



Imagination

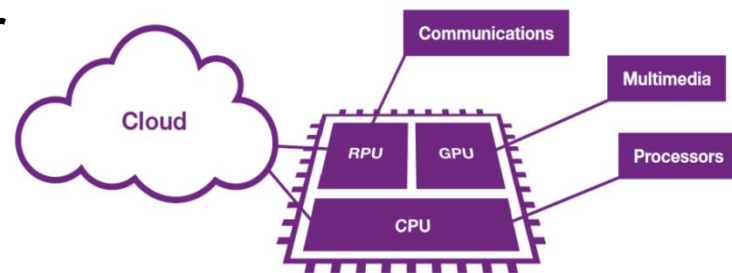
Peter Blampied

Director of Sales, Pure

www.imgtec.com

Company overview

- **Leading silicon, software & cloud IP supplier**
 - Multimedia, Communications, Processors, Cloud
 - Licensing business model
- **Targeting high volume, high growth markets**
 - Top semis and OEMs for mobile, connected home consumer automotive and more
- **Pure: our strategic product division**
 - Digital radio, connected audio, home automation
- **Established technology powerhouse**
 - Founded 1985; London FTSE 250 (IMG.L); ~1,500 employees
 - UK HQ; global operations



*Comprehensive IP
portfolio for SoCs
& cloud connectivity*



PURE

*IP business pathfinder
Market maker/driver*

If it's the best, we're probably in it

More than 1 billion products powered by Imagination – 1.5m per day





The Retail Challenge for Digital Radio

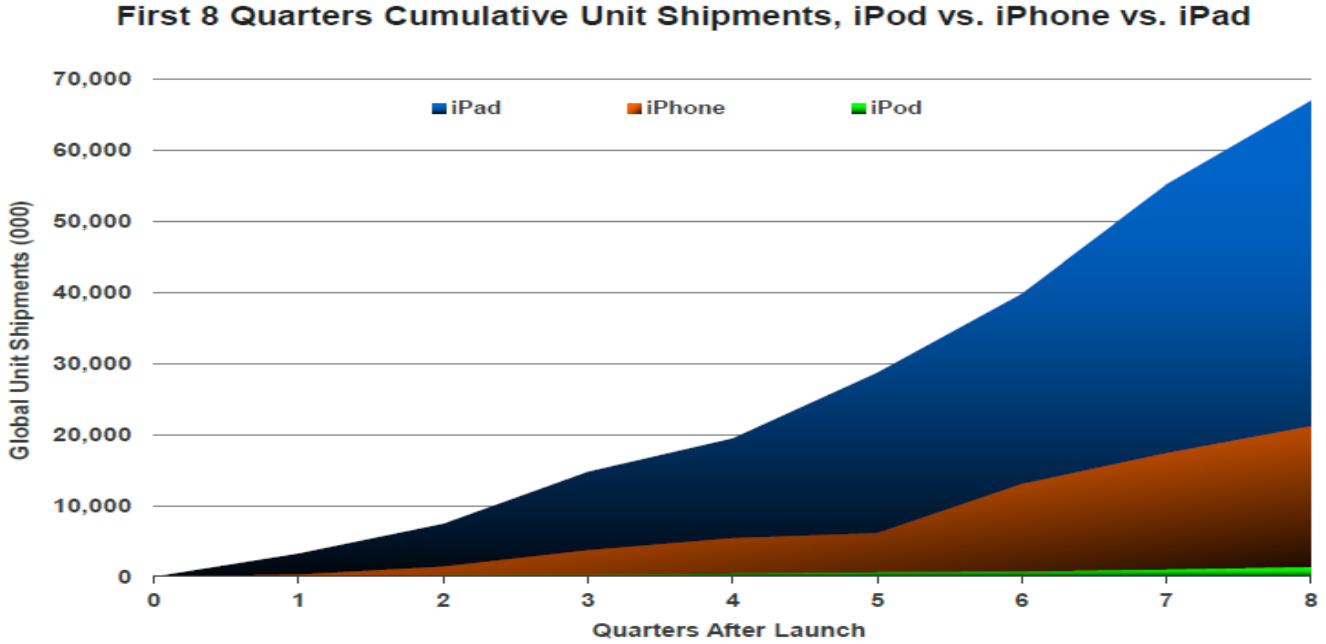
Buyer Obstacles

Why bother with Digital Radio?

Confidential



Distraction: The future is driven by mobility



Source: KPCB July 2012, Apple published data



Distraction: Must range all Tablet choices

Competition Driving Tablet Sector

>£300



nexus¹⁰



>£200-300

iPad mini
Every inch an iPad.



Samsung GALAXY Tab 2_{10.1}



<£200



Samsung GALAXY Tab 2_{7.0}



BlackBerry PlayBook.

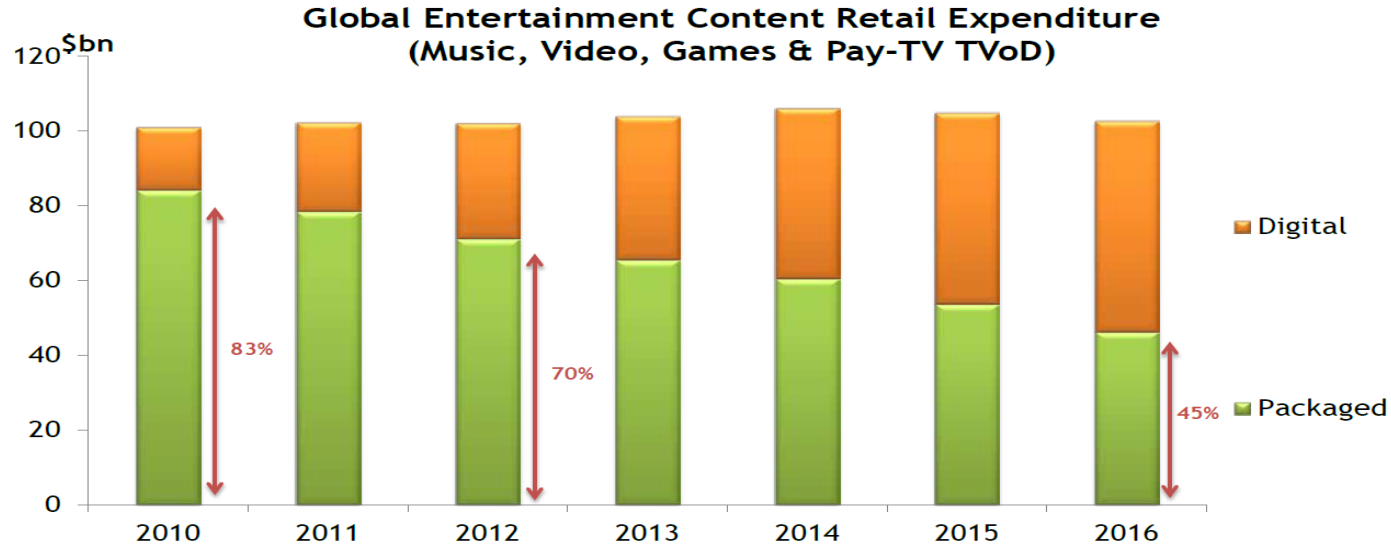
Plus other Android tablets e.g. Asus, Archos etc

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Distraction: CD and DVD sales are falling

Packaged To Digital Transition Continuing,
But Overall Content Market Outlook is Flat



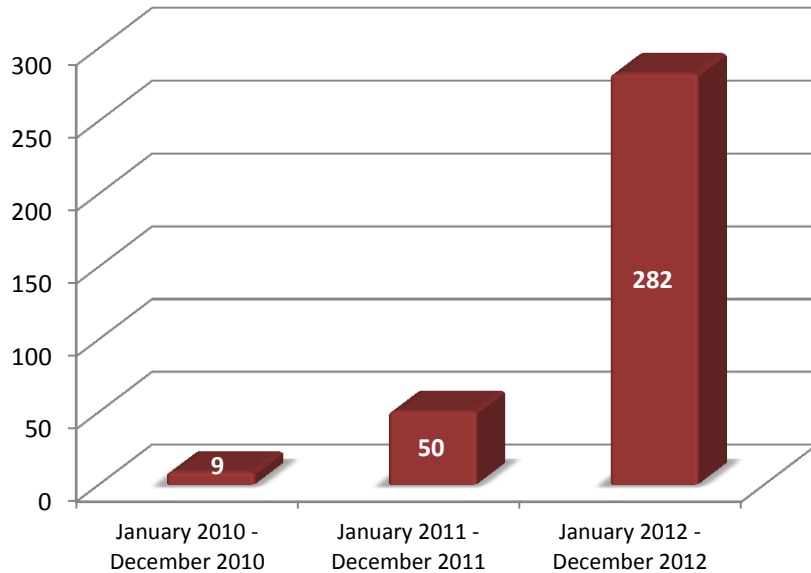
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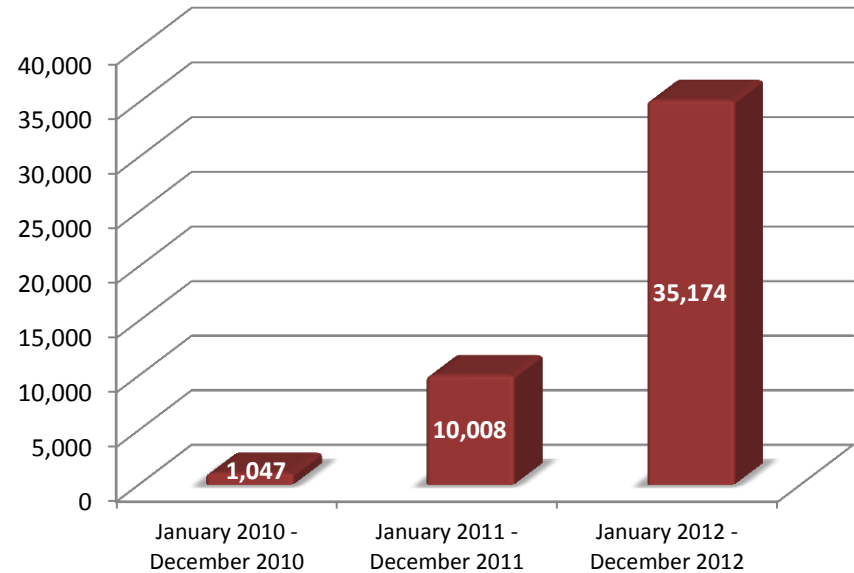
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Distraction: Wireless audio sales growth

(Volume Ths.)



(Sales Value GBP Ths.)



Wireless Speaker Definition: A minispeaker with the ability to wirelessly stream sound content via smart devices (Smartphones, Tablets, etc.) using Airplay or Bluetooth technologies.

The Opportunity

Why bother with Digital Radio?



We all just love radio!



BROADCAST
RADIO

81%



ONLINE
AUDIO

48%



PHYSICAL
FORMATS

34%



DIGITAL
FILES

27%



PODCASTS

4%



AUDIOBOOKS/
MAGAZINES

4%

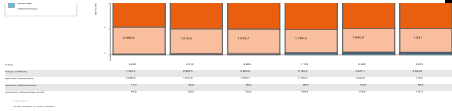
Representative UK population 15 years +
(1000 people, weekly reach)

How are people listening to audio?

Source: Pure Research, AudienceNet

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What's happening in radio sales?



- UK AM/FM radio unit sales have fallen by 44% in 4 years
- UK Digital radio unit sales have fallen by 2.5% in the same period

Must offer products with benefits

Broadcasters

- Promote that Digital radio means
 - Easier to use
 - Better content choices
 - Better audio
 - Better coverage and “live”
(listen anywhere)

Radio producers

- Make products to meet/exceed the consumer expectations
 - Easy to use
 - Presets, Auto set-up
 - Better content access
 - Scrolling text, internet integration
 - Better audio
 - Wooden cases, “Proper” drivers
 - Fully Portable
 - Longer battery life, Chargepak

Avoid a “race to the bottom” on price

Retailer requests

- Must range multiple brands
 - Same price choice = confusion
- Everyday low prices
 - No premium to Digital radio
- Regular store promotions
 - Knee-jerk price reductions
 - Accessory bundles “WBW”

Pure Responses

- Must range multiple price points
 - Good, Better, Best
- Good prices in each category
 - Value for real extra benefits
- Industry level promotions
 - Broadcaster partnerships
 - Awareness campaigns
 - Designer collaboration

Partnership Examples



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Simplified retailer economics

Entry level receiver (75% units sold, 45% of value)

Retailer pricing and margin examples

- RRP €39 €79
- Margin €9 €20

Secondary radio, gift
Ease of use is critical

Premium receiver (25% units sold, 55% of value)

Retailer pricing and margin examples

- RRP €99 €149
- Margin €28 €45

Primary radio, considered purchase
Sound quality is critical

3x the purchase price => 5x the net value + happier consumers!

Digital Radio can be a category

- Digital radio “stand-out”
 - DAB+ radio
 - DAB+ Docking
 - DAB+ Mini-Systems



- Not hidden within old categories
 - Hi-Fi
 - Docking
 - Radio



- In store DAB+ signal



Driving the Automotive segment

1-DIN Replacement

- Highway 240Di
- Highway 260DBi



Adaptor for any car

- Highway 300Di



Live Radio – Multiroom

Pure Jongo & Pure Connect app



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Pure Opportunity

Digital
DAB+
Radio

+

Hybrid
Radio

+

Jongo
Multiroom
Streaming



Jongo
compatible



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