



ERICSSON

MEDIA

INVESTOR UPDATE 2016

NOVEMBER 10, 2016 NEW YORK



PER BORGKLINT
Head of Business Unit
Media

SEGMENT MEDIA



PRODUCTS

Compression, software and hardware

Video processing and Storage

Cloud based TV-platforms

Media and Content delivery

Advertisement and analytics

SERVICES

Playout operations and Media management

Access

Content discovery

Sports graphic

Consulting and Systems Integration
related to own portfolio



“35% OF ALL VIDEO CONSUMPTION TODAY IS HAPPENING ON A MOBILE DEVICE”

“MOBILE VIDEO CONSUMPTION IS BY FAR OUTGROWING TRADITIONAL LINEAR”

“BY 2019, 80% OF THE TRAFFIC GOING THROUGH THE NETWORKS WILL BE VIDEO”

MARKET REALITIES



- › The Cable market is moving towards all IP delivery. This plays directly to Ericsson's strengths in IPTV
- › Convergence of industry requires new skills and opens opportunities for Ericsson's broad capabilities
- › Increased openness for outsourcing of media operations – plays well into our platform-based strategy for our broadcast business
- › The Internet of Things and the Connected Home are growing markets providing attractive synergies for Ericsson TV & Media offerings



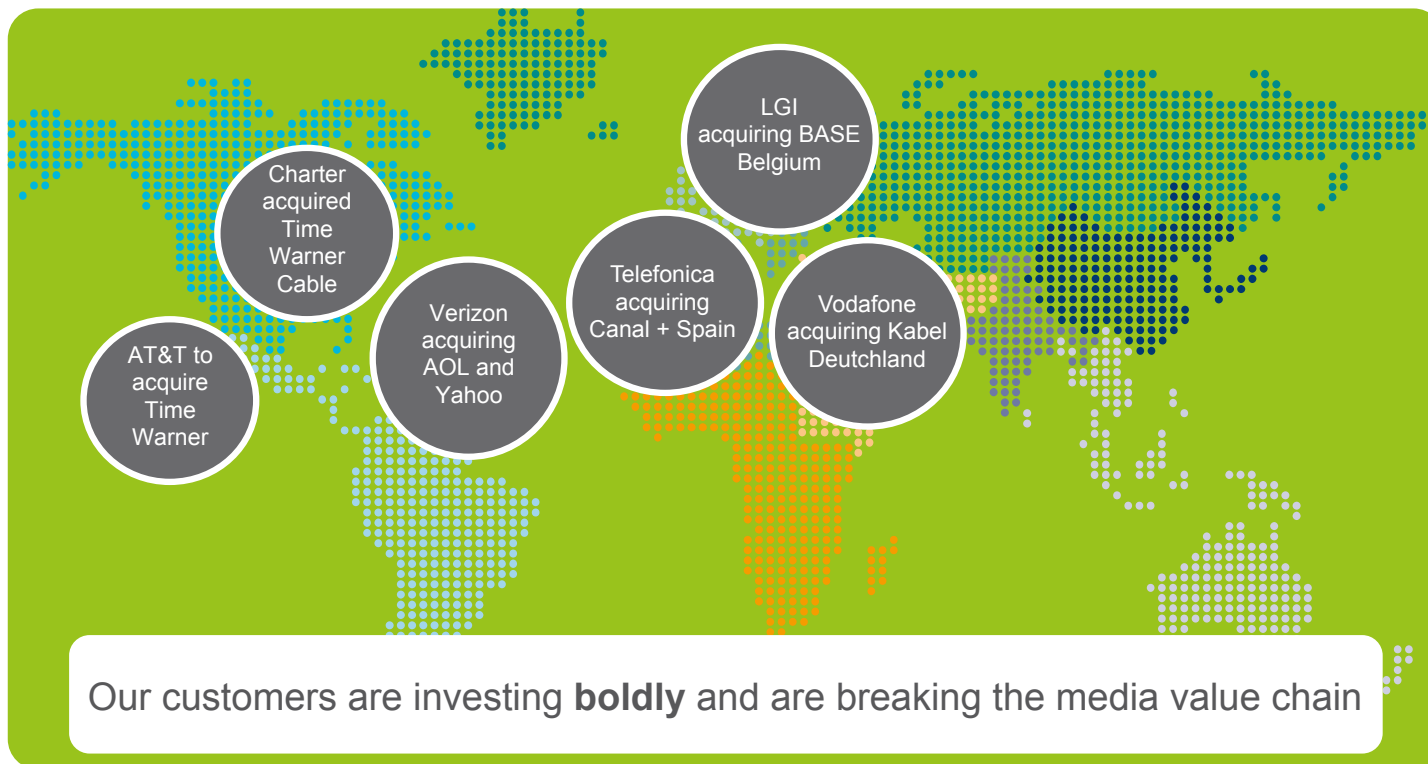
- › Divergence in buying behaviour between the Tier 1s and Tier 2-3s
- › Large customers are considering in-house development for their video offerings
- › Uncertainty in business models between traditional managed Pay-TV and advertisement funded TV

Addressable market
USD 12 b.

9-11% CAGR 2016-2018
in Media market

Highly fragmented market –
Leader with 8% market share

MEDIA INDUSTRY IS CONVERGING



Highlights

- **AT&T** acquiring content to break the value chain
- **Telefonica** moving into Pay-TV cable
- **Vodafone** moving into Pay-TV cable
- **Verizon** making big bets on mobile advertising

OUR MEDIA TRANSFORMATION



Product portfolio

Go-to-market strategy

Declining low double digit

Legacy

- Hardware-based
 - Compression
 - IP-TV
 - Network video storage
- On-premise
- Single-tenant
- Systems integration driven delivery
- One size fits all

Growing low triple digits

Next-Generation

- Software-based
 - Compression and Video delivery
 - TV-platform
 - Cloud video storage
- Cloud based
 - As-a-Service
 - DevOps
 - Component-based offering
- Advertisement

Today

- Fragmented Go-to-market with high Opex spend
- Large number of customers
- Low profitability
- 180+ countries
- Mainly direct Go-to-market

Going forward

- Focused Go-to-market with smart Opex spend
- Focus on top accounts
- Profitable growth
- Geographical prioritization
- Direct and partner

Transfer investments from Legacy to Next-Gen

Focused Go-to-market to drive profitable growth!

MEDIA GOING FORWARD



Transform to capture synergies
from new organization and
increase focus in Go-to-market

Be the Video transformation
partner of our customers

Transform broadcast business
model to platform based
services