



5G Supercycle  
A MOTLEY FOOL AUSTRALIA SERVICE

## THE 5G REPORT

*The “1,000% Club” –  
Winners from Past  
Digital Megatrends*



## What is 5G?

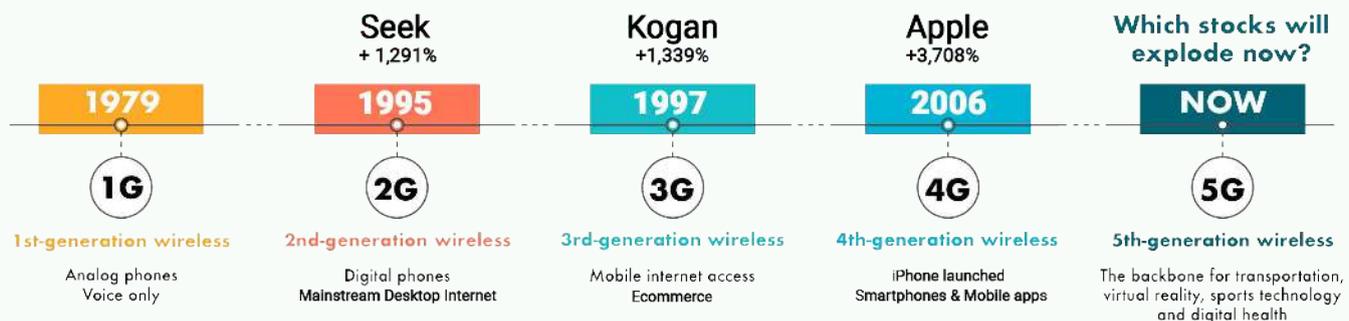
5G's name stands for fifth generation wireless technology. It promises speeds that could be up to 100 times greater than 4G and 26,000 times faster than 3G!

Beyond speed, 5G has the potential to transform wireless networks in the following ways.

- **1,000X** the bandwidth: Allowing vastly more data to flow through networks.
- **100X** the number of connected devices in a given area: Providing far more connections for Internet of Things applications (imagine a world in which things like *waste bins* are connected to the Internet – believe it or not, that's already a reality!).
- Provide a latency that's 1/100th the time it takes the human eye to blink: Which could be revolutionary for emerging technologies like Augmented reality.

This is truly mind-blowing, next generation technology. And, if it's anything like the major technological advancements that have occurred in the past (think: Internet, eCommerce and the smartphone), we expect the unveiling of 5G will also harbour some truly mind-blowing returns for investors...

## Introducing: The "1,000% Club" – winners from past Digital Megatrends!



## Internet/Dot-Com

**Seek (ASX: SEK) +1,291%**

How much is transitioning from physical to digital worth? In the case of **Seek** (ASX:SEK), it has led to 1,291% returns since 2005!

Across that time the company has grown revenues from \$71.3 million to \$1.60 billion, and annual operating cash flow is now more than \$300 million annually.

Seek has created such fortune-changing wealth thanks to its creation of a digital job classifieds platform. It is now visited by more than 26 million job seekers monthly, with 3 out of 4 Australians using it during a job search! Companies pay a healthy fee to list each job, money that used to make newspapers so profitable!

## eCommerce

**Kogan (ASX:KGN) +1,339%**

While Seek was an early (and consistent) winner from the adoption of the Internet, **Kogan** (ASX:KGN) is a 1,399% winner in less than five years!

The combination of Internet browsers and online payments has led to a dramatic rise in online shopping, which has only accelerated in recent times. Outspoken and driven founder Ruslan Kogan has taken full advantage of this trend, launching a lean, mean, selling machine of an online marketplace.

Kogan now has over 2.18 million active customers (about 8.5% of Australia's population), and its sales have risen from \$211 million to nearly \$497 million in just four years!

## Smartphones

**Apple (Nasdaq:AAPL) +3,708%**

On stage at the Macworld San Francisco event in 2007, the late Steve Jobs uttered these words: "Every once in a while, a revolutionary product comes along that changes everything."

He wasn't wrong. The invention of the iPhone has literally changed the world as we know it, revolutionising the way we work, communicate, and travel. It's also spawned the creation of new businesses and entirely new industries, many of which we cannot imagine life without.

Apple has since sold more than *2 billion* iPhones, while it has also released a number of new devices that complement the smartphone and help strengthen its ecosystem: the iPad, the Watch and AirPods, for instance.

At the time the iPhone was announced, Apple generated approximately US\$20 billion in annual sales. Today, Apple is generating that kind of revenue every 27 days, having reported US\$273.9 billion sales in the 12 months to 27 June 2020, with its strong cash generation giving it US\$93 billion cash and cash equivalents on its balance sheet.

And yes, shareholders have been *well* rewarded during that time, too. The shares have risen 3,566% from US\$3.31 (on a stock-adjusted basis) to US\$121.19 as of 14 October 2020, plus another US\$4.71 in dividends – a total return of 3,708%.

## Fifth Generation - 5G Technology

“1,000% Club” Members from this trend: TBD

5G technology is just beginning its own era. Which stocks could emerge as new members of the “1,000% Club?” Below you’ll find some key industries and trends to watch:

- Internet of Things: While there are 3.5 billion smartphones in use today, its projected that connected devices of all kinds could hit 41.6 billion by 2025 as 5G networks are built out worldwide.
- Next-Generation Manufacturing: 5G has the potential to deliver more Artificial Intelligence and “edge computing” to factories across the world.
- Self-Driving Cars: 5G is poised to be a crucial technology in connected cars sharing data and communicating with one another (vehicle-to-vehicle, or V2V technology);
- Infrastructure buildout: It's estimated that 800,000 new “small cell” sites will be required in the US to complete a 5G buildout. Overall, with 5G infrastructure costs projected at US\$275 billion in just the US alone, there's A LOT of money being spent on scaling 5G;
- Semiconductors: Faster data speeds require more advanced processing, filtering, and many other ways of capturing the 5G boom!

**Bottom line:** As you can see from the chart below, 5G is a potentially economic-wide disruption. In this service, we are betting on innovators that have the potential to win from this economy-wide disruption.

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# 5G-ENABLED SALES BY INDUSTRY

● Share of industry sales ● Sales (\$bn)

