

EMEA smart mobile device market growth rises to 11.7%

– Sony Ericsson re-enters top five with new Symbian models

Reading, UK – Tuesday, 24 October 2006

For immediate release

- EMEA smart mobile device shipments grow 11.7% year on year in Q3 2006, up from 10.6% in Q2
- Converged devices grow 19.2%, while unconnected handhels fall again, this time by 42.7%
- Nokia retains overall market lead, while HTC in second is fastest growing vendor in the top five
- Symbian's share increases to 78.7%, ahead of Microsoft on 16.9%

Highlights from the Canalys Q3 2006 EMEA smart mobile device research

Growth in the EMEA smart mobile device market in Q3 rose slightly from the previous quarter, but remains well below the 100%-plus rates seen for most of last year. Nokia's lead, achieved largely through shipments of its consumer-focused Symbian S60 devices, remains comfortable. With new UIQ models shipping last quarter, fellow Symbian-based vendor Sony Ericsson re-entered the top five (in fourth place) after a long absence, helping take Symbian's market share up to 78.7% from 76.6% a year earlier.

EMEA total smart mobile device market					
Market shares Q3 2006, Q3 2005					
Vendor	Q3 2006		Q3 2005		Growth
	shipments	% share	shipments	% share	Q3'06/Q3'05
Total	7,319,690	100.0%	6,552,850	100.0%	11.7%
Nokia	5,500,830	75.2%	4,848,450	74.0%	13.5%
HTC	298,730	4.1%	78,740	1.2%	279.4%
RIM	253,420	3.5%	230,190	3.5%	10.1%
Sony Ericsson	219,010	3.0%	116,640	1.8%	87.8%
HP	186,390	2.5%	308,280	4.7%	-39.5%
Others	861,310	11.8%	970,550	14.8%	-11.3%

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

HTC, in second place, was by far the fastest growing of the leading vendors and remained narrowly ahead of third-placed RIM for the second quarter running (note: HTC shipment estimates shown include Qtek-branded devices, but not those branded by network operators or other hardware vendors, which are tracked individually). HP filled the fifth slot, suffering a year-on-year unit decline partly as a result of the continued shrinking of the handheld segment. It did, however, manage to increase shipments and share sequentially from Q2 2006. Canalys estimates that shipments of unconnected handhels in the region fell to below half a

million – a level not seen since Q3 2002 and a far cry from the million units seen in some quarters over the past two years.

“The shift in demand for consumer GPS navigation, away from handhelds to dedicated PNDs, can really be seen in these numbers,” commented Chris Jones, Canalys director and principal analyst. “It would not be surprising to see some vendors scale back their efforts in the handheld market within the next couple of quarters if the trend continues. Q4 will be pivotal, as it is typically the biggest quarter by far for this class of device and underperformance may cause vendors to re-evaluate their positions.”

The handheld’s decline has also had an impact on Microsoft’s overall share of the smart mobile device market. In Q3 2006 it is sitting at 16.9%, down from 18.0% a year ago, despite shipments of Windows Mobile based converged devices (smart phones and wireless handhelds) increasing by almost 80% year-on-year. In the converged device space, it is not only the HTC/Qtek-branded products that are generating growth, but also those branded by operators such as O2 and Orange. The new Palm Treo 750v available through Vodafone in Europe is also expected to make a significant contribution over the coming months.

EMEA total smart mobile device market					
Market shares Q3 2006, Q3 2005					
OS vendor	Q3 2006		Q3 2005		Growth
	shipments	% share	shipments	% share	Q3'06/Q3'05
Total	7,319,690	100.0%	6,552,850	100.0%	11.7%
Symbian	5,757,540	78.7%	5,022,710	76.6%	14.6%
Microsoft	1,235,130	16.9%	1,179,530	18.0%	4.7%
RIM	253,420	3.5%	230,190	3.5%	10.1%
Others	73,600	1.0%	120,420	1.8%	-38.9%

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

“I’d be surprised if the Treo 750v did not exceed the volumes achieved by its Palm OS based predecessors in EMEA,” said Canalys analyst Pete Cunningham. “Windows Mobile is gaining traction with network operators and with enterprise customers looking at applications such as push e-mail. While RIM is still the vendor to beat in this arena, the competition is improving with each generation of devices. What vendors must ensure, however, is that they can go to the operators with not just one or two devices, but a portfolio that can address a range of customer segments, and a clear proposition behind each. One of the key benefits

of an open operating system for device vendors is the ability to tailor their propositions and add value through software and they must make the most of this opportunity to differentiate.”

A concise analysis of trends in the worldwide smart mobile device and mobile GPS navigation markets, along with forecasts and SWOTs of the leading vendors, is available in the new Canalys 2006/2007 trends report, published this month and available for purchase from the Canalys web site. For more information please visit www.canalys.com/reports.

About the Smart Mobile Device Analysis services

The shipment estimates discussed in this release come from the market-leading Canalys Smart Mobile Device Analysis EMEA 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. In addition to EMEA, Canalys offers services looking at the smart mobile device markets in APAC, CEMA and worldwide. It also has services focusing specifically on the rapidly growing markets for mobile navigation and mobile e-mail. 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.

Receiving updates

To receive releases directly, please complete the form on our web site. This release is available from <http://www.canalys.com/pr> along with low- and high-resolution photos of the analyst(s) quoted.

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

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

T: +44 118 984 0520

T: +65 6823 6828

E-mail: press@canalys.com

Web: <http://www.canalys.com>

Members of the press may quote from this release provided Canalys is clearly shown as the source

For more information e-mail press@canalys.com

© canalys.com ltd. 2006

Page 3 of 3