

US GPS navigation market picks up speed

– Shipments in Q4 2006 higher than total for previous three quarters combined

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For immediate release

- 1.5 million portable navigation devices (PND) shipped in the US in the final quarter of 2006
- Overall PND shipments for the year hit 2.9 million units, up 269% on 2005
- Garmin was market leader in 2006 with 50% share, ahead of Magellan and TomTom
- The US represented 23% of the global market in the quarter, up from just 15% a year earlier

Highlights from the Canalys Q4 2006 global mobile navigation research

2006 proved to be the year the US portable navigation device (PND) market came to life. Canalys estimates that 2.9 million PNDs shipped in the US in 2006, representing a tremendous growth rate of 269% on 2005. Just over 50% of the total unit volume in 2006 shipped in Q4, with the PND being one of the “must-have” consumer electronics items in the traditional Thanksgiving Black Friday sales promotions. Prices fell below US\$200, helping to fuel demand.

US portable navigation device (PND) market					
Hardware vendor market shares 2006, 2005					
Vendor	2006		2005		Growth
	shipments	% share	shipments	% share	2006/2005
Total	2,867,820	100.0%	777,280	100.0%	269.0%
Garmin	1,443,150	50.3%	389,910	50.2%	270.1%
Magellan	415,160	14.5%	181,460	23.3%	128.8%
TomTom	396,530	13.8%	100,590	12.9%	294.2%
Mio Technology	119,690	4.2%	610	0.1%	19521.3%
Lowrance	66,420	2.3%	32,720	4.2%	103.0%
Others	426,870	14.9%	71,990	9.3%	493.0%

Source: Canalys estimates, © canalys.com ltd. 2006-2007

Looking at the figures for the full year, Garmin was the US market leader with 50.3% market share and growth in line with the overall market. Magellan and TomTom battled it out for second spot while the Thanksgiving promotions opened the door for new competitors such as Mio Technology, which recently announced its intention to acquire Navman, to emerge and make an immediate impact. Consumer electronics retailers, such as Best Buy, Circuit City, CompUSA and RadioShack, as well as national retailers such as WalMart, Target and Costco and online resellers like Amazon all had bumper quarters.

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“With a ‘car-park’ of over 200 million cars and light trucks in the US, the 2.9 million devices shipped in 2006 is just scratching the surface of US market potential,” said Canalys VP and principal analyst Chris Jones. “We expect the PND to become established as a consumer electronics category in its own right in 2007 and the market will at least double over the coming year.”

As in EMEA (Europe, Middle East and Africa), where Canalys reports that 10.1 million PNDs shipped in 2006, many more new entrants will be attracted to the opportunity in the US and will launch products in 2007 based on either Navteq or TeleAtlas map data.

Local search, maps and navigation on connected mobile devices are all areas of growing interest to companies such as Google, Microsoft and Yahoo. Adding connectivity to PNDs will enable the delivery more dynamic information as well as existing web and new peer-generated content. This was the key new theme for the mobile navigation sector discussed at the Consumer Electronics Show in Las Vegas back in January and is coming to devices in 2007. But Canalys points out that vendors will face many challenges on the road to delivering successful connected navigation devices.

“Once you start talking about connected devices you face a lot of hurdles,” Jones added. “Routes to market that worked well for an unconnected product may no longer be viable because of the need to sell data access plans alongside the box. Also, when moving beyond the US, international roaming charges and per-megabyte data pricing raise significant adoption and usage barriers. The ability of current mobile phone channels to explain the navigation proposition and sell more complex devices is far from proven. Device complexity in itself is an issue, in terms of the increased bill-of-materials in what is already a highly price-competitive market, and usability, which can raise safety and legislative issues when you are talking about interaction while driving.”

These issues and many others will be discussed at the second Canalys Navigation Forum, the major gathering for the whole industry that takes place in Barcelona in September 2007. For more information please visit www.canalys.com/navigation.

About the Mobile Navigation Analysis Worldwide service

The shipment estimates discussed in this release come from the market-leading Canalys Mobile Navigation Analysis Worldwide service. Clients of the service receive quarterly market updates for the navigation hardware and software markets, regular reports addressing key issues for the sector, trends presentations and forecasts, and direct access to the Canalys analysts. More information is available from the Canalys web site.

About Canalys

Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and consumer electronics companies. It has unrivalled expertise in European routes to market for all kinds of high technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

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Canalys HQ
Diddenham Court
Lambwood Hill
Grazeley
Reading, UK
RG7 1JS

T: +44 118 984 0520

E-mail: press@canalys.com
Web: <http://www.canalys.com>

Canalys Singapore
Republic Plaza 2
#18 – 27
9 Raffles Place
Singapore 048619

T: +65 6823 6828