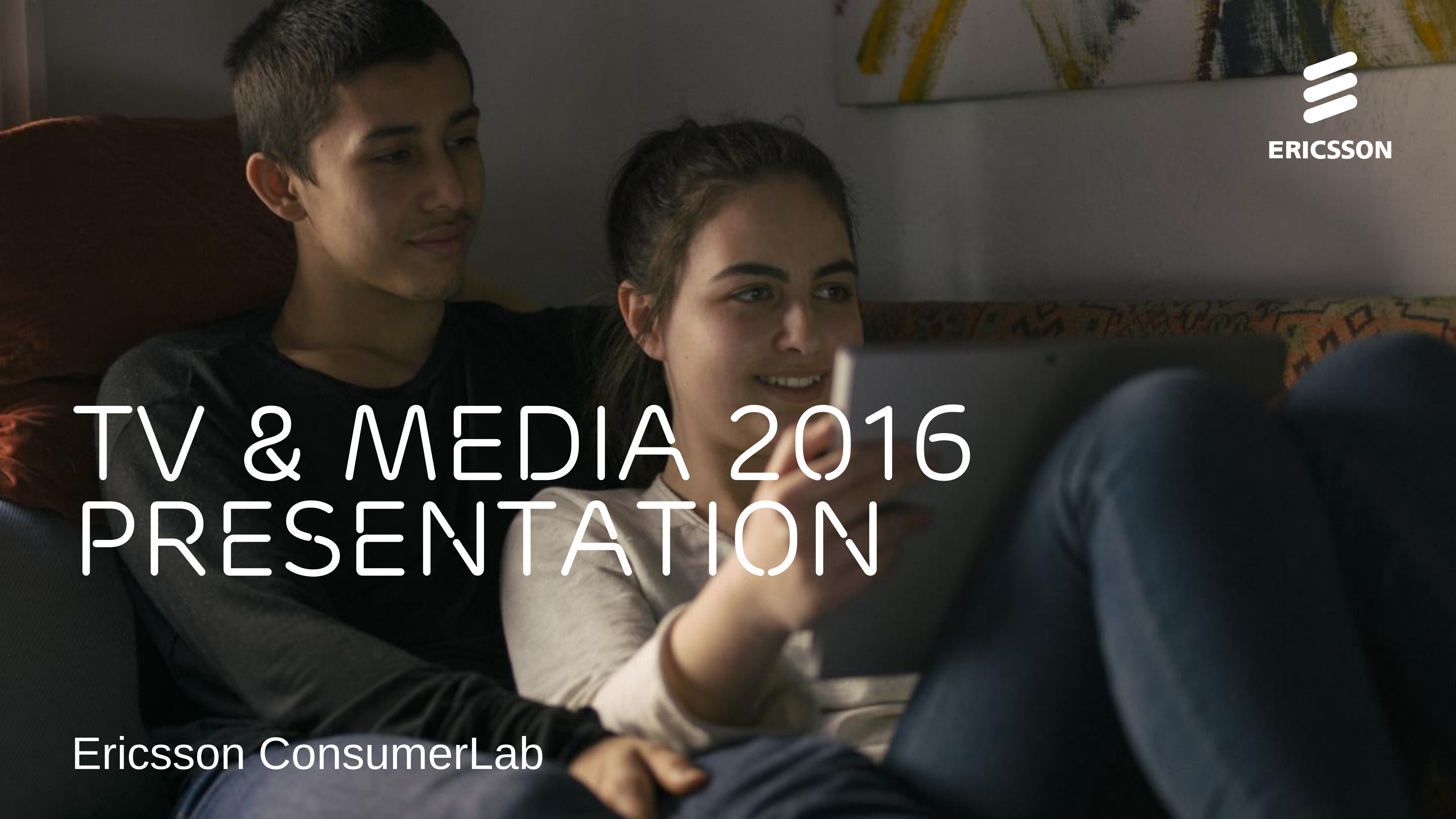


ERICSSON

TV & MEDIA 2016 PRESENTATION

Ericsson ConsumerLab

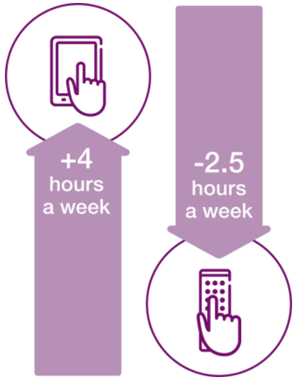

ERICSSON CONSUMERLAB ANNUAL RESEARCH
REPRESENTING
1.1 BILLION
PEOPLE
100,000
RESPONDENTS
MORE THAN
40
COUNTRIES
Jan 1st
20
YEARS
OF RESEARCH

GLOBAL KEY FINDINGS:
TV Media 2016

1 Total TV and video viewing time increases through massive growth in mobile viewing

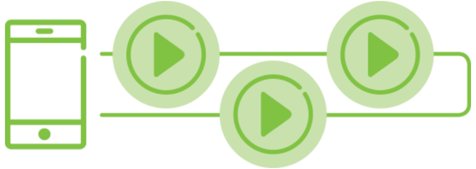
Since 2012, the average consumer globally has increased their viewing on mobile devices by 4 hours a week, while their fixed screen viewing has declined by 2.5 hours a week. This means that today they spend an extra 1.5 hours watching TV and video than they did 4 years ago

In the US, 20 percent of the increased mobile viewing is paid-for premium content



2 Consumers' mobile viewing habits thrive with the perception of unlimited video streaming

40 percent of consumers globally are very interested in a mobile data plan that includes unlimited video streaming capabilities. At 46 percent, millennials are the group most interested, as they typically use multiple on-demand services and appreciate mobility



3 Scheduled linear TV viewing suffers when millennials go all-in with streamed user generated content (UGC)

Consumers aged 16-34 spend almost 2.5 hours more each week watching streamed on-demand UGC, compared to 35-69 year olds. At the same time, they spend almost four hours less than the older population when it comes to watching live & linear broadcast content

4 Consumers in the US spend 45 percent more time choosing what to watch on video on-demand (VOD) services than scheduled linear TV services, yet they rate VOD services higher

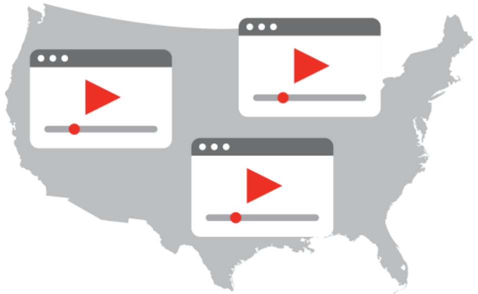
In fact, 63 percent of consumers are very satisfied with content discovery in their VOD service, while only 51 percent say the same for their scheduled linear TV provider

The time-consuming discovery process can be frustrating, yet it is acceptable because VOD enables consumers to find content they want to watch, when they want to watch it

5 Consumer spending on VOD services in the US has increased by over 60 percent in just a few years

Over a period of 4 years, consumers say they have increased their VOD spending from an average of USD 13 to USD 20 per month

Paid scheduled linear TV services continue to account for about half of the average household media spending in the US. While the average household uses 1.3 scheduled linear TV services, it also uses 3.8 VOD services



Source: Ericsson ConsumerLab TV & Media 2016 Study

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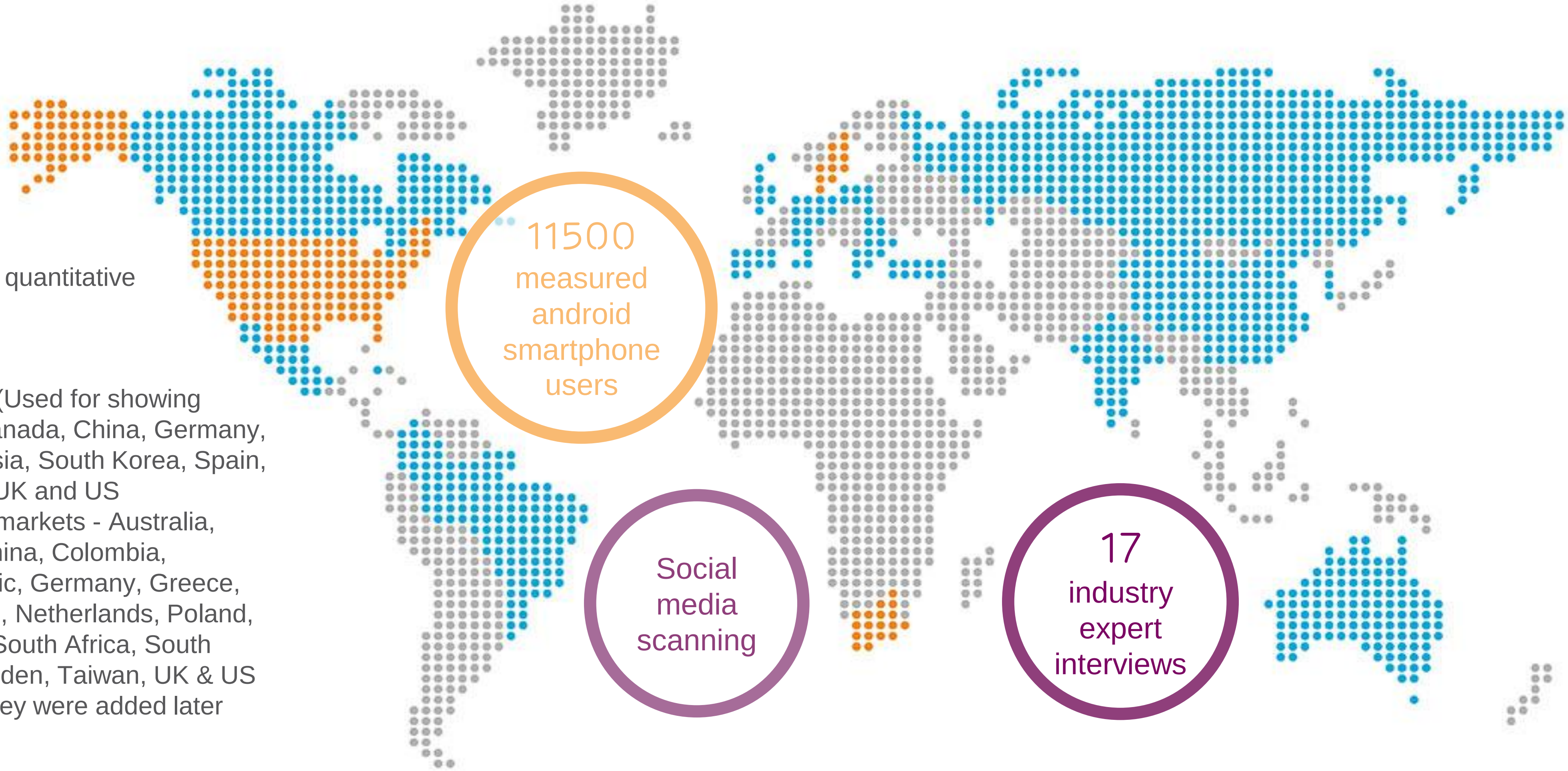
METHODOLOGY

REPRESENTING 1.1 BILLION CONSUMERS

- Qualitative and quantitative
- Quantitative

Base: 13 markets (Used for showing trends) - Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US
All markets: 22+2 markets - Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Romania and Turkey were added later



Qualitative: 24 in-depth interviews (San Francisco, Cape Town & Stockholm)
Quantitative: >30 000 online interviews aged 16-69 in 24 markets

Source: Ericsson ConsumerLab TV & Media 2016 Study

REPRESENTING THE VIEW OF 1,1 BILLION CONSUMERS

	Australia	Brazil	Canada	China	Colombia	Dominican republic	Germany	Greece	India	Italy	Mexico	Netherlands
Population** (Millions)	23	204	35	1367	47	11	81	11	1250	62	122	17
Population 16-69** (Millions)	16	145	25	1025	33	8	56	8	875	43	85	12
Internet (panel) population** (%)	80	55	85	30	50	45	75	65	20	60	55	85
Survey Population (Millions)	**13**	**80**	**21**	**308**	**16**	**4**	**42**	**5**	**175**	**26**	**47**	**10**

	Poland	Portugal	Romania *	Russia	South Africa	South Korea	Spain	Sweden	Taiwan	Turkey *	UK	US
Population (Millions)	40	11	22	142	54	49	48	10	23	79	64	322
Population 16-69** (Millions)	30	8	16	102	38	37	34	7	17	55	44	225
Internet (panel) population** (%)	60	60	50	65	45	85	70	85	80	50	85	70
Survey Population (Millions)	**18**	**5**	**8 ***	**66**	**17**	**32**	**24**	**6**	**13**	**28 ***	**37**	**158**

** Not included in global results, but market data is available   **Population and Internet usage levels based on source: CIA World Fact Book.*

Info: In countries with purple names, the internet population is significantly different from the national population. In the other markets, the internet population is closer to the national population.

Source: Ericsson ConsumerLab TV & Media 2016 Study.

ABBREVIATIONS & DEFINITIONS

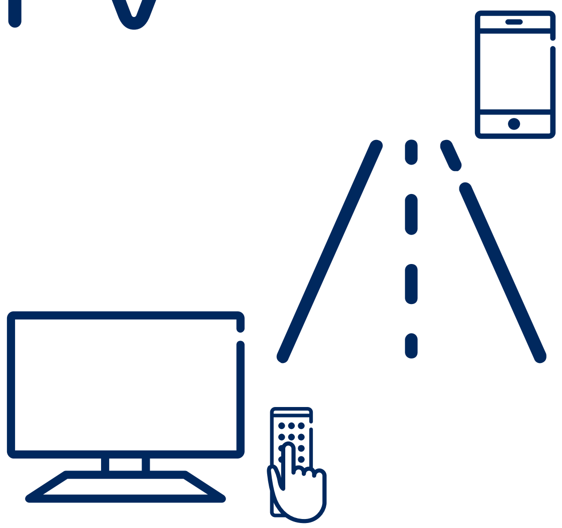
ABBREVIATIONS

- A-VOD (Advertising Video On-Demand)
  - A video on-demand service that includes advertising. By watching ads the consumer can typically watch the video content either for free, or at a reduced cost
- S-VOD (Subscription Video On-Demand)
  - A video on-demand service where the consumer typically pays e.g. a monthly fee, and is then allowed to watch as much as he/she would like during that month
- T-VOD (Transactional Video On-Demand)
  - A video on-demand services where the consumer typically pays for each film or video he/she want to watch
- UGC (User Generated Content)
  - Any type of content e.g. text, audio or video, that is created by consumers, for consumers
- UGVC (User Generated Video Content)
  - Video content created by consumers, for consumers. Typically made available through A-VOD services like YouTube

DEFINITIONS

- Millennials vs. 35+
  - In this study, we include all consumers aged 16-34 in the group of Millennials. We thus include all consumers aged 35-69 in the 35+ group
- Binging
  - Although the definitions in the industry varies, in this study we have defined binging as watching at least two episodes in a row (immediately after each other) as Binging. It could be at least two episodes of the same TV series, or even two movies (e.g. Die Hard II and III) in a row.
- Connected devices user vs. Non-connected devices user
  - Consumers who own and use e.g. Apple TV, Fire Stick, Roku are connected devices users, while anyone else is a non-user.
- Daily user of Traditional TV
  - People who watch traditional TV at least once per day
- Daily UGC viewer
  - People who watch UGC at least once per day
- Daily VOD viewer
  - People who watch on-demand movies, TV series or other programs at least once per day
- Heavy Bingers
  - People who binge at least once per day.
- Heavy Netflix users
  - People who watch Netflix 1 hour or more per day
- Heavy Scheduled linear user
  - People who watch scheduled linear TV 1 hour or more per day
- Heavy VOD users
  - People who watch movies, TV series or other TV programs on-demand 1 hour or more per day
- High Mobile Video user vs. Low Mobile Video user
  - People who own a smartphone and a tablet, as well as watch mobile video at least 1 hour per day are high mobile video users, and everyone else is a low mobile video user
- Limitless mobile streamer
  - Consumers with a mobile data plan that includes unlimited mobile data
- On-demand vs. No on-demand viewer/spender
  - Consumers that spend time (>0) on on-demand video on a weekly basis is an on-demand viewer, those that do not, are a non user
- OTT on demand user
  - Consumer that spend time (>0) watching OTT on-demand content on a weekly basis
- OTT cutter (last 12 months)
  - Consumer that eliminated their spending on internet based (OTT) video services in the past 12 months
- OTT shaver (last 12 months)
  - Consumer that decreased their spending on internet based (OTT) video services in the past 12 months
- OTT never
  - Consumer have never paid for any internet based (OTT) video services
- OTT increaser (last 12 months)
  - Consumer that have increased their spending on internet based (OTT) video services in the past 12 months
- OTT unchanged (last 12 months)
  - Consumer that pay as much today as they did 12 months ago for internet based (OTT) video services
- Scheduled linear pay TV user
  - Consumer that pay (>0) for scheduled linear pay TV service
- TV cord cutter (last 12 months)
  - Consumer that eliminated their spending on scheduled linear pay TV services in the past 12 months
- TV cord cutter (more than 1 year ago)
  - Consumer that eliminated their spending on scheduled linear pay TV services in the past 12 months
- TV cord shaver (last 12 months)
  - Consumer that decreased their spending on scheduled linear pay TV services in the past 12 months
- TV cord never
  - Consumer that have never paid for any scheduled linear pay TV services
- TV cord unchanged (last 12 months)
  - Consumer that have not changed their spending on scheduled linear pay TV services in the past 12 months
- TV cord increaser (last 12 months)
  - Consumer that increased their spending on scheduled linear pay TV services in the past 12 months
- UGC user
  - Consumer that watch User generated Content
- Non-UGC user
  - Consumer that does not watch User generated Content

EVOLUTION OF TV

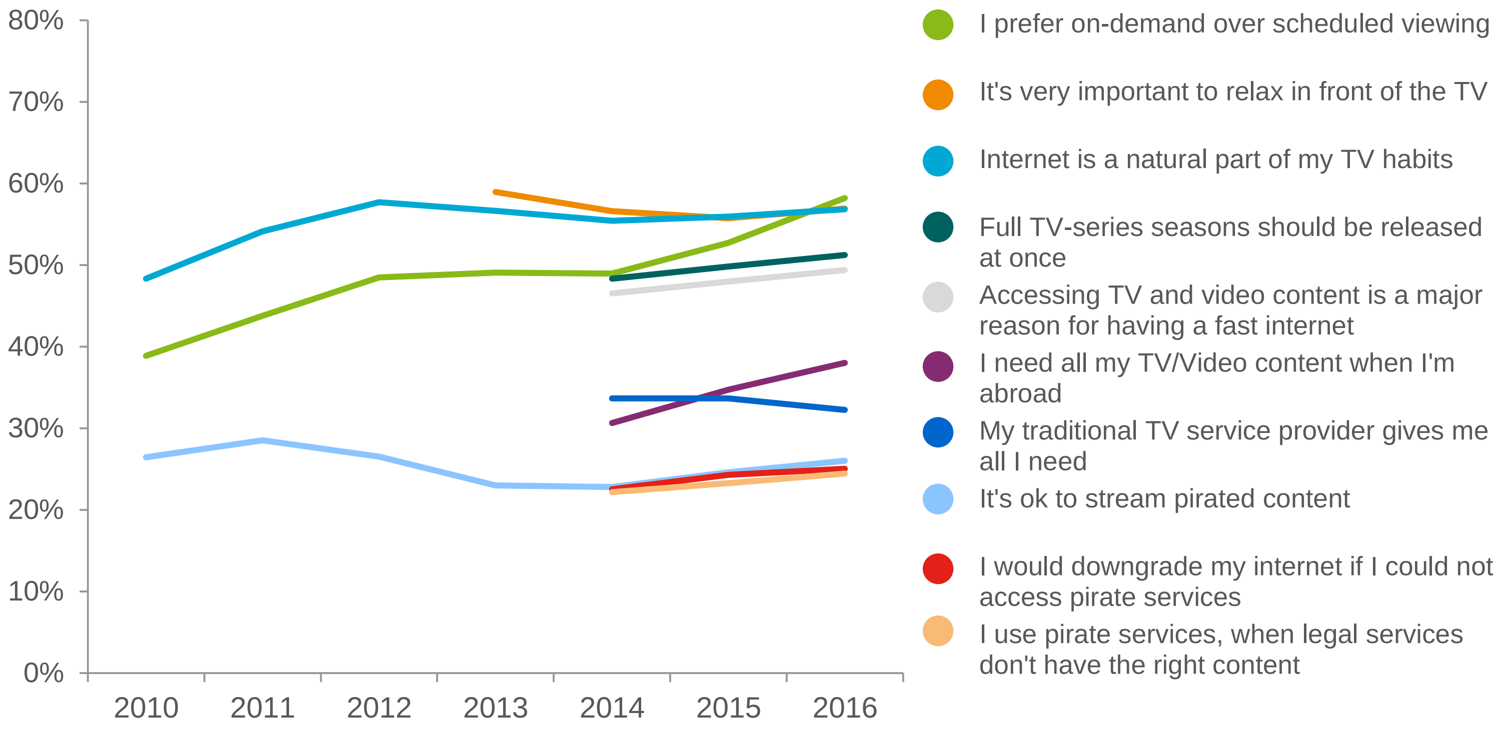


TV-ATTITUDES 2010-2016

- Limited changes in many attitudes towards media the last three years
- Significant growth when it comes to importance of on-demand consumption and of internet's role in peoples media habits
- Since 2014 bringing TV content abroad has grown in importance

"There are no country borders in consumerland!"

TV and media attitudes* (showing top 2 answers on 7-graded scale) [self-reported]

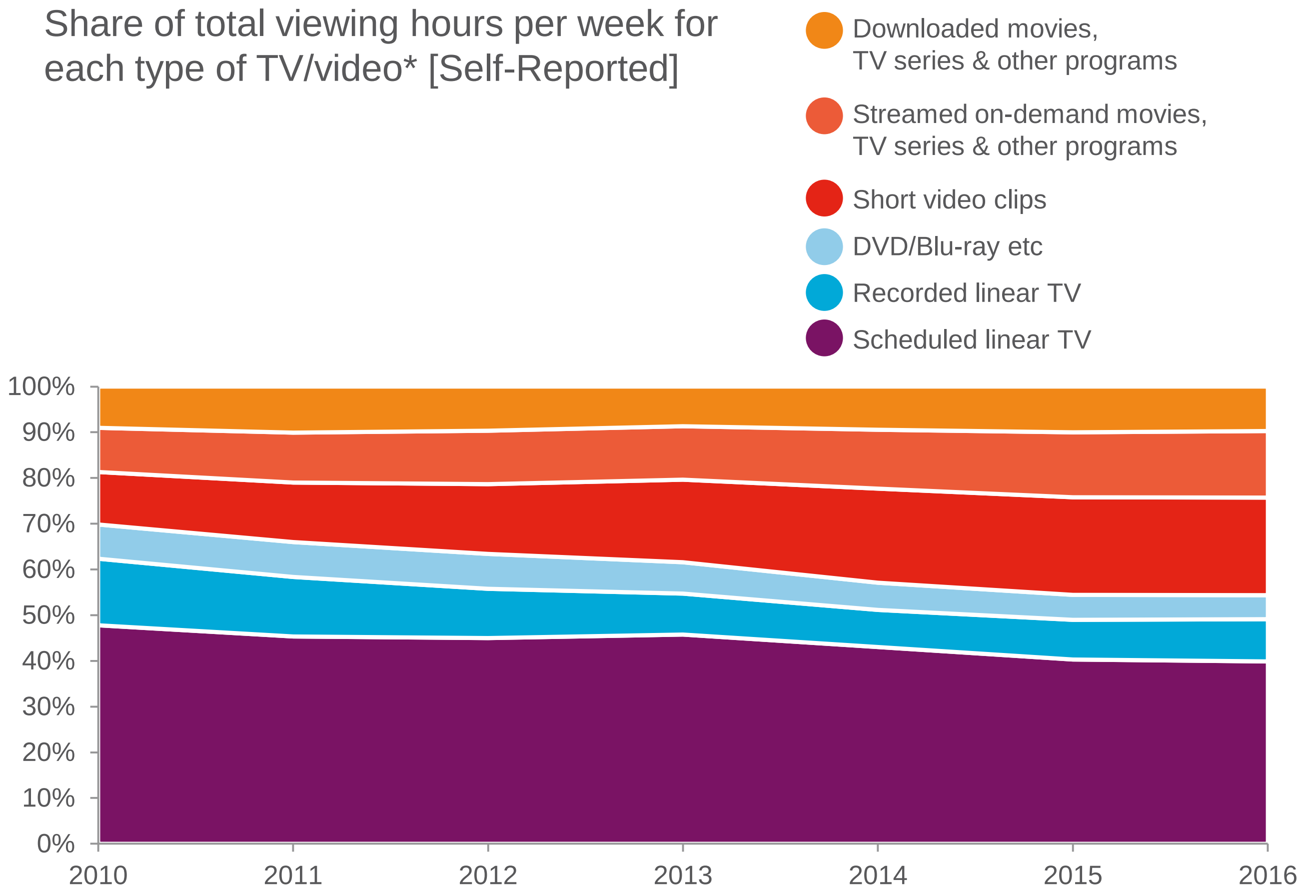


BASE: Population aged 16-69**** watching TV/Video at least weekly and having Broadband at home in Brazil**, Canada***, China, Germany, Italy***, Mexico***, Russia***, South Korea**, Spain, Sweden, Taiwan, UK and US
* Trending using a 3 years moving average ¼, ½, ¼, ** included 2011-2016, ***included 2013-2016, **** Ages 16-59 covered in 2010-2012

Source: Ericsson ConsumerLab TV & Media 2010-2016

SCHEDULED TV VIEWING LOSE SHARE OF TIME

Share of total viewing hours per week for each type of TV/video* [Self-Reported]

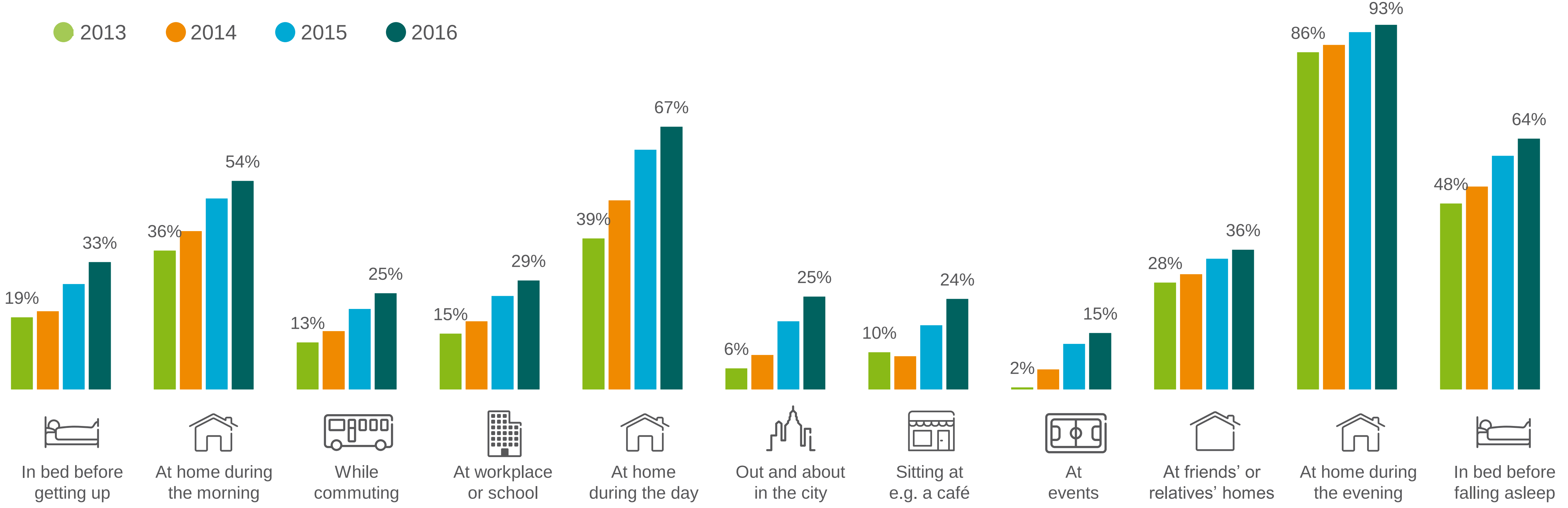


- Even if scheduled linear TV lose share of total viewing time, it is still roughly twice as big as any other TV and video type
- Streamed on-demand movies and TV programs gains traction, and has increased it's share by 50 percent since 2010
- Short video clips (like YouTube) viewing has increased it's share by almost 90 percent since 2010

BASE: Population aged 16-69**** watching TV/Video at least weekly and having Broadband at home in Brazil'**, Canada***, China, Germany, Italy***, Mexico***, Russia***, South Korea**, Spain, Sweden, Taiwan, UK and US
* Trending using a 3 years moving average ¼, ½, ¼, ** included 2011-2016, ***included 2013-2016, **** Ages 16-59 covered in 2010-2012
Source: Ericsson ConsumerLab TV & Media 2016 Study

THE DEVELOPMENT OF WEEKLY VIEWING HABITS FROM 2013 TO 2016

Percentage of consumers that on a weekly basis watch any type of TV/video content in different situations, comparison across years [self-reported]



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Source: Ericsson ConsumerLab TV & Media 2010-2016

EMERGING CONTENT CATEGORIES

FROM GATEKEEPERS TO FLOODED GATES

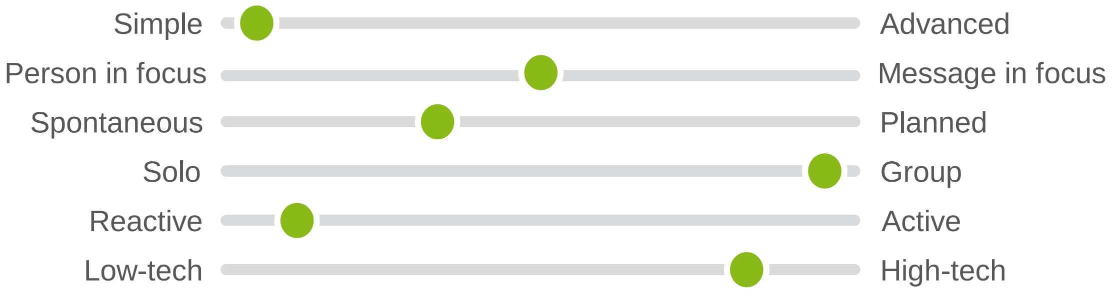
Pre-digital fame

Being broadcasted on TV was the measure of success: many tried, few passed the gates

Digital fame

Everyone's broadcasted – the gates are wide open and the challenge is standing out

SIX creative parameters that determine the output



"The apps and software we use are very simple, we never experienced any issues capturing and sharing content"

Marcus, 28, Sweden

Source: Ericsson ConsumerLab TV & Media 2016 Study

DRIVERS DIFFER BETWEEN UGC AND PAID VOD

Professional

VS

User Generated

Paid VoD content

The “book”: quality, single narrative that commands time and attention

User generated VoD content

The “pile of magazines”: in-and-out content snippets on any topic

Paid VOD services offer professionally curated content and boast a select number of exclusive quality productions that command attention and time.

Paid VOD viewing is typically more planned and “special”

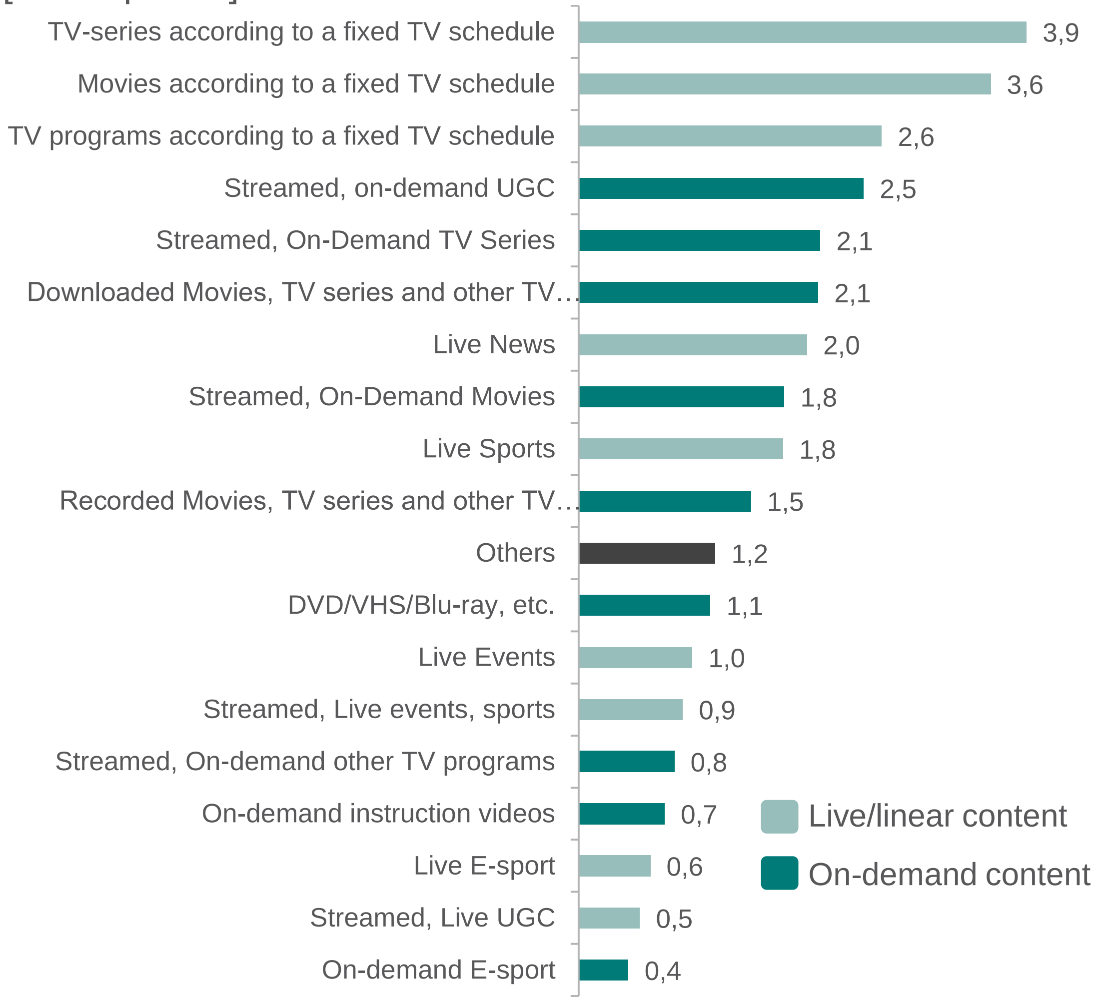
UGC services on the other hand features almost unlimited, crowd-generated short-form content on any conceivable subject, encouraging viewers to become creators themselves.

UGC viewing is typically more spontaneous; as a seamless part of a wider social media usage

Source: Ericsson ConsumerLab TV & Media 2010-2016

IMPORTANCE OF LIVE CONTENT

Average weekly hours actively watching TV and video content [Self-reported]

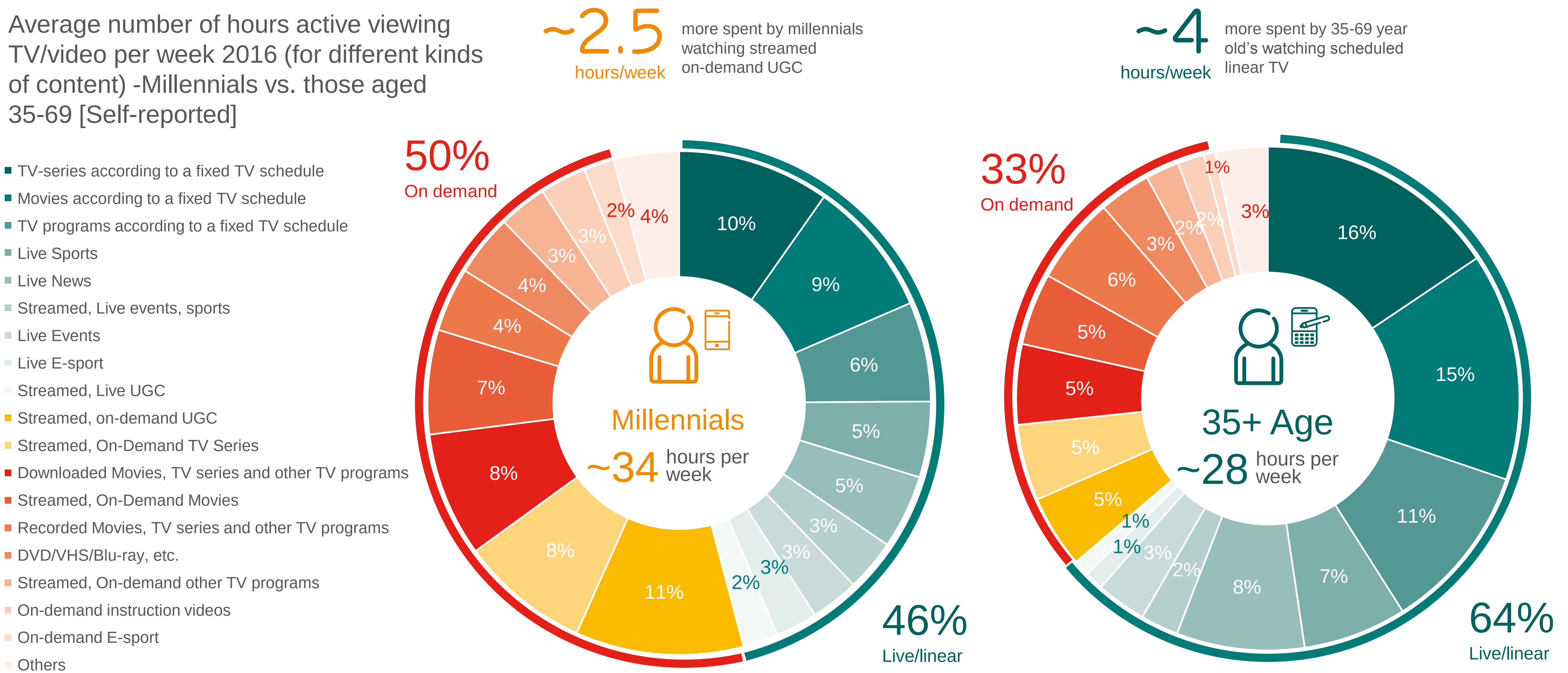


- Long form content continues to keep its stronghold on viewer eyeballs – almost 60 percent of all active viewing is spent on Movies, TV series and TV programs
- UGC viewing makes up some 10 percent of the total active viewing
- Live content continues to grow in importance – today 20 percent of the total active viewing is spent on live content

BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Source: Ericsson ConsumerLab TV & Media 2016 Study

ON DEMAND IS ALREADY 50% OF MILLENNIALS TOTAL VIEWING TIME

Average number of hours active viewing TV/video per week 2016 (for different kinds of content) -Millennials vs. those aged 35-69 [Self-reported]



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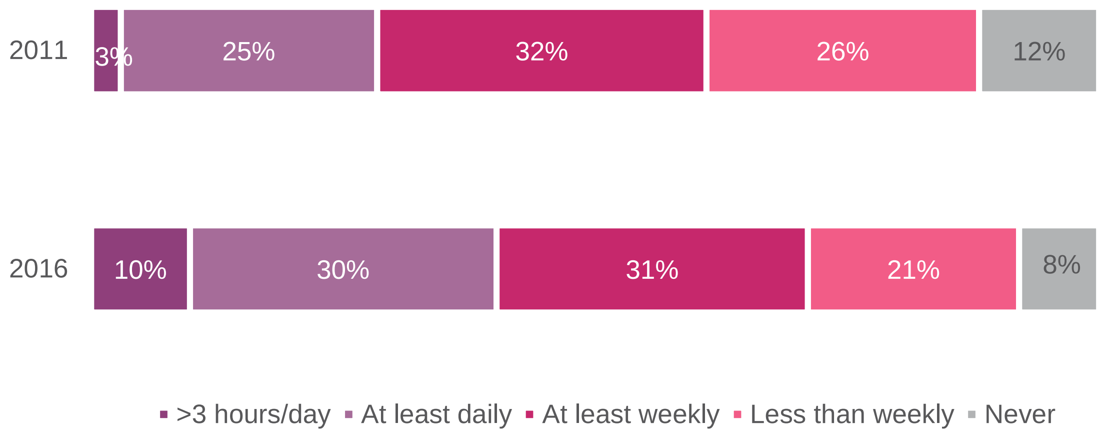
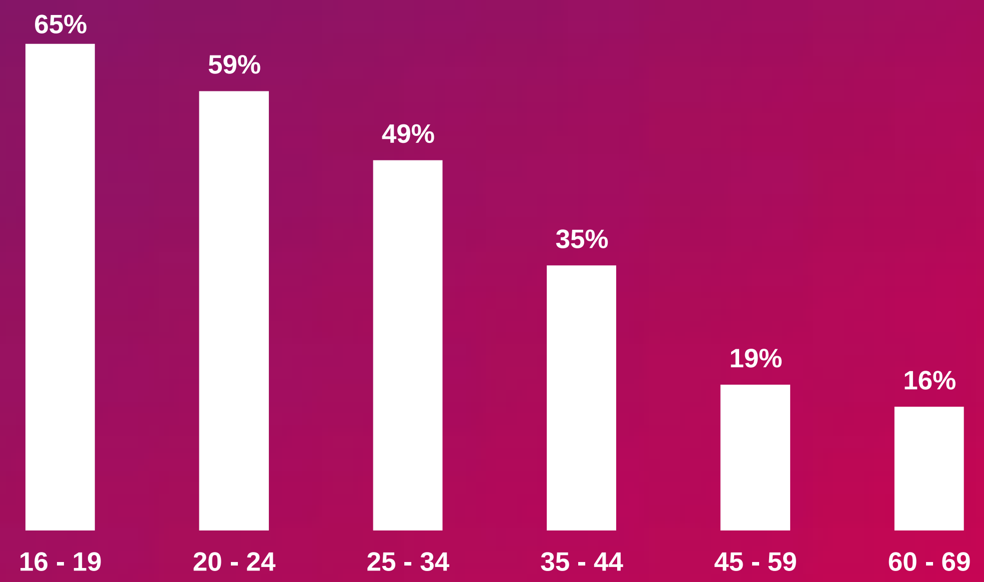
Source: Ericsson ConsumerLab TV & Media 2016 Study

YOUTUBE GROWS IN IMPORTANCE

Percentage of consumers watching YouTube with different frequency* [self-reported]



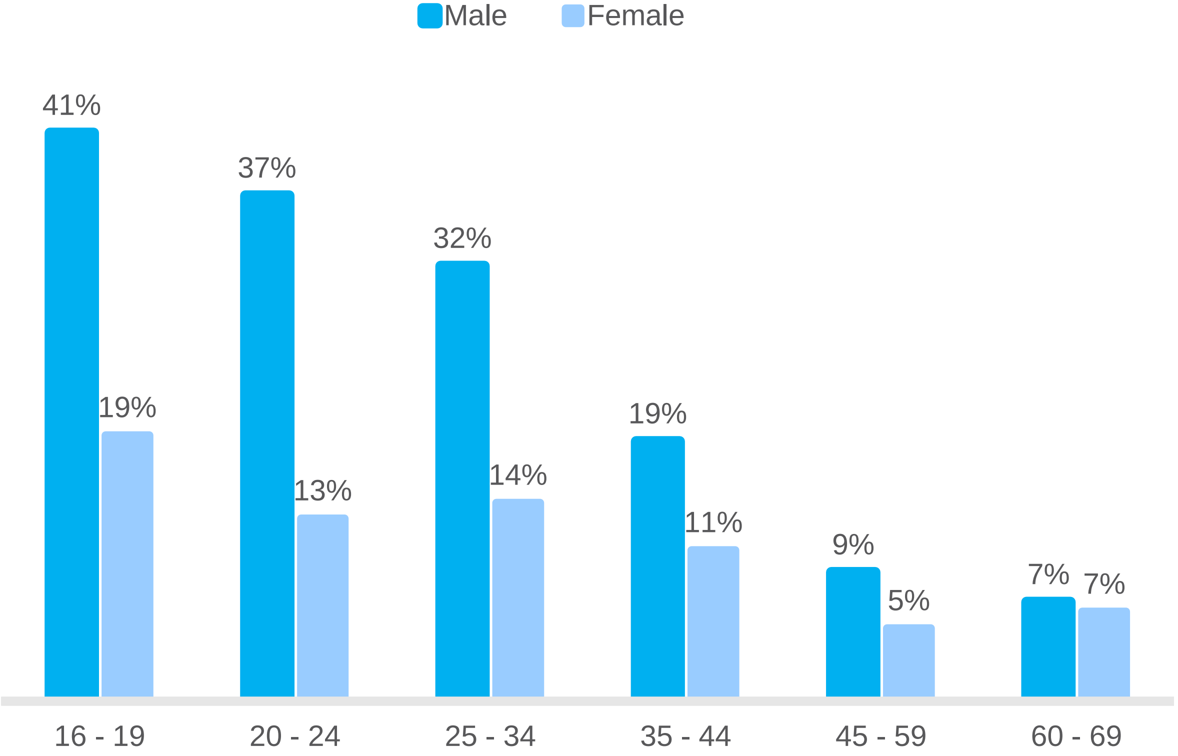
Percentage of consumers watching YouTube at least daily by age, [self-reported]

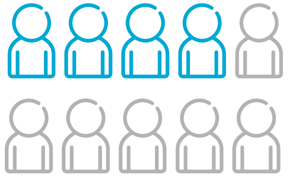


BASE: Population aged 16-69 watching TV/Video at least weekly and having Broadband at home in Brazil'**, Canada***, China, Germany, Italy***, Mexico***, Russia***, South Korea**, Spain, Sweden, Taiwan, UK and US
** included 2011-2016, ***included 2013-2016, *Age 16-59 covered in 2011
Source: Ericsson ConsumerLab TV & Media 2016 Study

THE APPEAL OF E-SPORT

Percentage of consumers watching e-Sport [self-reported]





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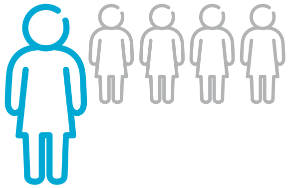
Watch in the 16-19 age group

E-sport is particularly appealing to males at younger age, where 41% of 16-19 year olds watch e-sport either in live or on-demand format!



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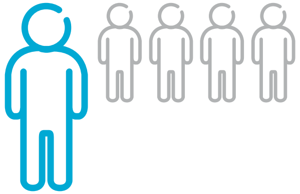
Young women watch e-sports

For young women in the same age group, almost 1 in 5 report watching this type of content!



1/5

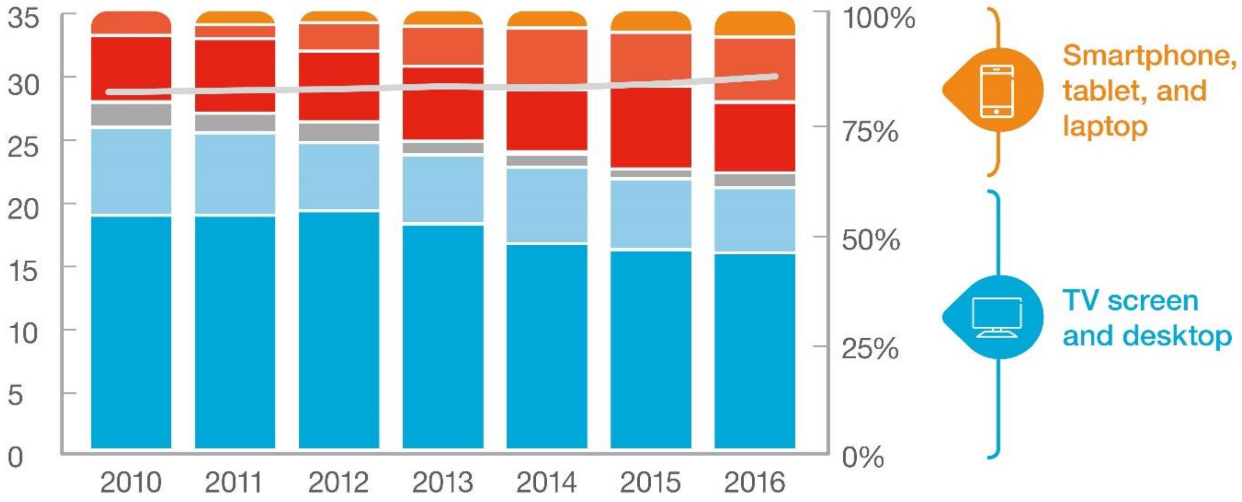
Watch in the 35-44 age group

While the percentage of consumers that watch e-sport decline along the age scale, it is noteworthy to see the continued interest among males up to the age of 35-44, with almost 1 in 5 watching e-Sport!

BASE: Population aged 16-69 watching TV/Video at least weekly and having Broadband at home in Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US
Source: Ericsson ConsumerLab TV & Media 2016 Study

TV VIEWING INCREASE & SCREENS ARE SHIFTING

Share of total TV/video-time done on respective device screen on left axis, and average total nr of hours per week watching TV/video [self-reported]



> "We've been preparing for the growth in video across our mobile network for some time and we don't talk about percent of growth, but in terms of the number of times bigger it's going to be."
>
> Gary Traver
> Director of Media, Telstra

BASE: Population aged 16-69**** watching TV/Video at least weekly and having Broadband at home in Brazil'**, Canada***, China, Germany, Italy***, Mexico***, Russia***, South Korea**, Spain, Sweden, Taiwan, UK and US
* Trending using a 3 years moving average ¼, ½, ¼, ** included 2011-2016, ***included 2013-2016, **** Age 16-59 covered in 2010-2012
Source: Ericsson ConsumerLab TV & Media 2010-2016

LIVE STREAMING

The Good, The Bad and The Ugly

New Possibilities

1. **As close as it gets**

   Broadcasting live means being in real-time contact with the viewers, with the potential to offer unprecedented closeness and raw emotional connection

2. **New venues**

   In the years to come, UGVC'ers will explore the format and give rise to new forms of communication and entertainment – everything from movies and music to journalism and storytelling.

3. **New celebs and old**

   UGVC'ers who master the format and create relevant content will form a new genre of online celebrities, with a potential for global influence.

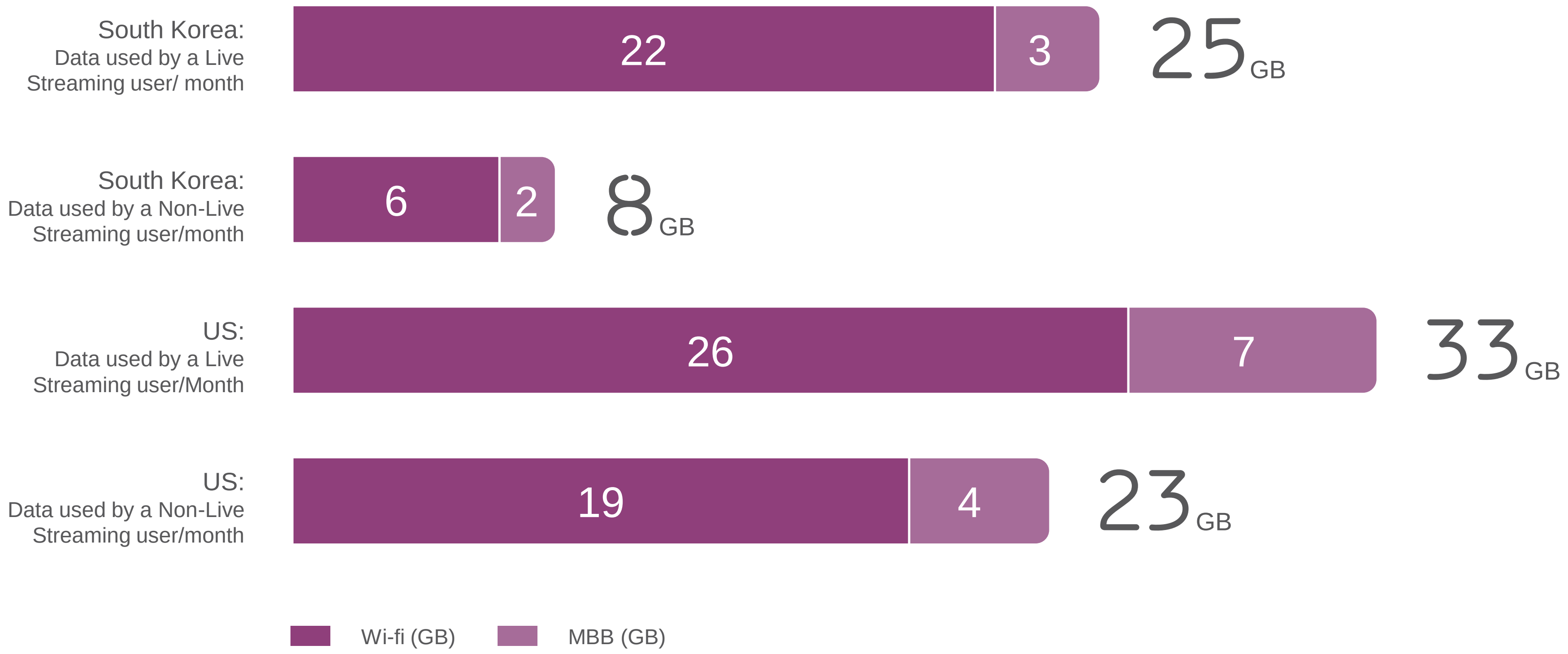
New Challenges

1. No precedence
2. Live is live
3. Content quality
4. Planned viewing

Source: Ericsson ConsumerLab TV & Media 2016 Study

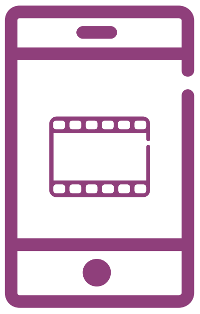
LIVE STREAMERS CONSUME 3X MORE DATA

Monthly data consumption per month (in GB) of video users [On-device Measurement]



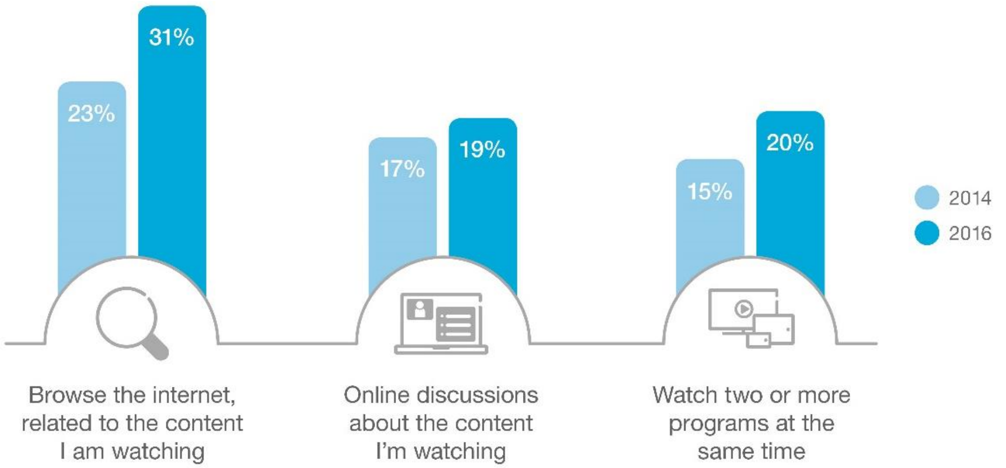
BASE: Android smartphone app users aged 18-65 in the US, South Korea and India
Source: Ericsson ConsumerLab TV & Media 2016 Study

MOBILE VIEWING & DEVICES

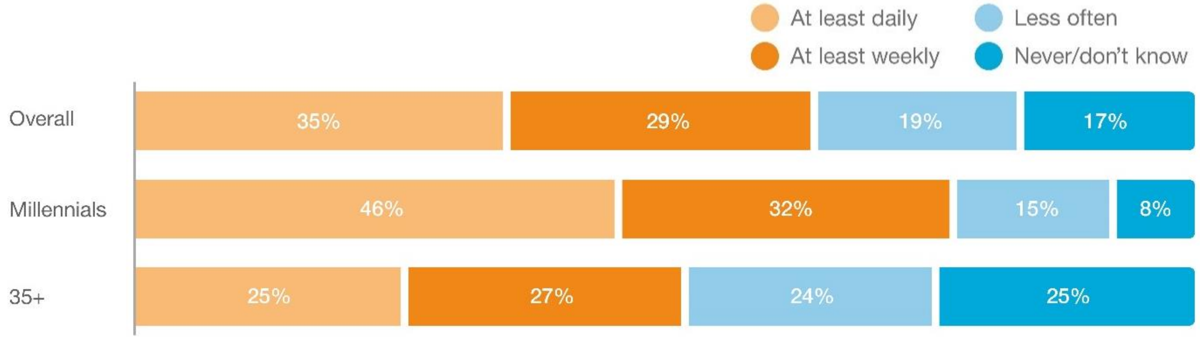


A SPLIT FOCUS FOR 2ND SCREEN VIEWERS

Percentage of consumers performing activities on a second screen as part of their viewing experience on a weekly basis, 2014 vs. 2016 [self-reported]



Percentage of consumers that engage in TV Related activities* on a second screen as part of their viewing experience in 2016, split by age, [self-reported]



"I need two screens – one for social media and one for catching up, streaming series or movies. Social media is where my main attention is, and the movie is more for background noise."

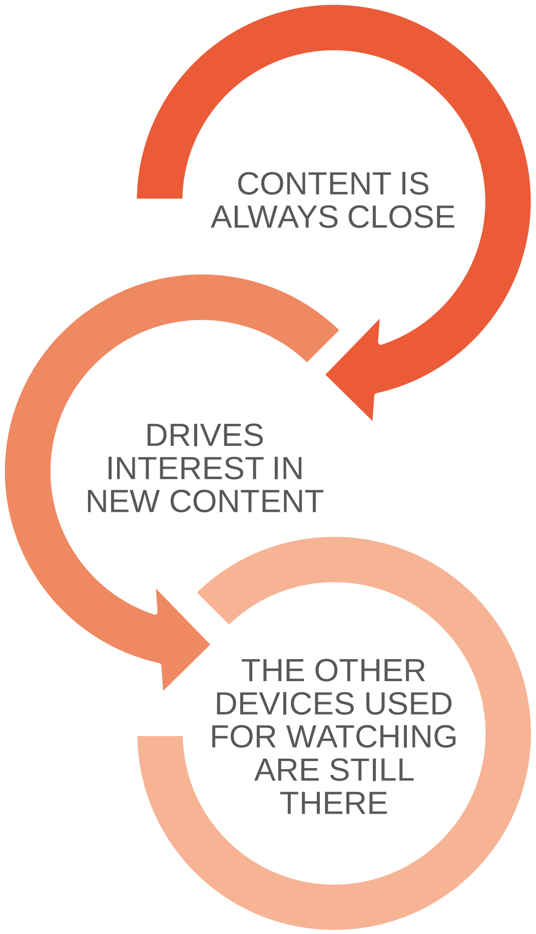
Lethabo, 26 years old, South Africa

*TV related activities – Browsing the Internet, related to content I am watching OR Online Discussions about the content OR Watch 2 or more programs at the same time OR participate in TV contests

BASE Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US

Source: Ericsson ConsumerLab TV & Media 2016 Study

MOBILE VIEWING ADDS, NOT REPLACES



Being able to view video content on mobile devices increases the total sum of all viewing, rather than just replaces viewing on other devices. Mobile viewing is not a zero sum game!

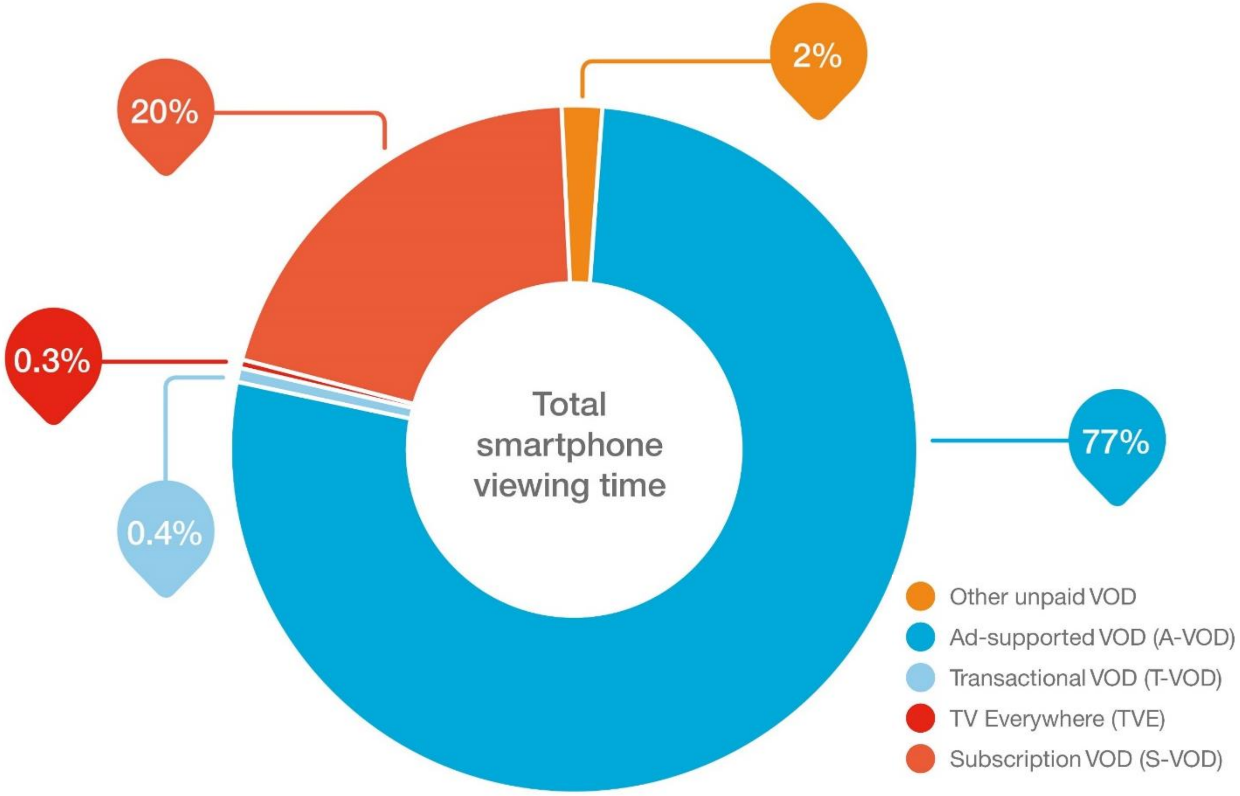
BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US

Source: Ericsson ConsumerLab TV & Media 2016 Study

MOBILE VIEWING IS MORE THAN FREE CONTENT

- Mobile screen viewing is still dominated by free or ad-funded video consumption
- Today roughly 2/3 of mobile video consumers in our measurements use these “free” services
- More than 20 percent of the mobile viewers are watching paid media
  - But much of that spending is going to new market entrants

Average minutes per user, using paid and free video services on the smartphone screen, and share of total viewing time, in the US [On-device Measurement]



BASE: Android smartphone app users aged 18-65 in the US
Source: Ericsson ConsumerLab TV & Media 2016 Study

WATCH OUT FOR IN-TRAFFIC VIEWING

"With music there are buttons in the steering wheel where you can control it. It would be great if you could do that with You Tube."

Donna, 36, USA

"Sometimes I get sleepy while I'm driving home from work. I have [Netflix] on so I can stay awake."

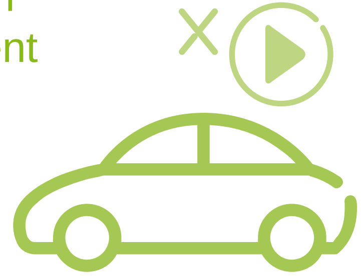
Chandra, 24, USA

The diffusion of video viewing can be seen in all aspects of life

Watching video while driving, to eliminate hours of highway tediousness is an interesting, yet dangerous situation

There is a reluctance and rationalization when admitting to watching video content while driving

For instance, someone argues that in-traffic viewing in fact increase safety since it keeps the driver alert while driving home late at night

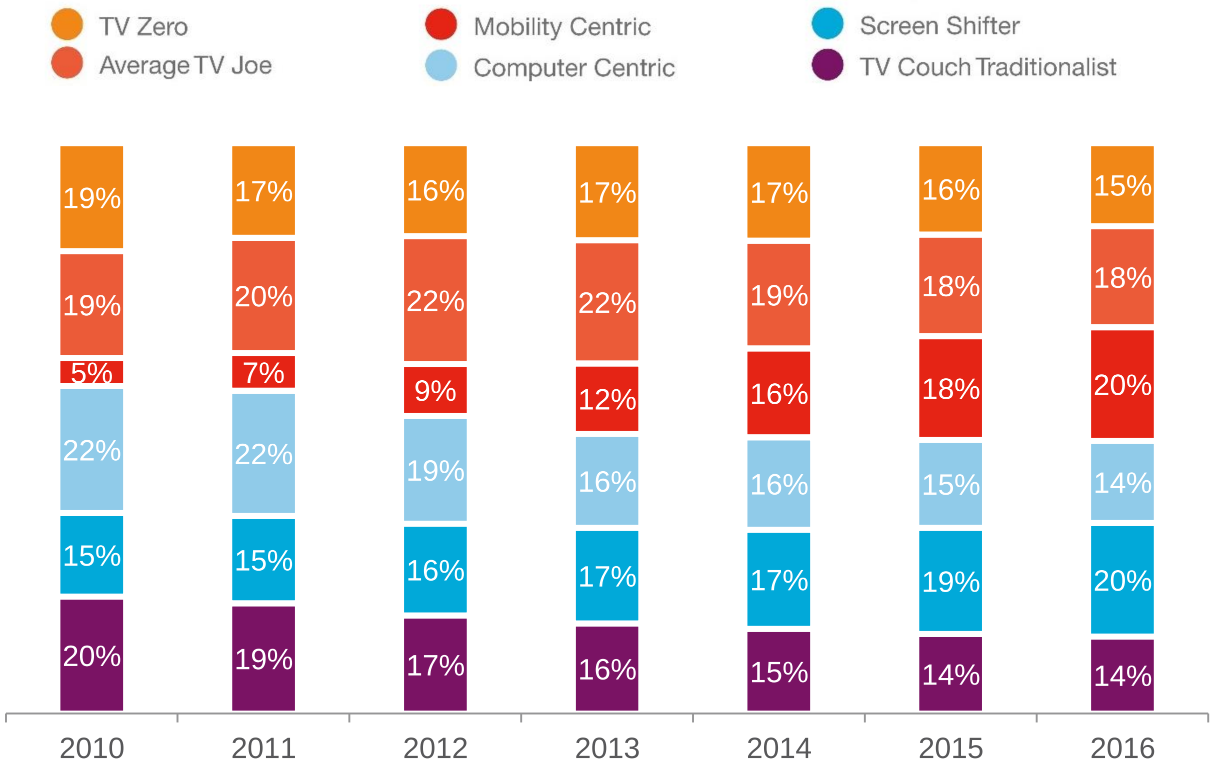


Source: Ericsson ConsumerLab TV & Media 2016 Study

EVOLUTION OF TV USER GROUPS

EVOLUTION OF TV-USER GROUPS

Percentage of population belonging to each user group respective year [Self-reported]



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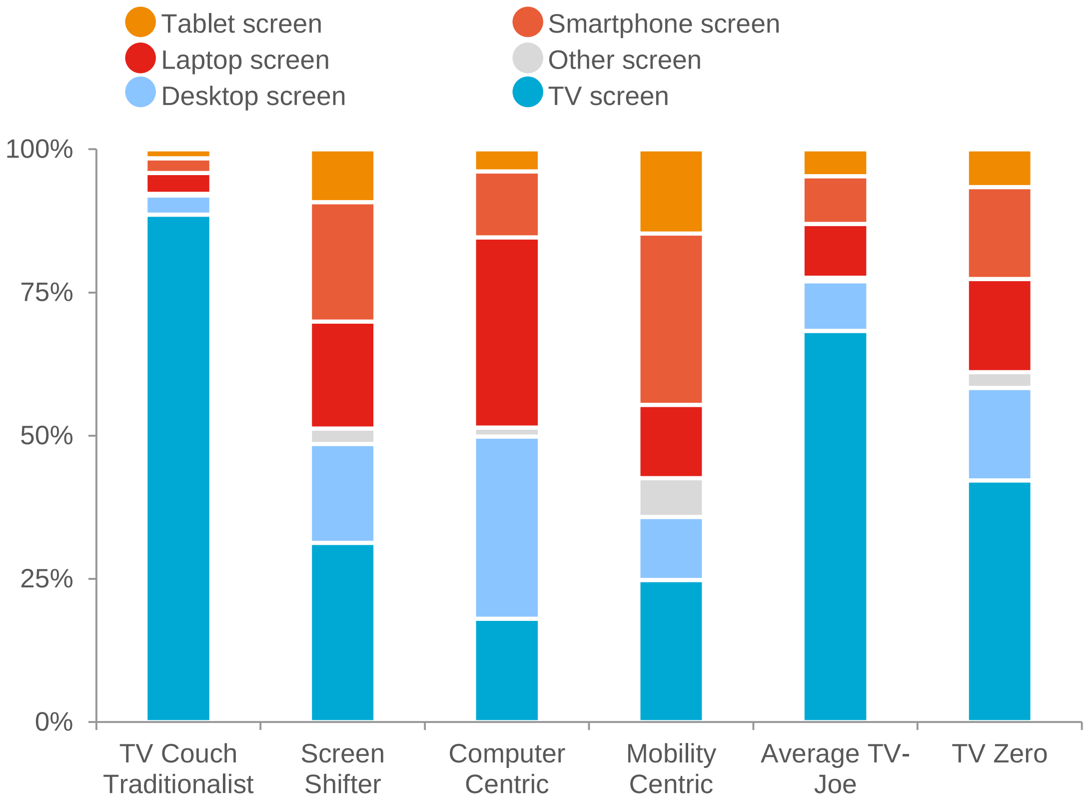
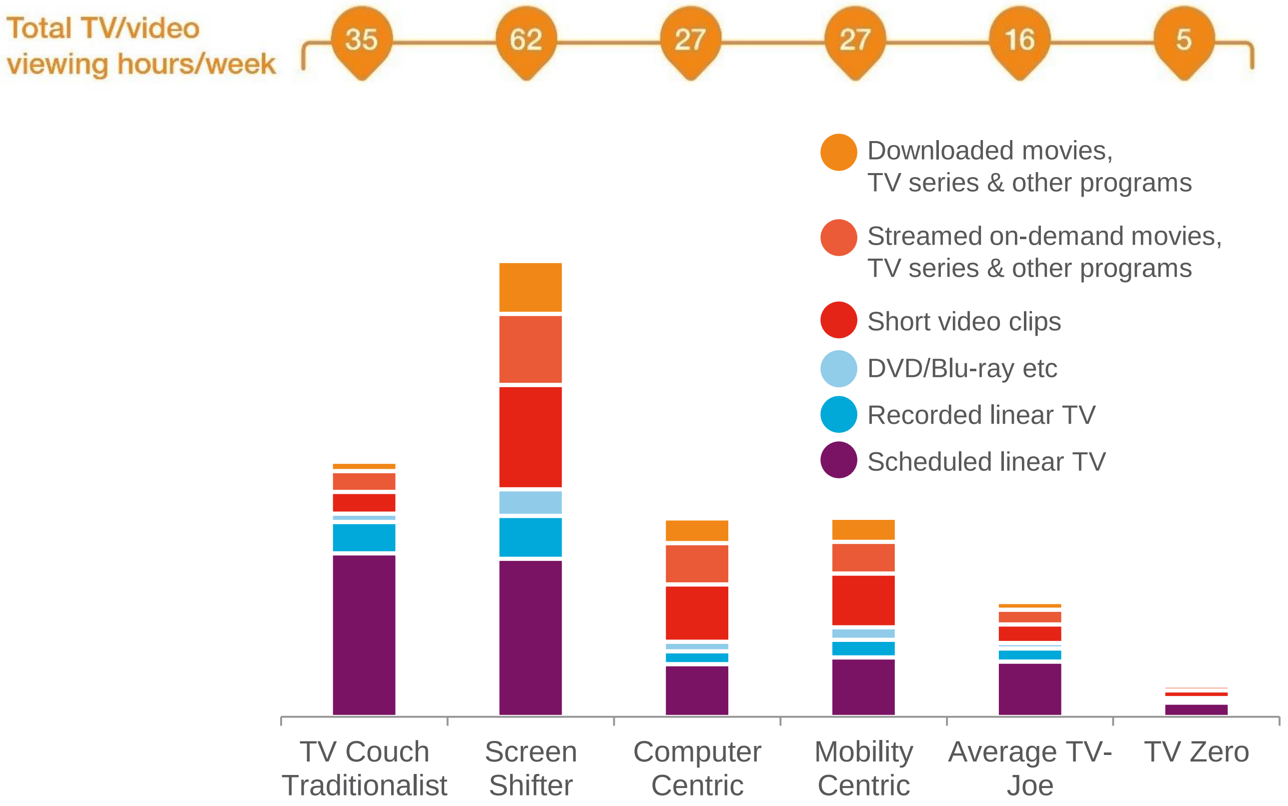
* Trending using a 3 years moving average ¼, ½, ¼, ** included 2011-2016, ***included 2013-2016, **** Age 16-59 covered in 2010-2012
Source: Ericsson ConsumerLab TV & Media 2010-2016

SCREEN CHOICES AND CONTENT VIEWING TIME DIFFERS A LOT BETWEEN TV USER GROUPS

Percentage of total weekly TV and video active viewing time spent on each device/screen, [self-reported]



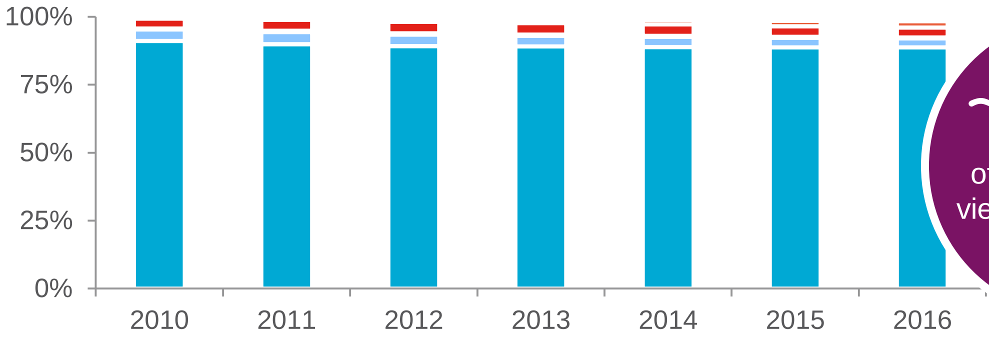
Average total viewing hours per week watching each type of TV and video, [self-reported]



BASE: Population aged 16-69 watching TV/Video at least weekly and having Broadband at home in Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US
Source: Ericsson ConsumerLab TV & Media 2010-2016

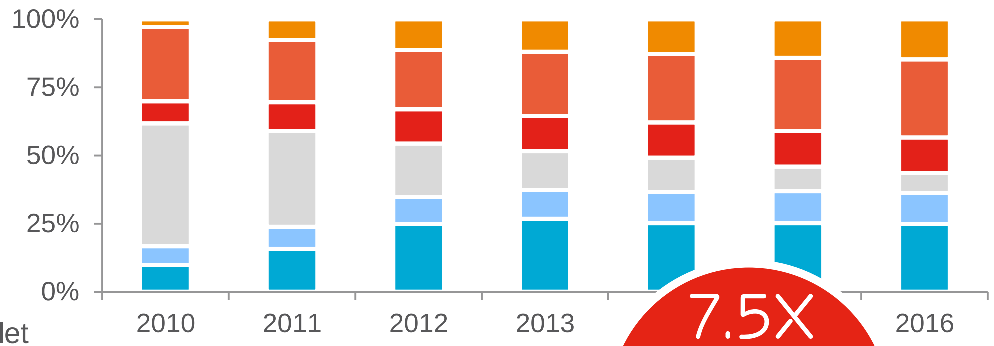
EVOLVING DEVICE USAGE ACROSS ALL USER GROUPS, BUT SOME MORE THAN OTHERS

Percentage of total weekly TV and video active viewing time spent on each device/Screen amongst TV Couch Traditionalists* [Self-reported]



~90%
of all TV & video viewing is done on the big TV screen

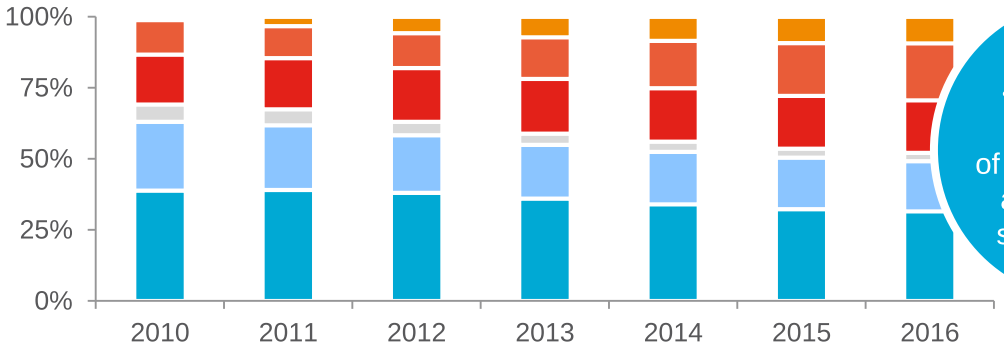
Percentage of total weekly TV and video active viewing time spent on each device/Screen amongst Mobility Centrics* [Self-reported]



Tablet
Smartphone
Laptop
Other screen
Desktop screen
TV screen

7.5X
increase of tablet viewing, and 64% increase of smartphone viewing

Percentage of total weekly TV and video active viewing time spent on each device/screen amongst Screen Shifters* [Self-reported]



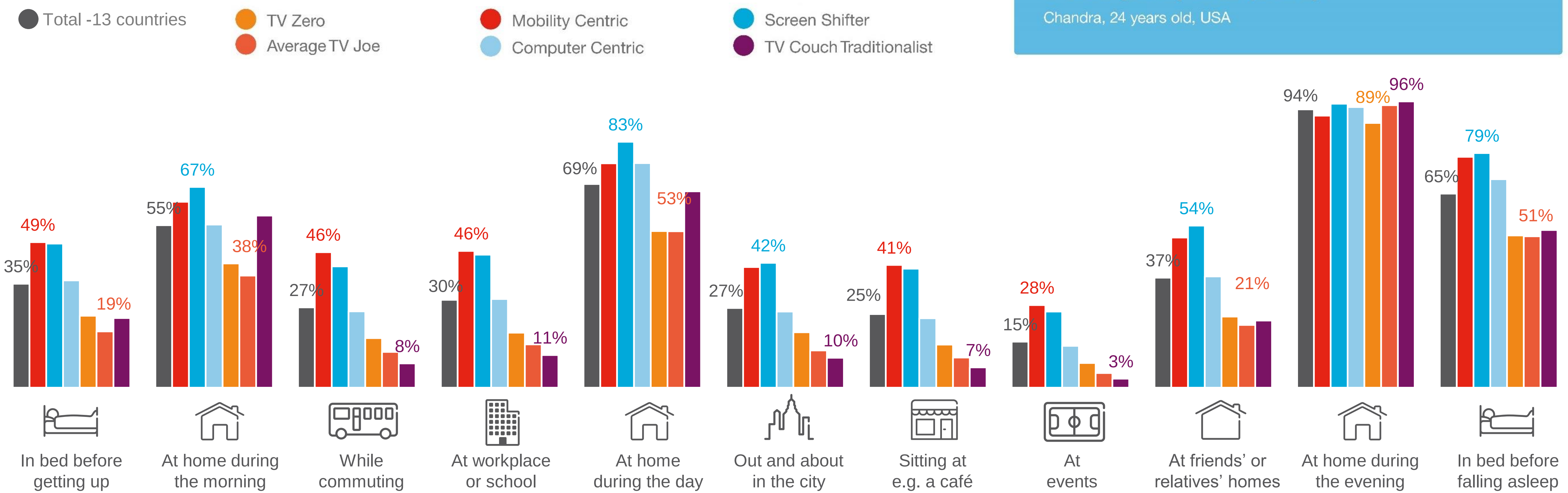
~1/3
of viewing hours are spent on smartphones

BASE: Population aged 16-69**** watching TV/Video at least weekly and having Broadband at home in Brazil'**, Canada***, China, Germany, Italy***, Mexico***, Russia***, South Korea**, Spain, Sweden, Taiwan, UK and US
* Trending using a 3 years moving average ¼, ½, ¼, ** included 2011-2016, ***included 2013-2016, **** Age 16-59 covered in 2010-2012
Source: Ericsson ConsumerLab TV & Media 2010-2016

SCREEN SHIFTERS AND MOBILITY CENTRICS WATCH TV VIDEO THROUGHOUT THE DAY

> "What I usually do is, I'll call [my boyfriend] and tell him I'm going to stay in the car in the parking lot, I'm a little tired, just gonna watch a show [on my smartphone]."
>
> Chandra, 24 years old, USA

Percentage of consumers that on a weekly basis watch any type of TV/video content in different situations, across age groups [self-reported]

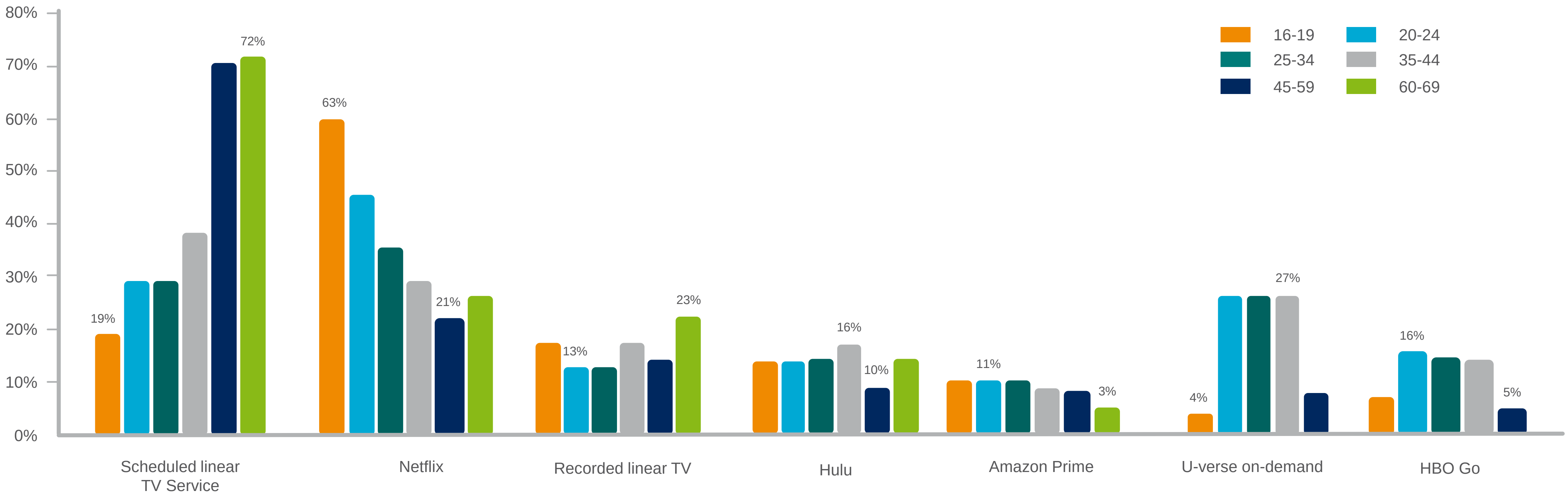


BASE: Population aged 16-69 watching TV/Video at least weekly and having Broadband at home in Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US
Source: Ericsson ConsumerLab TV & Media 2016

CONTENT DISCOVERY

SCHEDULED LINEAR TV IS THE #1 GO-TO SERVICE FOR USERS AGED 45-69

Percentage of consumers that use each service and selected it as their first go-to service among their top 3 most used services [self-reported]



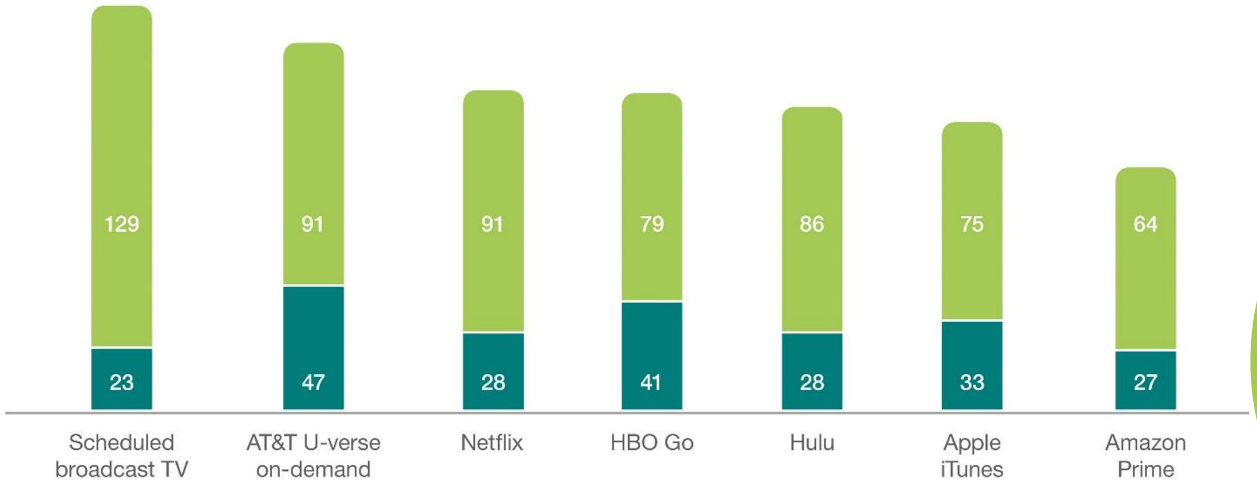
BASE: Population aged 16-69 in US, with broadband at home who watch any type of TV/Video at least weekly
Source: Ericsson ConsumerLab TV & Media 2016 Study

VOD USERS SPEND 45% MORE TIME SEARCHING FOR CONTENT

Searching for content is **19 percent** of time spent on scheduled linear TV

Searching for content is **30 percent** of time spent on VoD

Average minutes per day spent searching for content before starting to watch something compared to total average viewing time per service in US [Self-reported]



The average US TV viewer will spend

1,3 YEARS

of his/her life searching the TV guide for something to watch

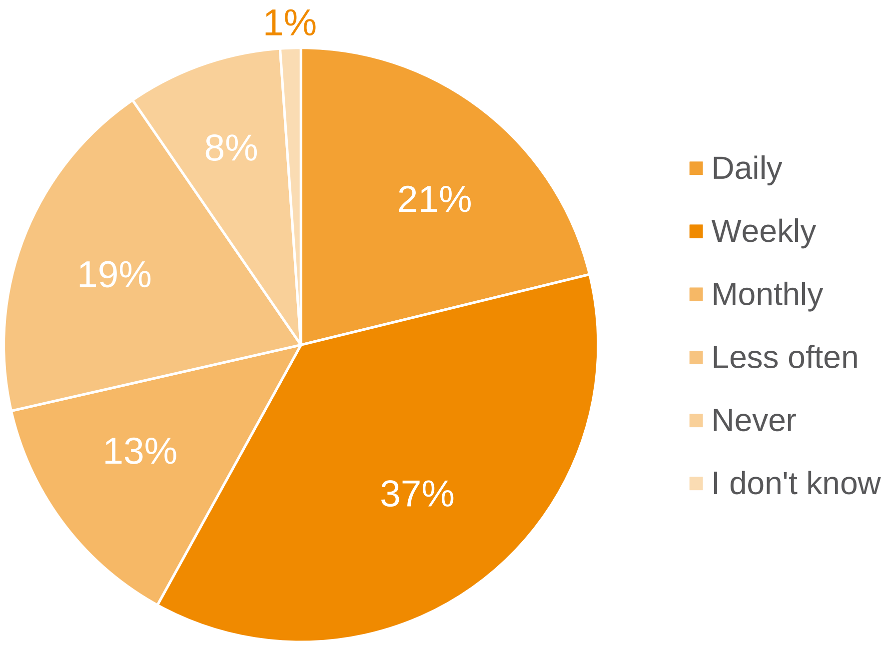
44% can't find any-thing to watch on scheduled TV at least once every day, while 34% say the same thing for VOD services

BASE: Population aged 16-69 in US, with broadband at home who watch any type of TV/Video at least weekly

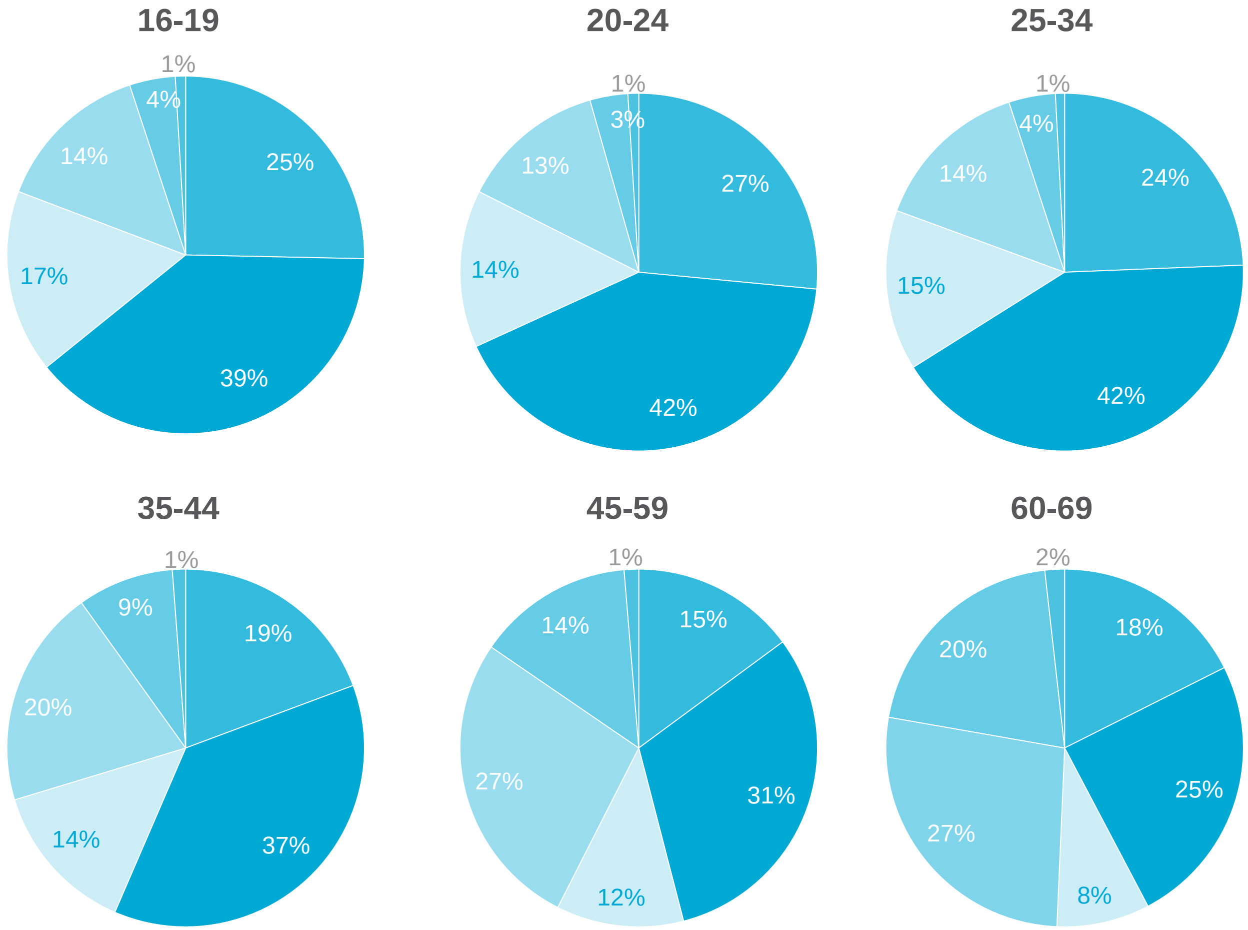
Source: Ericsson ConsumerLab TV & Media 2016 Study

BINGEING REDUCES THE NEED FOR DISCOVERY

Percentage of consumers that watch two or more episodes of the same show [Self-reported]



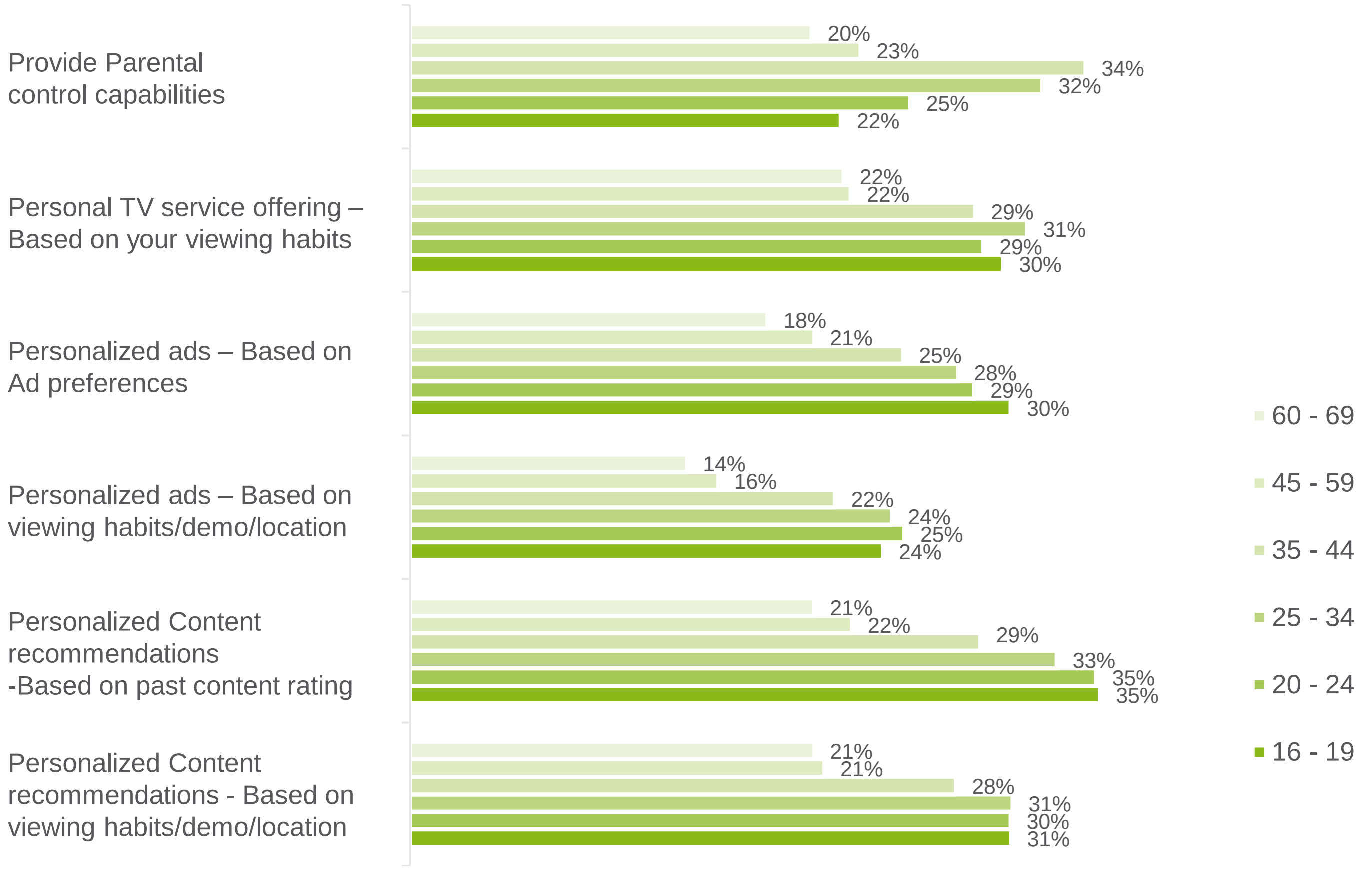
Percentage of consumers, split on age, that watch two or more episodes of the same show on a weekly basis [Self-reported]:



BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Source: Ericsson ConsumerLab TV & Media 2016 Study

YOUNGER AGE GROUPS ATTACH IMPORTANCE TO PERSONALIZATION

Percentage of consumers that think each feature is very important (top 2 answers on a 7 grade scale), [Self-reported]:



Young millennials (16-24) are most attracted to personalization – but they also differentiate more between what personal information they want to share

BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US, [Interest, top 2 answers on 7-graded scale]

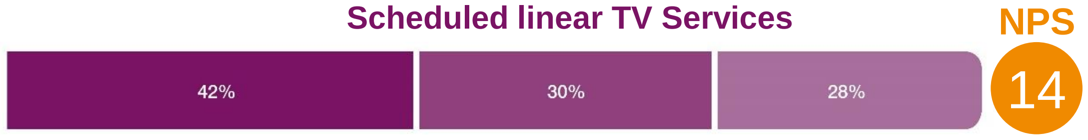
Source: Ericsson ConsumerLab TV & Media 2016 Study

SERVICE EXPERIENCE

NET PROMOTER SCORE IS HIGHER FOR ON-DEMAND SERVICES

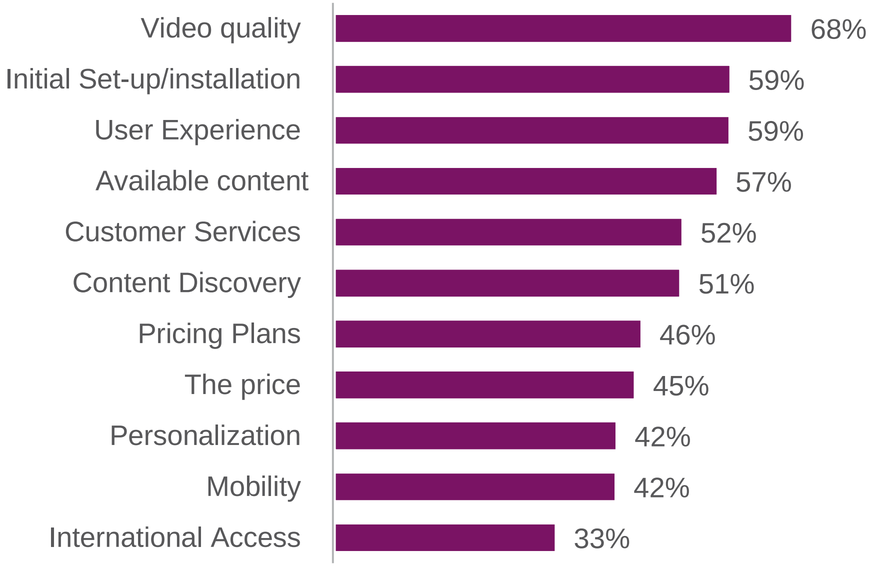
Likelihood to recommend each TV/Video service to a friend, family member or colleague, amongst those who use it, in US [Self-reported]

Scheduled linear TV Services

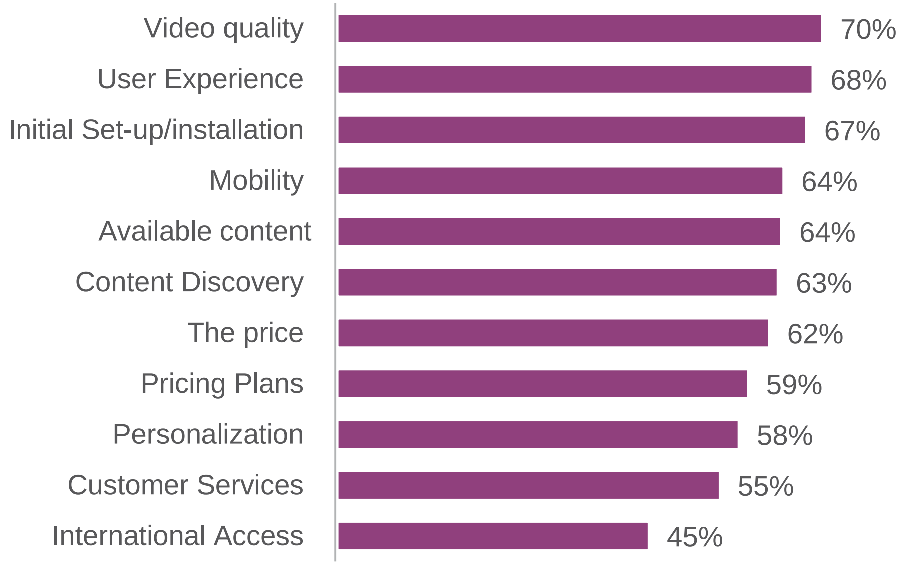


On-Demand Services

Percentage of consumers who are satisfied with different features - Scheduled linear TV services, in US
(top 3 on an 11-point scale), [self-reported]



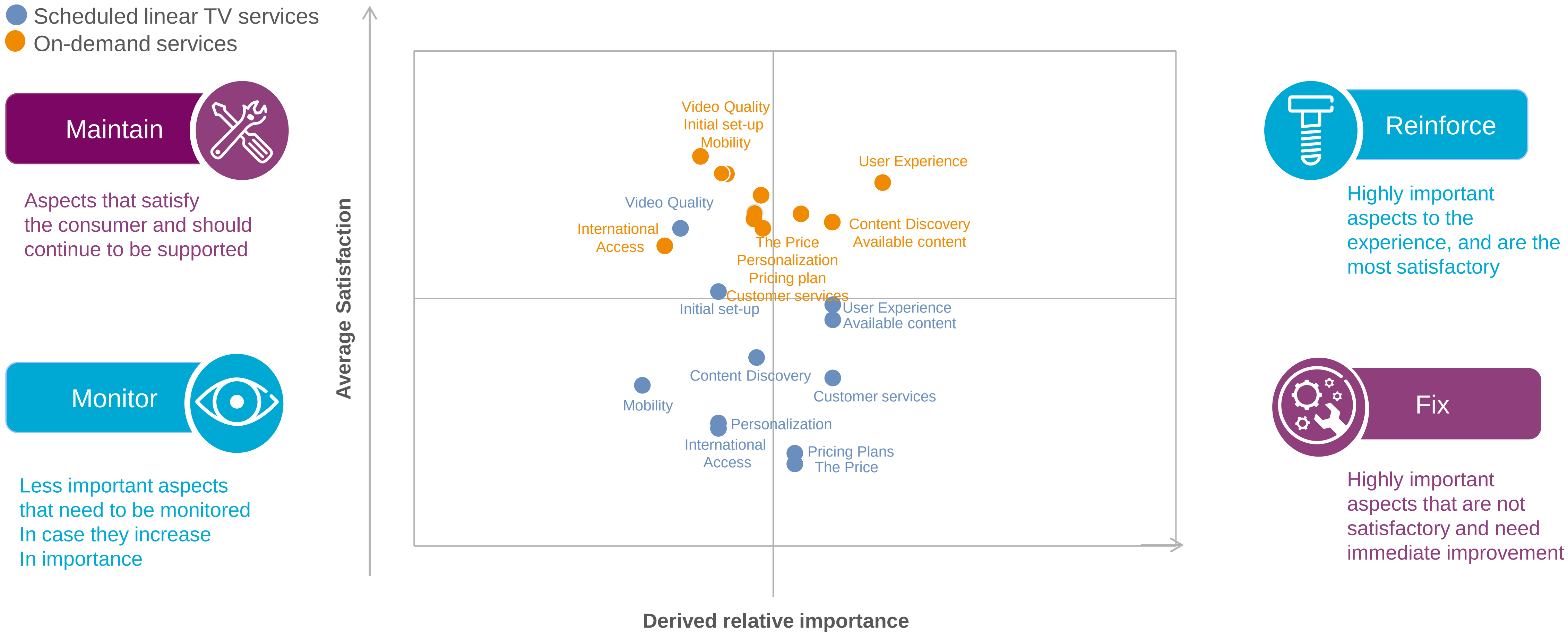
Percentage of consumers who are satisfied with different features - On-Demand TV video services, in US
(top 3 on an 11-point scale), [self-reported]



BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly and are current users of each service/service type type in US
Source: Ericsson ConsumerLab TV & Media 2016 Study

KEY DRIVERS OF SATISFACTION NEEDS TO IMPROVE FOR SCHEDULED TV

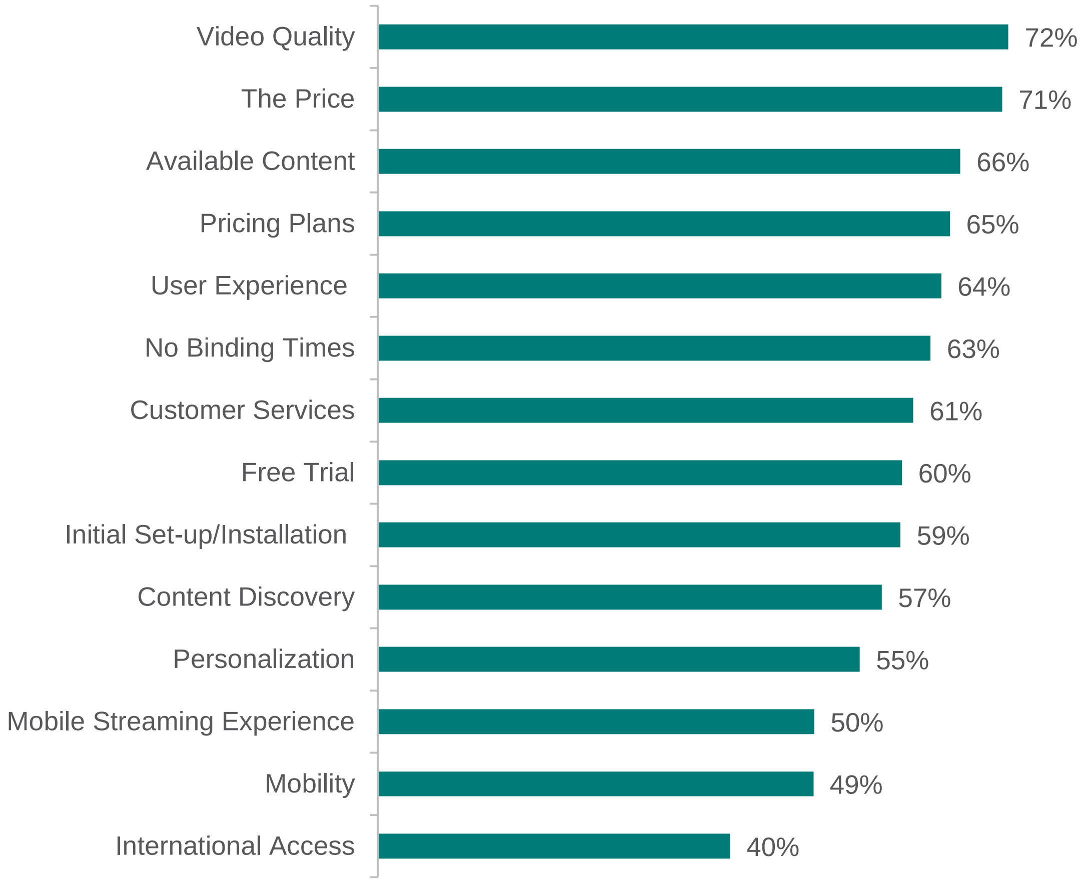
Consumer evaluation of content providers [Self-reported]



BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in USA
Source: Ericsson ConsumerLab TV & Media 2016 Study

VIDEO QUALITY IS KEY WHEN CHOOSING A NEW PAID TV/VIDEO SERVICE

Percentage of consumers that find the features important when choosing a new pay-service (top 2 alt. in a 7-point scale), [self-reported]



72%

say video quality is key when choosing a new paid TV/Video service

BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US

Source: Ericsson ConsumerLab TV & Media 2016 Study

MILLENNIALS DO APPRECIATE LIVE PROGRAMMING

Winding-down

When I watch live scheduled linear TV it makes me feel relaxed before bed

In the action

I feel excited. I like watching live TV. Its like you are there with the live action that is taking place

Best content

- Live Television is fun and entertaining. Sporting events are live. I love TV and sports

Inclusive

- Everyone is coming together to do something. Race, age, economics don't play a role

BASE: Population aged 16-24 in US who watch scheduled linear TV at least several times per week, Have watched a live-broadcasted TV program in the past few weeks and familiar with Netflix and Xfinity. N=221

Source: Ericsson ConsumerLab TV & Media 2016 Study

WATCHING SCHEDULED TV IS SATISFYING FOR MILLENNIALS TOO

No pressure

Watching my regular TV programs is relaxing, stress free, and enjoyable. I look forward to watching them

Weekly entertainment staple

Makes me excited happy to be watching something I like. A show that I follow on a regular basis look forward to

Anticipation

- Because I'm happy when I'm looking forward to seeing one of my shows that is schedule to come on

Family bonding

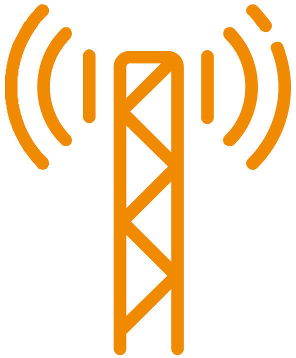
- When watching TV I do so with my family members, and doing so helps us to bond in a happy environment together and have fun

BASE: Population aged 16-24 in US who watch scheduled linear TV at least several times per week, Have watched a live-broadcasted TV program in the past few weeks and familiar with Netflix and Xfinity. N=221

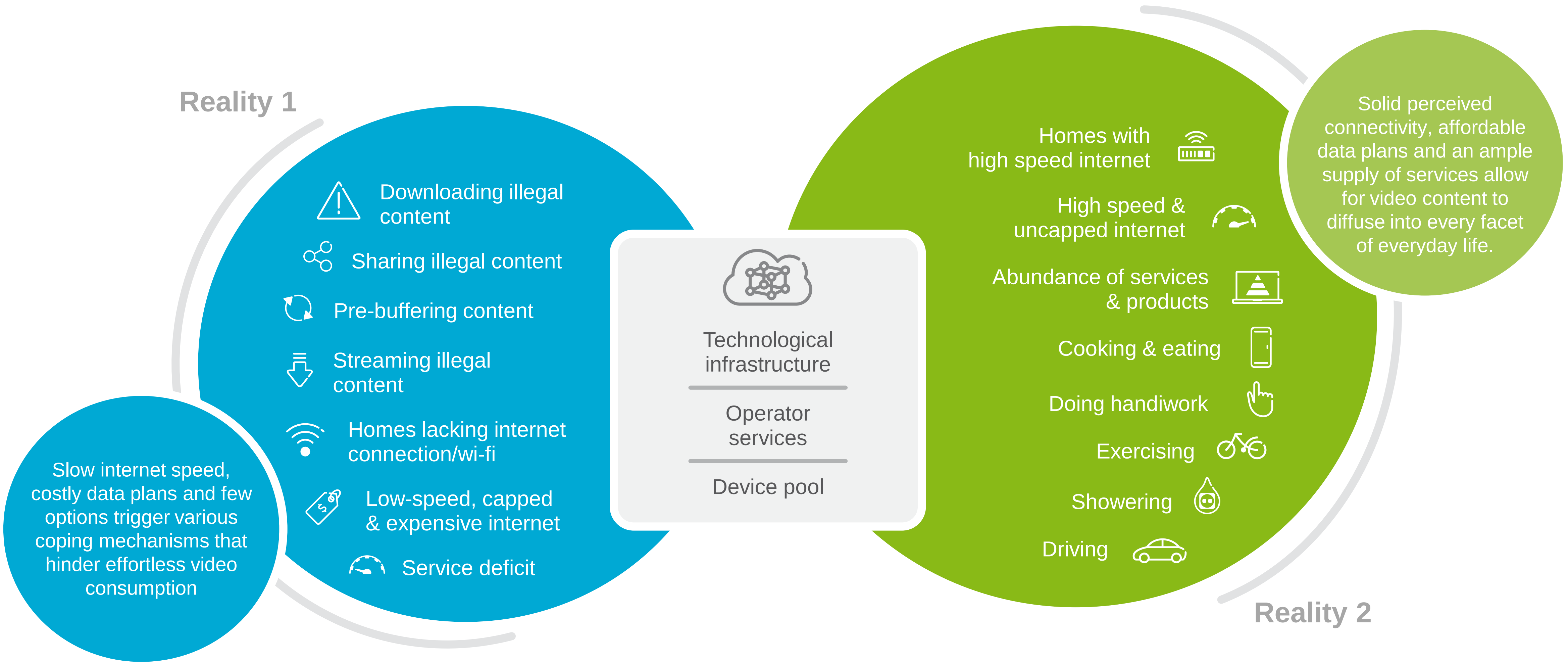
Source: Ericsson ConsumerLab TV & Media 2016 Study

ERICSSON

CONNECTIVITY SHAPING THE NEW MEDIA WORLD



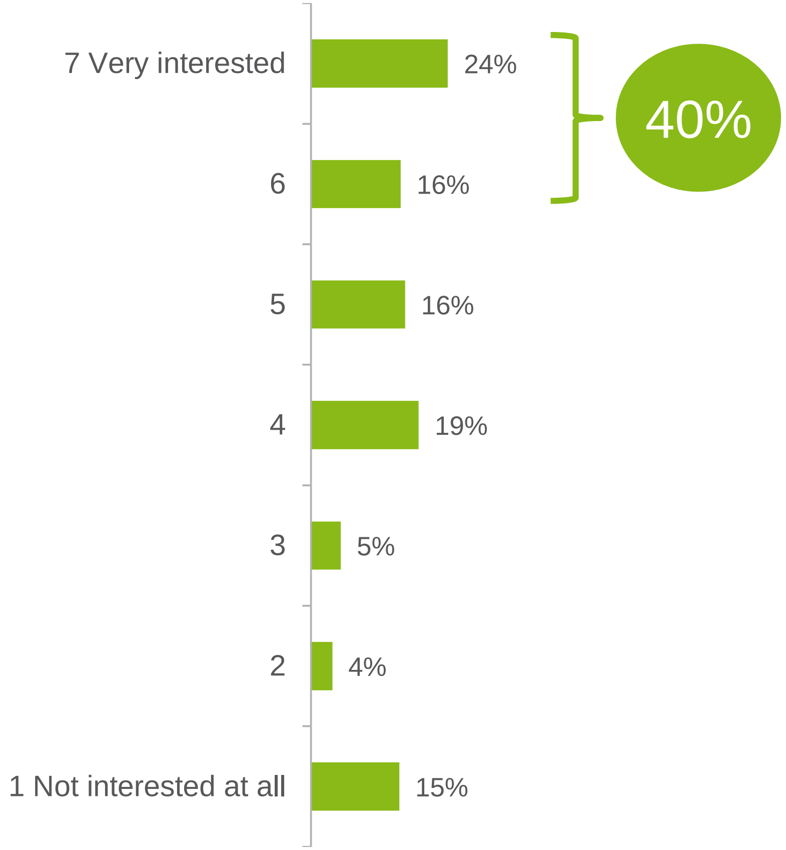
TWO DIFFERENT REALITIES



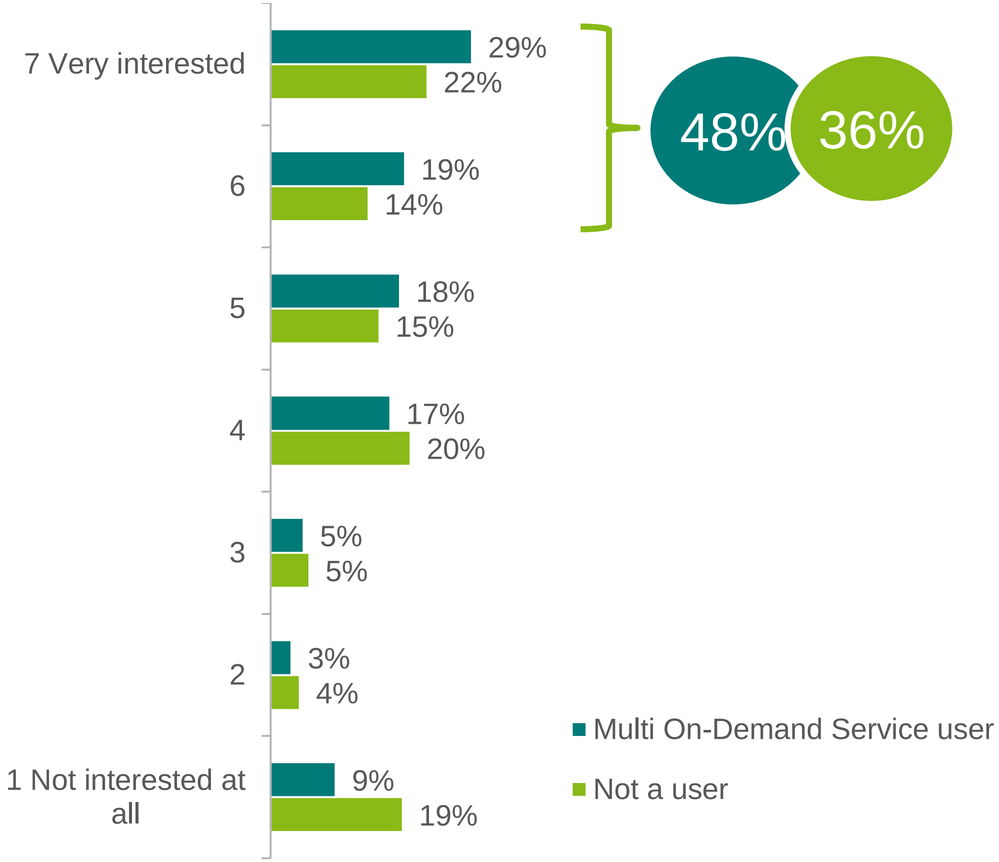
Source: Ericsson ConsumerLab TV & Media 2016 Study

UN-LIMIT MY STREAM

Percentage of consumers interested in a mobile subscription plan including unlimited video streaming in standard definition, [self-reported]



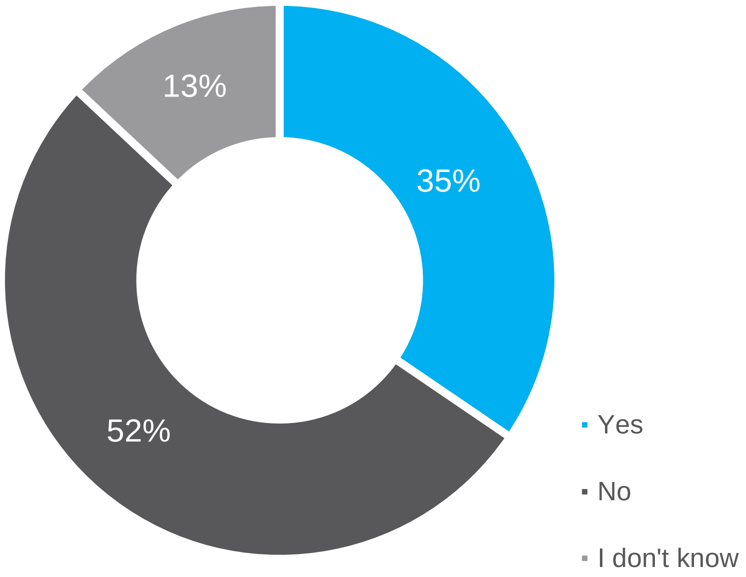
Percentage of consumers interested in a mobile subscription plan including unlimited video streaming in standard definition, who already use multiple on-demand services [self-reported]



BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Source: Ericsson ConsumerLab TV & Media 2016 Study

LIMITLESS STREAMING IS PARTICULARLY APPEALING TO MILLENNIALS AND MEN

Percentage of subscribers of a US based cellular operator that have signed up for a unlimited mobile streaming package (Self-reported)



Some Cellular operators, e.g. in the US, have found an opportunity area, with the introduction of a perceived unlimited mobile streaming package, to interest young mobile-streaming consumers

6/10
are male

58%
are millennials

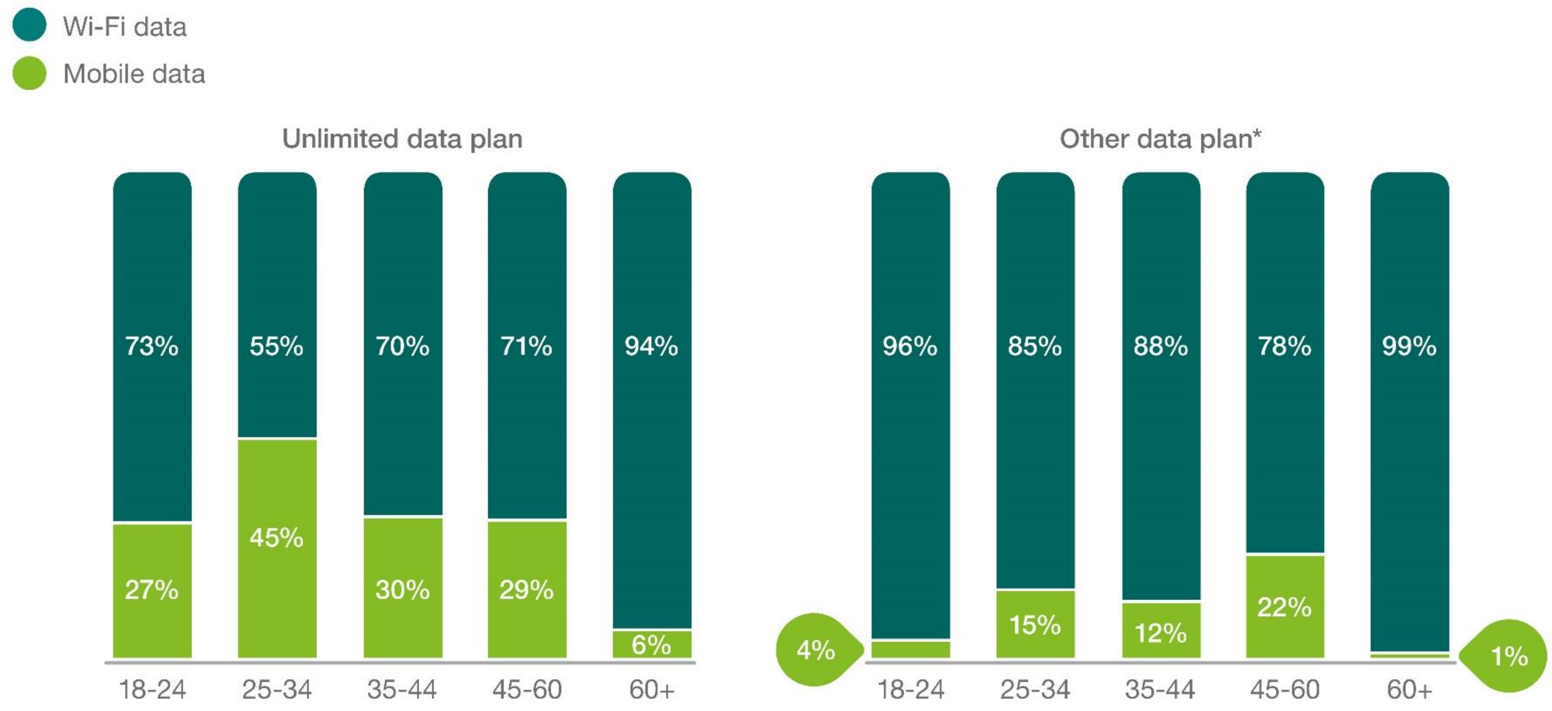
+1,0
Hours/week smartphone viewing at home

+2.3
Hours/week smartphone viewing away from home

BASE: Population aged 16-69, and being subscribers of one unnamed US cellular operator, with broadband at home who watch any type of TV/Video at least weekly in US
Source: Ericsson ConsumerLab TV & Media 2016 Study

MOBILE DATA IS ALMOST HALF OF CONSUMPTION FOR LIMITLESS MOBILE STREAMERS

Mobile data consumption share of total smartphone data usage for video apps comparing those having a limitless video streaming plan with those who have other data plans*
[On-device Measurements]



OLDER MILLENNIALS WITH LIMITLESS STREAMING HAVE A MUCH HIGHER MOBILE DATA USAGE RATIO

***Other Data Plans, e.g. Limited data plan, Pay as you go**

BASE: Android smartphone app users aged 18-65 in the US from one US cellular operator
Source: Ericsson ConsumerLab TV & Media 2016 Study

SHOW ME THE MONEY

THREE PERSPECTIVES TO CONTENT VALUE

Consumers

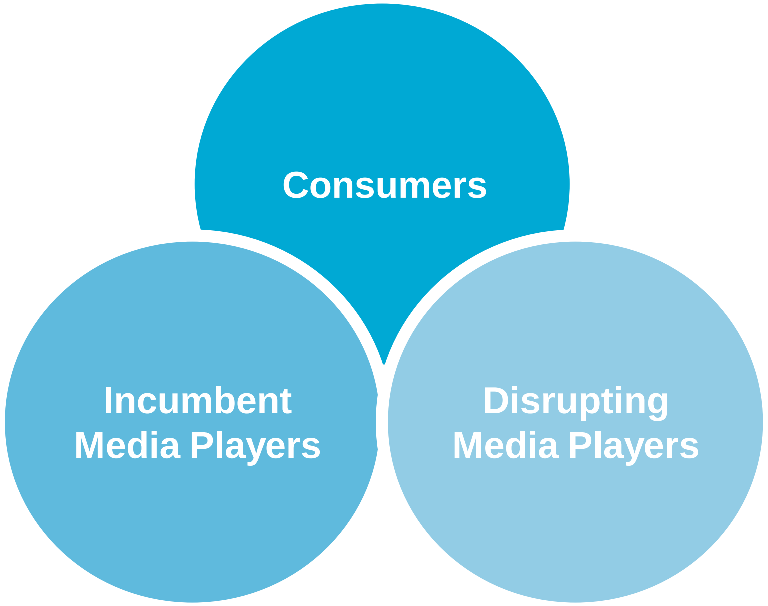
Consumer spending on media content is increasing, but viewing time is increasing even more, so spending on each minute of video content is decreasing. Why hoard and create your own content library when someone else can make it available to you?

Incumbent Media Players

Seeing an erosion of content value due to binging habits, lower physical media revenue, and rapid growth of viewing without an equally high growth of revenue

Disrupting Media Players

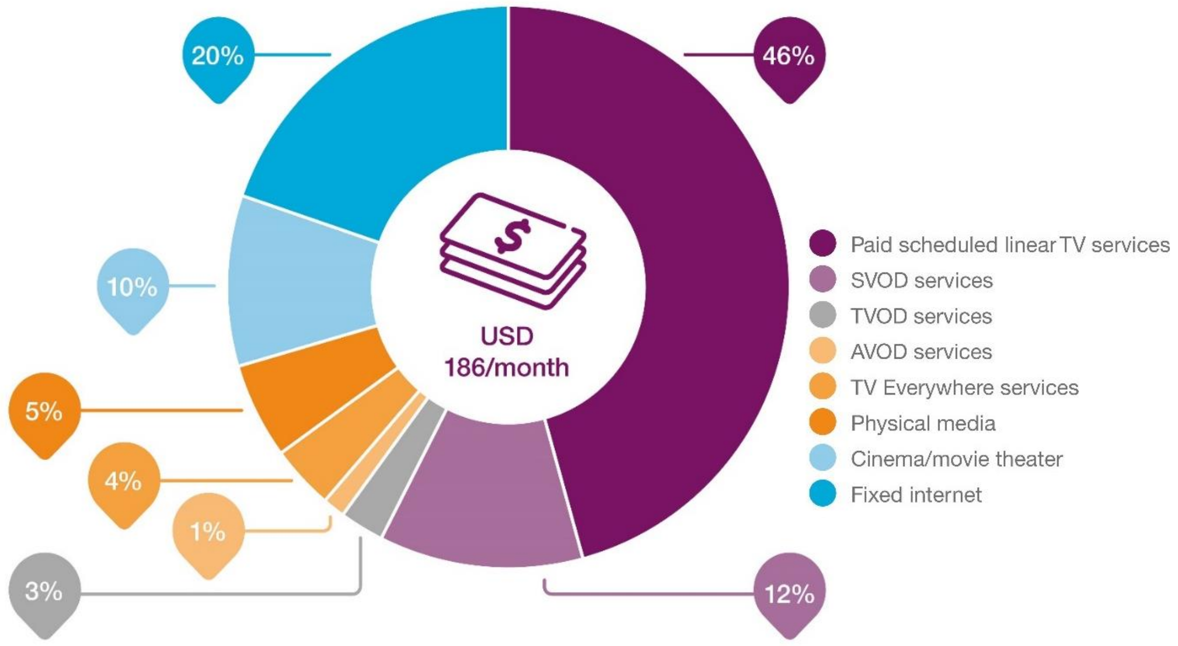
Seeing growth opportunities by offering more content for a fixed monthly cost, enabling binge consumption of golden oldies & other long tail content that was previously legally ”unavailable”

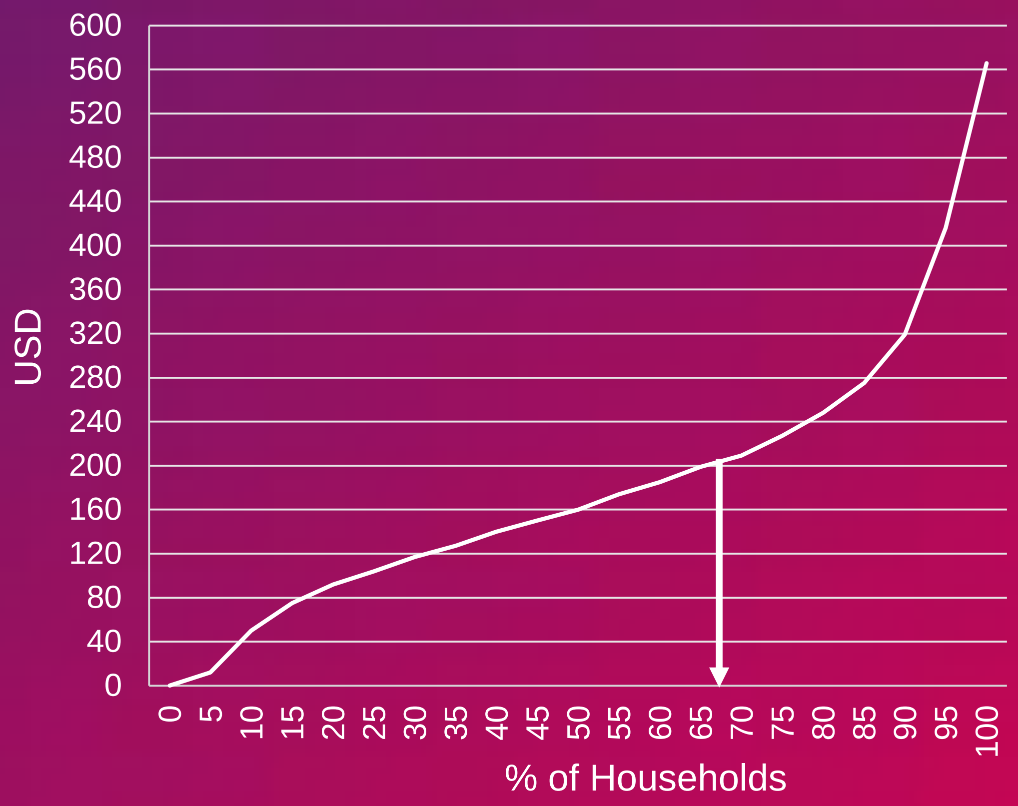


Source: Ericsson ConsumerLab TV & Media 2016 Study

46 % OF MEDIA SPENDING IS PAID SCHEDULED TV

Average monthly household spending on TV/video and associated services in the US [Self-reported]





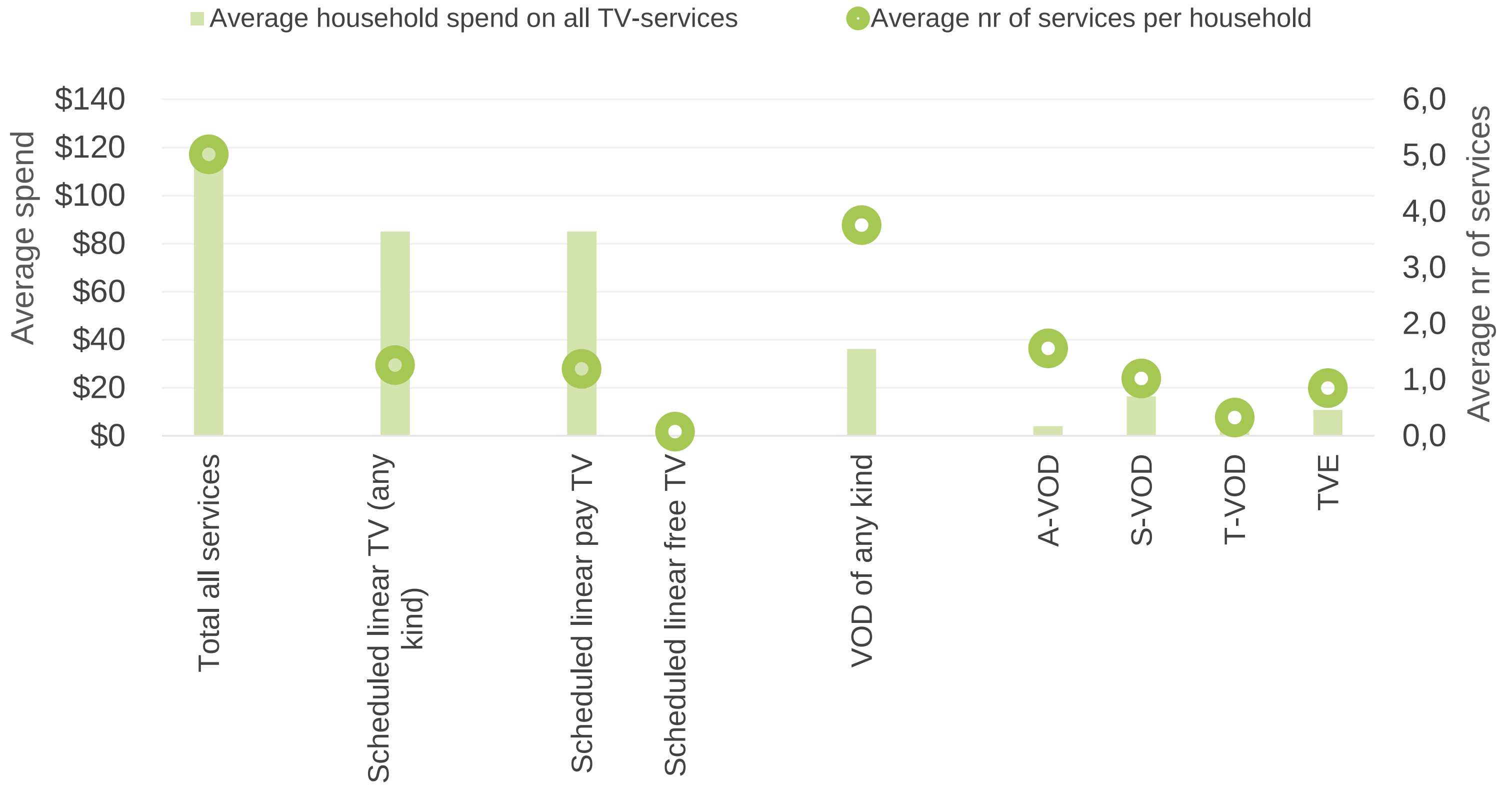
The average spend is USD 186, but over 30% of the households spend 200+ USD/month

BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in US

Source: Ericsson ConsumerLab TV & Media 2016 Study

US HOUSEHOLD SPEND PER TV VIDEO SERVICE TYPE

Average monthly household spend on different TV video service types in USD, as well as average number of used TV video services within the household [Self-reported]



Average pay per service in US:

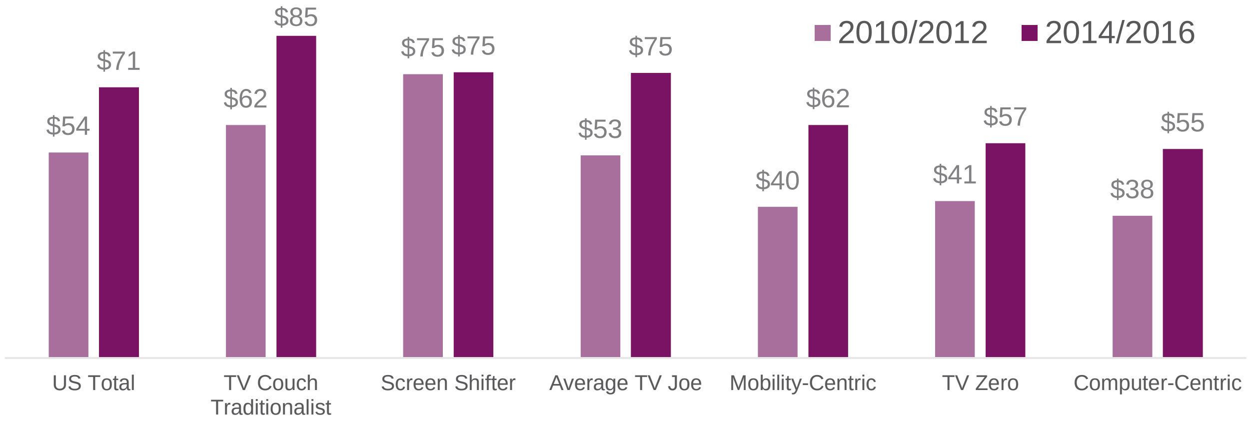
	USD
Total (Any type)	**24**
Scheduled linear TV – All	67
Scheduled linear TV – Paid	71
Scheduled linear TV – Free	0
VOD – All	**10**
A-VOD	3
S-VOD	16
T-VOD	15
TV Everywhere	13

Average household usage: **5,0 services** & a total spend of **$121 per month**

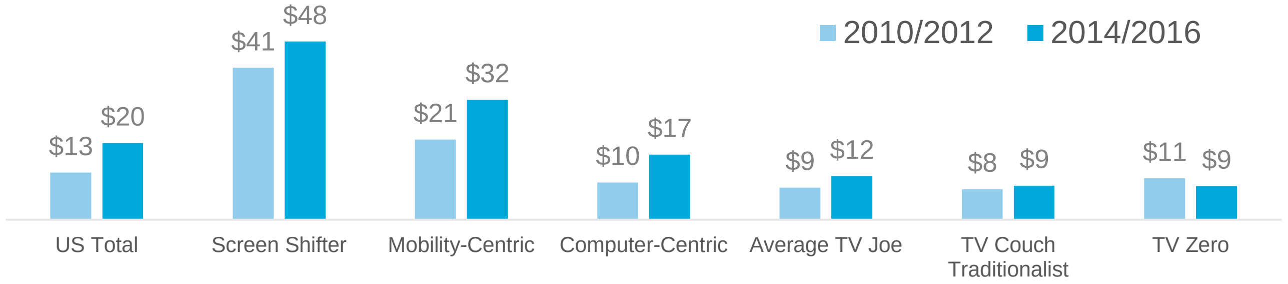
BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in US
Source: Ericsson ConsumerLab TV & Media 2016 Study

TV COUCH TRADITIONALISTS SPEND MOST ON SCHEDULED LINEAR PAY TV

Average monthly household spend on Scheduled linear pay TV in the US, per TV user group, in USD [Self-reported]



Average monthly household spend on Video on Demand in the US, per TV user group, in USD [Self-reported]



Consumer spending on VOD services in the US has increased by over

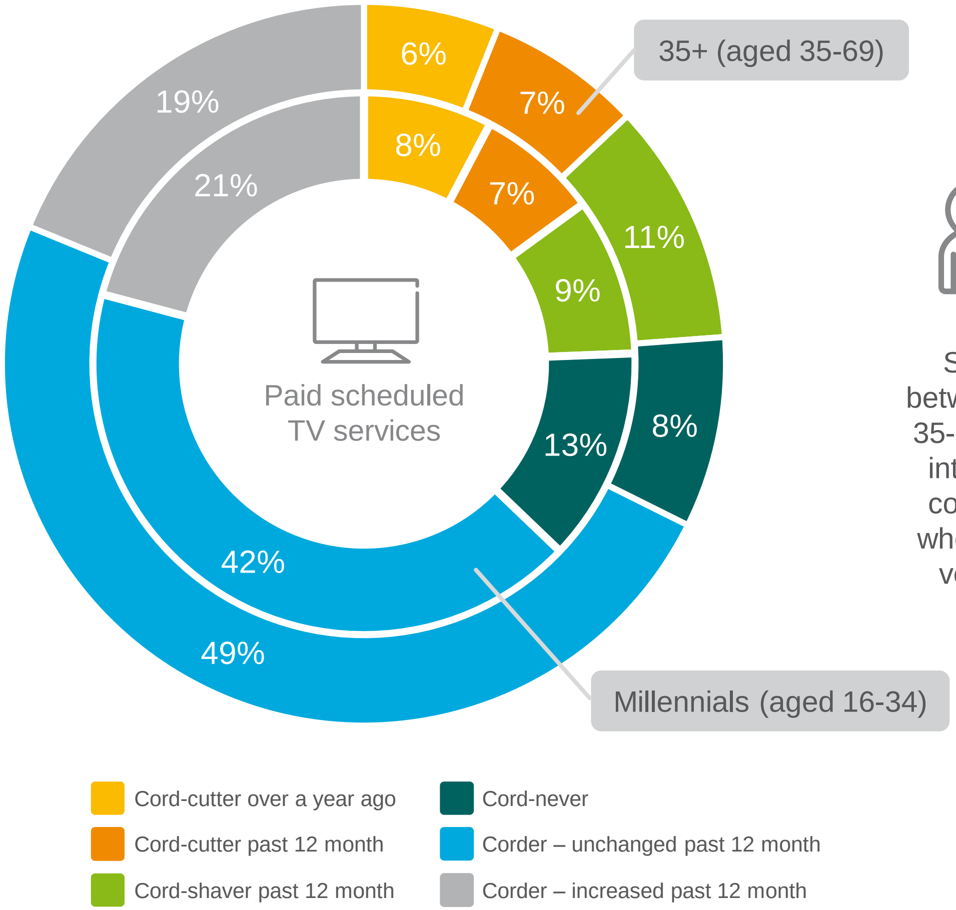
60%

in 4 years

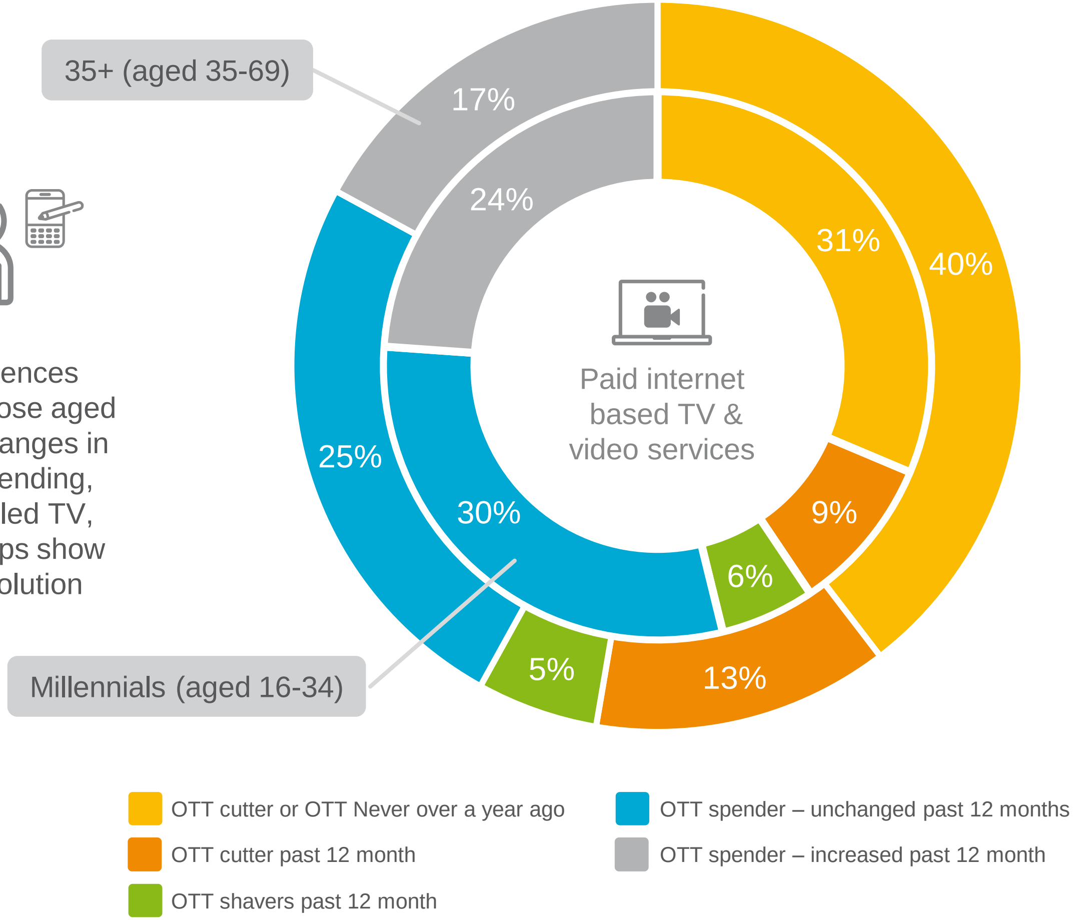
BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in US
Source: Ericsson ConsumerLab TV & Media 2016 Study

MORE PEOPLE DECREASE THEIR TV SPENDING THAN INCREASE IT

Self-reported changes in household spending on paid scheduled linear TV, Millennials V.s. 35+ [Self-reported]



Self-reported changes in household spending on internet based TV and video services, Millennials v.s. 35+ [Self-reported]

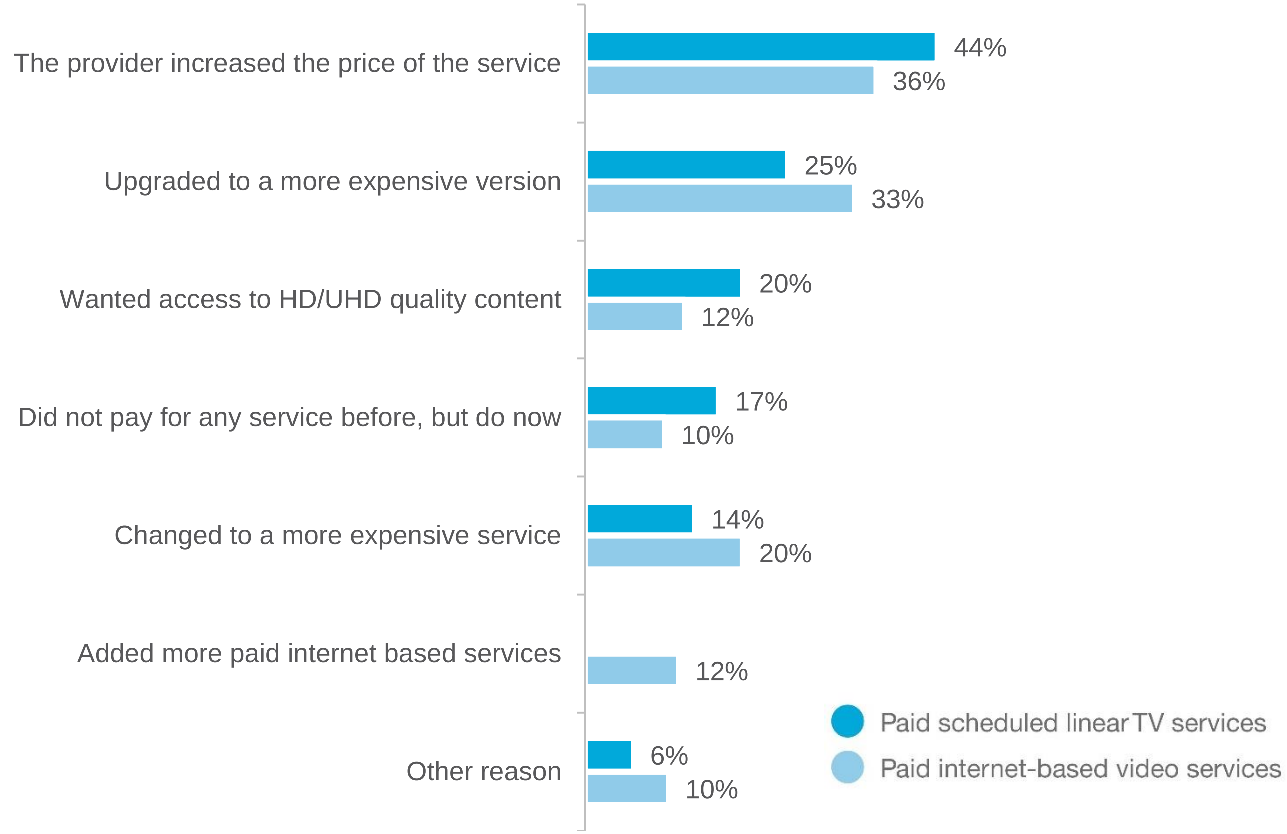


Significantly larger differences between millennials and those aged 35-69 when it comes to changes in internet based service spending, compared to paid scheduled TV, where these two age groups show very similar spending evolution

BASE: Population aged 16-69 watching TV/Video at least weekly and having Broadband at home within Brazil, Canada, China, Germany, Italy, Mexico, Russia, South Korea, Spain, Sweden, Taiwan, UK and US
Source: Ericsson ConsumerLab TV & Media 2015 & 2016 Study

PRICE HIKES PUSH CONSUMERS CLOSER TO THE EDGE

Reasons for increasing TV and media spending – paid scheduled linear TV vs. paid internet based video services [self-reported]

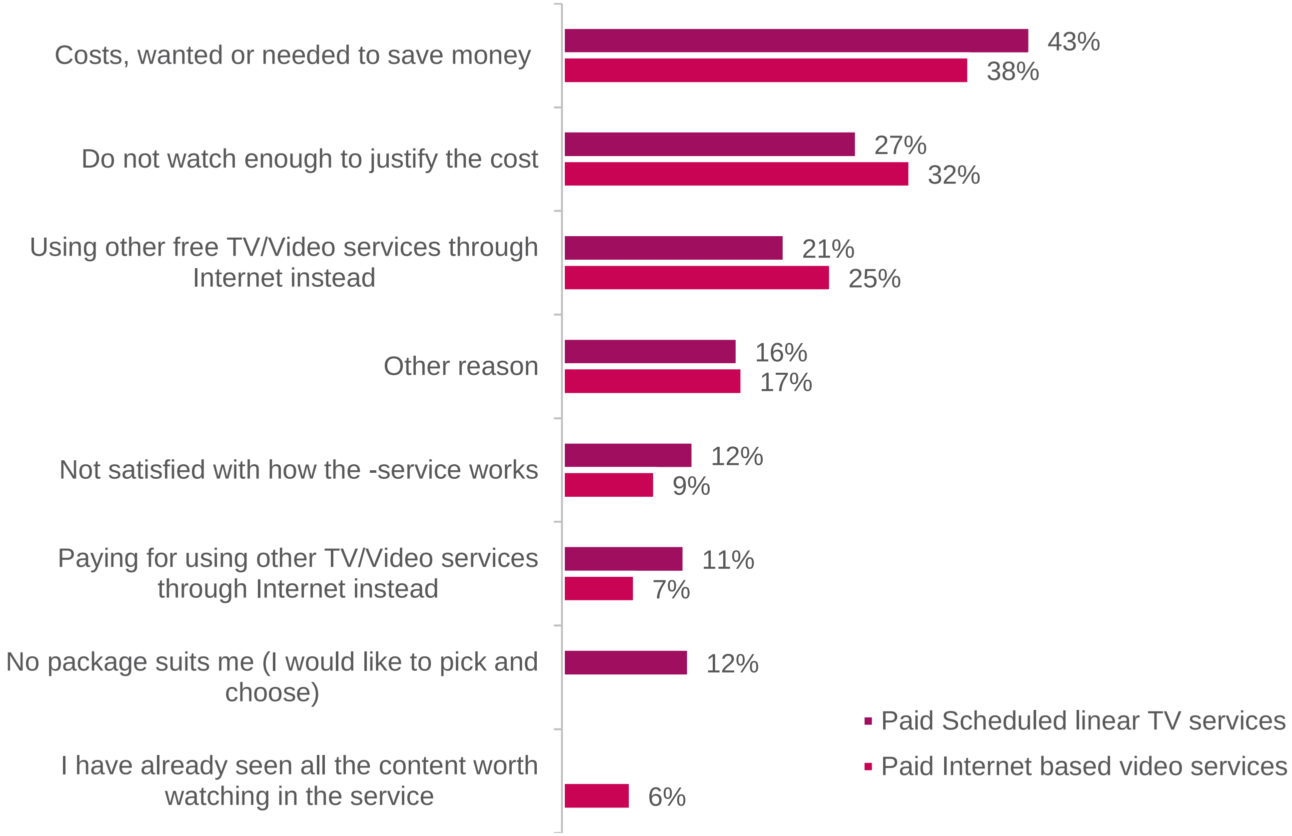


- Price hikes are by far the main reason consumers are spending more on paid scheduled linear TV than before
- "self inflicted" upgrades and price hikes share the top spot for internet based paid TV video services
- 1 in 5 increased their spending because they swapped from one internet based TV video service to another

BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly and have increased their paid scheduled linear TV spending, or increased their internet based video spending the last 12 months in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Source: Ericsson ConsumerLab TV & Media 2016 Study

COST REMAINS A KEY DRIVER FOR CORD CUTTING

Reasons for increasing TV and media spending – paid scheduled linear TV v.s. paid internet based video services [Self-reported]:



- Cost is clearly the #1 reason for reducing or eliminating the TV video service spending
- Only 10 percent cut or shave because they have found another internet based service
- A mere 6 percent of internet based service users quit their service because they have depleted the catalogue of viewable content

BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly and have decreased their paid scheduled linear TV spending or their internet based video spending during the past 12 months in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Source: Ericsson ConsumerLab TV & Media 2016 Study

THE IMPACT OF PAYMENT MODELS

1

A-VOD

(Advertising Video On-Demand)

From a consumer perspective a highly interesting one, particularly when ads are skippable or tailored to your own needs and interests.

2

S-VOD

(Subscription Video On-Demand)

Second most successful payment model, loved and appreciated because of the inherent perception of unlimited viewing for a fixed, reasonably low monthly cost. This payment models stimulates consumers to create frequent viewing habits, turning the service into a primary go-to source for TV and video content

3

T-VOD

(Transactional Video On-Demand)

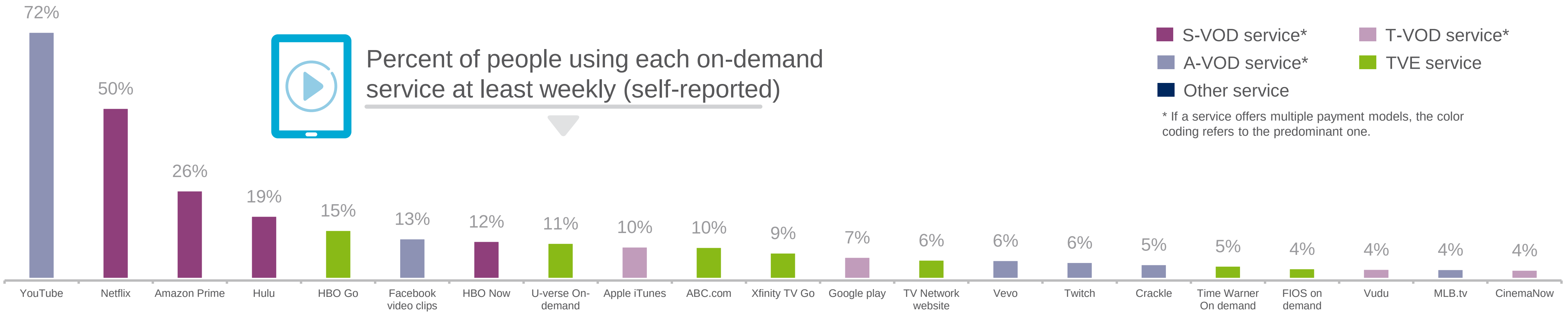
Least successful payment model, so far unable to support consumers in the way they want and expect to consume TV and video content. The pay per content piece model dramatically reduces the usage to a bare minimum, thus ensuring that these services will never become a primary go-to source.

4

TVE

(TV Everywhere)

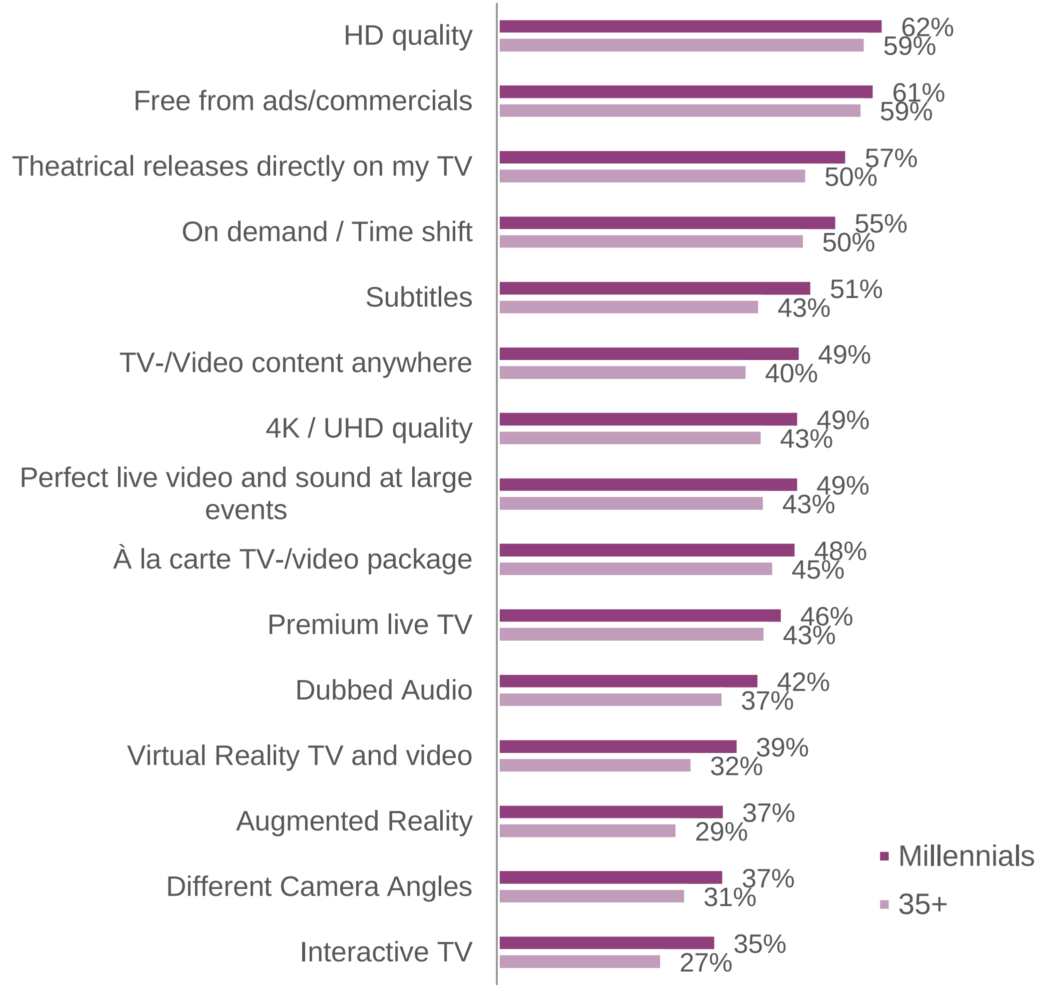
A VOD and/or linear/live streaming service offered to existing Pay TV customers – enabling them to access TV and video content also when away from the home



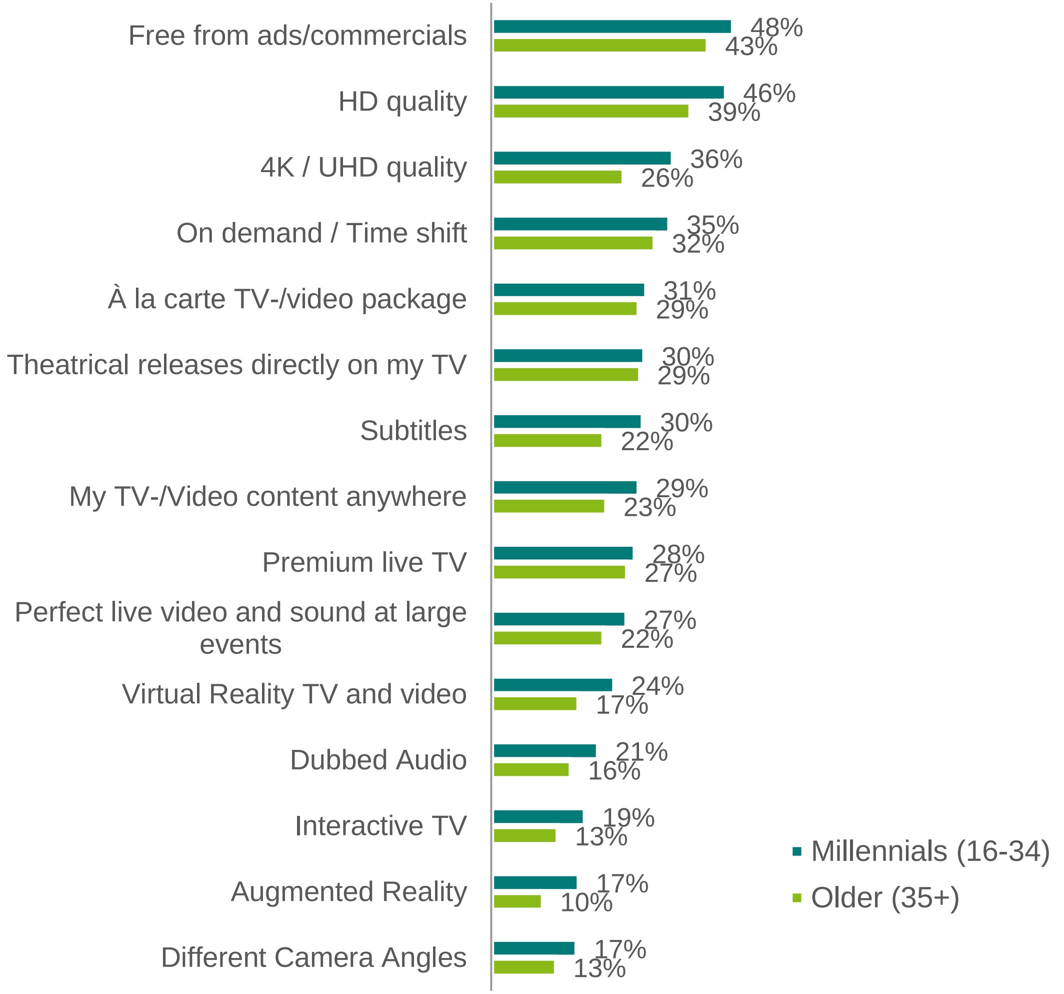
BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in US
Source: Ericsson ConsumerLab TV & Media 2016 Study

IMPORTANCE & WILLINGNESS TO PAY FOR TV FEATURES

Percentage of consumers that say each TV Media feature is important, by age (top 2 answers on 7-point scale), [self-reported]

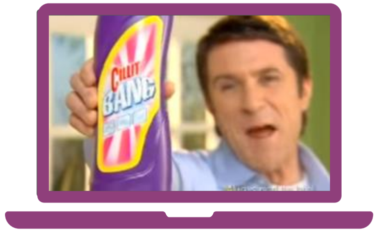


Percentage of consumers that say each TV Media feature is worth paying for, by age (top 2 answers on 7-point scale) [self-reported]



BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US, [Interest, top 2 answers on 7-graded scale]
Source: Ericsson ConsumerLab TV & Media 2016 Study

CHALLENGES WITH ADVERTISING



Percent of people interested in different types of personalized advertising [self-reported]

1 IN 4

want to specify what TV ads they never want to watch again!

60%

of consumers say an ad-free TV experience is important, and 45% are prepared to pay extra for it!

BASE: Population aged 16-59 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US
Source: Ericsson ConsumerLab TV & Media 2016 Study

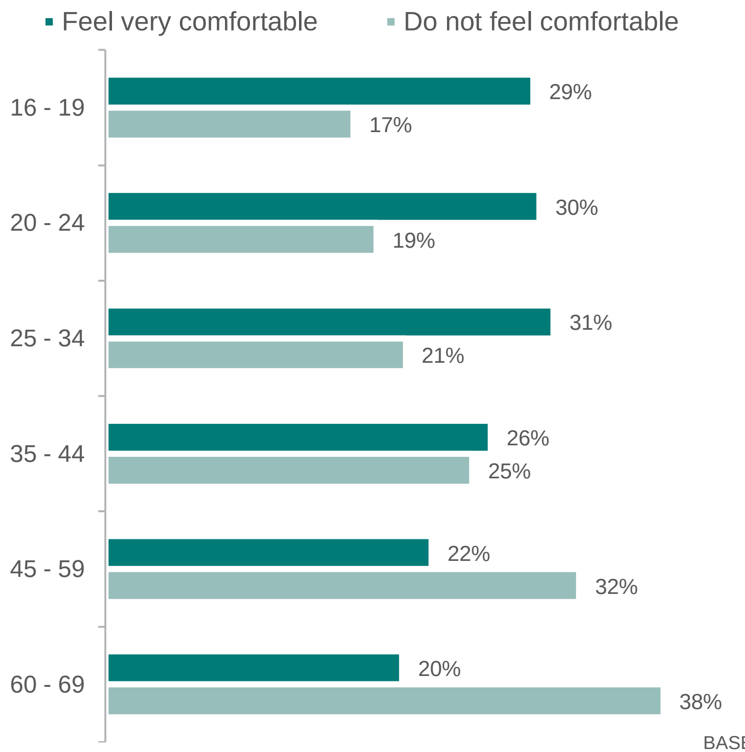
MILLENNIALS FEEL MORE COMFORTABLE WITH PERSONALIZED ADS

Global average

27% Feel very comfortable

25% Do not feel comfortable

Percent of people feeling very comfortable vs. not comfortable with personalized advertising [self-reported]



72 MILLION

Americans used ad-blockers in Q2 2016*

“I hate all TV ads, but ones featuring kids caring about financial products make me wanna dry heave.”

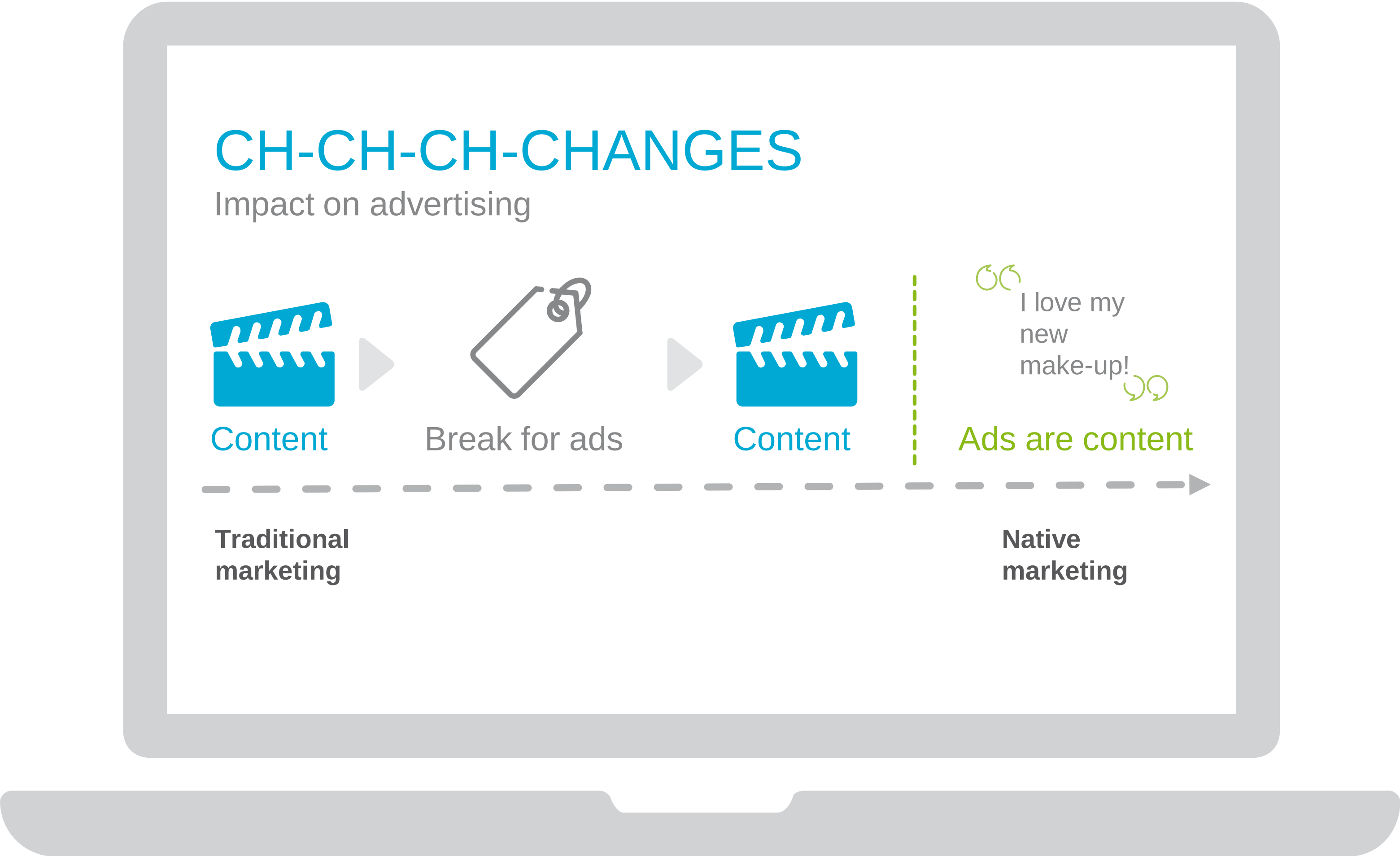
Joseph, 39, UK

*Wikipedia, April 2016

BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in Australia, Brazil, Canada, China, Colombia, Dominican Republic, Germany, Greece, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, UK & US

Source: Ericsson ConsumerLab TV & Media 2016 Study

NATIVE ADVERTISING IS RESHAPING OLD THEORIES



Native Advertising

Letting UGC creators endorse brands with their own voice and format

Source: Ericsson ConsumerLab TV & Media 2016 Study

FUTURE OF TV

THE LIMITLESS MOBILE STREAMER

Interest in Features

- Interested in viewing relevant and useful advertisements
- Interested in personalized content recommendations based on viewing habits/demo/location
- Interest in watching personalized ads for products that are relevant to them
- Interest in personalized TV offering
- Interest in parental control

*Areas where limitless mobile streamers express higher importance than other consumers do

Attitudes* towards Digital Media

- Want access to preferred TV/video content on the screen of choice when on the move
- OK with resorting to piracy if preferred TV video content is not found legally
- Decide when and what to watch rather than follow a schedule
- Watching content on big TV with friends/family is very important for them
- Availability of smartphone/tablet for TV/video viewing has increased their consumption
- Mobile screen is more important for them when consuming TV/video content

*Attitudes areas where limitless mobile streamers express higher importance than other consumers do

BASE: Population aged 16-69 with broadband at home who watch any type of TV/Video at least weekly in US and being subscribers of one unnamed US cellular operator and subscribing to an unlimited data package
Source: Ericsson ConsumerLab TV & Media 2016 Study

THE FUTURE OF SCHEDULED LINEAR TV

Source: Ericsson ConsumerLab TV & Media 2016 Study

IN 2020…

~50%
of time on
mobile screens

~50%
of time
on demand

~50%
of consumers will be
Screen Shifters &
Mobility Centrics

Source: Ericsson ConsumerLab TV & Media 2016 Study

ERICSSON