The Potential of Consumer Electronics in Romania

- A comparison to Central and Western Europe -

„Never in history

has innovation offered promise

of so much

to so many

in so short time."

1 Impact of the Crises

Consumer Electronics

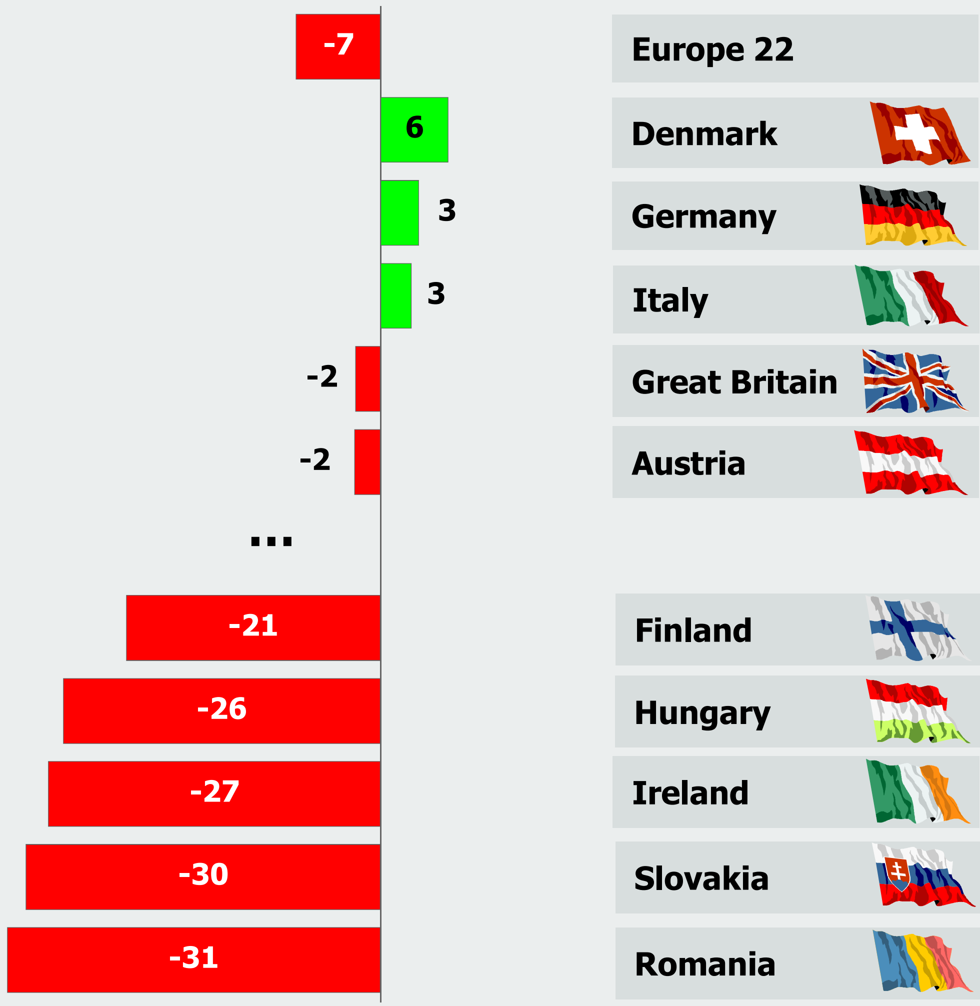
Sales Value Euro/ Local Currency

Market Development

Europe 22*

2009 vs. 2008

Sales Value Growth in %

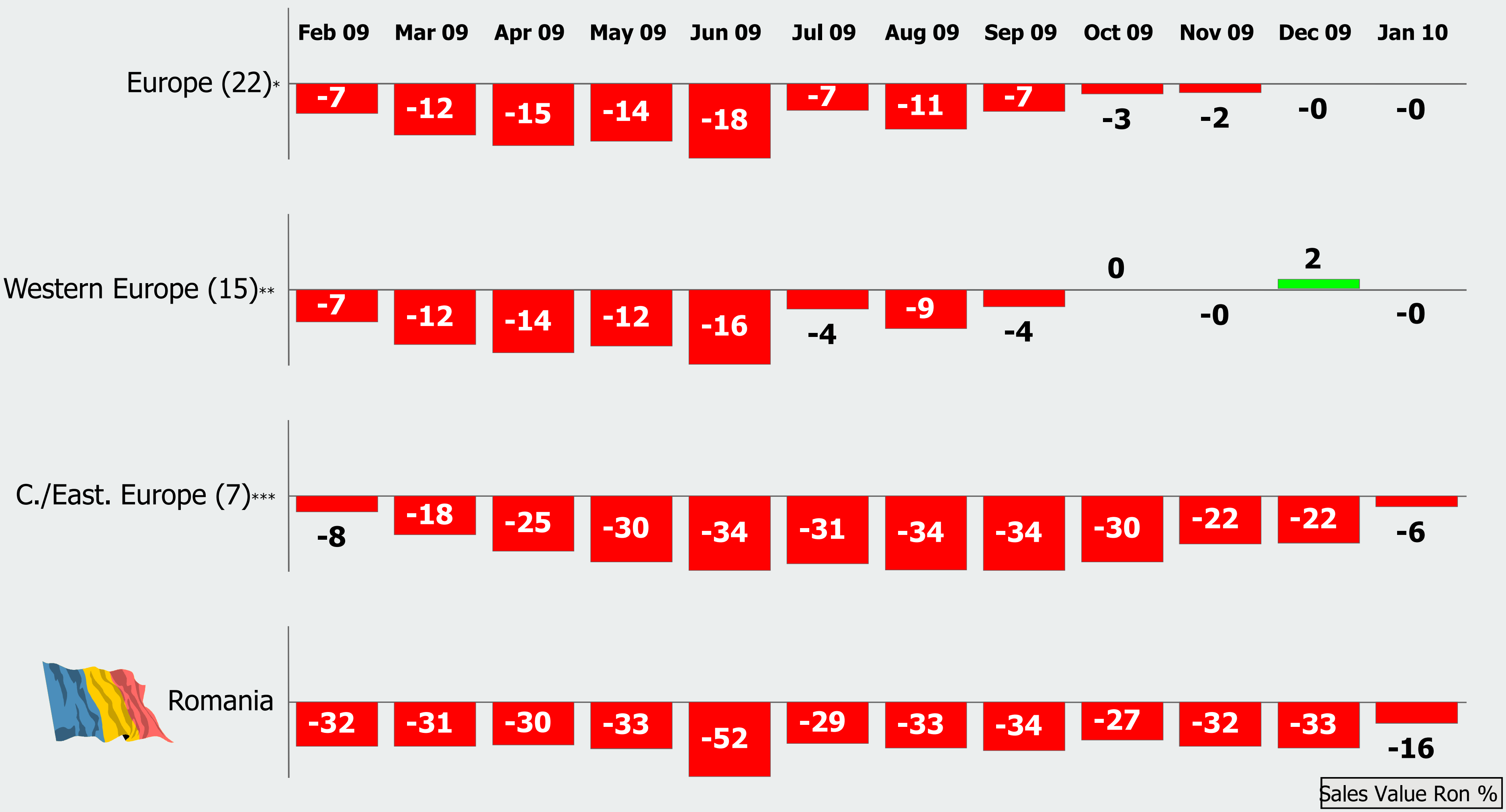


*EU22= DE,FR,GB,IE,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT,CZ,SK,HU,PL,SI,RO,BG

Consumer Electronics Monthly Development

Sales Value Euro %; RO in Ron %

Sales Value Growth in % compared to the previous year



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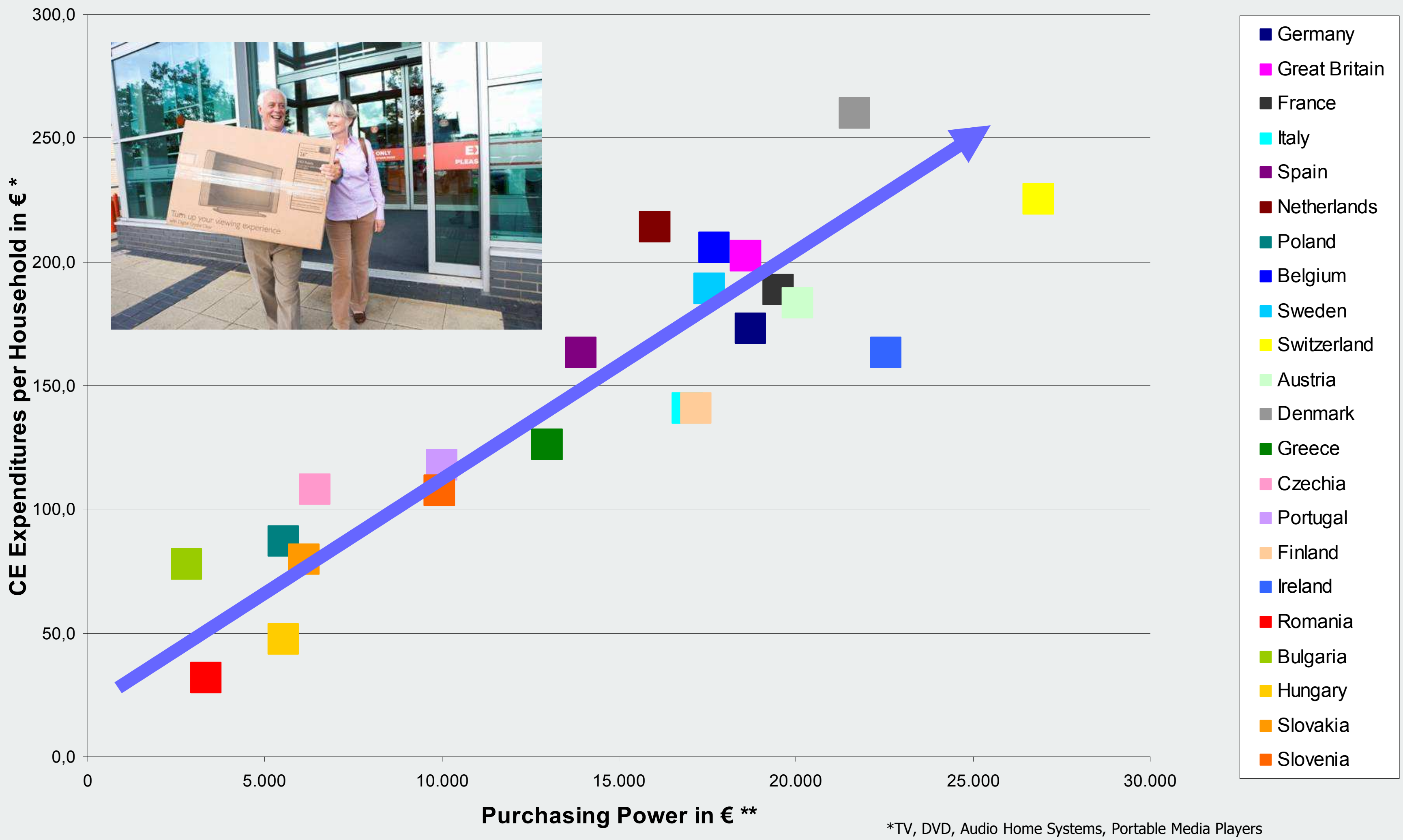
Consumer Electronics

Sales Value, Purchasing Power in Euro

Expenditures per Household vs. Purchasing Power

Europe 22*



*TV, DVD, Audio Home Systems, Portable Media Players

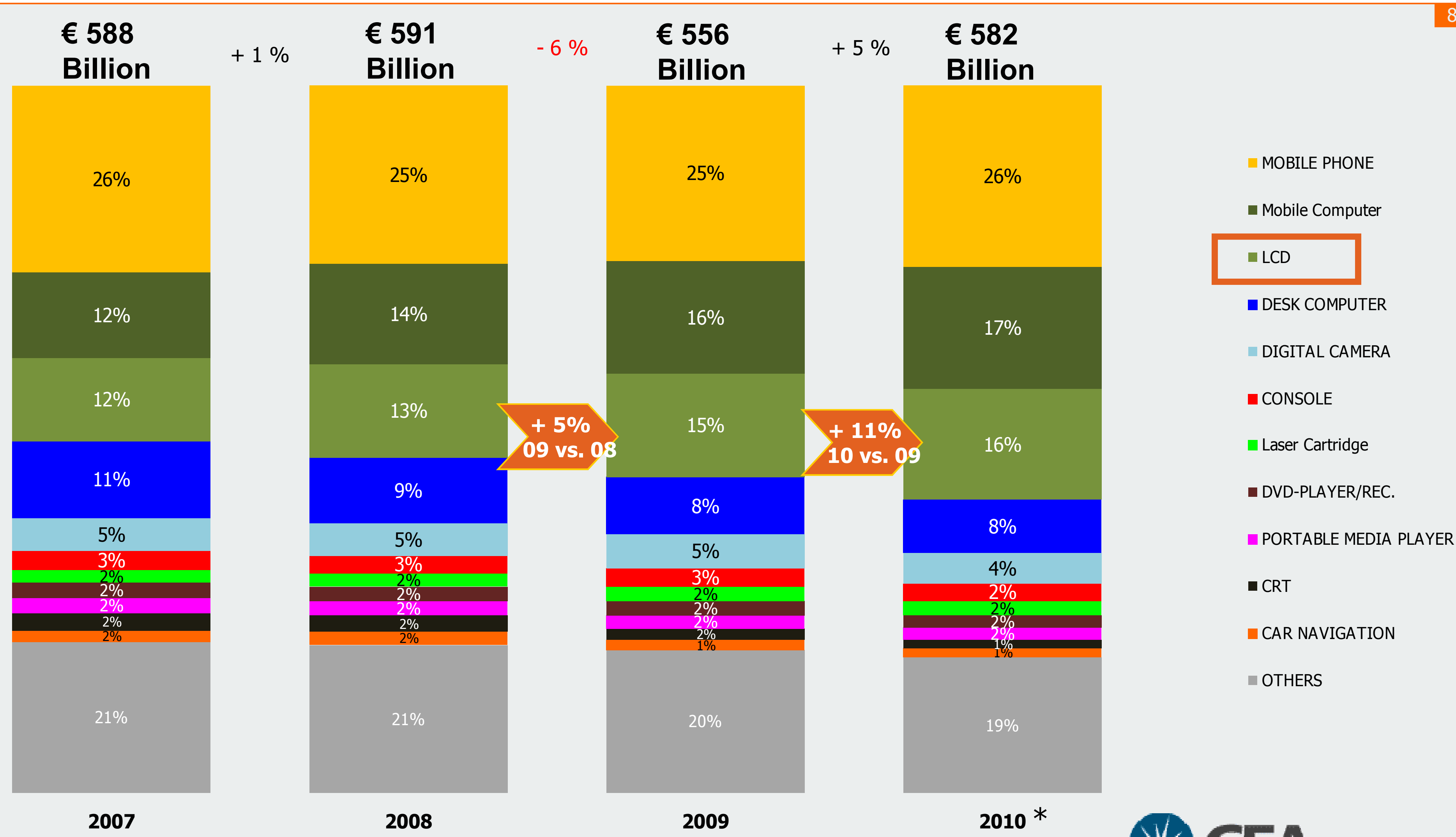
** Source GfK Geomarketing, nominal disposable incomes include state benefits (unemployment money, child benefit, pensions) after deduction of taxes

2 The World gets Flat

Technical Consumer Goods Global Market Development

Sales Value %

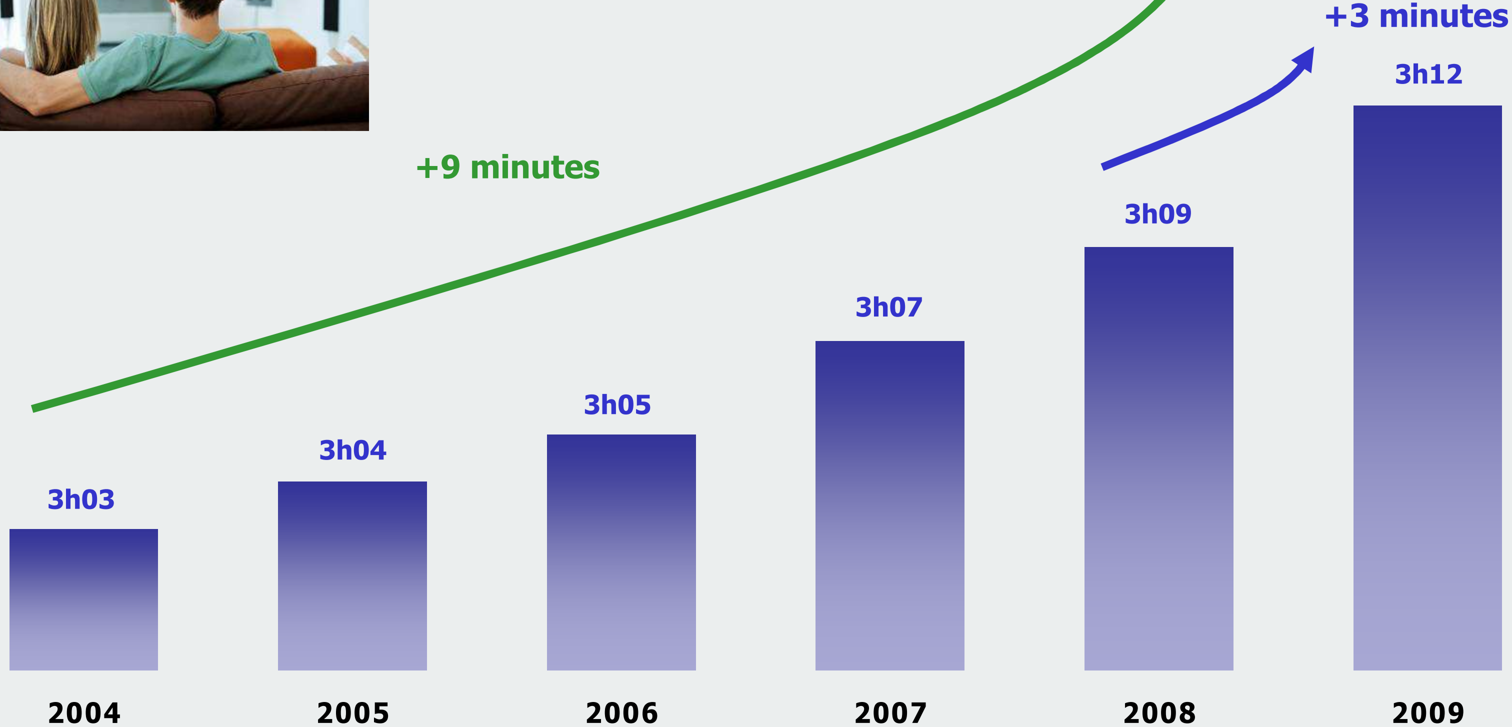
Market Share of Products Worldwide



*Forecast

A record worldwide daily viewing time

Average daily Viewing Time per Individual



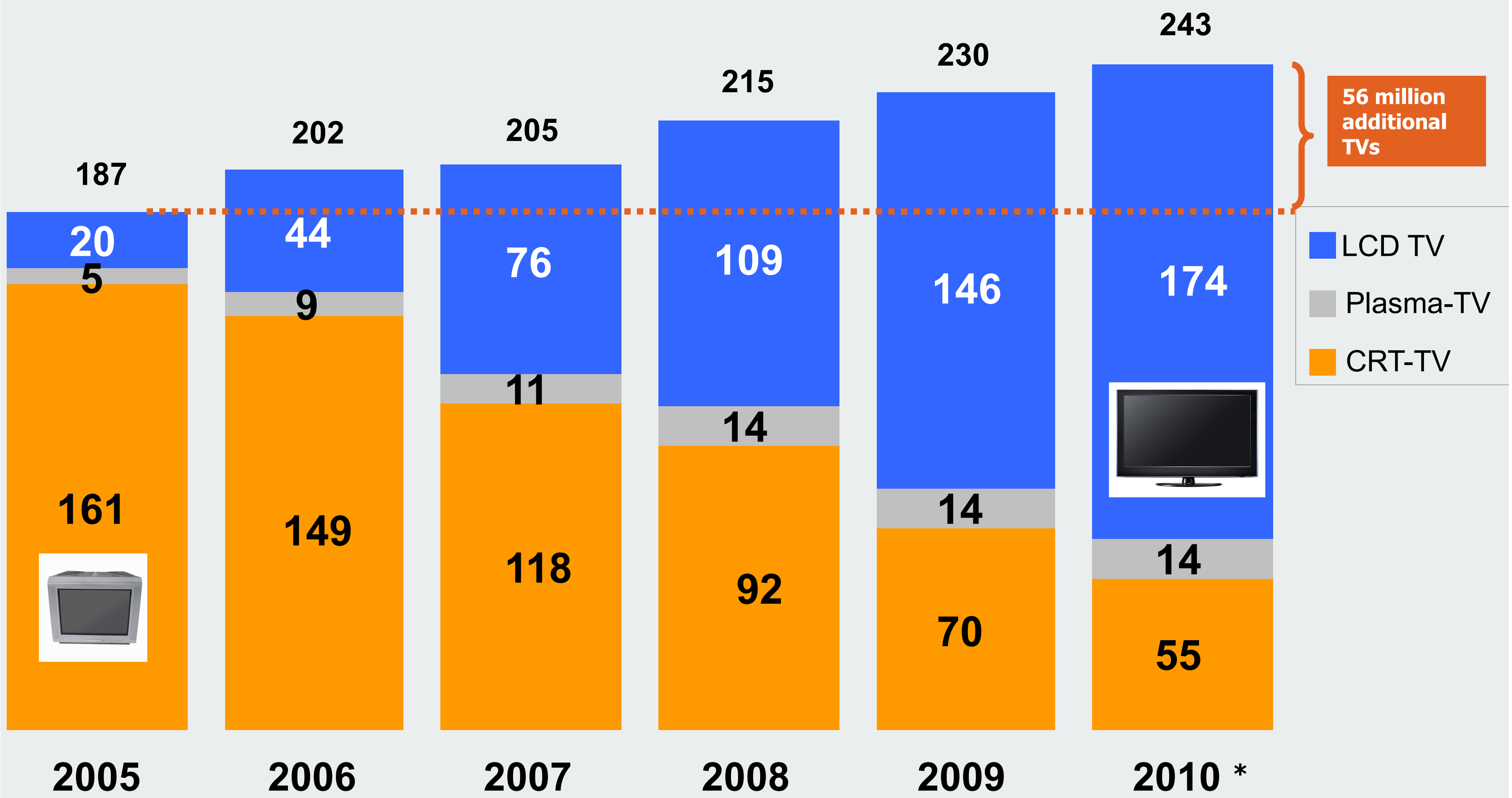
Average daily viewing time per individual, in hours, for target total individuals.
Weighted averages based on the size of the total individual universes (76 territories in 2008).

Source: Eurodata TV Worldwide / Relevant partners

LCD-TV

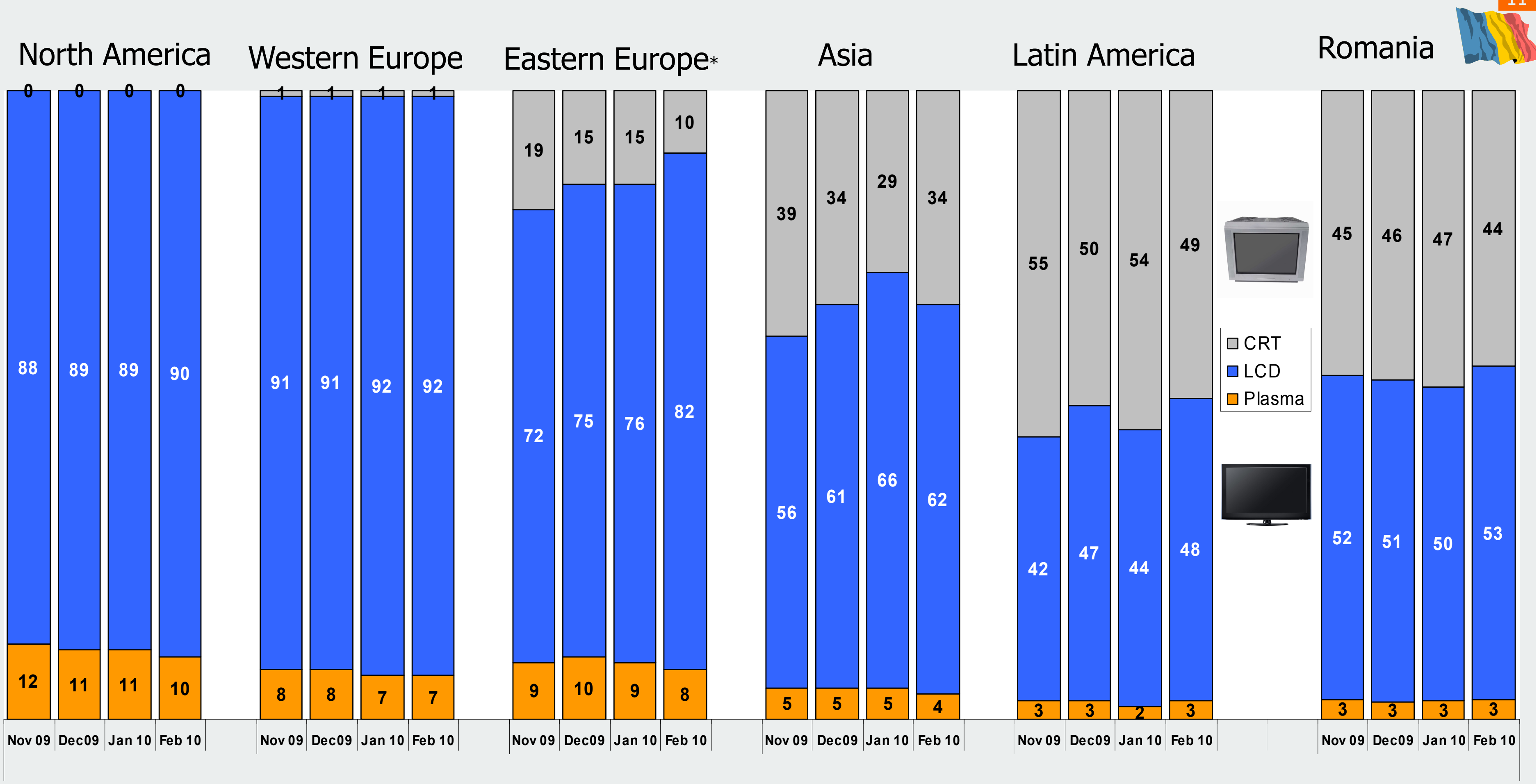
Sales Million Units

Global TV Market Development



*Forecast

Worldwide TV mix by region and by display type (unit)



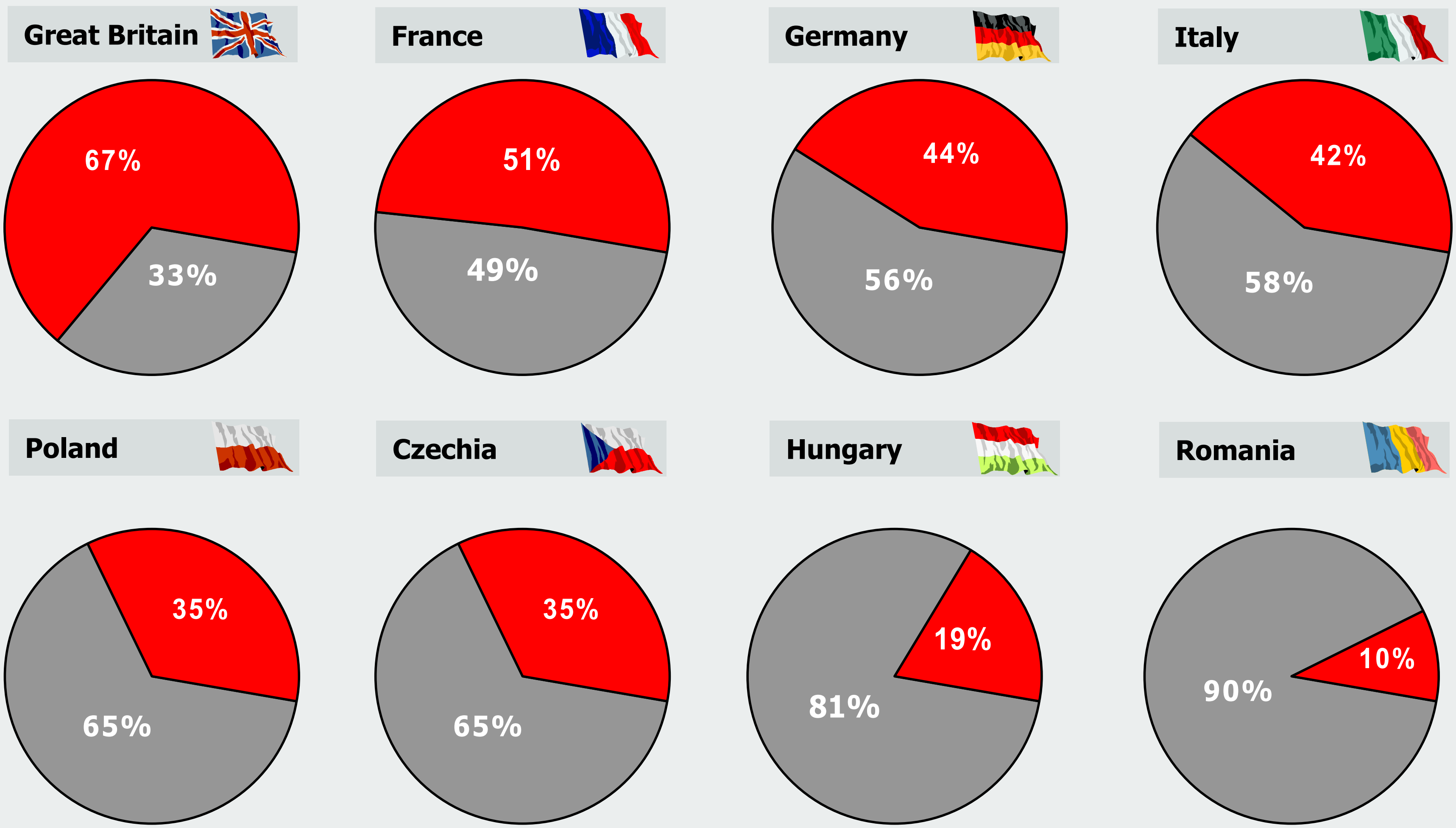
Region	Type	Nov 09	Dec09	Jan 10	Feb 10
North America	CRT	0	0	0	0
North America	LCD	88	89	89	90
North America	Plasma	12	11	11	10
Western Europe	CRT	1	1	1	1
Western Europe	LCD	91	91	92	92
Western Europe	Plasma	8	8	7	7
Eastern Europe*	CRT	19	15	15	10
Eastern Europe*	LCD	72	75	76	82
Eastern Europe*	Plasma	9	10	9	8
Asia	CRT	39	34	29	34
Asia	LCD	56	61	66	62
Asia	Plasma	5	5	5	4
Latin America	CRT	55	50	54	49
Latin America	LCD	42	47	44	48
Latin America	Plasma	3	3	2	3
Romania	CRT	45	46	47	44
Romania	LCD	52	51	50	53
Romania	Plasma	3	3	3	3

* Including Russia

Household Penetration Panel TV (LCD-TV, Plasma-TV)

Mid of 2009

Households that own a Flat Panel TV in %



Source: GfK Consumer Surveys (June 2009)

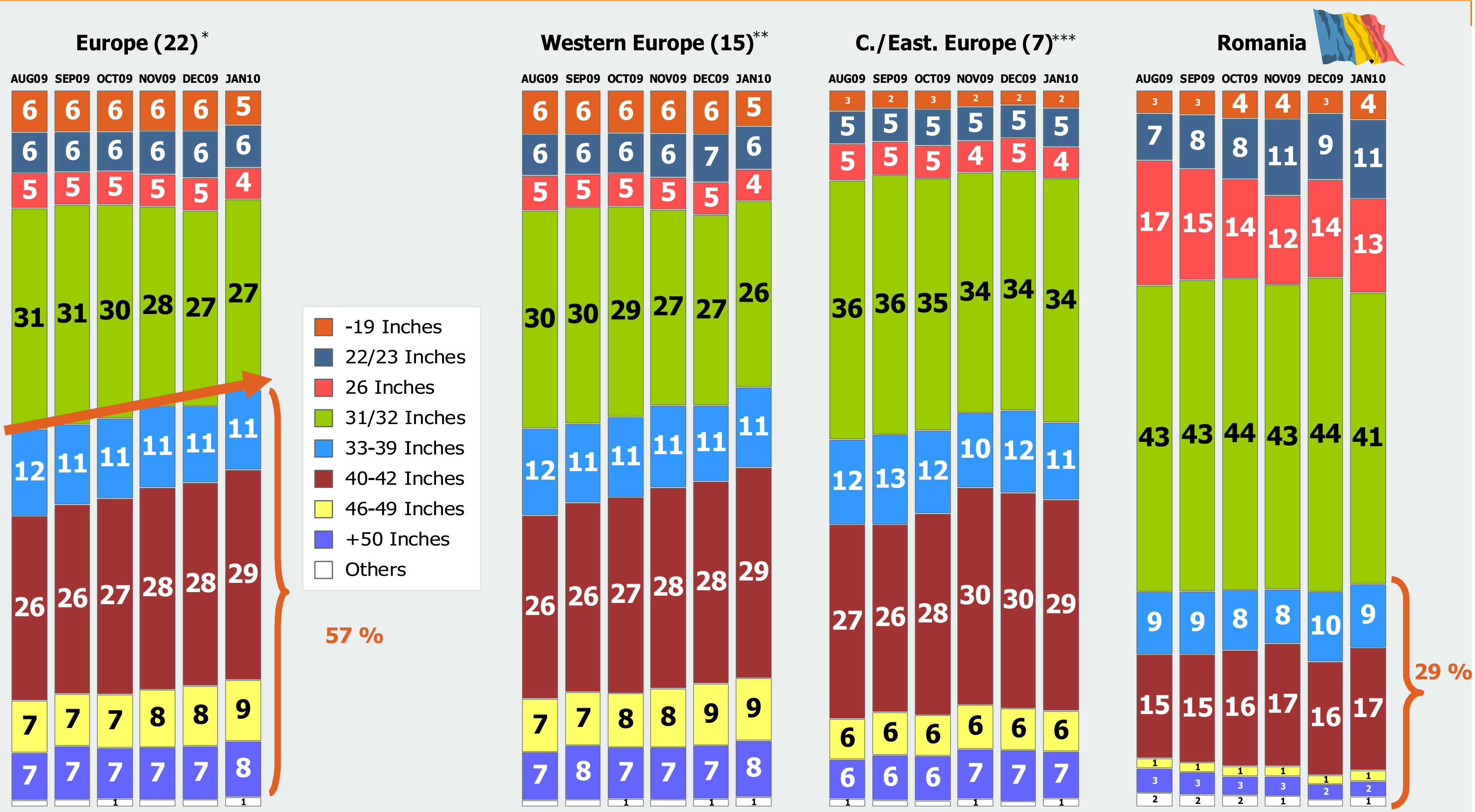
3 Size & Picture Quality Matters

Panel-TV/Flat

Sales Value %

Screensize Shares by Region

Flat Panel



	Europe AUG09	SEP09	OCT09	NOV09	DEC09	JAN10		W. Europe AUG09	SEP09	OCT09	NOV09	DEC09	JAN10	C./East AUG09	SEP09	OCT09	NOV09	DEC09	JAN10	Romania AUG09	SEP09	OCT09	NOV09	DEC09	JAN10
	1,66	1,85	2,50	2,44	3,39	3,00	Sales EUR Bil.	1,53	1,71	2,32	2,24	3,08	2,81	0,13	0,14	0,18	0,20	0,32	0,19	0,01	0,01	0,02	0,01	0,03	0,01
	-7,4	-2,5	2,5	2,8	4,5	2,1	Sales EUR +/- %	-5,3	0,5	5,5	5,0	7,0	2,2	-27,4	-28,1	-25,0	-16,2	-15,5	-0,1	-36,7	-35,5	-32,1	-31,7	-31,0	-6,0

*EU22= DE,FR,GB,IE,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT,CZ,SK,HU,PL,SI,RO,BG

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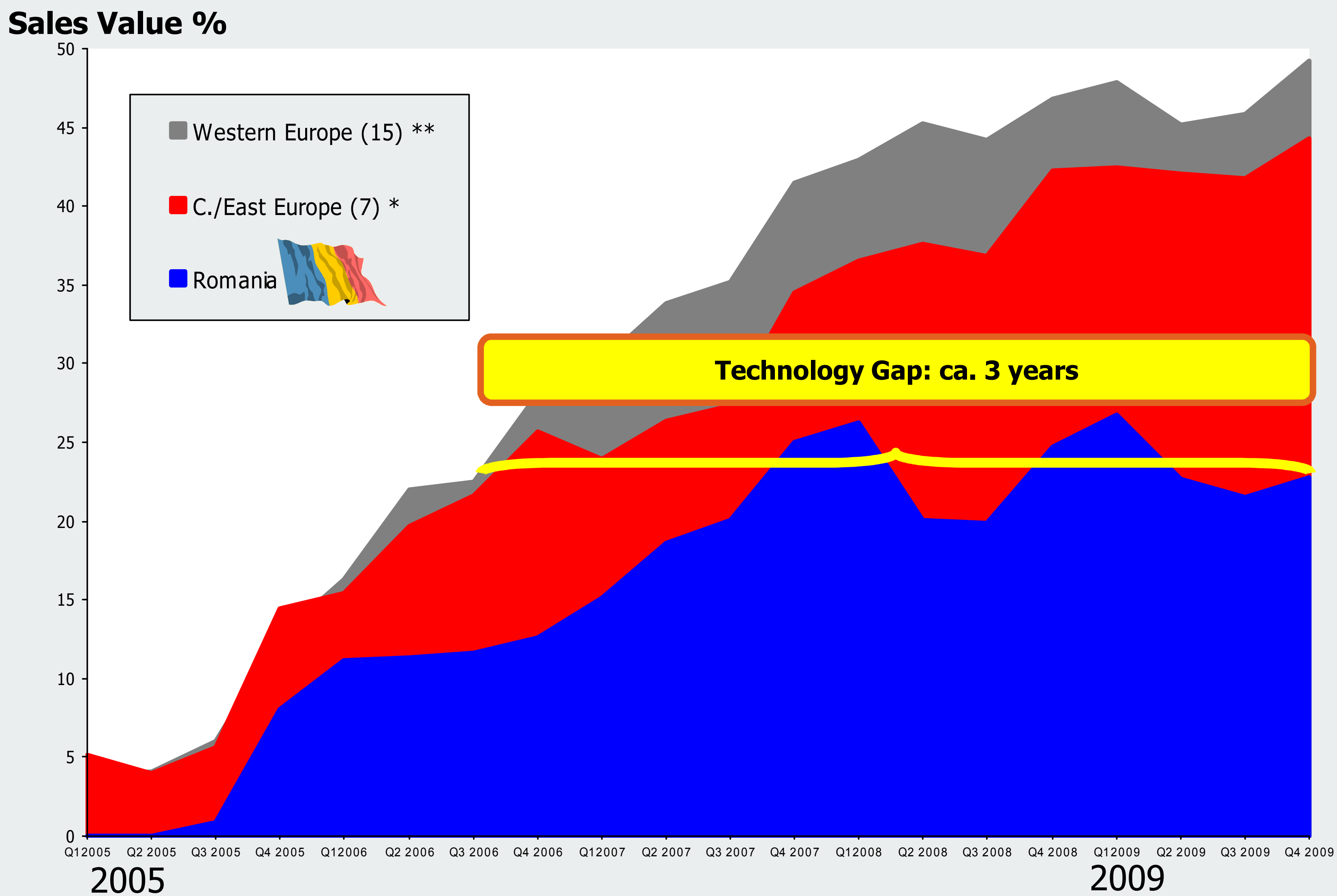
LCD-TV

Share of 37 Inch+ on LCD-TV Total



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Panel-TV/Flat

Sales Value %

LED Shares by Regions

Flat Panel +37 Inch

*EU22= DE,FR,GB,IE,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT,CZ,SK,HU,PL,SI,RO,BG

**EU15= DE,FR,GB,IR,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT

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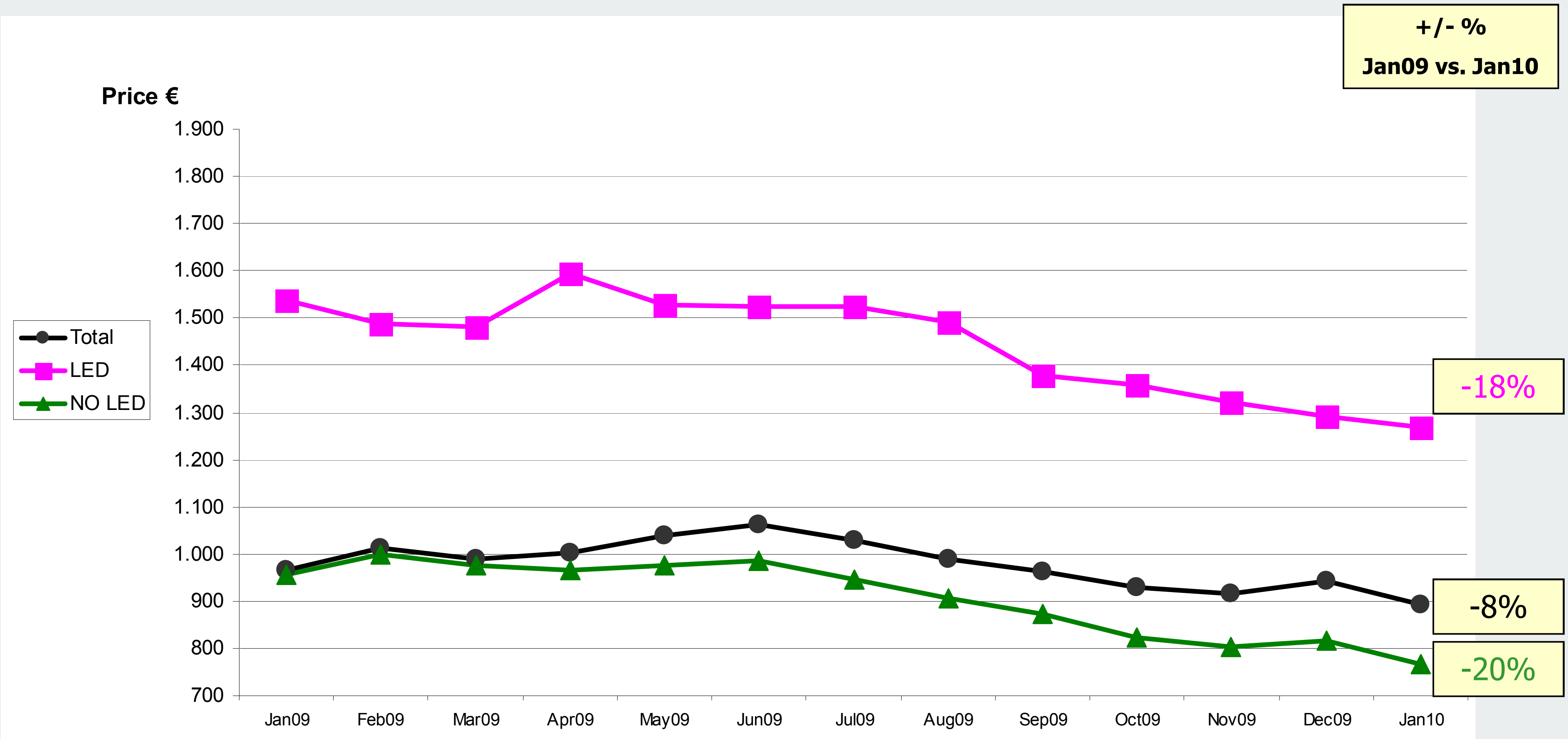
Panel-TV/Flat

Price Euro

Price Development

LCD-TV 40 Inch

Western Europe (15)*



Units%	Jan09	Feb09	Mar09	Apr09	May09	Jun09	Jul09	Aug09	Sep09	Oct09	Nov09	Dec09	Jan10
LED Share	2	3	3	6	12	14	14	14	18	20	22	27	25

*EU15= DE,FR,GB,IR,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT

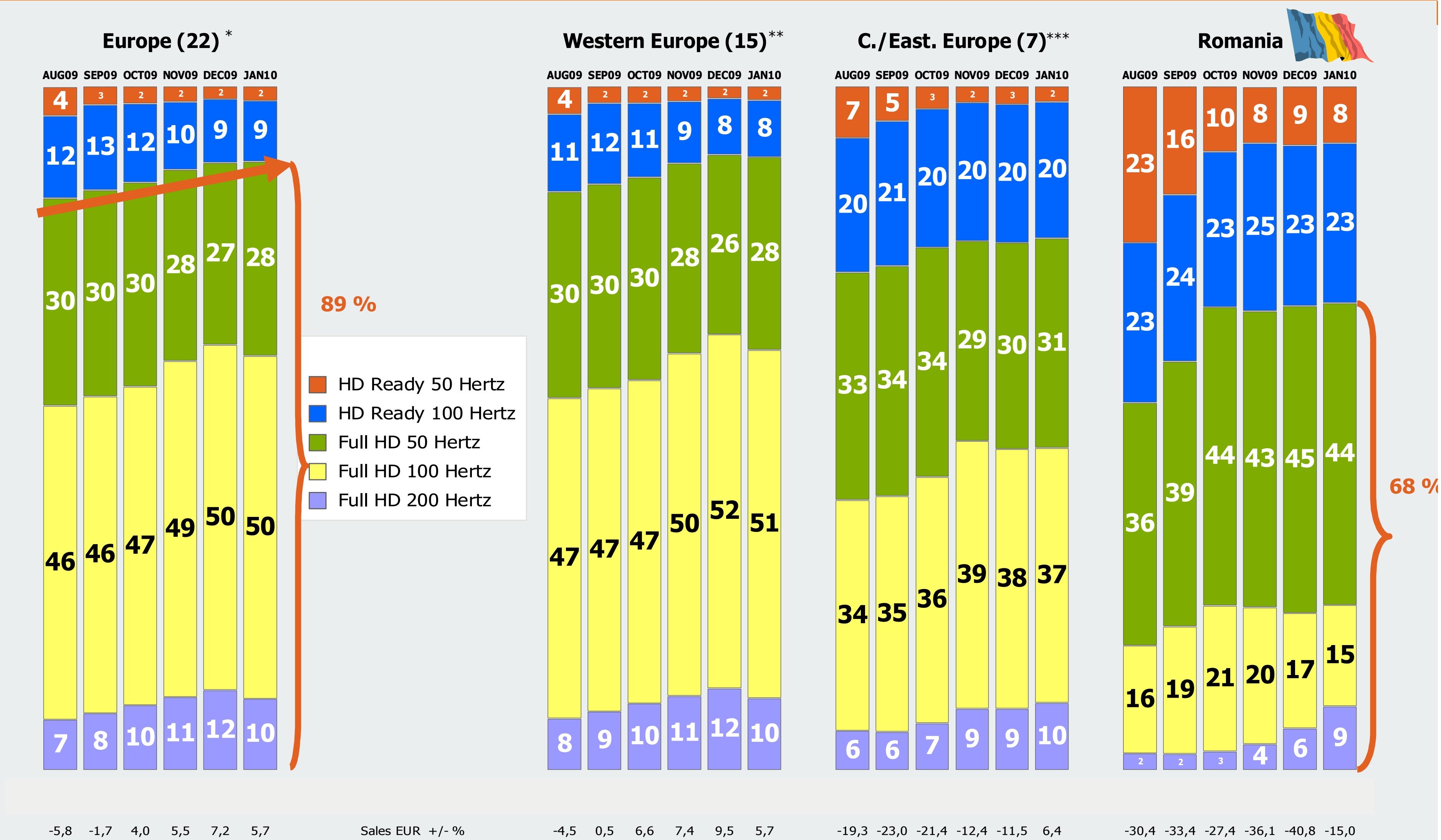
4 From Standard to High Definition

Panel-TV/Flat

Sales Value %

Feature Shares by Regions

Flat Panel +37 Inch



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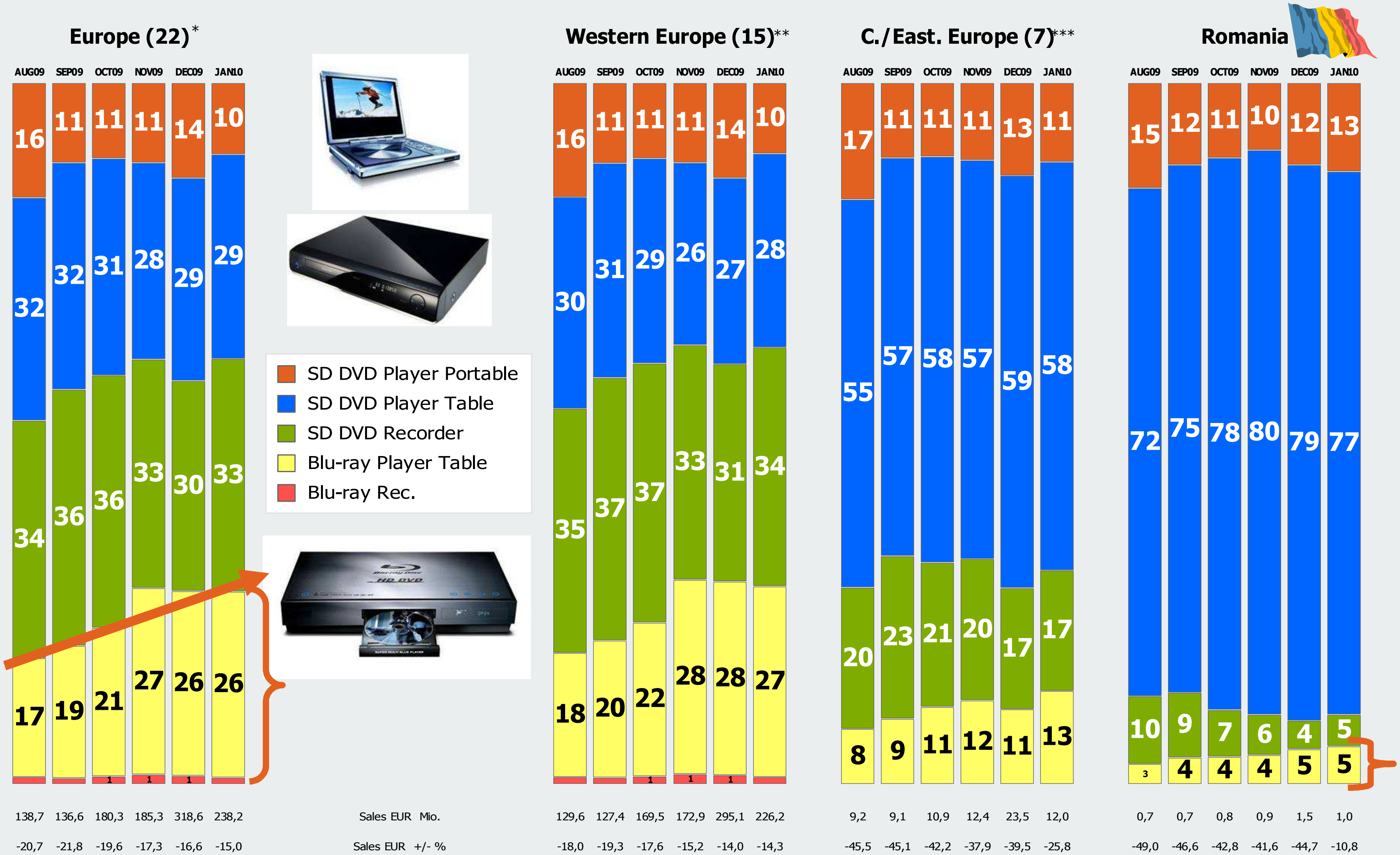
DVD-Player/Recorder Product Mix by Regions

Sales Value %



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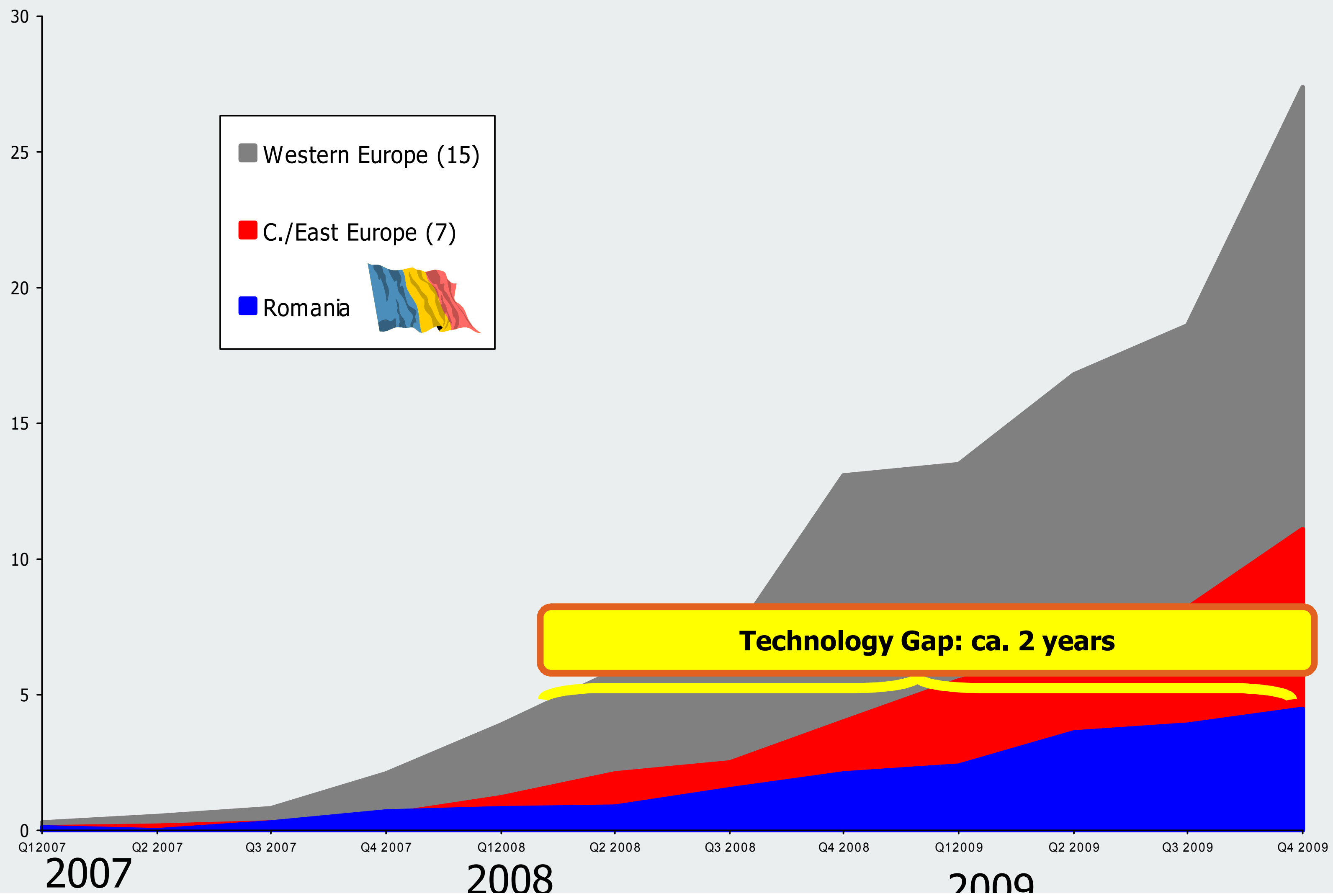
DVD Players

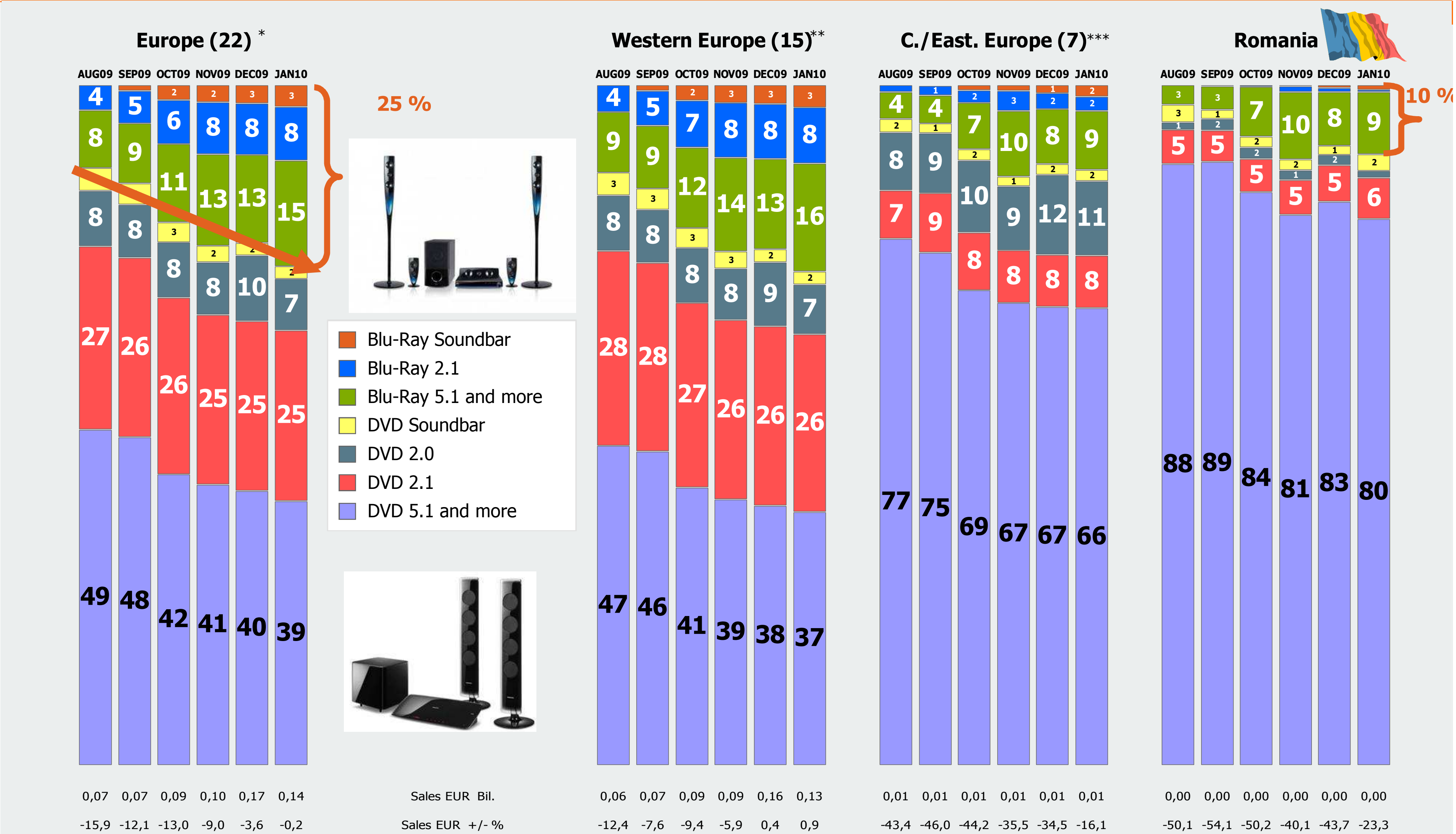
Share of BluRay on DVD Players Total

Sales Value %



Home Theatre Systems — Product Mix by Regions

Sales Value % — Audio Home Theatre Systems



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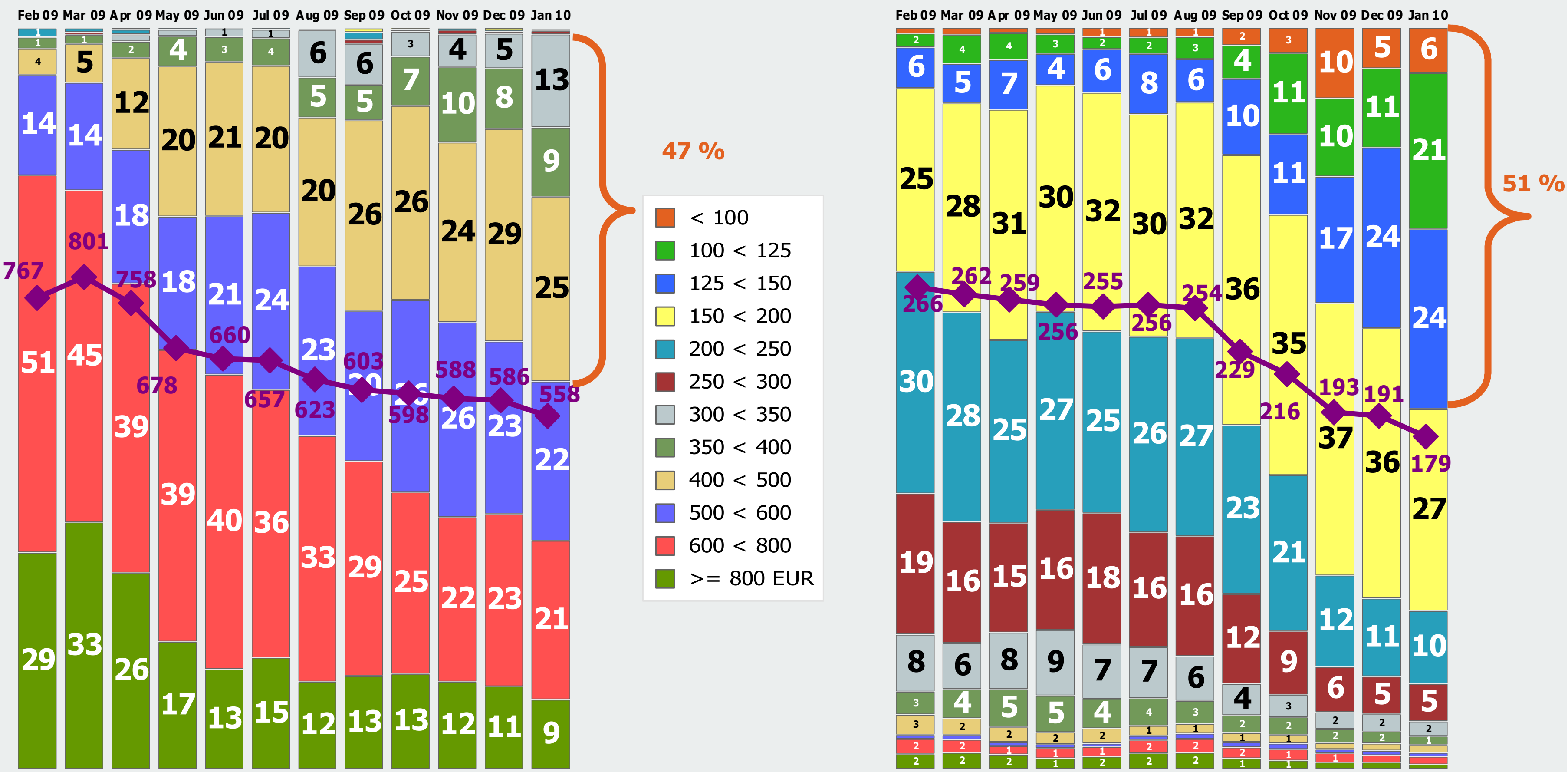
DVD/ Home Theatre S. Price Band Development

Sales Units %

Europe (22)*

Blu-Ray Home Theatre Systems

Blu-Ray DVD Player



5	5	4	7	9	14	14	17	32	40	68	67	Sales Units Ths.	81	79	82	100	88	114	98	118	186	268	460	365
4	4	3	5	6	9	8	10	19	24	40	37	Sales Euro Mio.	22	21	21	26	22	29	25	27	40	52	88	65
767	801	758	678	660	657	623	603	605	588	586	558	Price EUR	266	262	259	256	255	256	254	229	216	193	191	179

*EU22= DE,FR,GB,IE,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT,CZ,SK,HU,PL,SI,RO,BG

Numerical Distribution of New Technologies

January 2010

% of shops which are selling the new technologies

	Europe West (15)*		C./East (7)**		Romania	
• LCD-TV Total	100		100		100	
• LCD-TV FULL HD	87	13	83	17	67	33
• LCD-TV Total	100		100		100	
• LCD-TV LED	54	46	38	62	11	89
• DVD Player Total	100		100		100	
• DVD Player BluRay	57	43	43	57	23	77
• Home Theatre Systems	100		100		100	
• Home Theatre Blu-ray	45	55	20	80	18	82

Innovation Gap

% of shops not selling the device

*EU15= DE,FR,GB,IR,IT,ES,NL,BE,AT,CH,SE,DK,FI,GR,PT

**EU7=CZ,SK,HU,PL,SI,RO,BG

5 Television is getting social @

GfK

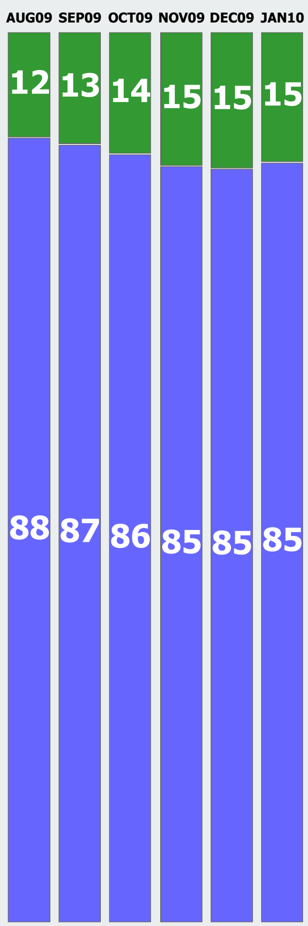
Panel-TV/Flat

Sales Value %

Feature Shares by Regions

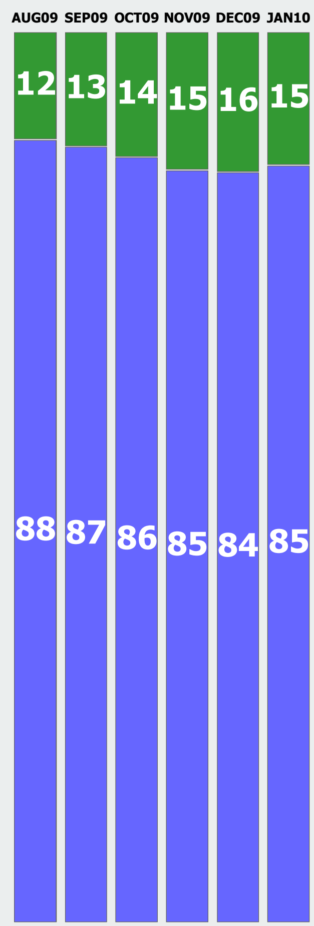
Flat-TV Total

Europe (22) *

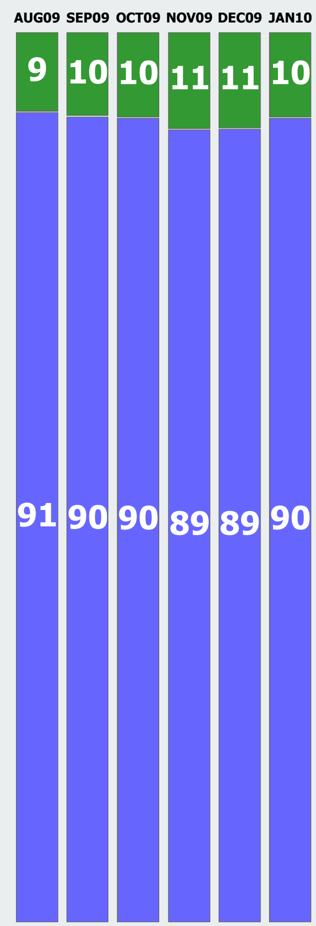


- Web Content Access
- No Web Content Access

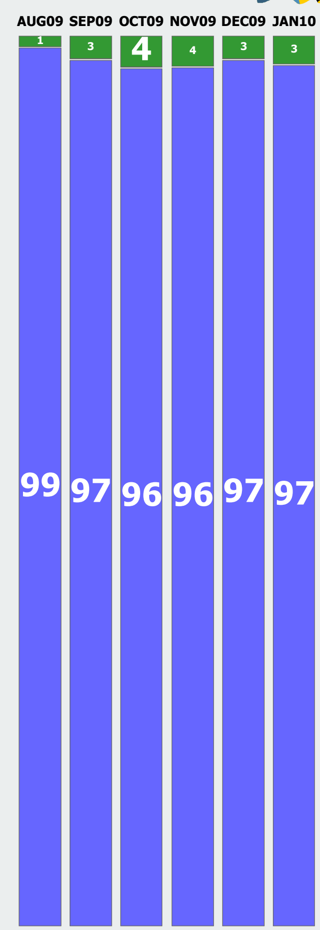
Western Europe (15)**



C./East. Europe (7)***



Romania



Region		AUG09	SEP09	OCT09	NOV09	DEC09	JAN10
Europe (22)	Sales EUR Bil.	1,66	1,85	2,50	2,44	3,39	3,00
Europe (22)	Sales EUR +/- %	-7,4	-2,5	2,5	2,8	4,5	2,1
Western Europe (15)	Sales EUR Bil.	1,53	1,71	2,32	2,24	3,08	2,81
Western Europe (15)	Sales EUR +/- %	-5,3	0,5	5,5	5,0	7,0	2,2
C./East. Europe (7)	Sales EUR Bil.	0,13	0,14	0,18	0,20	0,32	0,19
C./East. Europe (7)	Sales EUR +/- %	-27,4	-28,1	-25,0	-16,2	-15,5	-0,1
Romania	Sales EUR Bil.	0,01	0,01	0,02	0,01	0,03	0,01
Romania	Sales EUR +/- %	-36,7	-35,5	-32,1	-31,7	-31,0	-6,0

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***EU7=CZ,SK,HU,PL,SI,RO,BG

Skype on TV:

Will the videophone finally be reality?

6 Green CE

Sales Driver Energy Consumption - "Green Products" Strike.

Consumers attach growing importance to energy efficiency.


Rational / economical reasons: Saving money (cost of ownership).


Emotional / ecological reasons: Saving the environment.

→ **Energy consumption a feature with high marketing potential!**

Green : the price of energy

The real cost of electricity consumption in a product's lifetime…

Energy Costs in Life Cycle*:504€

Purchase Price: 854€

Total cost 1.357€

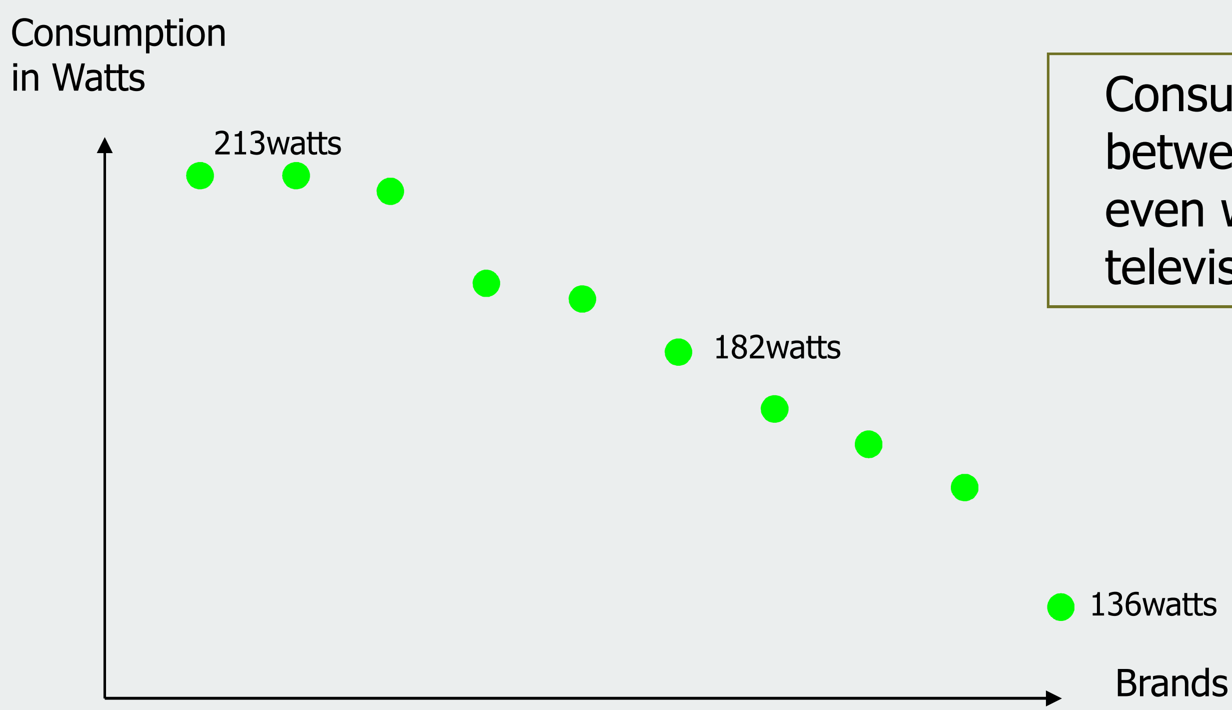
In the lifetime of a television, more than 1/3 of the total cost comes from electricity consumption

The average cost of electricity consumption as a proportion of the total cost of an 42″ LCD TV
(Base: Germany, Top 10 Brands, February 2010)

* TV runs 4 hours per day on ON MODE + 20 hours per day on STANDBY*, costs for 1 KWh in Germany = Euro 0.253.-

The cost of Energy

Is there a real difference between brands ?



Consumption can nearly double between two manufacturers even with the same type of television (42" LCD)

Average consumption by brand 42" LCD
(Base: Germany, Top 10 Brands, February 2010)

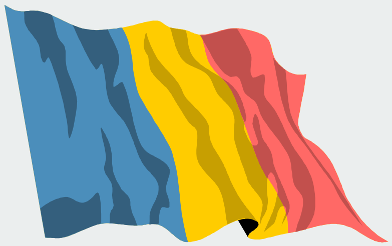
7 Analogue Switch Off (ASO)

GfK

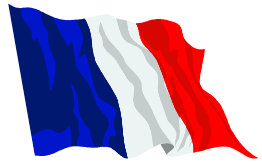
Analogue Switch off (ASO)

Country	DTT launch date	Completion of ASO
United Kingdom	1998	2012
Sweden	1999	Completed (2007)
Spain	2000/2005	2010
Finland	2001	Completed (2007)
Switzerland	2001	Completed (2008)
Germany	2002	December 2008
Belgium	2002	2011
The Netherlands	2003	Completed (2006)
Italy	2004	2012
France	2005	2011
Czech Republic	2005	2011
Denmark	2006	2009
Slovenia	2006	2011
Austria	2006	2010
Estonia	2006	2012
Norway	2007	2009
Lithuania	2008	2012
Hungary	2008	2011
Portugal	2009	2012
Slovakia	2009	2012
Ireland	2009	2012
Russia	2009	2015
Poland	2009	2014
Latvia	TBC	2012

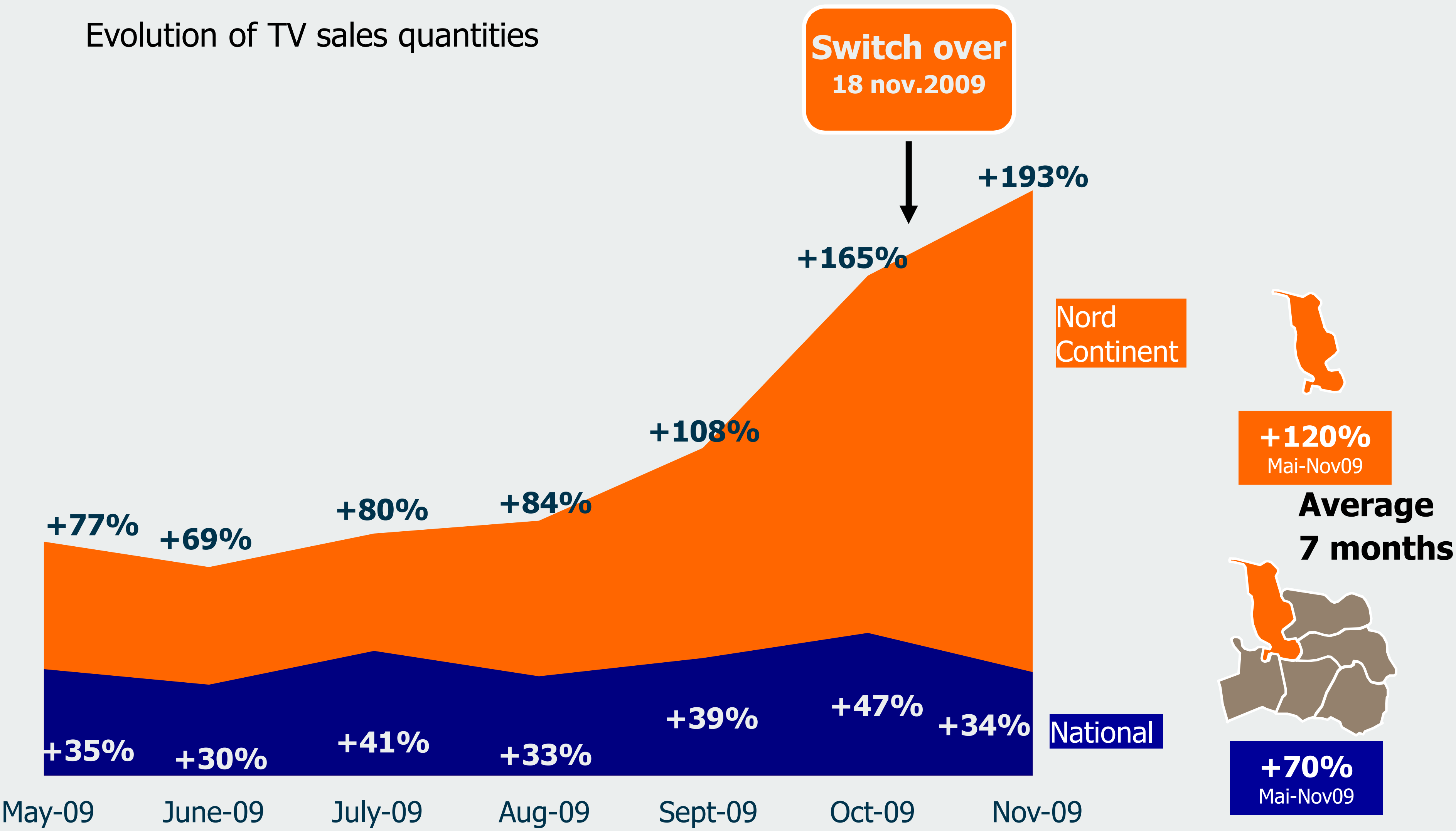
ASO in Romania planned for 2012



Digital Switch over in France
(case study)



Evolution of TV sales quantities



8 World Cup Effect: Myth or Reality

TV Displays Total

Sales Ths. Units

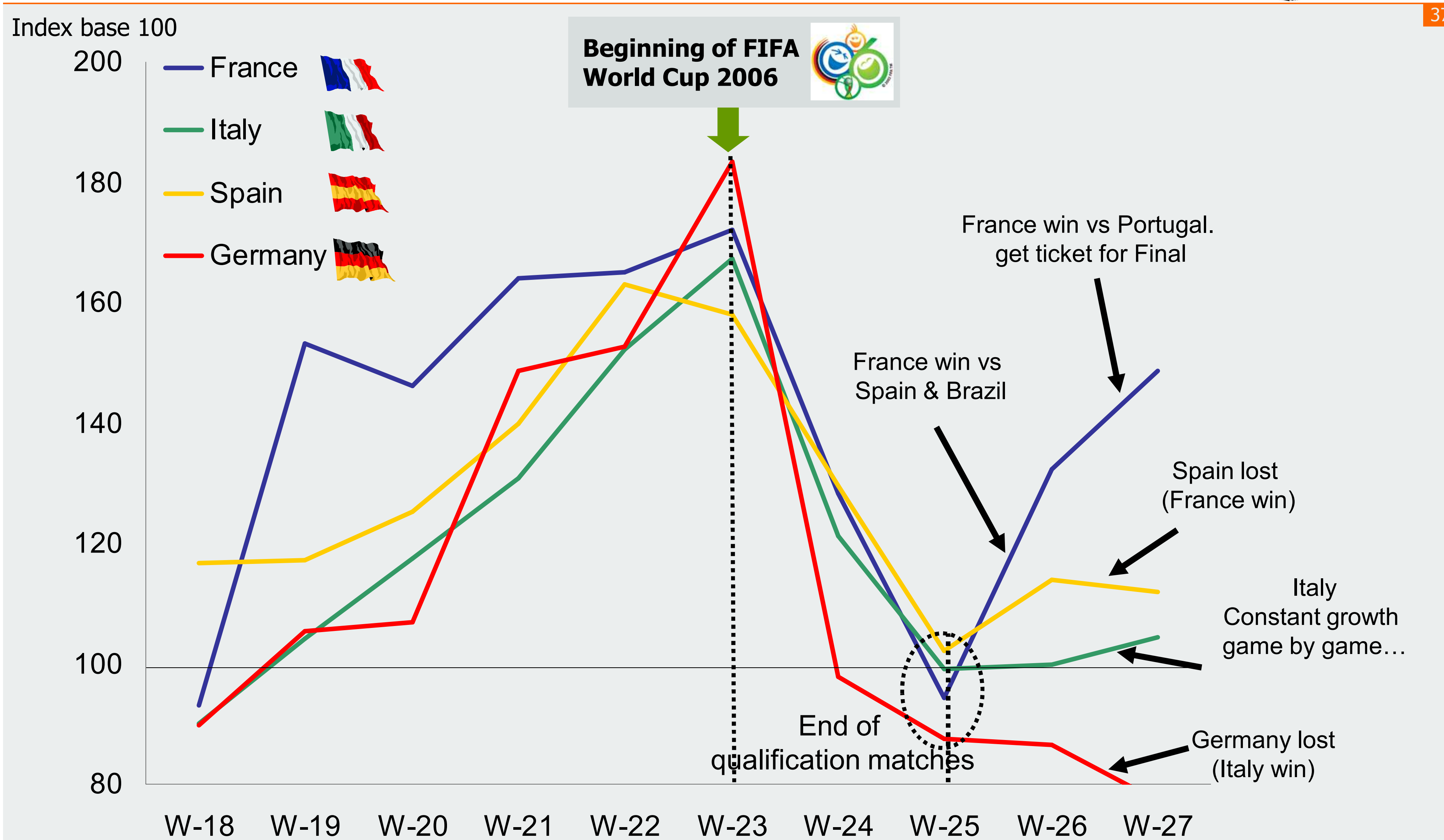
Effect of World and European Cup

Example Germany

Panel TV

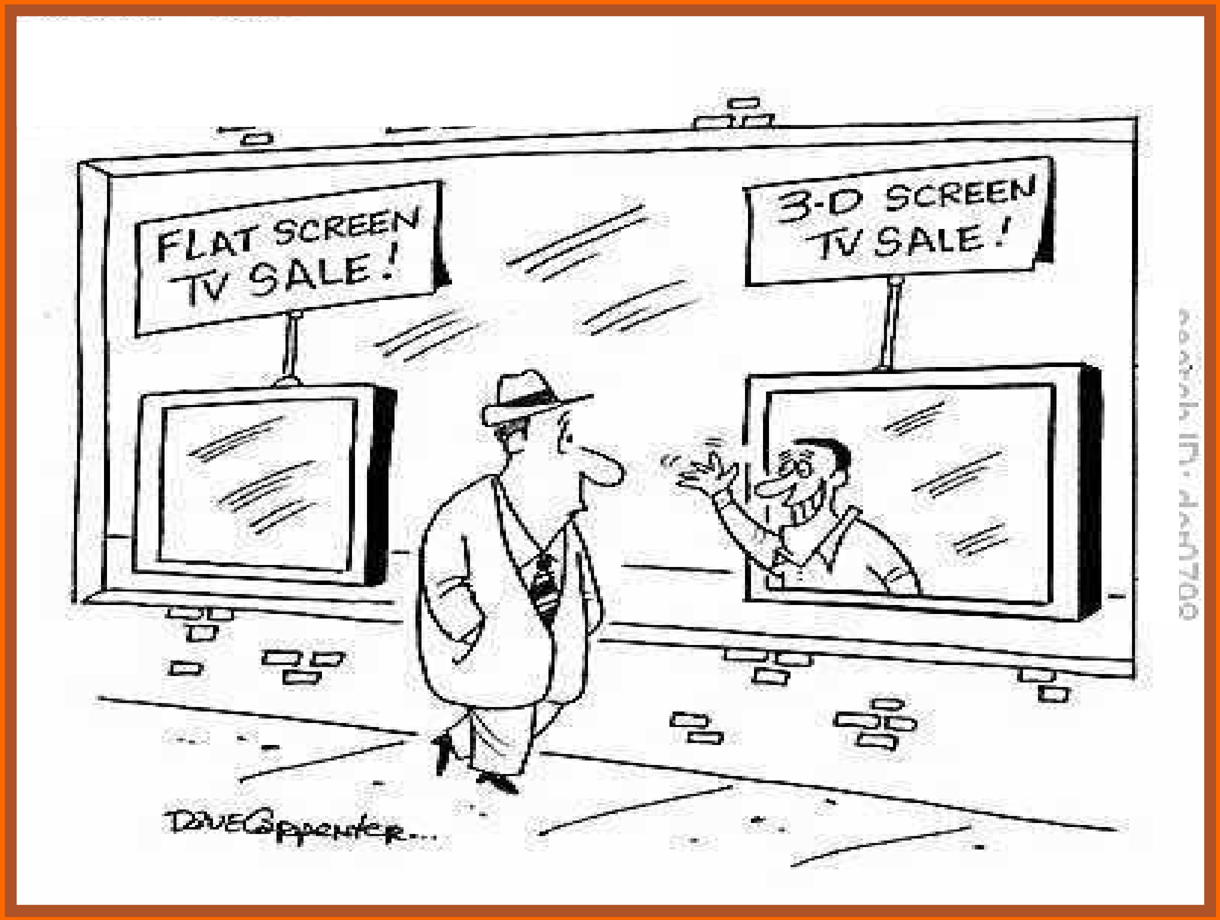
Sales Index in %

GfK Panel Market



Index based on the first four months average volume in 2006

9 Departure of a New Dimension



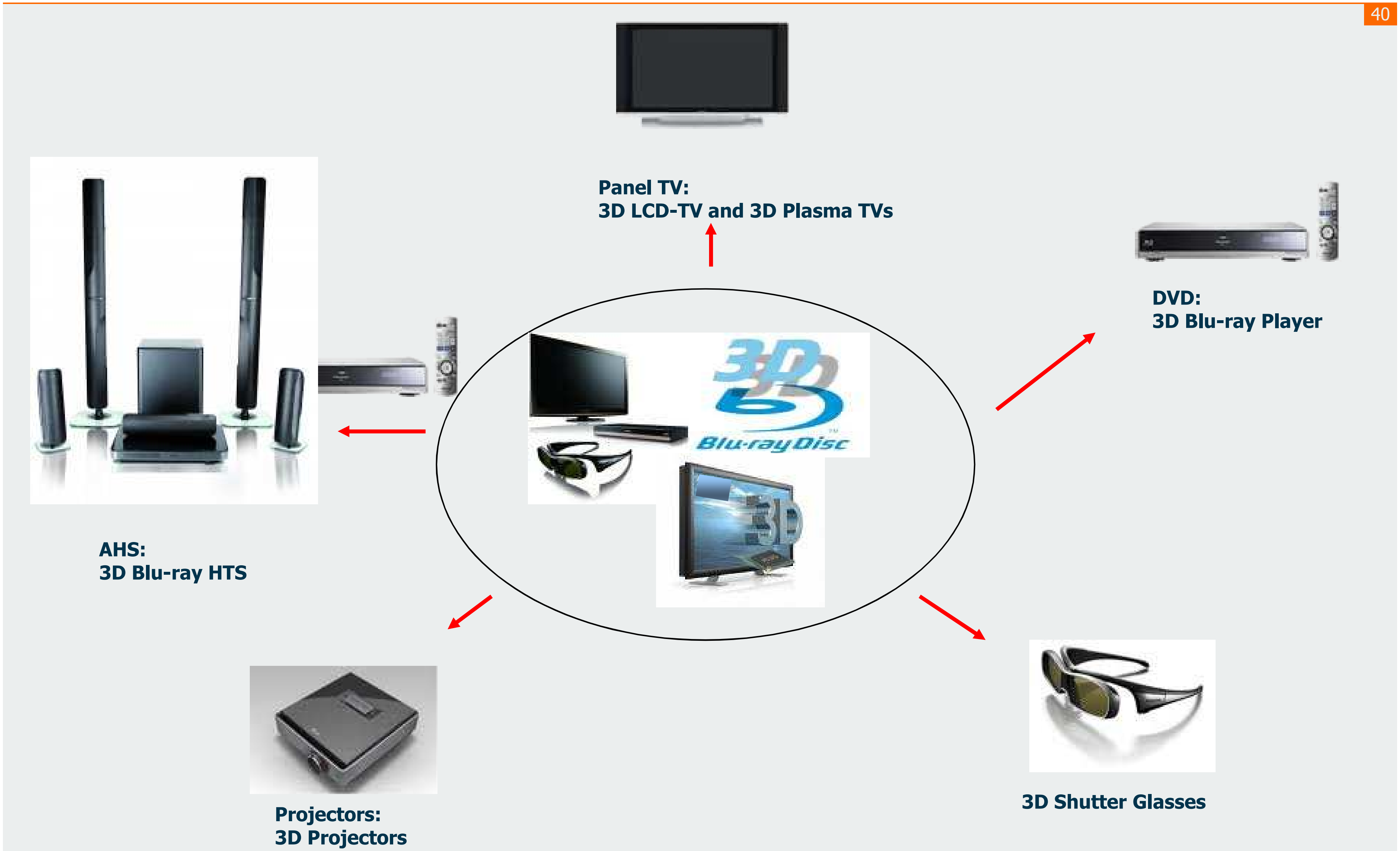
3D A Trip into the unknown

3D
- Launched in April 2010
- All leading Manufacturers
- Mainly Super Large Screens 42 +

Price
- Full HD Panel +€150/200
- HD Tuner +€150/200
- Glasses +€100 each
- 3D Cost +€ xxx ?

Potential/Risk
- Limited Software/ Content
- Highly Demonstrable & Visible
- Gaming
- Glasses
- In 2010 3D more visible, more support, more known => more demand?

3D Product Family



Conclusions

- Global demand for Consumer Electronics in 2009 was not as bad as expected
- Romanian CE market collapsed due to the financial and economic crises
- Continuous stream of innovations with improved picture quality, energy efficiency, usage possibilities and connectivity options
- Large TVs and High Definition devices remain a major growth vehicle
- FIFA World Cup in South Africa, ASO (analogue switch off) and HD broadcast will stimulate CE growth
- 3 D will boost the CE market in the next years
- Romania with low penetration of new technologies will follow product trends observed in Western Europe with a time lag of approx. 2 -3 years and offers a massive growth opportunity after economy recovers

If GfK can measure it,

You can manage it.

GfK. Growth from Knowledge


thank you
Mulţumesc pentru atenţie!