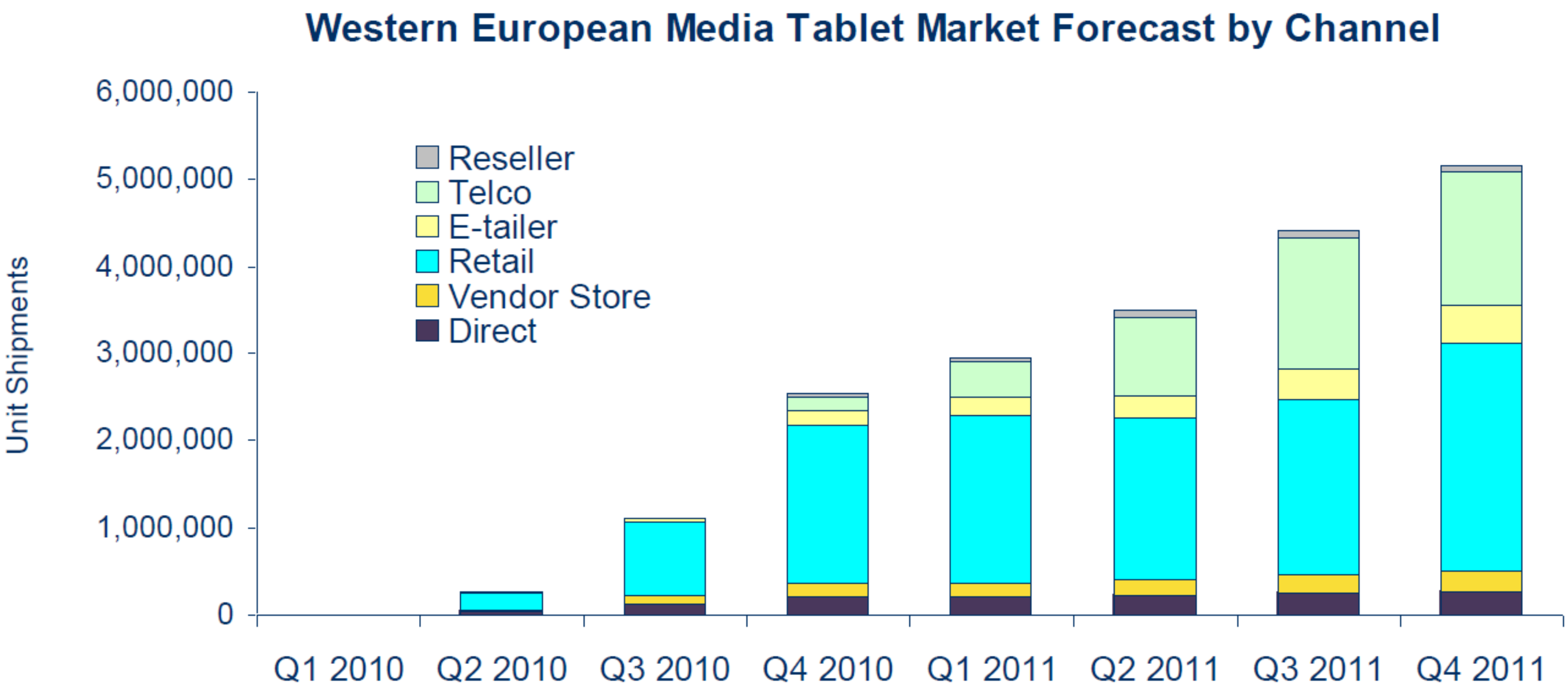
W. EUROPE MEDIA TABLET - BY USER SEGMENT



- Consumer market likely to represent the vast majority of sales in the mid-term due to clear consumer value proposition and related go-to-market – and likely to reach a large audience from a user profile perspective
- Professionals show some interest, but lack of built-in keyboard limits more productivity-orientated usage and may therefore limit commercial or even SoHo penetration

W. EUROPEAN MEDIA TABLET - BY CHANNEL



- Rapid uptake in the retail with the iPad. Concentrating 75 % of sales currently, share likely to reduce to 50 % in 2011 as Telco channel develops
- Telco's clearly excited about media tablets – some will start selling in Q4, but uptake acceleration expected from Q1 2011. IDC expects Telco's to account for over 25 % in 2011

W. EUROPE MEDIA TABLET MARKED FORECAST

2010:

- Q3 2010: Apple's iPad sales estimated to have reached > 1M units (available in 14 countries) in the back-to-school season
- Q4 2010: iPad will remain primary product, but more products will come to market (inc. Samsung and Toshiba)

2011:

- More products will arrive in Q1 2011 (Asus, MSI, Acer etc.) –in the retail predominantly, but Telco's will also start selling.
- Price likely to come down as Asus, Acer etc. likely to bring competitive pricing while Apple may have to lower price too.
- Subsidized model will also contribute to drive lower price points (eg. less €200) and accelerate market adoption

2012-2014:

- value proposition strong, market can have a much larger user reach than netbooks –pending on price

APPLE IPAD:
KEY MARKET UPTAKE DRIVERS

- **Key iPad drivers:**
  - User interface - iOS and effective touch screen
  - Instantaneous access to Internet
  - Large number of apps
  - Product design, look & feel and Apple branding
  - Retail and Telco receptiveness:
    Key complement to portfolio and excitement

RAPID PRODUCT EXPANSION

ANTICIPATED FROM Q1 2011

- **Samsung Galaxy Tab** and **Toshiba Folio** already shipping in Q4
- **Asus Eee Pad** and **MSI Wind Pad** planned to launch in Europe in Q1 2011
- **HP Slate 500**and **HP PalmPad** (early 2011)
- **Acer** also set to launch products in Q1 2011
- **Dell** set to launch another **Streak**
- **Lenovo LePad** announced for later this year
- Apple themselves will launch an **iPad 2** in 2011, and **Sony** awaited too for 2H11
- Other players like RIM also developing products (eg. **Black Pad**), others (handset or consumer) will follow + several local vendors will also have products

CURRENT AND LIKELY TELCO CHANNEL STRATEGY

- Telco's clearly excited about Media Tablets
- Represent a key extension to their portfolio and stronger "mobile platform" value proposition from a mobile broadband opportunity perspective. 3G embedded push likely to be stronger
- Expanded Telco product portfolio:
  - **Smart Phones**
  - **Media Tablets:** likely marketing focus in 2011
  - **Netbooks:** and/or **Ultra Portables**-Will not necessarily drop netbooks, but may de-emphasize, and/or focus on ultra portables
  - **Notebooks:** many continue to seek to grow notebook sales as large data needs, and reach SoHo/commercial users
- Looking to build **single mobile broadband access points** i.e. one contract for multiple devices at home
- Looking to also expand **partnership with retail** channel to leverage from their key position to reach larger user base

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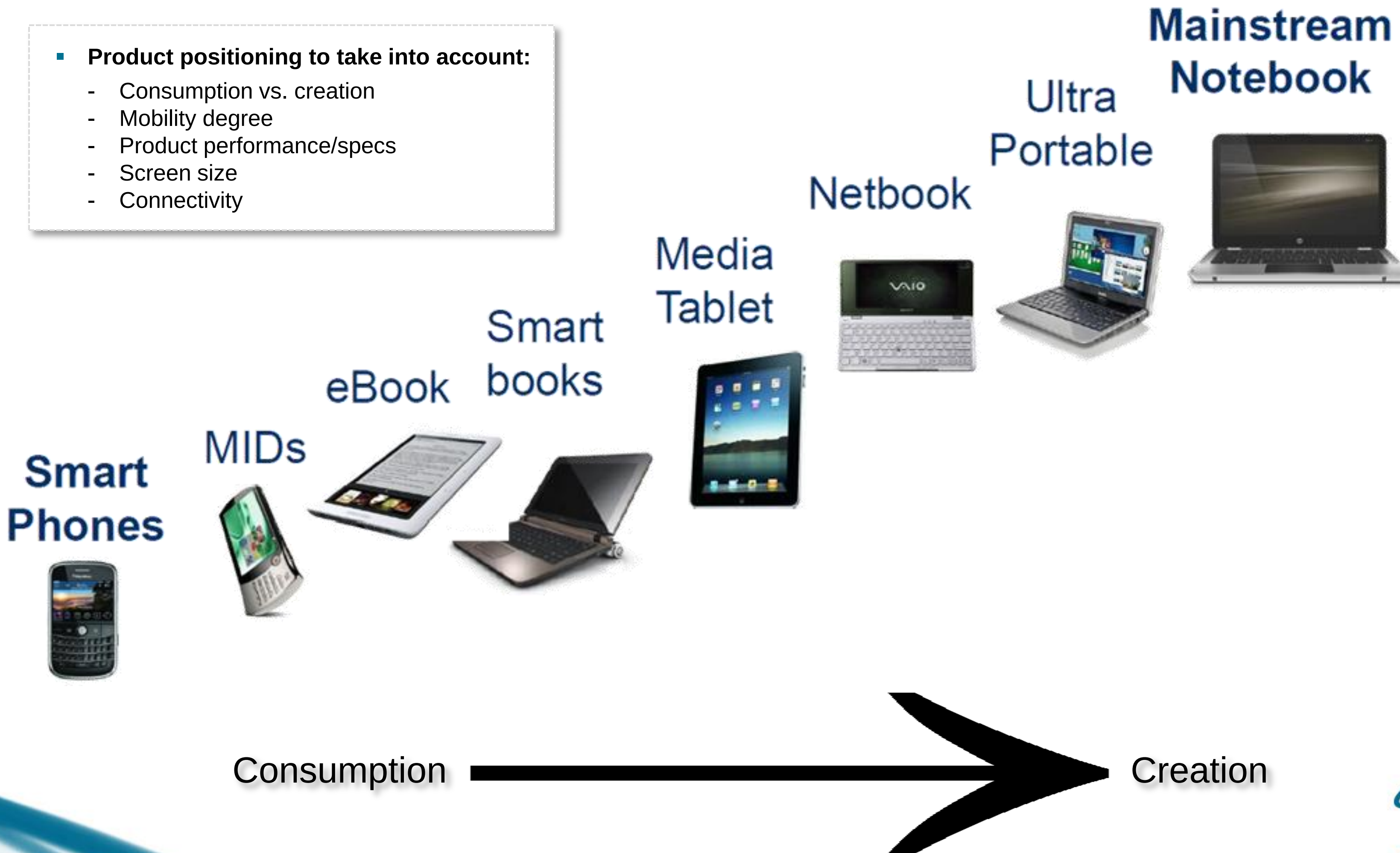
FROM SMARTPHONES TO NOTEBOOKS
EXPANSION OF THE MOBILE COMPUTING SPACE

- **Product positioning to take into account:**
  - Consumption vs. creation
  - Mobility degree
  - Product performance/specs
  - Screen size
  - Connectivity



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FOCUSED PURPOSE VS. MULTIPURPOSE

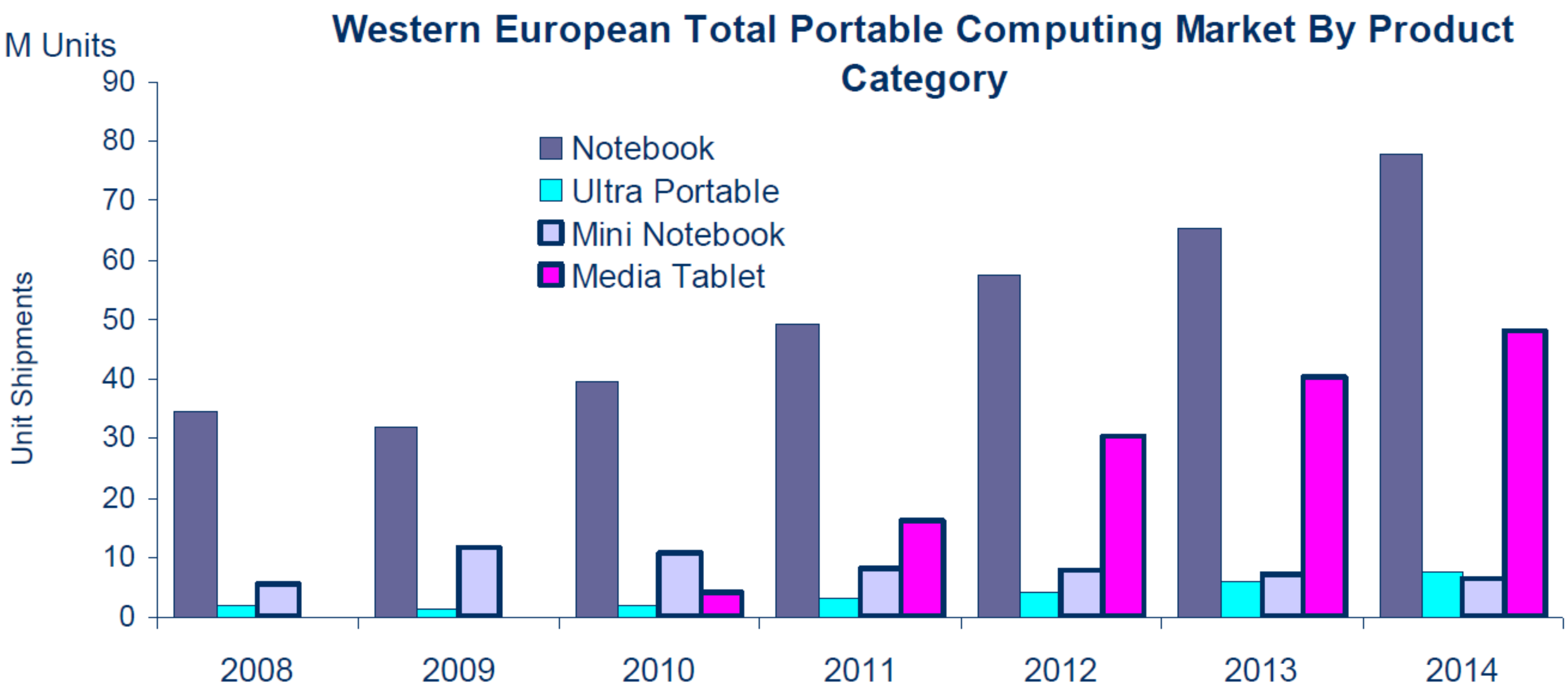
- **Creation vs. consumption**
  - Intended applications will drive choices and usage
  - Browsing, video, music, e-mail, social networking and productivity
    - Creation vs. consumption
    - Mobility and connectivity needs
- **Not just applications, but the level of involvement with those applications, for example:**
  - Long e-mail sessions versus reading e-mails/simple responses
  - Reading short magazine articles vs. longer novels
- **Which device provides best experience?**
  - A continuum of usage levels

MEDIA TABLET:

EXPANSION OR CANNIBALISATION?

- Media tablets: more consumption orientated, usage scenario make it clear **secondary device**
- **No threat to smartphones, nor notebooks, but potential strong cannibalisation of netbooks - from both a usage and spending standpoint:**
  - For those users who bought a netbook as secondary system for light, web-based or email apps and usage, cannibalisation likely to be strong
  - Users who need however a secondary light creation-orientated device will however continue to look at netbooks
  - Media tablet product attraction is strong, people will want to try them, and potentially postpone other purchases
- New usage scenarios will however assist increased penetration of **secondary or tertiary devices in the homes** as well as in the business space, hence supporting continued expansion of mobile device and computing space

MEDIA TABLET VS. PORTABLE PCS
- ALL SEGMENTS



- Notebooks will remain key primary platform for both business and consumers
- Ultra Portable will continue to grow as prices decline, in particular in the SMB space
- Netbooks had started to slow down in France before media tablets were launched, but cannibalization from media tablets will accelerate slow down this year
- Media Tablets will represent a key value proposition as secondary consumer device

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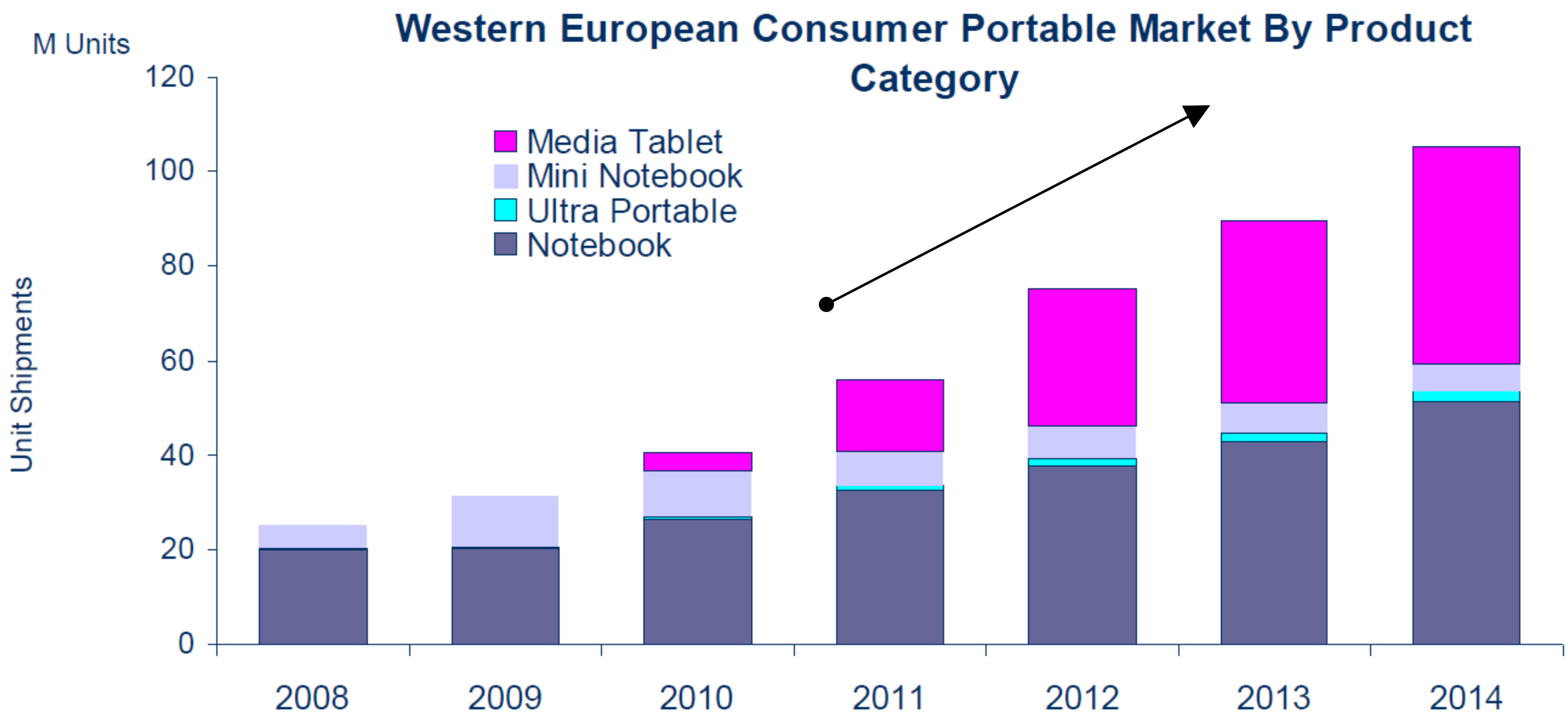
MEDIA TABLET VS. PORTABLE PC'S

- CONSUMER ONLY



- Media tablets already started to cannibalise some network volumes in Q3'10 and impact will increase from Q4'10, but will drive continued expansion of the mobile computing space as new usage scenario drive increased penetration of secondary and tertiary devices in the homes

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MULTIPLE USAGE SCENARIO -> MULTIPLE DEVICES

- ✓ **It's not a question of whether...**
  - it's just how many
- ✓ One type does not preclude another
- ✓ Different needs for different people
- ✓ Unique needs, unique biases, unique preferences

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