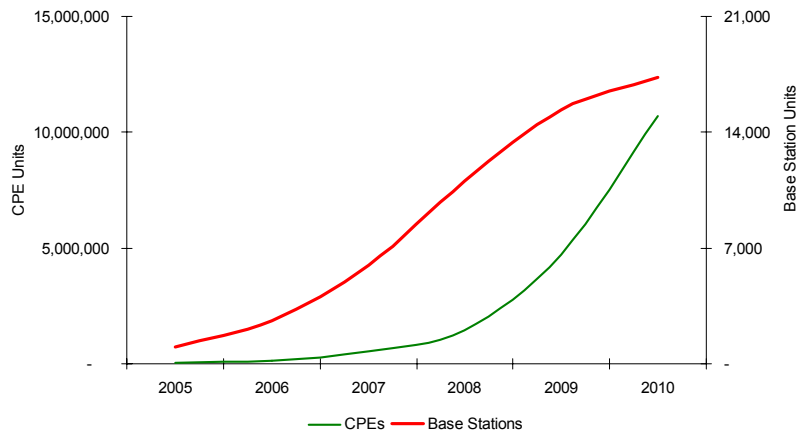




### SLR Point of View: WiMAX Base Station Deployments Strong

With all the talk about WiMAX, and the skeptical buzz about reality matching up with ambitious projections, the bottom line is not so much about what it can do as when it will ship and start bringing in revenue. Sky Light Research tracks wireless broadband revenue worldwide on a quarterly basis and WiMAX revenue has become a reality only recently. An interesting trend has developed in 2006 versus 2005: base stations are generating the bulk of the revenue, which is the opposite of what occurred in 2005. This is a strong indicator that the initial tire kicking of WiMAX is moving into the realm of commercial roll-outs or at least larger, more serious trials. Going forward, device sales will drive volume. Intel will be a main benefactor as WiMAX device sales should dwarf traditional desktop modem sales in the next 12 – 24 months.

WiMAX base station revenue is on track to more than triple in 2006 as nascent networks are in initial stages of moving from trials to large scale trials or commercial networks. Aggressive growth will continue over the next several years as WiMAX certification begins to flood the market with products. The average cost of a base station varies based on numerous factors, such as the number of subscribers served, applications, topography, management tools, cell size, number of sectors, and service offerings, to name a few. Today, an average selling price of a WiMAX sector can range from a few thousand to \$20,000 or more, depending on the requirements. Thus far, the average price of a base station has hovered around \$30,000 USD. These ASPs will trickle down as industry growth occurs.



Source: Sky Light Research

As shown in the chart above, unit shipments are on a steep incline for both base stations and CPEs over the next five years, the latter gaining momentum in 2010. CPE revenue will garner a greater portion of the total market as networks mature and expand with subscriber growth. Even as average selling prices for CPEs decrease, the commensurate rise in volume will push CPE revenue past base station revenue. Vigorous CPE equipment growth is expected around 2009 and will continue aggressively going forward. Keep in mind, this does not mean base station growth will stagnate, in fact the opposite is expected – giving some insight into the tremendous potential of WiMAX.

2007 is looking like it will be an exciting year.

For more information on Sky Light's research reports covering WiMAX, wireless broadband, or microwave radio equipment and their applications, please contact [Jay@SkyLightResearch.com](mailto:Jay@SkyLightResearch.com) or +1.480.563.2251.