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Samsung and Apple Set to Dominate 2012 Smartphone Market

In contrast, Nokia, RIM, and HTC are fading fast. China-based Lenovo cracks top 10 ranking.

IC Insights has just released its 2013 edition of *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*, which includes a 90-page section on the cellphone market. The study examines and forecasts the growth of key electronic system applications and their impact on the IC market.

Until several years ago, Nokia held a 50% marketshare in smartphone shipments, but in 2008 and 2009, the company saw its share fall below 40% due to increased competition from suppliers targeting consumers with interactive touch-screen handsets that are capable of running multimedia applications. In 2012, Nokia's smartphone shipments are expected to decline by 55% and ultimately represent only 10% of its total cellphone unit sales (Figure 1). Moreover, its share of the total smartphone market is forecast to drop to only 5% this year. As a result, the company is under extreme pressure to accelerate its growth by undergoing major restructuring to its handset lineup and software offerings.

Competition in the smartphone market intensified in 2012 as suppliers rolled out new handset designs with larger touch-screen displays, more powerful processors, better operating systems, higher-resolution cameras, and new radio-modem connections to the faster "4G" cellular networks, which were quickly spreading in the U.S., South Korea, Europe, and Japan. In the next few years, new high-speed "4G" networks are planned for China, India, Brazil, the Middle East, and other fast-growing developing markets.

Samsung and Apple are forecast to dominate the smartphone market this year. In total, these two companies are expected to ship an estimated 353 million smartphones and hold a combined 47% share of the total smartphone market in 2012. Smartphone suppliers under pressure include Nokia, RIM, and HTC, each of which is expected to register steep double-digit year-over-year declines in smartphone unit sales this year.

In contrast to Nokia, RIM, and HTC, 2012 smartphone sales from China-based Huawei, ZTE, and Lenovo (which replaced Motorola/Google in 2012 as the tenth largest smartphone supplier) are forecast to surge.

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Combined, the three top-ten China-based smartphone suppliers are expected to ship about 108 million handsets in 2012, more than 3x the 34 million smartphones these three companies shipped in 2011.

2012F Top 10 Smartphone Cellphone Sales Leaders

2012F Rank	Company	2011 Total Cellphone Units (M)	2012F Total Cellphone Units (M)	2012/2011 % Change	2011 Smartphone Units (M)	2012F Smartphone Units (M)	2012/2011 Smartphone Unit Growth
1	Samsung (S. Korea)	329.0	423.0	29%	95.0	220.0	132%
2	Apple (U.S.)	93.2	133.0	43%	93.2	133.0	43%
3	Huawei (China)	53.0	82.0	55%	20.0	50.0	150%
4	Nokia (Finland)	417.1	336.0	-19%	77.3	35.0	-55%
5	ZTE (China)	66.0	67.0	2%	12.0	35.0	192%
6	RIM (Canada)	51.4	32.9	-36%	51.4	32.9	-36%
7	Sony (Japan)	34.4	33.6	-2%	24.2	31.8	31%
8	HTC (Taiwan)	45.2	30.8	-32%	45.2	30.8	-32%
9	LG (S. Korea)	88.1	57.2	-35%	24.0	27.0	13%
10	Lenovo (China)	6.5	31.4	383%	2.2	23.2	955%
—	Other	416.1	448.1	8%	40.5	131.3	224%
—	Total	1,600	1,675	5%	485	750	55%

Source: IC Insights, company reports

Figure 1

China-based Lenovo, the second-largest PC supplier in the world, initially sold its mobile phone business in 2008 for \$100 million only to buy it back in 2009 for \$200 million. Although Lenovo's mobile phone division was losing money through most of 2012, the company stated its intentions to continue supporting the mobile phone division and put additional emphasis on the smartphone portion of this segment.

In 2013, Samsung, Apple, and Huawei are expected to keep their hold on the top three positions in the smartphone supplier ranking. The surging smartphone market in China is expected to greatly benefit the three major China-based smartphone suppliers (i.e., Huawei, ZTE, and Lenovo) next year. In fact, the combined smartphone unit sales of these three companies are forecast to reach 175 million in 2013, a 62% increase over their combined 2012 shipment level of 108 million.

In contrast to the success of the large China-based smartphone suppliers, IC Insights expects Nokia, RIM, and HTC to continue to struggle in the smartphone marketplace in 2013. In fact, each of these

companies is forecast to show a 2013 decline in smartphone unit sales as compared to 2012, with Nokia expected to post another double-digit decline.

Report Details: *IC Market Drivers 2013*

IC Market Drivers 2013—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2016. In Part 2, the *IC Market Drivers* report examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2016. Some of these applications include the automotive market, cellular phones (including smartphones), personal/mobile computing (including tablets and Ultrabooks), wireless networks, digital imaging, and a review of many applications to watch—those that may potentially provide significant opportunity for IC suppliers later this decade. The *2013 IC Market Drivers* report is priced at \$3,190 for an individual-user license and \$6,290 for a multi-user corporate license.

To review additional information about IC Insights' new and existing market research products and services please visit our website: www.icinsights.com

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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