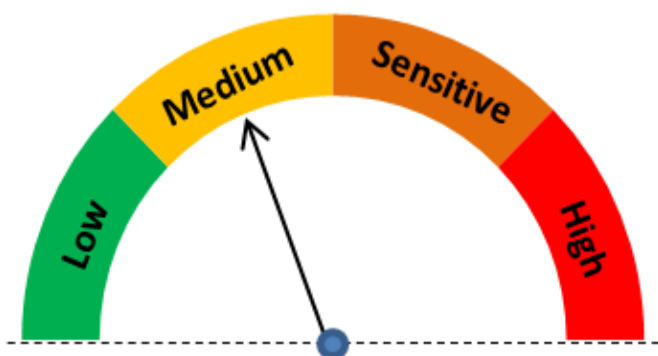


Sector Risk Rating



What to Watch?

- Successful launches of new products and services which make current products obsolete
- Frequent mergers & acquisitions weakening medium-sized companies
- The current phase of digitalization could increase the risk of an IT services bubble
- Lasting price pressures despite robust innovation

Long-term growth sustained by digitalization

The Information and Communication Technology sector (ICT), comprising a wide range of activities from electronic components to telecommunication services, will continue to enjoy dynamic growth in 2016. We expect revenues to increase by +4.3% after +4.7% in 2015.

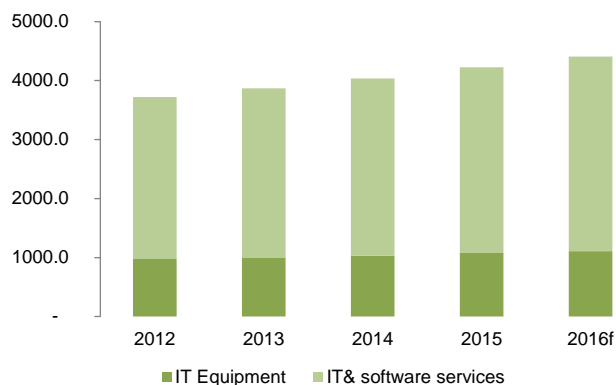
At present, the services segment (70% of sales) and Asia (37% market share) are the two main drivers. Expect IT services, which grow faster than other segments and are less risky to be boosted by the digitalization of the economy.

Being the bedrock of innovation and the source of a multitude of game-changing products, the sector's influence goes far beyond its estimated 6% share in global GDP.

Digital innovation revolutionizes the value chain and promotes new actors while the *smart-cities* trend offers opportunities for new services and operators.

Despite its apparent maturity, the sector remains under constant pressures from: (i) declining prices; (ii) the need to constantly renew the goods and services offered; and (iii) relations between manufacturers and service providers.

Information & Communication Technologies Revenues (in EUR bn)



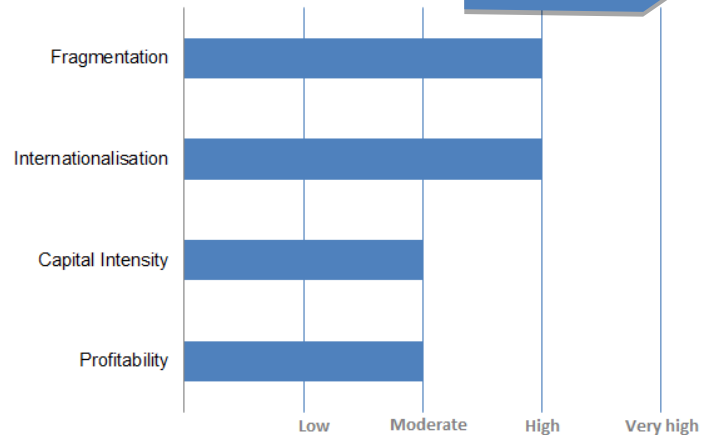
Sources: IDATE, Euler Hermes

Sector Value:
2,503bn
USD

Key Players

Country	Role	Sector Risk
United States	#1 producer #3 exporter #3 importer	●
China	#1 exporter #1 importer #2 producer	●
Japan	#3 producer #5 importer	●

ID Card



Strengths

- High capacity to innovate
- Widespread adoption of new technologies
- Driver of growth and productivity of the global economy
- Increasingly interconnected systems and objects ("Internet of Things")

Subsectors Insights

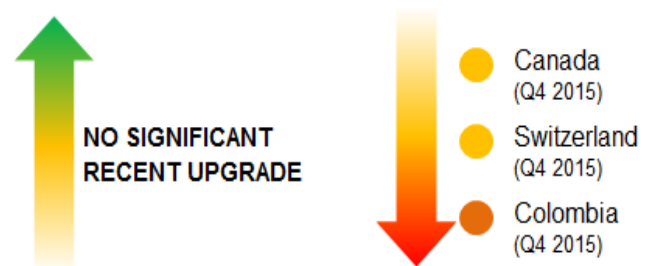
Network equipment: Highly competitive market with sustained growth expected. Network equipment is required to support widespread adoption of technological advancements related to big data and cloud computing.

Services: Huge demand spurred by the digitalization of the economy, yet suffering from price pressures.

Weaknesses

- Low added-value for few standard products
- Consolidation in IT services comes on the heels of growth boosted by digitalization
- Retailers and manufacturers have unequal purchasing powers
- High R&D intensity

Recent Sector Risk Changes



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