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Worldwide Cellphone Subscriptions Forecast to Exceed Worldwide Population in 2015!

However, the "unique" cellphone subscriber base is quickly approaching saturation.

Later this month, IC Insights' new *2015 IC Market Drivers Report* will be released. The report contains analyses on The Internet of Things, tablet PCs, smartphones, automotive electronics, medical and health systems, wireless networking and many other fast growing electronic systems. An excerpt from this new 500-page report is included in this research bulletin.

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One of the most widely reported metrics concerning the cellphone marketplace is the subscriber base. The subscriber base is defined as the number of cellular service subscriptions that exist at a given point in time.

In 2015, the worldwide population is expected to reach 7.4 billion while the number of cellphone subscriptions is forecast to be slightly over 7.5 billion (Figure 1), marking the first time cellphone subscriptions will exceed the worldwide population. In total, the number of cellular subscriptions from 1999-2018 is forecast to have an amazing 19-year CAGR of 16%. It should be noted that in some regions of the world, cellphone subscription penetration rates now greatly exceed 100% of the population (e.g., Russia 185%, Italy 151%, Brazil 141%, Germany 140%, U.K. 128%).

One reason that subscriptions exceed a country's population is that many users purchase different SIM (Subscriber Identity Module) cards and therefore different phone numbers for cities they often visit (to get cheaper phone rates). Each of these SIM cards is considered another "subscription." Thus, although the end-of-2014 penetration rate for Russia is expected to be 185%, it is estimated that the true penetration rate (i.e., actual percentage of the population that has a cellphone subscription) will probably be about 70% at the end of this year.

In addition to the effect of SIM cards, there is also an increasing percentage of the population that is carrying two cellphones, typically one for business and one for personal use. Overall, IC Insights currently estimates that there are 4.4 billion **unique** cellphone users in the world today, representing about 60% of the 7.3 billion worldwide population in 2014.

Total Worldwide Cellular Subscriptions* (1999-2018F)

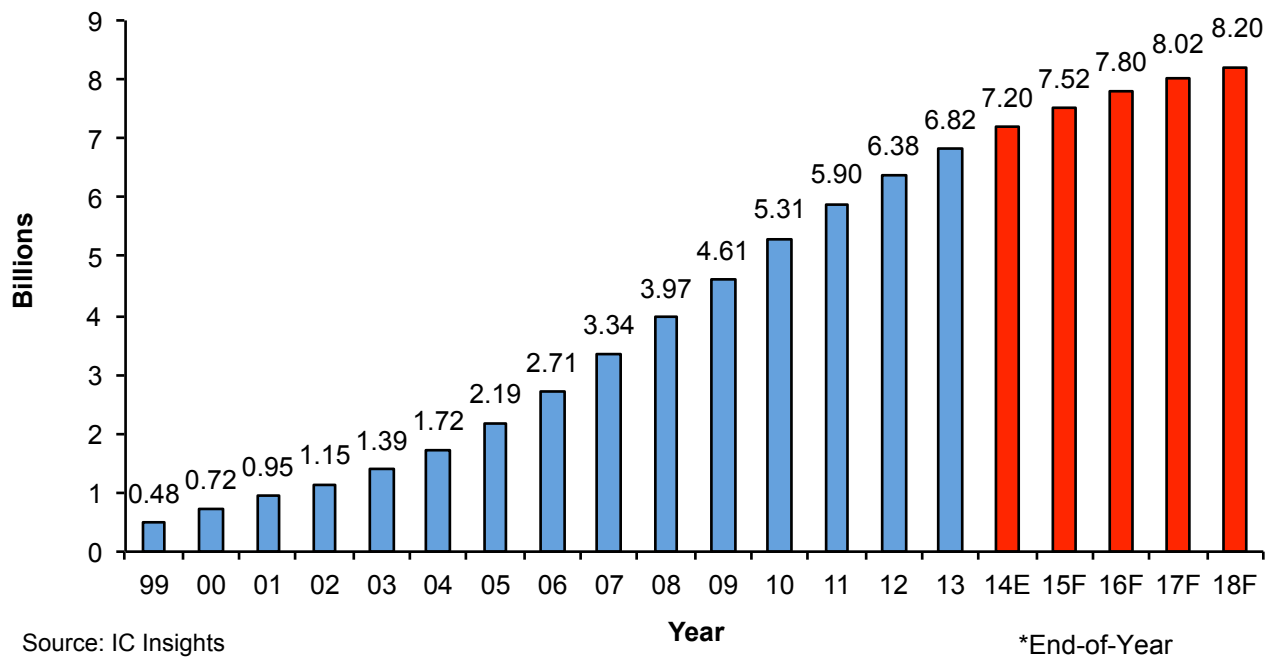


Figure 1

There is no denying that a total cellular phone subscription forecast of 7.5 billion in 2015 looks impressive. However, as the unique subscriber base in many regions moves toward saturation, the average annual growth rate of unique subscribers is forecast to slow significantly (Figure 2).

The annual increase in unique cellular phone subscribers is believed to have peaked in 2006 at 362 million. Since then, the number of new unique subscribers added to the user base has slowed. IC Insights forecasts that the number of new unique cellular subscribers in 2018 will be only about 100 million, less than one-third of the 362 million subscribers that were added 12 years earlier in 2006.

One trend that will help keep cellphone/smartphone sales strong and partially offset the decline in the growth rate of unique cellular subscribers is the movement of cellphone users to own more than one phone. While multi-phone users are forecast to be a minority portion of the market over the next few years, their numbers will be increasing. In the long run, an increasing number of additional multi-phone cellular subscribers are expected to continue to help boost future cellphone handset sales.

Worldwide Unique Cellphone Subscriber CAGRs

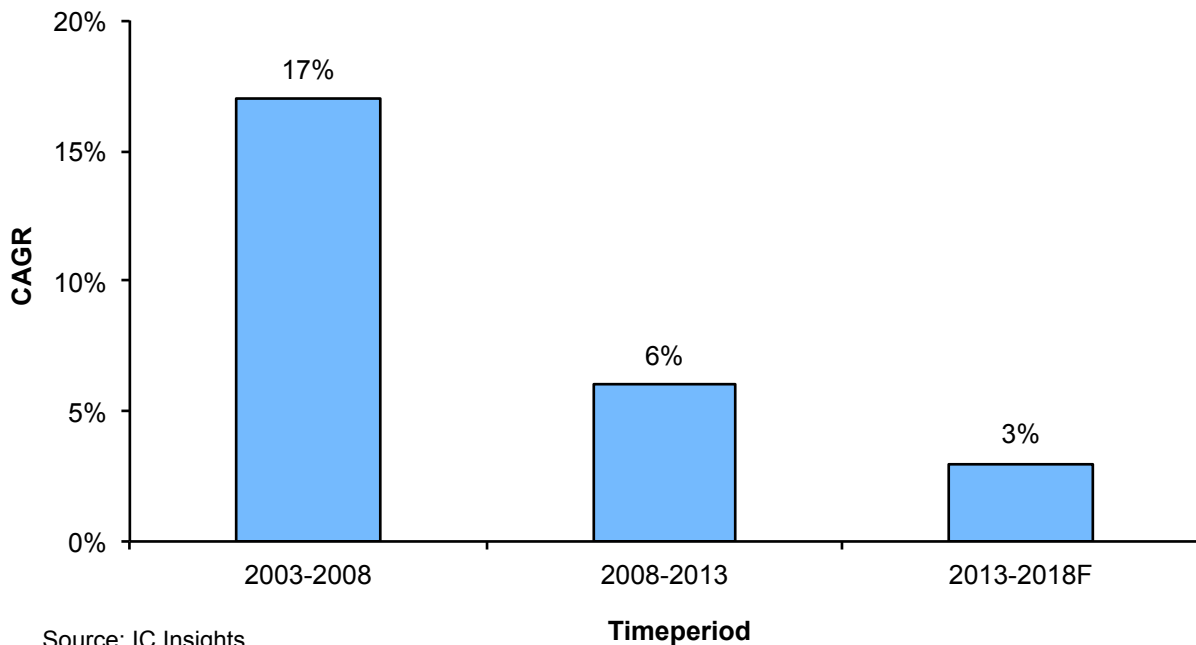


Figure 2

More detailed market forecasts for the total cellphone and smartphone segments through 2018 will be provided in the 2015 *IC Market Drivers Report*.

NOTE: IC Insights is currently taking orders for the 2015 IC Market Drivers Report, which will be released later this month. If you need to fully understand the driving forces behind IC market growth, you need to subscribe to the 2015 IC Market Drivers Report.

Report Details: *The 2015 IC Market Drivers Report*

IC Market Drivers 2015—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 2018. 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 2018. Some of these applications include the Internet of Things, automotive electronics, smartphones, personal/mobile computing (including tablets), 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 *2015 IC Market Drivers* report is priced at \$3,390 for an individual-user license and \$6,490 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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