Smart mobile device market growth remains steady at 55%

– Motorola up to second, with a million Linux smart phones shipped in China

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For immediate release

- Worldwide shipments of smart mobile devices rise 55% year-on-year in Q2 2006
- Handheld segment plummets 33%, overtaken by wireless handhelds for the first time
- Smart phone shipments increase by 75% compared to one year ago
- Nokia retains overall market lead, Motorola leapfrogs RIM, Sharp, Palm to take second place
- Symbian leads in OS share, with 67%, a year-on-year rise, but a sequential fall
- Microsoft in second with share at 15%, ahead of RIM on 6%

Highlights from the Canalys Q2 2006 worldwide smart mobile device research

The latest research from Canalys highlights the continuing shift from handhelds to converged devices. Overall year-on-year market growth of all smart mobile devices was largely unchanged from the previous two quarters at 55%, but converged device shipments (smart phones and wireless handhelds) rose 73%, while handhelds continued to slide, down 33% compared to the same period one year ago.

Worldwide total smart mobile device market
Market shares Q2 2006, Q2 2005

Vendor	Q2 2006 shipments	% share	Q2 2005 shipments	% share	Growth Q2'06/Q2'05
Total	**18,944,310**	**100.0%**	**12,185,600**	**100.0%**	**55.5%**
Nokia	9,030,840	47.7%	6,695,800	54.9%	34.9%
Motorola	1,586,870	8.4%	556,050	4.6%	185.4%
RIM	1,183,430	6.2%	897,280	7.4%	31.9%
Sharp	1,162,500	6.1%	29,840	0.2%	3795.8%
Palm	1,131,120	6.0%	1,057,420	8.7%	7.0%
Others	4,849,550	25.6%	2,949,210	24.2%	64.4%

Source: Canalys estimates, © canalys.com ltd. 2005-2006
Smart mobile device market: handhelds, wireless handhelds, smart phones

Sharp posted the highest growth among the top five vendors, with shipments of more than a million Symbian FOMA smart phones in Japan during the quarter. "Symbian has performed well in what many find a difficult market to crack," said Canalys analyst Nick Spencer, "Q2 saw it break the 10 million cumulative shipment barrier there, thanks to significant volumes from not only Sharp, but also vendors such as Fujitsu, Mitsubishi and Sony Ericsson."

Another vendor reaching a significant milestone in Q2 was second-placed, and second-fastest growing, Motorola, its position achieved primarily from shipments of more than a million Linux-based smart phones in China in the quarter, but helped also by the initial shipments of the long-awaited 'Q' Windows Mobile smart phone in the US as well as its continuing sales of Symbian/UIQ devices. "Motorola set itself some pretty ambitious targets for the Q," added Spencer, "And it has done a good job on the supply side in its first quarter, especially when you consider the problems it has had bringing such devices to market in the past. But it now needs the kind of user pull that will sustain high shipment levels over the longer term. With RIM and Palm regularly shipping more than a million devices per quarter each, the stamina of the competition, and user acceptance of their devices, should not be underestimated."

All these vendors remain some way behind market leader Nokia, which shipped over 9 million Symbian smart phones during the quarter, a year-on-year rise of 35%. Canalys estimates that more than 95% of these were S60 models, which have recently branched out from their consumer-oriented, keypad-centric designs to include enterprise-focused models such as the keyboard-based E61.

It is evident from these figures that converged devices have taken over from their standalone predecessors. To further illustrate this, Canalys estimates that Palm's Treo smart phone shipments grew as a proportion of its total units sold to 58%, up from 41% a year earlier. Palm still leads the handheld segment, ahead of HP, Dell and Mio Technology, and actually increased its share in that category by 4% year-on-year, but total market shipments of handhelds fell 33% from over 2 million in Q2 2005, to just 1.4 million last quarter – the biggest percentage fall on record.

"The handheld market in North America has been in decline for a while now, but it was a 42% year-on-year fall in EMEA (Europe, Middle East & Africa) that really hurt the numbers this quarter," added Canalys principal analyst and director Chris Jones. "The GPS navigation demand that has served device vendors so well in Europe over the past couple of years has undergone a huge transformation. Dedicated portable navigation devices have the lion's share now, and we are starting to see smart phones make an impact here too for certain types of user. The navigation sector is a superb example of how quickly a market, and the fortunes of the players in that market, can change."

Jones will be keynoting the Canalys Navigation Forum in Geneva in September, a unique event that will bring the vendors, channel partners, the media and the finance community together to discuss how the market will develop over the next few years. More information can be found at www.canalys.com/navigation.

About the Smart Mobile Device Analysis Worldwide service

The shipment estimates discussed in this release come from the market-leading Canalys Smart Mobile Device Analysis Worldwide service. Canalys' smart mobile device product segmentation and definitions are used by vendors the world over to provide a consistent view of the total market for handhelds, wireless handhelds and smart phones. Clients receive quarterly market updates, regular reports, trends presentations and forecasts, and direct access to Canalys analysts. Canalys also offers services looking specifically at the rapidly growing markets for mobile navigation and mobile e-mail. More information is available from the Canalys web site.

About Canalys

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