Market Overview

2007 Distributors Conference

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April 2007

www.sendsms.cn
2009.04.12

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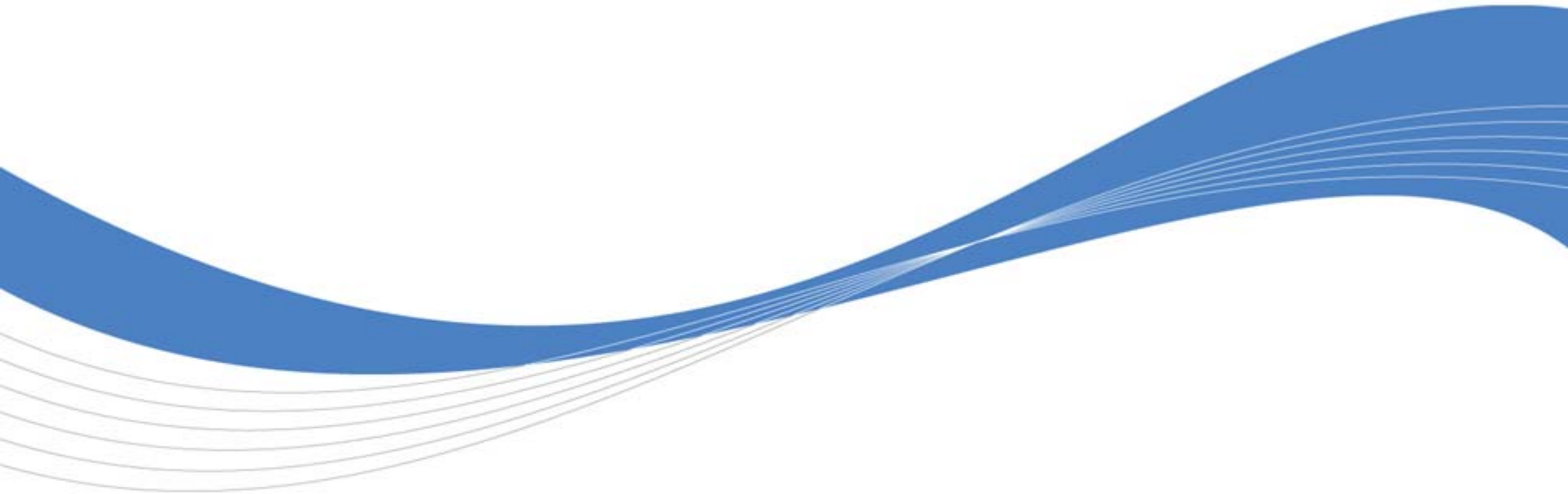
Segmentation Definition

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Segmentation Definition

Automotive

Tier1 / Car Manufacturers / OEM:

• Telematics, Infotainment

• Navigation built-in,

• Hands-free built-in,

• Emergency call,

• Remote diagnostics,

• Alarm built-in,…

Aftermarket :

• Radio add on

• Hands-free add on

• Info traffic

• Navigation add on

• Alarm add on

M2M

Control & Monitoring:

• Industrial Automation,

• Facility Management,

• Traffic signals, Display…

Sales & Payment :

• Vending, Cash Registers,

• EPOS,

• Copiers/Printers,

• Parking Meters,

• Gambling

Automatic Meter Management:

• Water, Gas, Electricity

Home & Security :

• Alarms (Domestic & Pro),

• Telemedicine,

• Home Automation,

• Video surveillance

Vehicle Remote Management:

• Fleet,

• Toll Collect,

• Vehicle Recovery,

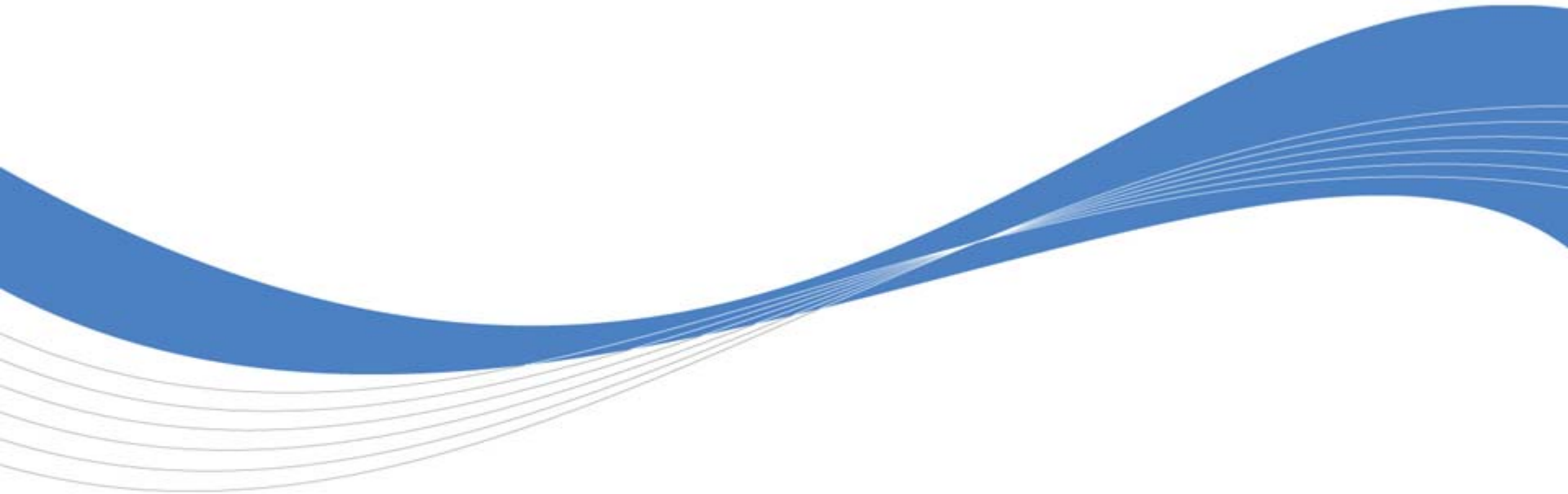• Pay-As-You-Drive

Mobile Professional

Fixed Voice :

• Desktop phones

• Payphone/Public Call Office

• LCR / PABX / VoIP Gateways

Mobile Computing :

• PDAs

• PC Cards, PC Modems

• PC Embedded

Entertainment :

• Gaming Machines

• Digital Media Payers

• Set Top Boxes

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Industry Projections Worldwide

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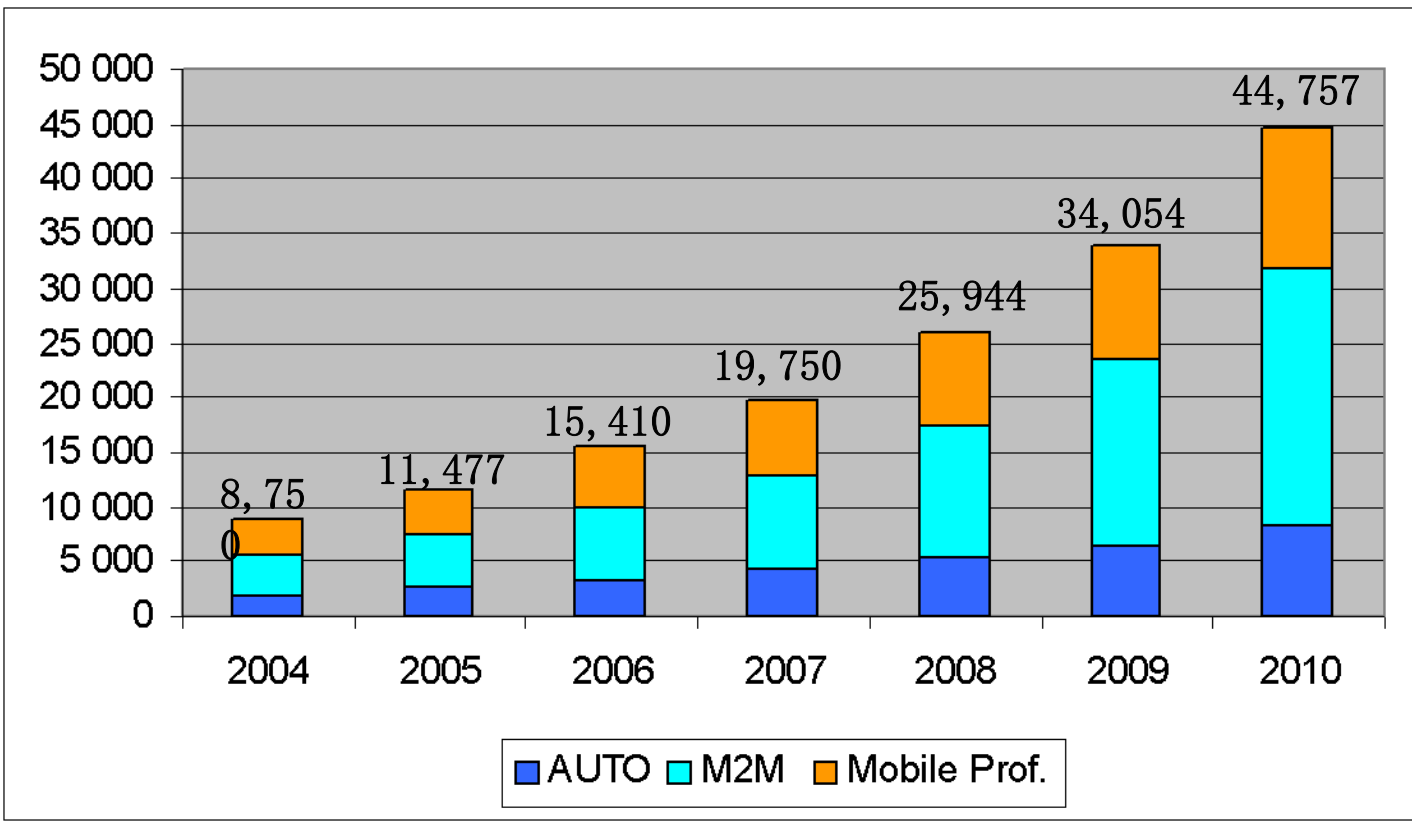**wavecom**
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The size of our markets

➔ "M2M devices shipments for N.America + W.Europe will reach 26 million for 2006.."

➔ "The number of M2M modules already totalled 92 million units in 2004…"

➔ "The worldwide M2M market is expected to be worth over 200 billion EUR in 2010…"

➔ "Cellular M2M modules shipments will reach 20 million units in 2006…"

➔ "30 million wireless M2M devices installed worldwide in 2006…"

<div style="border:1px solid;">Time for Homework !</div>

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Volumes by Segment (K Units)
Worldwide
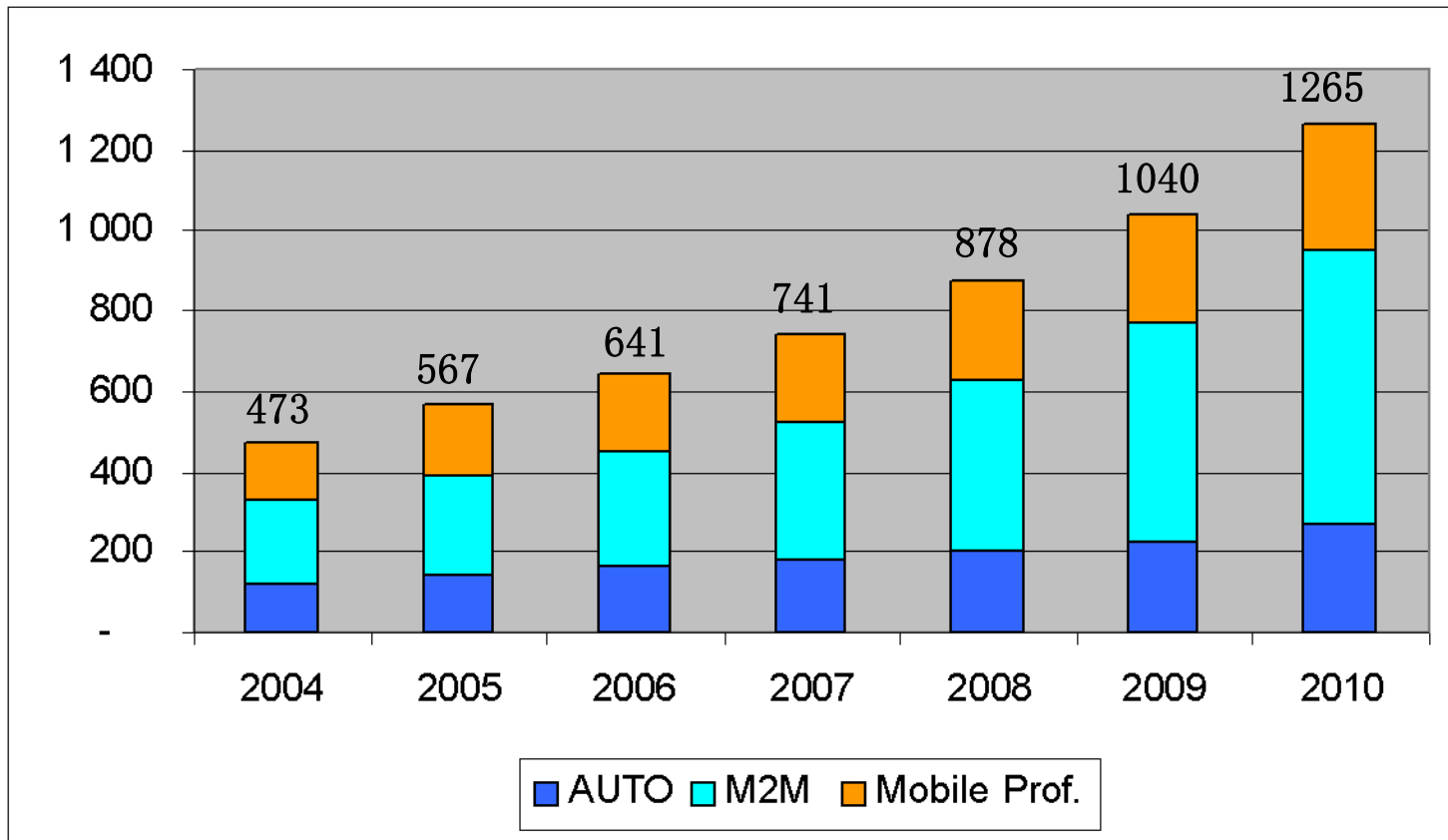

→ Scenario steady-state volume progression.

→ We have a better accuracy after SE acquisition – robust and consistent figures
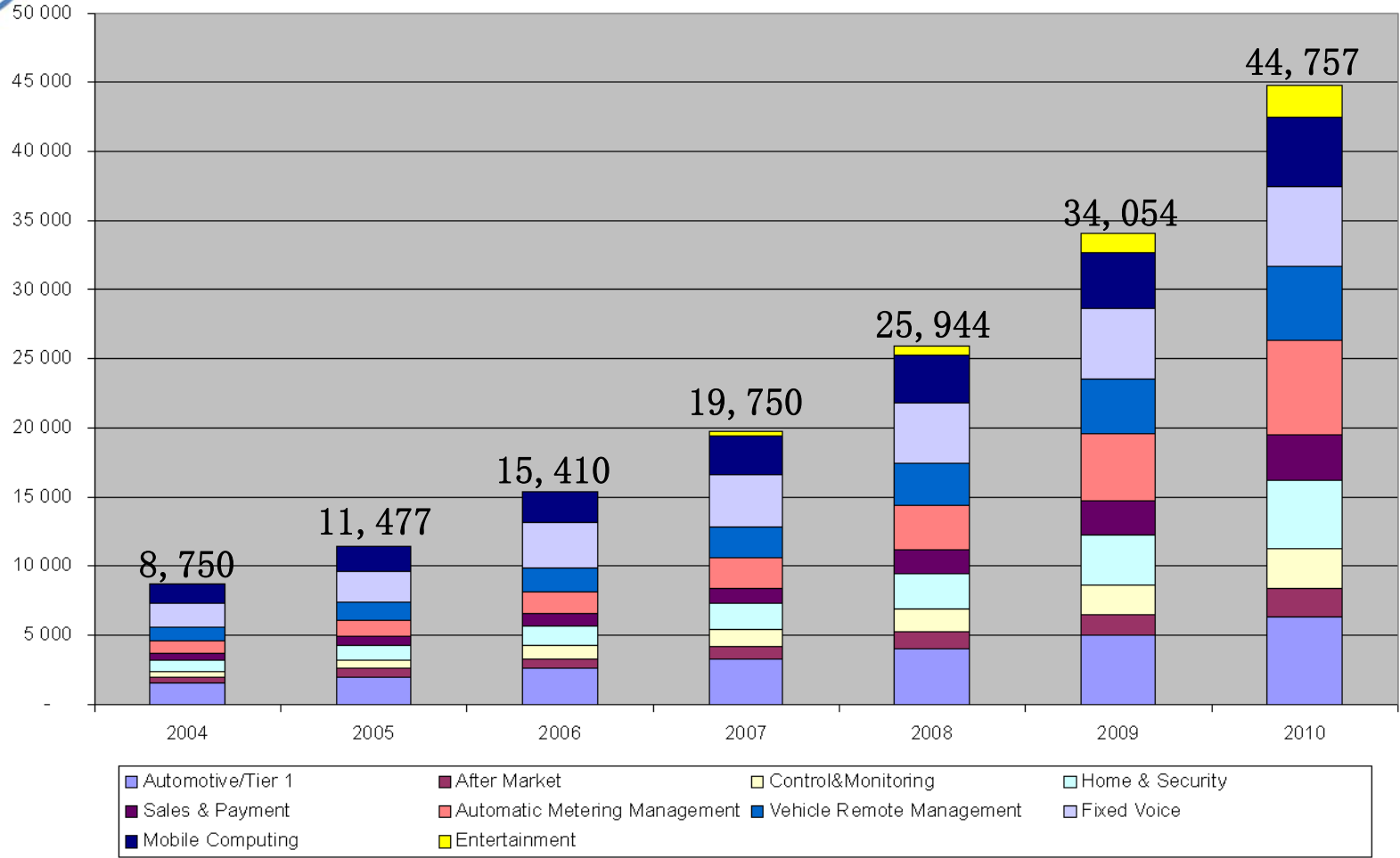
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Revenues by Segment (M€)
Worldwide

→ Market valuation model taking into account a price decrease / segment / region

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Sub-segmentation (K Units)

Worldwide

CAGR
31, 2%

- 2004: 8, 750
- 2005: 11, 477
- 2006: 15, 410
- 2007: 19, 750
- 2008: 25, 944
- 2009: 34, 054
- 2010: 44, 757

Legend:
- Automotive/Tier 1
- After Market
- Control&Monitoring
- Home & Security
- Sales & Payment
- Automatic Metering Management
- Vehicle Remote Management
- Fixed Voice
- Mobile Computing
- Entertainment

➔ External market analysts do not have such a level of details

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Revenue sub-segmentation (M€)

Worldwide
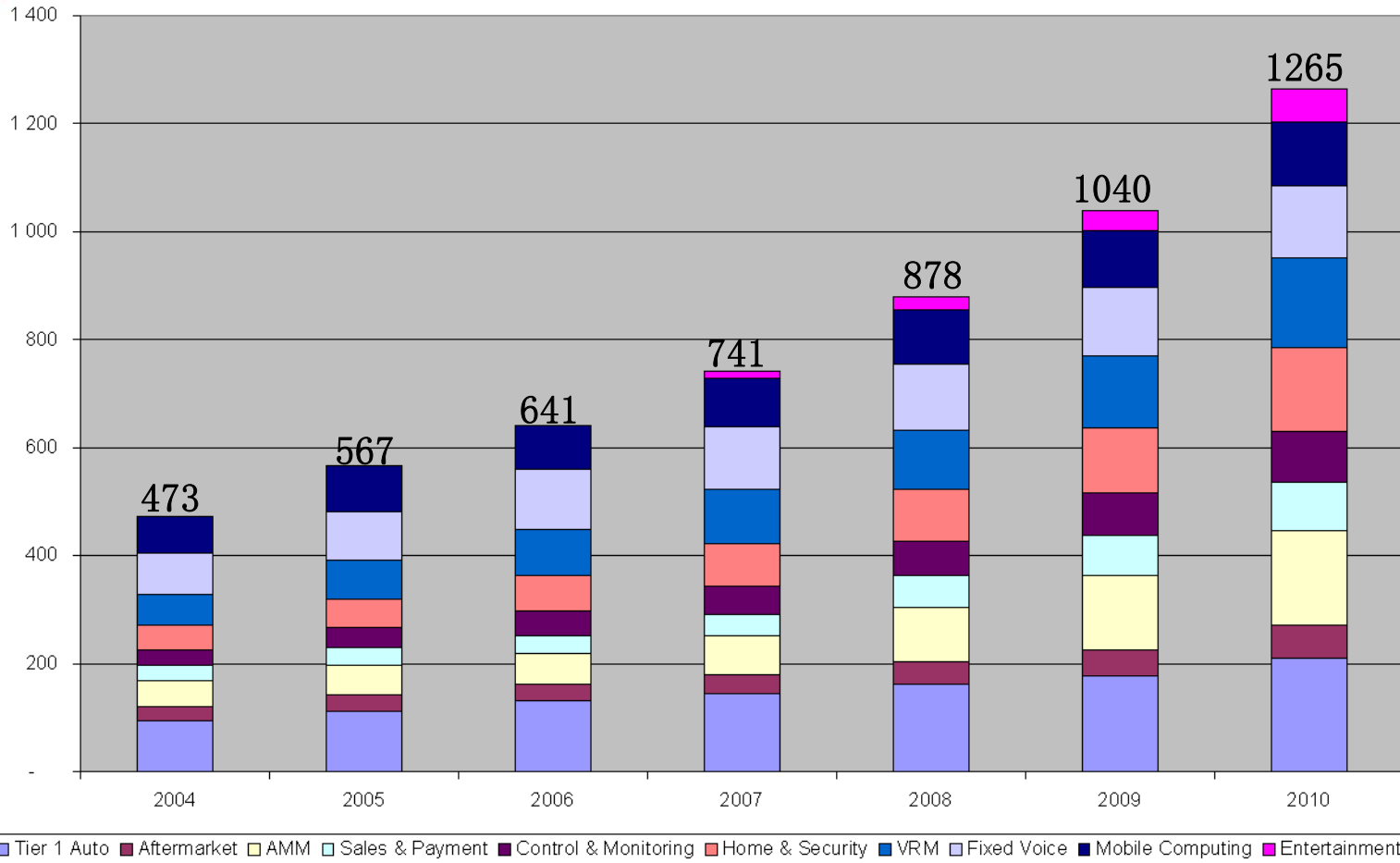
➔ **Most sub-segments substantially below 100M Euros, which is one reason why semiconductor companies are not interested today**

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2006 Market Breakdown by Manufacturer

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2006 Market breakdown by Manufacturer
Our Estimates based on field information

2006 Market Breakdown by Manufacturer (Our Estimates)   **WORLDWIDE FIGURES**
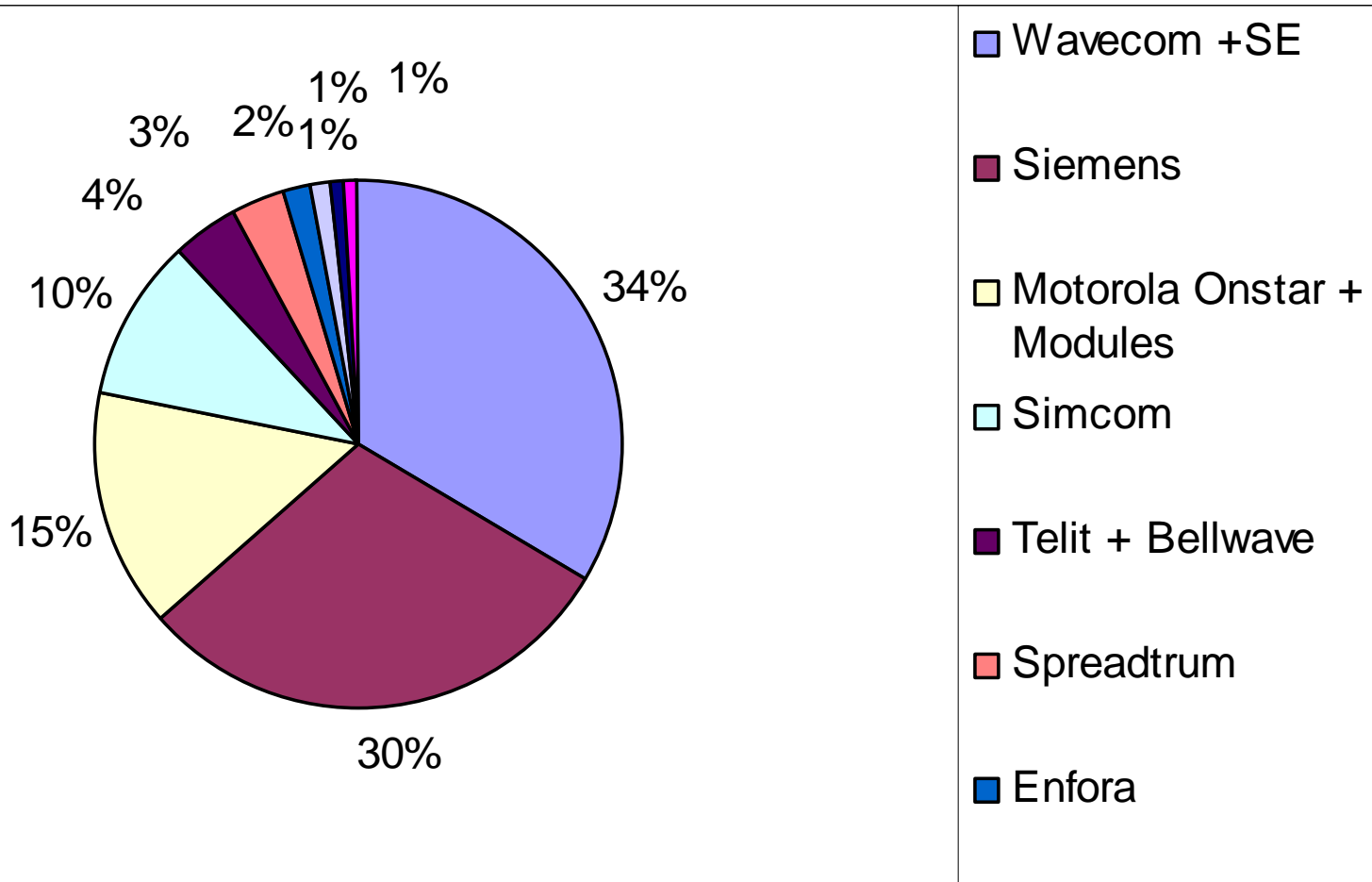
			Comments	**Euro/$ = 1,2**
Wavecom +SE (full year)	215	Meuros		
Siemens	190	Meuros	*Our Estimates*	
Motorola Onstar + Modules (10 Meuros)	94	Meuros	*2,25 Munits*	
Simcom	53	Meuros	*2,5 Munits*	
Telit + Bellwave	27	Meuros	*0,6 Munits*	
Spreadtrum	20	Meuros	*1 Munits*	
Enfora	12	Meuros	*0,3 Munits*	
BenQ	6	Meuros	*0,3 Munits*	
Sagem	6	Meuros	*0,2 Munits*	
Centel / Techfaith	5	Meuros	*0,2 Munits*	
Total Market Size	**640**	**Meuros**		

NB: Excludes PC cards and PDAs, which are large markets in themselves

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2006 WW Market Share – (Revenues)
The Market Leader – our Estimates

Pie chart segments:
- 34% Wavecom +SE
- 30% Siemens
- 15% Motorola Onstar + Modules
- 10% Simcom
- 4%
- 3%
- 2%
- 1%
- 1%
- 1%

Legend:
- Wavecom +SE
- Siemens
- Motorola Onstar + Modules
- Simcom
- Telit + Bellwave
- Spreadtrum
- Enfora

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Segments Potential 2006-2010

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Segments Potential - Worldwide

Segments Potential - EMEA

CAGR (2006-2010)

30%

20%

10%

After-Market

Mob. Comp.

AMM

Sales Payment

Control Monit.

Auto Tier1

Fixed Voice

Home& Security

VRM

Rev. 2010

5m€

25m€

50m€

Revenues (2006)
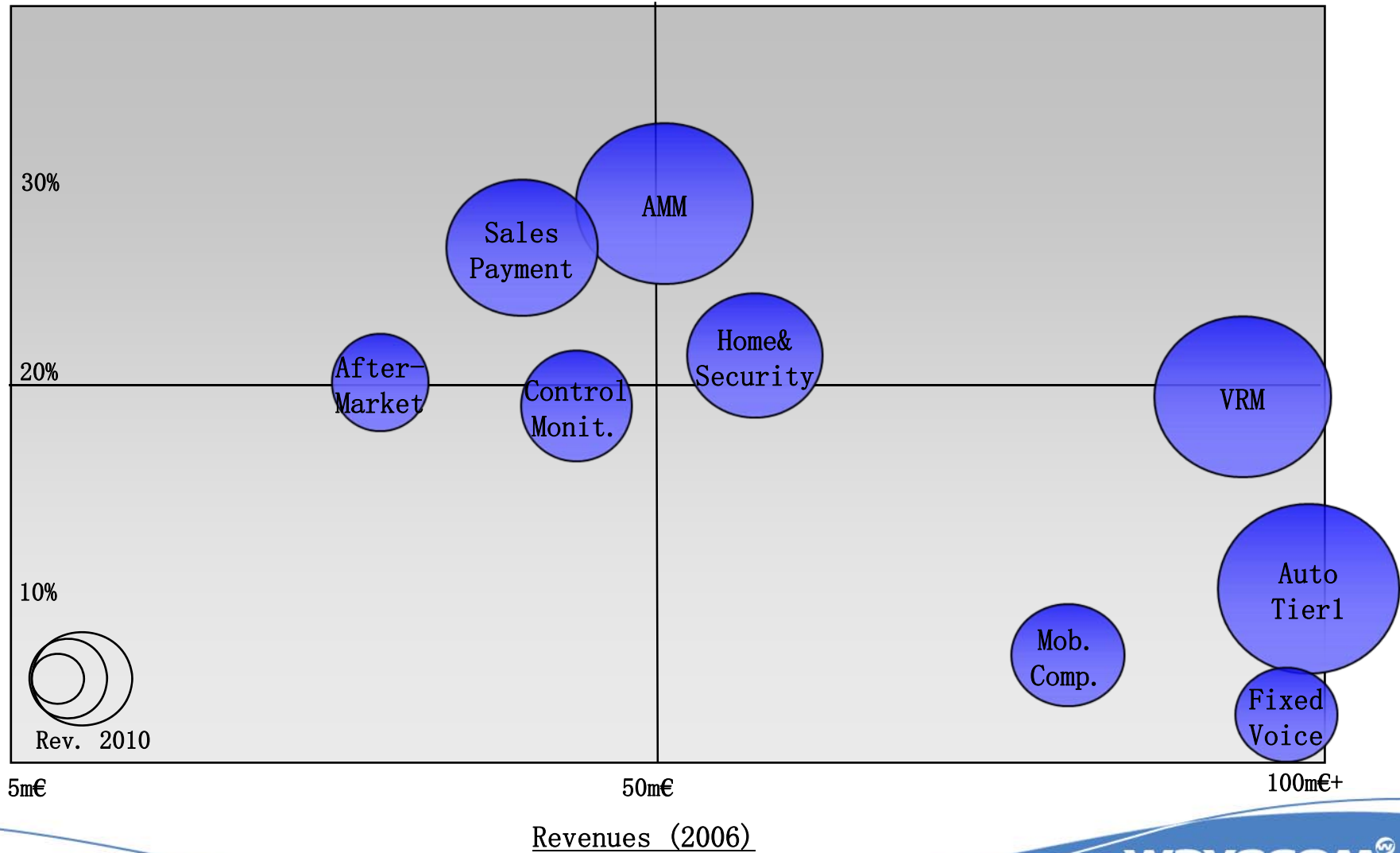
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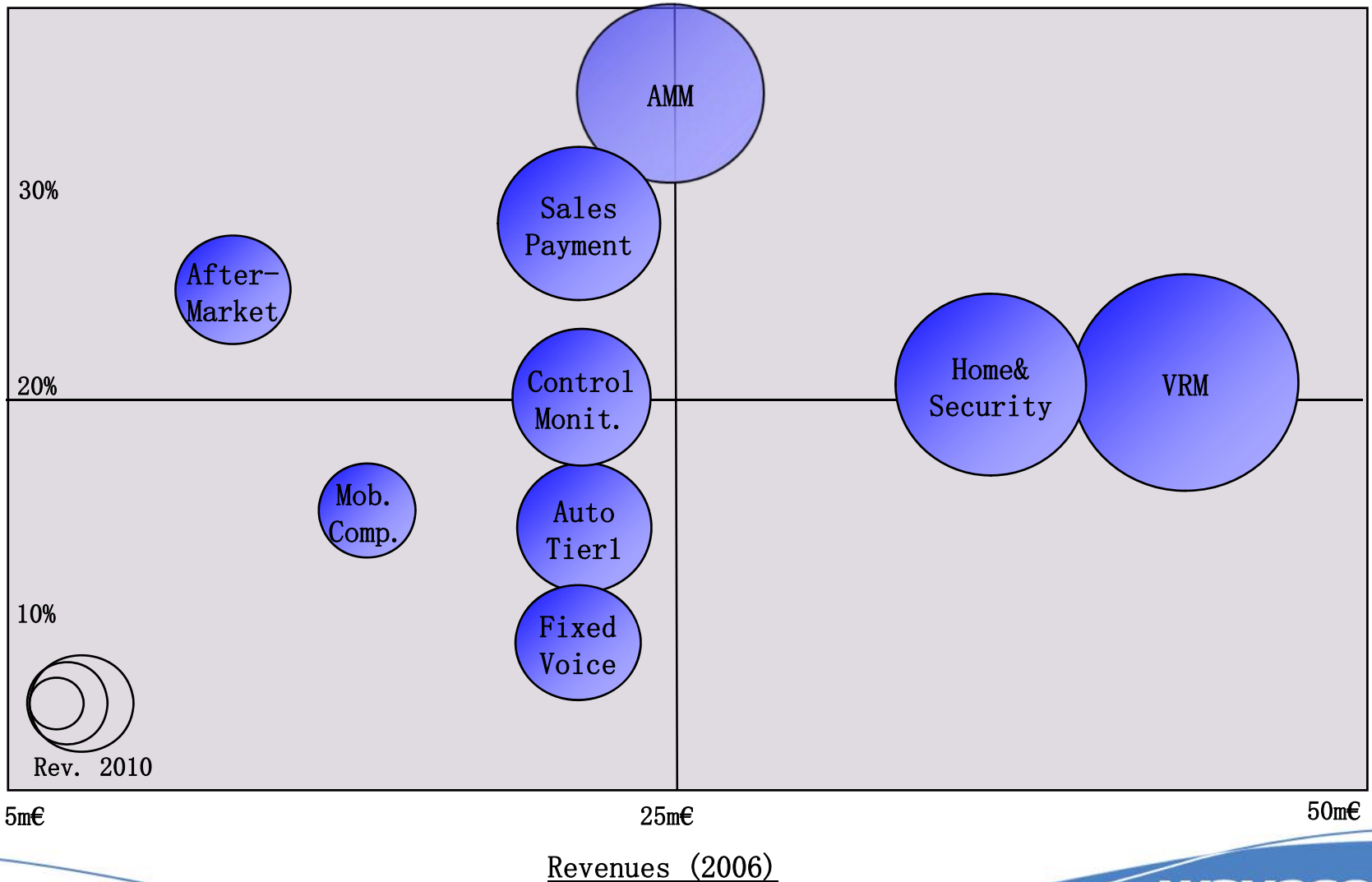
Segments Comparison - APAC

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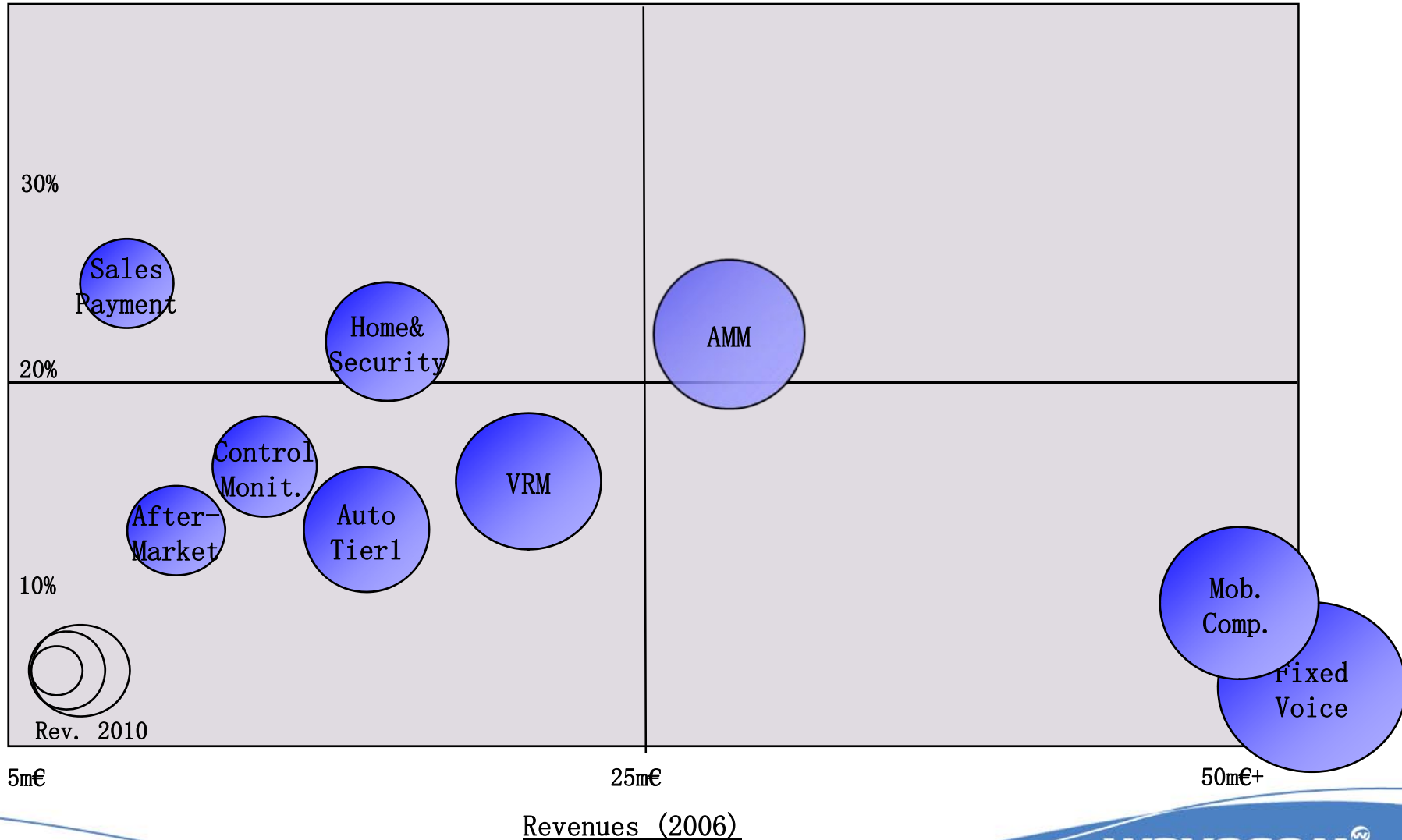
Segments Comparison - Americas

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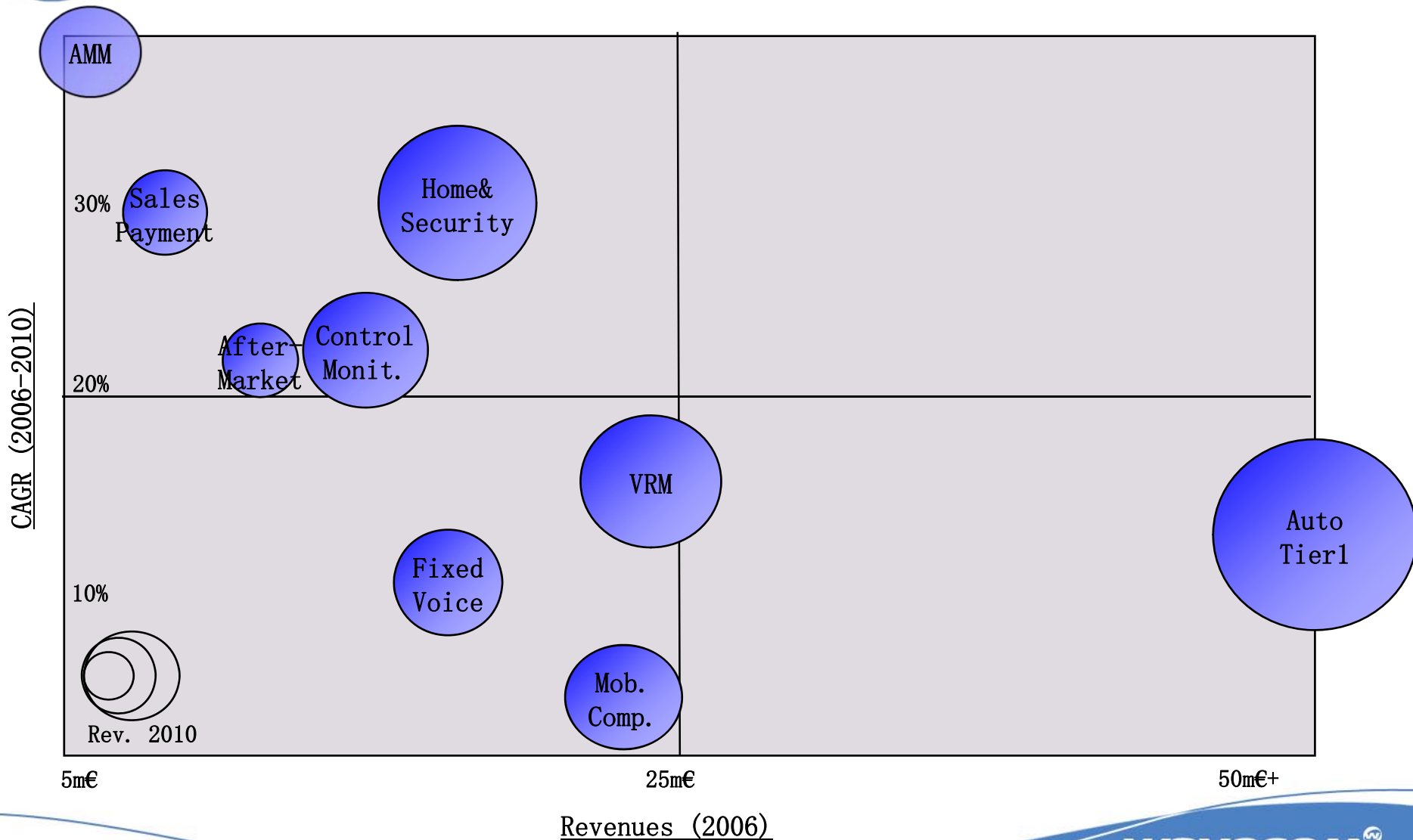
2007 Market Size and Key Segments

	Worldwide	APAC	Americas	EMEA
Total Market 2007				
Revenue (M€)	740,6	240,2	239,6	260,8
Volume (KU)	19,750	8,520	6,180	5,050
Top 5 Segments by Revenue				
	Auto Tier 1(*)	Fixed Voice	Auto Tier1(*)	VRM
	Fixed Voice	Mobile Computing	VRM	Home & Security
	VRM	AMM	Mobile Computing	AMM
	Mobile Computing	VRM	Home & Security	Control & Monitoring
	Home & Security	Home & Security	Control & Monitoring	Fixed Voice

(*) *Auto Tier1 in Americas includes all OnStar business*

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Some take aways

➔ **Automotive and Vehicle Remote Monitoring**
  – Emergency services (Onstar and e-Call + Aftermarket)
  – Pay-as-you-drive projects (PAYD)
  – and road-charging programs applications driving volumes.

➔ **Automatic Meter Management**
  – De-regulations trigger projects in Europe/Oceania (accurate and actual insight in energy consumption)
  – Energy savings and fraud avoidance creates markets

➔ **Sales & Payment good potential**
  – Emerging countries (wireline replacement) and/or tax control and fraud protection

➔ **Fixed Voice**
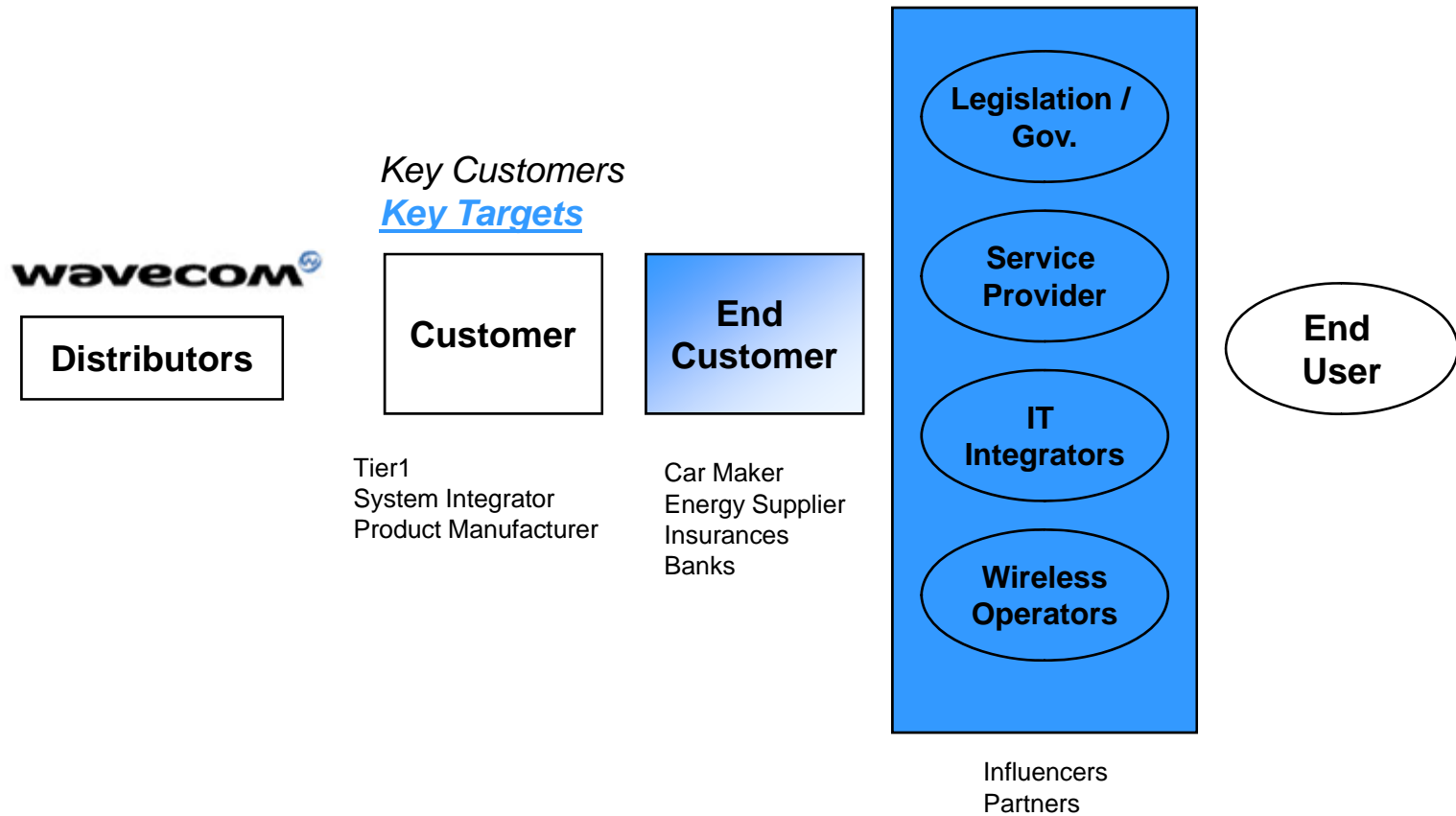 – Still growing in emerging countries

➔ Other segments relatively small, driven by local economics

➔ In summary -- Projecting market to grow steadily, although scenarios where growth is more or less. Higher growth requires mass market adoptions such as with e-Call and Onstar, PAYD, Toll-Collect and aggressive energy de-regulation roll out.

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Teamwork to adopt an ecosystem approach

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Distributors

Key Customers
Key Targets

Customer

Tier1
System Integrator
Product Manufacturer

End Customer

Car Maker
Energy Supplier
Insurances
Banks

Legislation / Gov.

Service Provider

IT Integrators

Wireless Operators

Influencers
Partners

End User
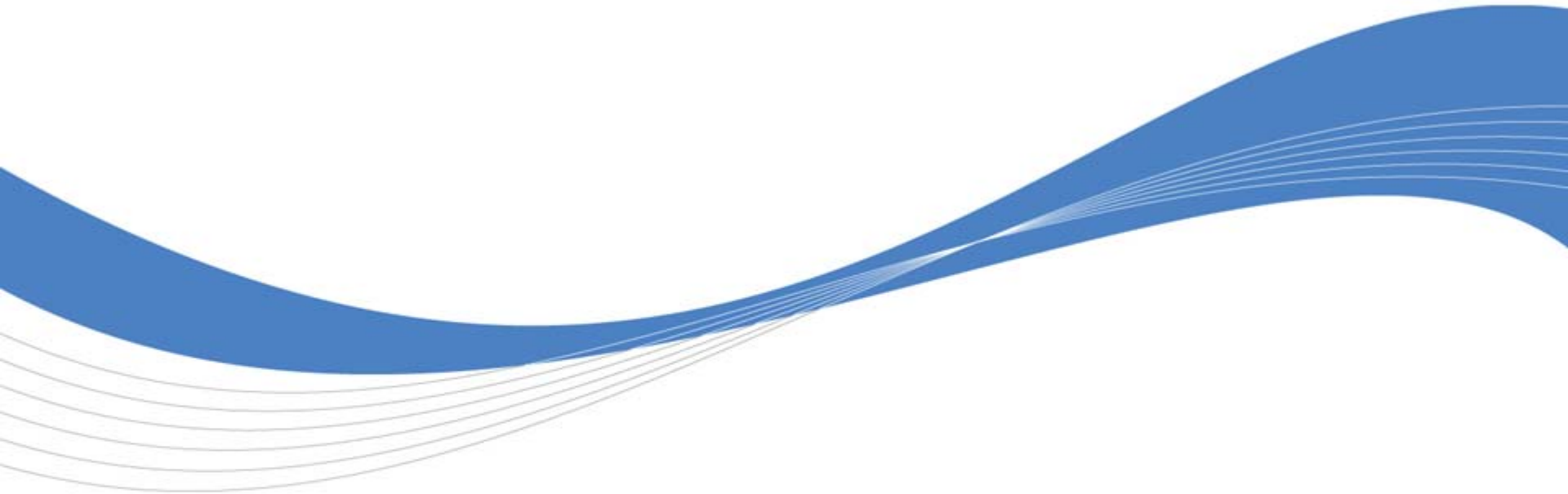
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Conclusion

➔ We have a complete market analysis by application segment and by region for the first time.

➔ We believe this analysis is self consistent, and checked with figures from Sony Ericsson, but still does not have valid confirmation by an independent firm (Gartner, ABI, HR, …)

➔ There are many trends that lead us to believe that the market will grow steadily, with the possibility of discontinuous, more rapid growth, as some applications gain mass market adoption.

➔ Largest highly fragmented segments: VRM / Control Monitoring / Fixed Voice / AMM – through distribution network

➔ Number #1 leading supplier on the market – 2007 will be the year of recognition

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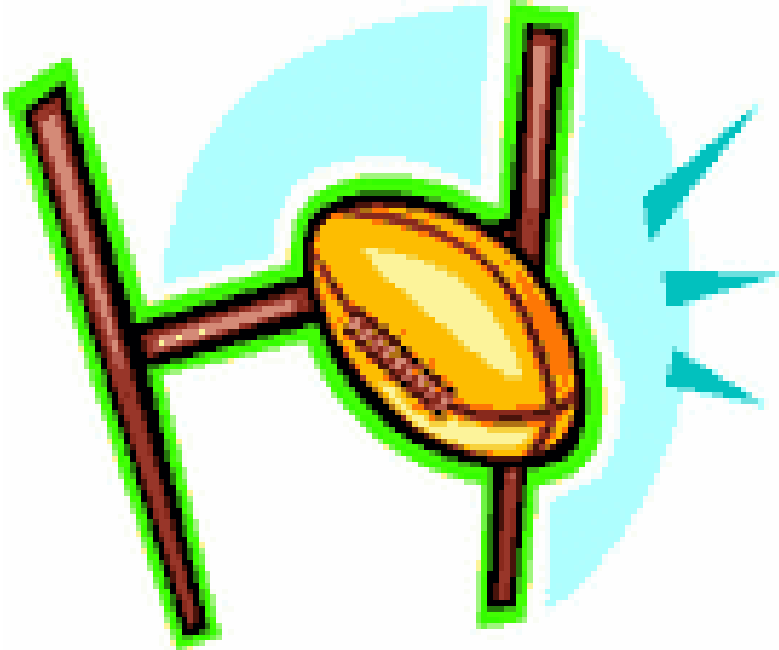
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THANK YOU !

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Subsegmentation Data (K Units) Worldwide

WW Market Volumes by Segment

	2004	2005	2006	2007	2008	2009	2010
Automotive/Tier 1	1 553	1 992	2 640	3 293	4 063	4 995	6 381
After Market	423	614	630	858	1 155	1 492	2 010
Control&Monitoring	440	610	980	1 274	1 668	2 184	2 860
Home & Security	787	1 057	1 460	1 898	2 557	3 575	4 969
Sales & Payment	484	639	850	1 105	1 768	2 475	3 292
Automatic Metering Management	911	1 203	1 600	2 150	3 250	4 850	6 800
Vehicle Remote Management	983	1 298	1 720	2 244	2 981	3 943	5 400
Fixed Voice	1 719	2 264	3 250	3 810	4 382	5 101	5 742
Mobile Computing	1 450	1 800	2 280	2 788	3 470	4 078	4 983
Entertainment	-	-	-	330	650	1 360	2 320
Total	**8 750**	**11 477**	**15 410**	**19 750**	**25 944**	**34 053**	**44 757**

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Revenue subsegmentation Data (M€) Worldwide

WW Market Revenue by Segment	2004	2005	2006	2007	2008	2009	2010
Tier 1 Auto	96	111	133	145	161	178	210
Aftermarket	24	33	28	34	42	49	61
AMM	48	54	58	72	102	137	175
Sales & Payment	29	31	33	40	58	74	91
Control & Monitoring	29	37	45	54	64	77	93
Home & Security	45	54	66	77	95	121	155
VRM	57	73	86	101	110	133	167
Fixed Voice	75	90	110	116	122	128	133
Mobile Computing	70	84	82	89	101	104	117
Entertainment	-	-	-	13	23	39	63
Total	**473**	**567**	**641**	**741**	**878**	**1 040**	**1 265**
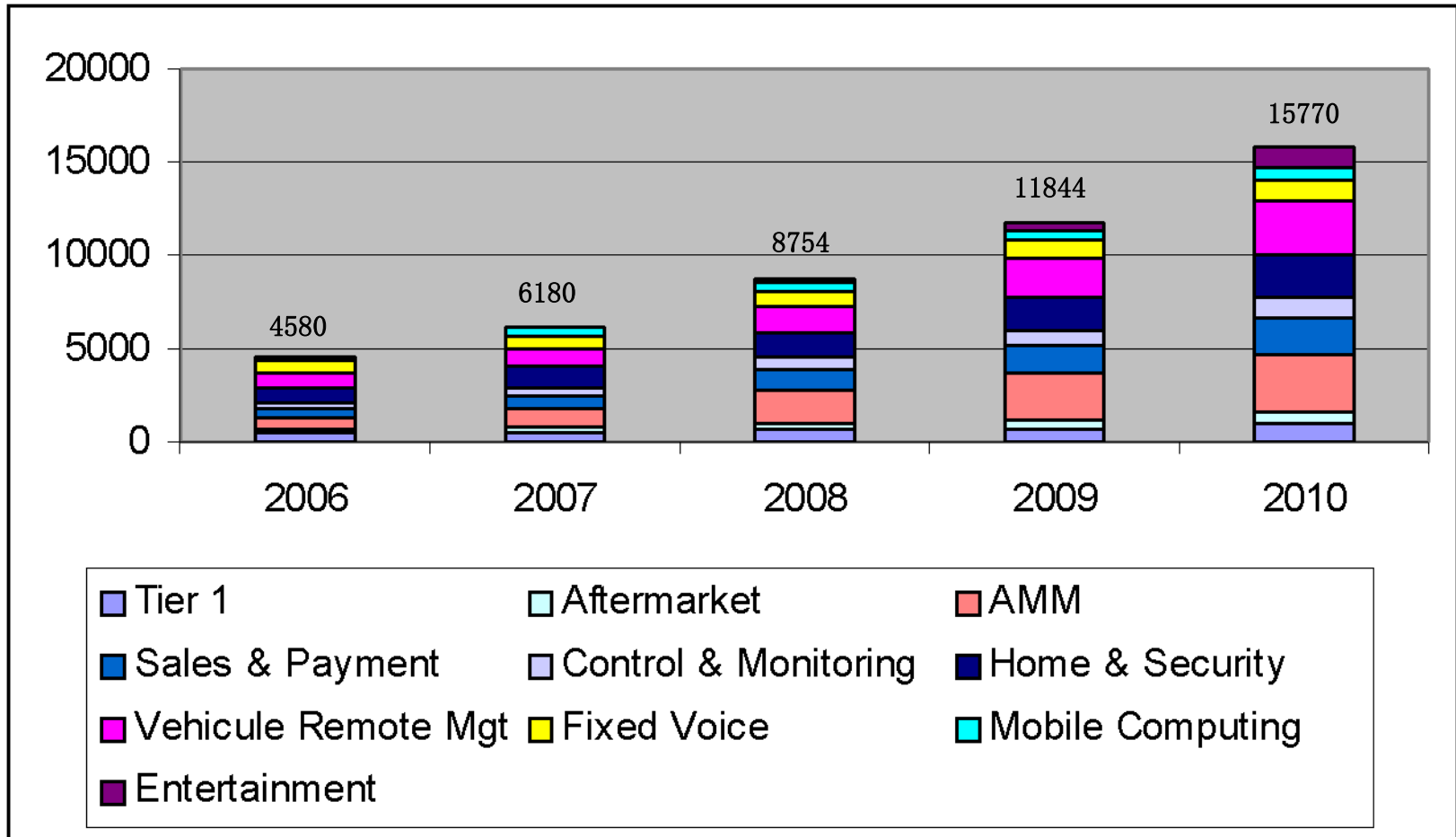
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EMEA – Volumes by segment (K Units)

EMEA – Volumes by segment (K Units)

	2006	2007	2008	2009	2010
Tier 1	430	530	610	690	1000
Aftermarket	200	280	378	510	689
AMM	600	1000	1800	2500	3000
Sales & Payment	500	650	1040	1456	1936
Control & Monitoring	400	520	676	879	1142
Home & Security	800	1040	1352	1758	2285
Vehicule Remote Mgt	800	1040	1456	2038	2854
Fixed Voice	550	660	792	950	1140
Mobile Computing	300	360	450	563	703
Entertainment	0	100	200	500	1000
GRAND TOTAL	**4580**	**6180**	**8754**	**11844**	**15750**

➔ Top 5 segments by 2009:

- Automatic Meter Management
- Vehicle Remote Management
- Home & Security
- Sale & Payment
- Fixed Voice
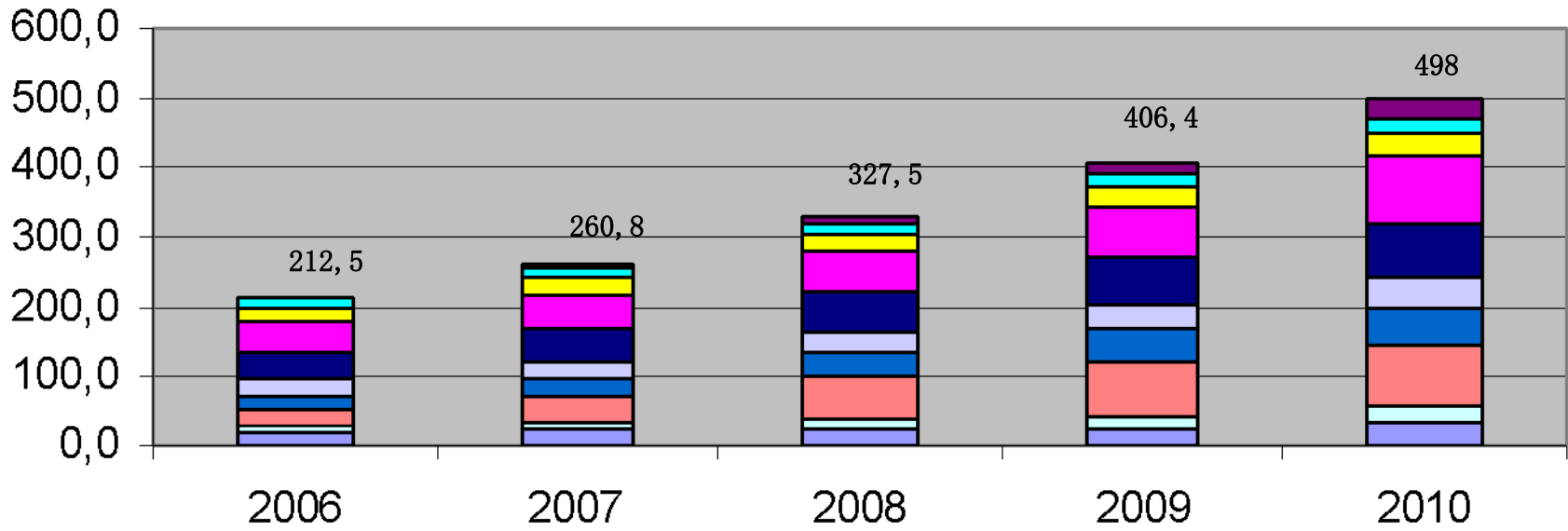
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EMEA – Revenues by segment (M Euros)

EMEA – Revenues by segment (M Euros)

	2006	2007	2008	2009	2010
Tier 1	21,5	22,9	24,2	25,2	33,6
Aftermarket	9,4	12,1	15,0	18,7	23,2
AMM	24,0	36,8	60,9	77,9	86,0
Sales & Payment	20,0	23,9	35,2	45,4	55,5
Control & Monitoring	22,0	26,3	31,5	37,6	45,0
Home & Security	37,6	45,0	53,8	64,3	76,9
Vehicule Remote Mgt	44,0	52,6	57,9	74,6	96,1
Fixed Voice	22,0	24,3	26,8	29,6	32,7
Mobile Computing	12,0	13,2	15,2	17,5	20,1
Entertainment	0,0	3,7	6,8	15,6	28,6
GRAND TOTAL	**212,5**	**260,8**	**327,5**	**406,4**	**498**

➔ Top 5 segments by 2009:

  – AMM

  – Vehicle Remote Management

  – Home & Security

  – Sale & Payment

  – Control & Monitoring
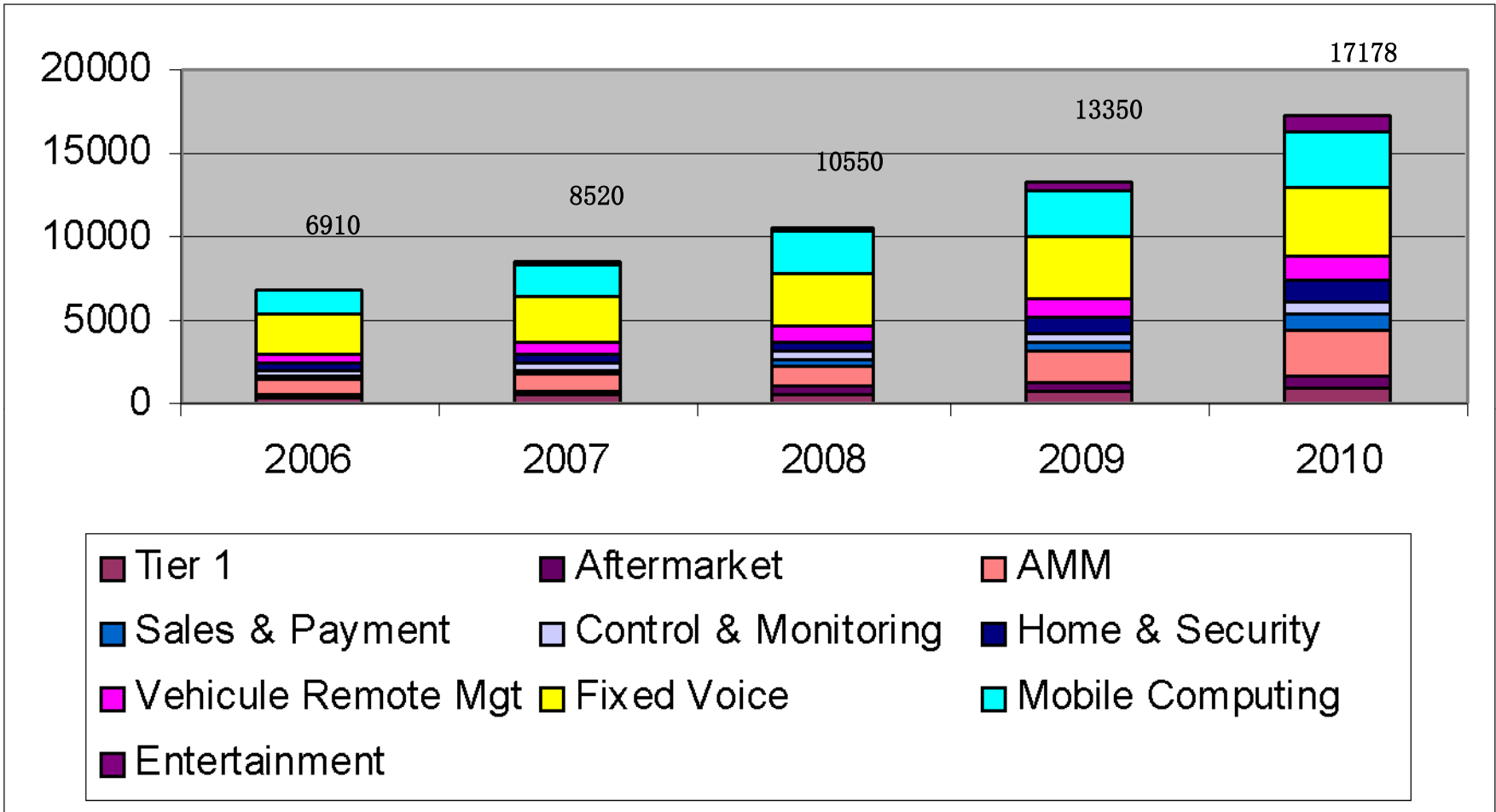
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APAC – Volumes by segment (K Units)

APAC – Volumes by segment (K Units)

	2006	2007	2008	2009	2010
Tier 1	400	500	625	770	963
Aftermarket	230	308	413	490	657
AMM	900	1000	1200	1850	2900
Sales & Payment	200	260	416	582	775
Control & Monitoring	280	364	473	615	800
Home & Security	360	468	655	917	1284
Vehicule Remote Mgt	540	720	898	1100	1500
Fixed Voice	2400	2800	3170	3650	4000
Mobile Computing	1600	2000	2500	2875	3500
Entertainment	0	100	200	500	800
GRAND TOTAL	**6910**	**8520**	**10550**	**13350**	**17178**

➔ Top 5 segments by 2009:

– Fixed Voice

– Mobile Computing

– AMM

– Vehicle Remote Management

– Home & Security

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APAC – Revenues segment (M Euros)
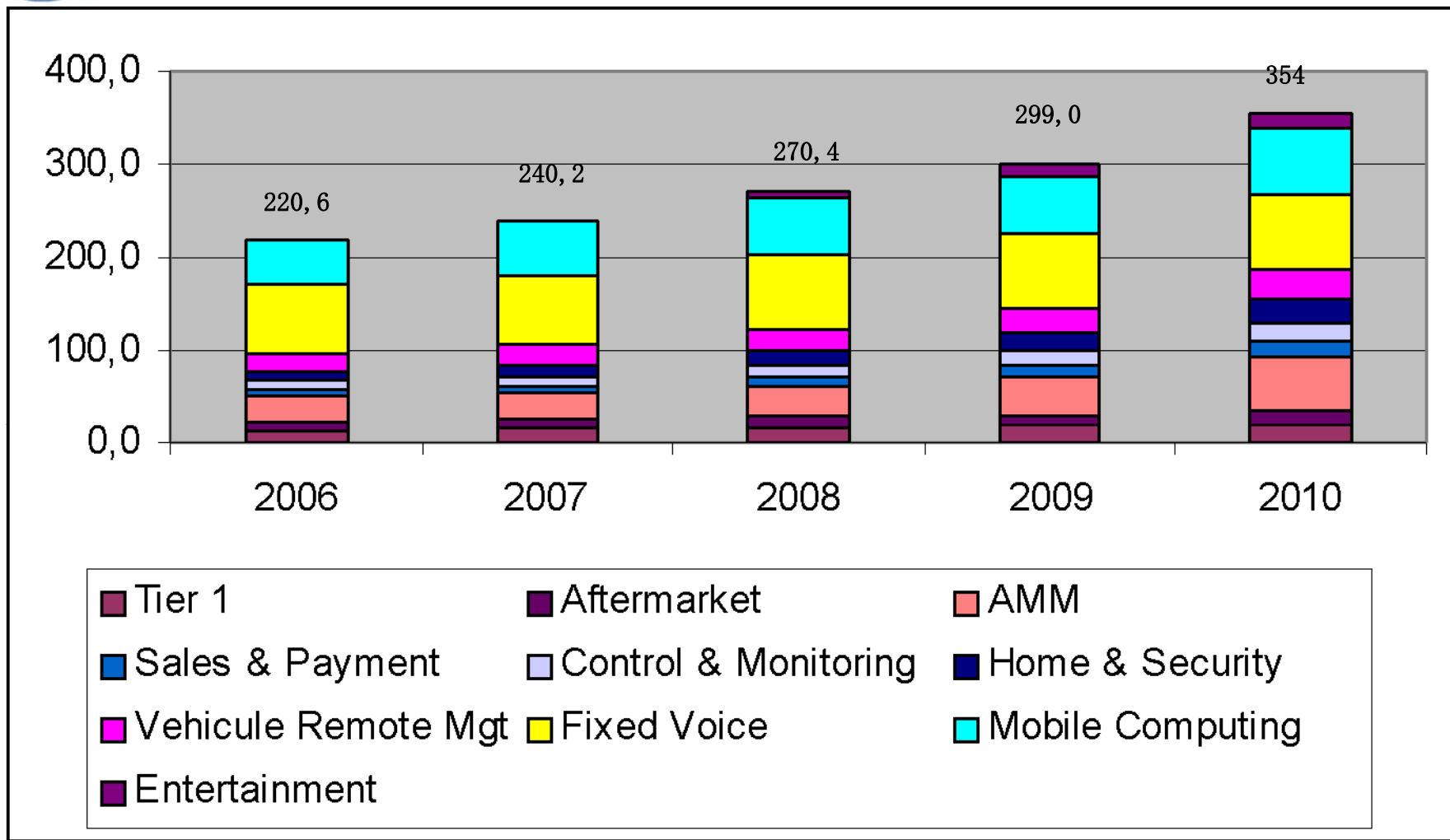
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APAC – Revenues segment (M Euros)

	2006	2007	2008	2009	2010
Tier 1	13,6	15,4	17,2	18,1	20,8
Aftermarket	7,8	9,5	11,4	11,5	14,2
AMM	28,8	28,4	31,2	41,4	59,8
Sales & Payment	6,4	7,5	10,9	13,4	16,4
Control & Monitoring	9,55	10,74	12,73	14,46	17,29
Home & Security	12,2	13,6	17,3	21,1	27,2
Vehicule Remote Mgt	18,1	20,2	23,0	24,4	30,6
Fixed Voice	74,4	77,0	79,3	80,3	81,0
Mobile Computing	49,6	55,2	62,5	63,3	70,8
Entertainment	0,0	2,8	5,0	11,0	16,2
GRAND TOTAL	**220,6**	**240,2**	**270,4**	**299,0**	**354**

➔ Top 5 segments by 2009:

– Fixed Voice

– Mobile Computing

– AMM

– Vehicle Remote Management

– Home & Security

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Americas – Volumes by segment (K Units)
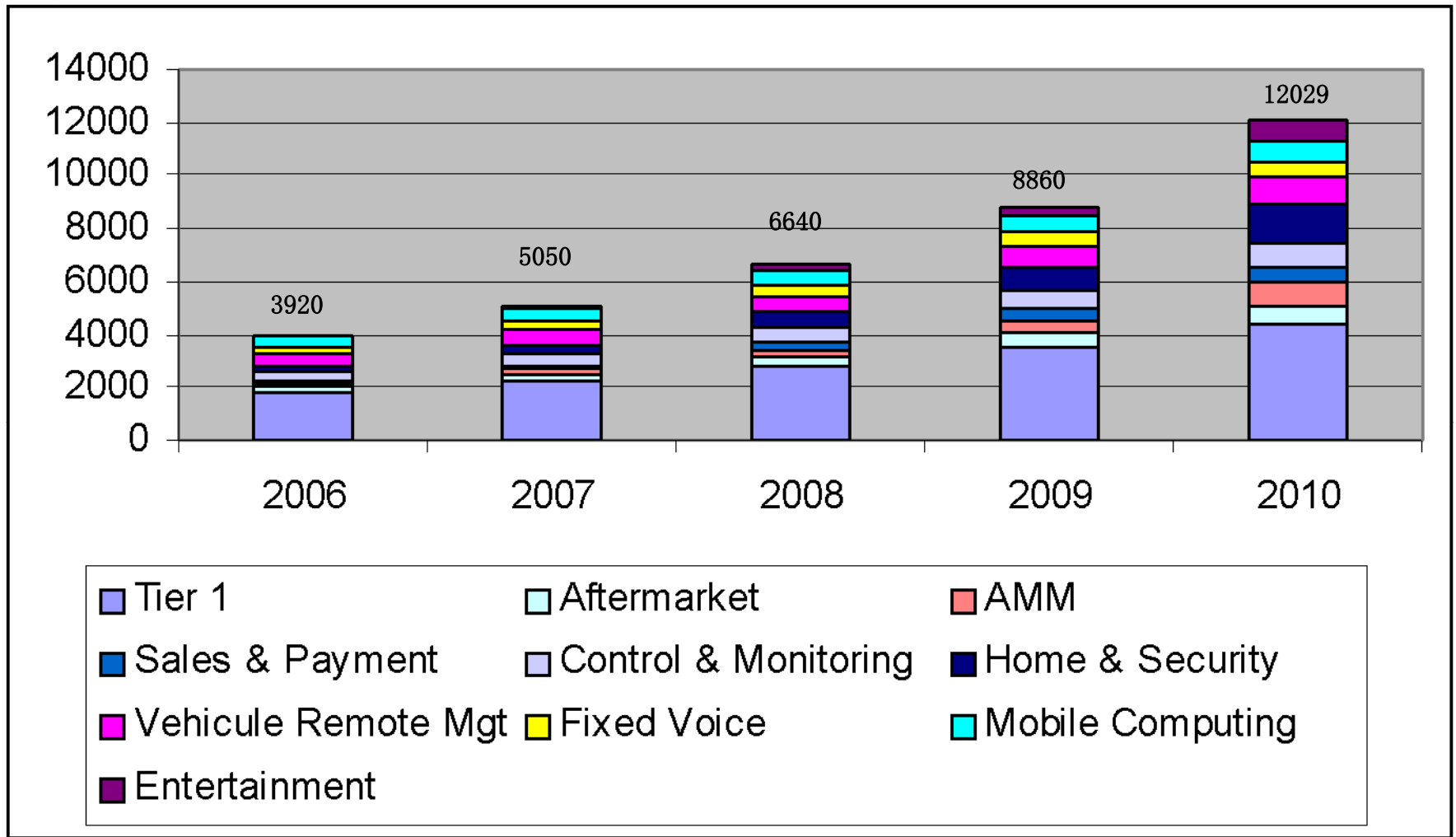
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Americas – Volumes by segment (K Units)

	2006	2007	2008	2009	2010
Tier 1	1810	2263	2828	3535	4419
Aftermarket	200	270	365	492	664
AMM	100	150	250	500	900
Sales & Payment	150	195	312	437	581
Control & Monitoring	300	390	519	690	918
Home & Security	300	390	550	900	1400
Vehicule Remote Mgt	380	484	627	805	1047
Fixed Voice	300	350	420	501	601
Mobile Computing	380	428	520	640	780
Entertainment	0	130	250	360	720
GRAND TOTAL	**3920**	**5050**	**6640**	**8860**	**12029**

➔ Top 5 segments by 2009:

– Auto Tier 1

– Home & Security

– Vehicle Remote Management

– Control & Monitoring

– Mobile Computing

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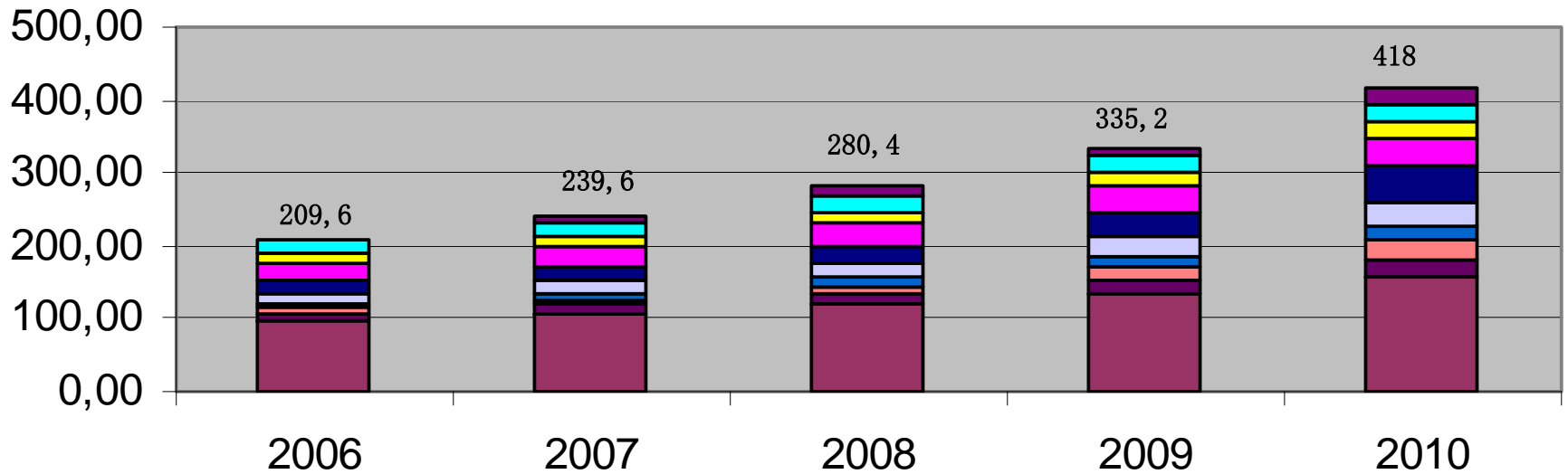
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Americas – Revenues by segment (M Euros)

Americas – Revenues by segment (M Euros)

	2006	2007	2008	2009	2010
Tier 1	97,92	106,34	119,91	135,04	155,30
Aftermarket	10,8	12,8	15,5	18,8	23,3
AMM	5,4	7,2	9,7	17,9	29,6
Sales & Payment	6,9	8,3	12,1	15,6	19,1
Control & Monitoring	13,8	16,5	20,2	24,7	30,2
Home & Security	16,2	18,5	23,9	35,5	50,7
Vehicule Remote Mgt	24,2	28,4	28,7	33,9	40,6
Fixed Voice	13,8	14,8	16,4	17,9	19,8
Mobile Computing	20,6	20,5	23,0	22,9	25,7
Entertainment	0,0	6,2	11,0	12,9	23,7
GRAND TOTAL	**209,6**	**239,6**	**280,4**	**335,2**	**418**

➔ Top 5 segments by 2009:

 – Auto Tier 1

 – Home & Security

 – Vehicle Remote Management

 – Control & Monitoring

 – Mobile Computing

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