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**Gartner Says Worldwide Sales of Mobile Phones Declined 2 Per Cent in First Quarter of 2012; Previous Year-over-Year Decline Occurred in Second Quarter of 2009**

***Smartphone Sales Grew 45 Per Cent in First Quarter of 2012***

***Samsung's Android-Based Smartphone Sales in First Quarter of 2012 Represented More Than 40 Per Cent of Android-Based Smartphone Sales Globally; No Other Vendors Achieved More Than a 10 Per Cent Market Share***

Egham, UK, 16 May 2012 — Worldwide sales of mobile phones to end users reached 419.1 million units in the first quarter of 2012, a 2 per cent decline from the first quarter of 2011, according to Gartner, Inc. This is the first time since the second quarter of 2009 that the market exhibited a decline.

“Global sales of mobile devices declined more than expected due to a slowdown in demand from the Asia/Pacific region,” said Anshul Gupta, principal research analyst at Gartner. “The first quarter, traditionally the strongest quarter for Asia – which is driven by Chinese New Year, saw a lack of new product launches from leading manufacturers, and users delayed upgrades in the hope of better smartphone deals arriving later in the year.”

All vendors were impacted at different levels; however, white-box vendors seem to have suffered the most. While tier one players such as Nokia were negatively impacted on sell-in numbers (sold into retail), white-box vendors were unable to adjust production and were left with a build-up in inventory by the end of the quarter. Gartner expects some of this volume to be sold during the next couple of quarters, because the channel is likely to lower the prices to dispose of the stock.

“The lower results in the first quarter of 2012 have led us to be cautious about sales for the remainder of the year,” said Annette Zimmermann, principal research analyst at Gartner. “The continued roll-out of third generation (3G)-based smartphones by local and regional manufacturers such as Huawei, ZTE, Lenovo, Yulong and TCL Communication should help spur demand in China. In addition, the arrival of new products in mature markets based on new versions of the Android and Windows Phone operating systems (OSs), and the launch of the Apple iPhone 5 will help drive a stronger second half in Western Europe and North America. However, as we are starting to update our market forecast we feel a downward adjustment to our 2012 figures, in the range of 20 million units, is unavoidable.”

Samsung became the world's top mobile handset vendor during the quarter, displacing Nokia which had held the No. 1 spot since 1998. Samsung's mobile phone sales reached 86.6 million units (see Table 1), a 25.9 per cent increase from last year. Samsung took back the world's No. 1 smartphone position from Apple, selling 38 million smartphones worldwide. In addition, Samsung's Android-based smartphone sales in the first quarter of 2012 represented more than 40 per cent of Android-based smartphone sales worldwide; no other vendors achieved more than a 10 per cent share of the market.

Sales of smartphones continued to drive mobile device market growth, reaching 144.4 million units in the first quarter of 2012, up 44.7 per cent year-over-year. This quarter also saw the top two smartphone vendors, Apple and Samsung, raising their combined share to 49.3 per cent, up from 29.3 per cent in the first quarter of 2011, and widening their lead over Nokia – which saw its smartphone market share drop to 9.2 per cent.

**Table 1**  
**Worldwide Mobile Device Sales to End Users by Vendor in 1Q12 (Thousands of Units)**

| Company                       | 1Q12<br>Units    | 1Q12 Market<br>Share (%) | 1Q11<br>Units    | 1Q11 Market<br>Share (%) |
|-------------------------------|------------------|--------------------------|------------------|--------------------------|
| Samsung                       | 86,567.6         | 20.7                     | 68,782.0         | 16.1                     |
| Nokia                         | 83,162.5         | 19.8                     | 107,556.1        | 25.1                     |
| Apple                         | 33,120.5         | 7.9                      | 16,883.2         | 3.9                      |
| ZTE                           | 17,439.3         | 4.2                      | 10,788.7         | 2.5                      |
| LG                            | 14,720.4         | 3.5                      | 23,997.2         | 5.6                      |
| Huawei Device                 | 10,796.1         | 2.6                      | 7,002.9          | 1.6                      |
| Research in Motion            | 9,939.3          | 2.4                      | 13,004.0         | 3.0                      |
| Motorola                      | 8,368.2          | 2.0                      | 8,789.7          | 2.1                      |
| Sony Mobile<br>Communications | 7,898.4          | 1.9                      | 7,919.4          | 1.9                      |
| HTC                           | 7,703.4          | 1.8                      | 9,313.5          | 2.2                      |
| Others                        | 139,392.6        | 33.3                     | 153,809.0        | 35.9                     |
| <b>Total</b>                  | <b>419,108.3</b> | <b>100.0</b>             | <b>427,845.7</b> | <b>100.0</b>             |

Source: Gartner (May 2012)

Nokia's mobile handset sales reached 83.2 million units, a 22.7 per cent decrease from the first quarter of 2011. "Smartphone sales are becoming of paramount importance at a worldwide level. For example, smartphone volumes contributed to approximately 43.9 per cent of overall sales for Samsung as opposed to 16 per cent for Nokia," Mr Gupta said.

Driven by the continued success of the iPhone 4S, Apple's sales grew 96.2 per cent in the first quarter of 2012 as the new model expanded into new markets and carriers. Sales in China were particularly strong this quarter. With more than 5 million units, China became the second-largest market for Apple after the US. On top of the sales through official carriers' channels, there was an increase in transshipments from Hong Kong where volume has been growing over the past few quarters to reach a sell-in of more than 3 million units.

RIM sold 9.9 million mobile handsets in the first quarter of 2012, with its global share declining to 2.4 per cent as competition increased in its international market strongholds. "RIM desperately needs to deliver winning BB10 products to retain users and stay competitive. This will be very challenging, because BB10 lacks strong developer support, and a new BB10 device will only be available in the fourth quarter of 2012," said Mr Gupta.

In the smartphone OS market, Android accounted for more than half of all smartphone sales (56.1 per cent) in the first quarter of 2012 (see Table 2). Gartner analysts said the smartphone market has become highly commoditised and differentiation is becoming a challenge for manufacturers.

"This is particularly true for smartphones based on the Android OS, where a strong commoditisation trend is at work and most players are finding it hard to break the mould," Mr Gupta said. "At the high end, hardware features coupled with applications and services are helping differentiation, but this is restricted to major players with intellectual property assets. However, in the mid to low-end segment, price is increasingly becoming the sole differentiator. This will only worsen with the entry of new players and the

dominance of Chinese manufacturers, leading to increased competition, low profitability and scattered market share.”

**Table 2**  
**Worldwide Smartphone Sales to End Users by Operating System in 1Q12 (Thousands of Units)**

| Operating System   | 1Q12<br>Units    | 1Q12 Market<br>Share (%) | 1Q11<br>Units   | 1Q11 Market<br>Share (%) |
|--------------------|------------------|--------------------------|-----------------|--------------------------|
| Android            | 81,067.4         | 56.1                     | 36,350.1        | 36.4                     |
| iOS                | 33,120.5         | 22.9                     | 16,883.2        | 16.9                     |
| Symbian            | 12,466.9         | 8.6                      | 27,598.5        | 27.7                     |
| Research In Motion | 9,939.3          | 6.9                      | 13,004.0        | 13.0                     |
| Bada               | 3,842.2          | 2.7                      | 1,862.2         | 1.9                      |
| Microsoft          | 2,712.5          | 1.9                      | 2,582.1         | 2.6                      |
| Others             | 1,242.9          | 0.9                      | 1,495.0         | 1.5                      |
| <b>Total</b>       | <b>144,391.7</b> | <b>100.0</b>             | <b>99,775.0</b> | <b>100.0</b>             |

Source: Gartner (May 2012)

Additional information can be found in the Gartner report "Market Share: Mobile Devices, Worldwide, 1Q12." The report is available on Gartner's web site at <http://www.gartner.com/resId=2015915>.

#### **About Gartner**

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