EMEA smart mobile device market growth slows in Q1

– Western Europe falls, but Eastern Europe, Middle East & Africa more than double

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For immediate release

- EMEA shipments of smart mobile devices up 25% year-on-year in Q1 2006
- But Western Europe declines 10% while CEMA region grows 112%
- Handheld shipments fall 15% as GPS navigation buyers continue migration to dedicated devices
- Converged devices up 34%, leader Nokia increases share despite E-series delays
- Second-placed RIM enjoys BlackBerry device growth of around twice the market average

Highlights from the Canalys Q1 2006 EMEA smart mobile device research

Following recent news that quarterly shipments of smart mobile devices in the APAC (Asia-Pacific) region have overtaken those in EMEA (Europe, Middle East & Africa) for the first time, Canalys today released more detail on the EMEA market and highlighted the contrast between the situation in the more mature Western European markets and the fast-growing emerging countries within the CEMA (Central & Eastern Europe, Middle East & Africa) region.

EMEA total smart mobile device market
Market shares Q1 2006, Q1 2005

Vendor	Q1 2006 shipments	% share	Q1 2005 shipments	% share	Growth Q1'06/Q1'05
Total	**6,537,140**	**100.0%**	**5,217,260**	**100.0%**	**25.3%**
Nokia	4,958,290	75.8%	3,507,700	67.2%	41.4%
RIM	226,170	3.5%	140,010	2.7%	61.5%
Qtek	219,500	3.4%	70,530	1.4%	211.2%
HP	216,230	3.3%	271,270	5.2%	-20.3%
Palm	130,840	2.0%	175,250	3.4%	-25.3%
Others	786,110	12.0%	1,052,500	20.2%	-25.3%

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

Despite delays in the release of its enterprise-focused E-series smart phones Nokia not only retained its comfortable lead in EMEA in Q1 2006, but increased its market share to 76% from the 67% it had in the same quarter one year ago, according to the Canalys estimates. Both Nokia and second-placed RIM increased their respective device shipments above the market average of 25%. Qtek (the brand used by HTC on its own devices in EMEA) posted the highest growth among the top five vendors, its 211% rise taking it just above HP and Palm for the first time and so making it the leading Windows Mobile vendor in the quarter. HP and Palm, along with several others, are feeling the effects of the decline in the handheld market, which their converged device volumes are not yet high enough to completely offset.

"The booming market for handheld-based GPS navigation solutions in Western Europe provided a tremendous boost to vendors over the past couple of years, but this has moved rapidly to demand for dedicated 'transferable' devices and the vendors that don't play in this area are missing out," said Chris Jones, Canalys principal analyst and director. "But we are still at an early stage in what will become a huge and sustainable industry. More changes and new opportunities for device vendors and service providers across various categories will emerge over the coming quarters. Increased GPS integration in mobile phones and tighter communication between navigation systems and enterprise databases, such as contacts, calendaring and CRM, are just a couple of examples of areas that smart mobile device vendors will be exploring."

Canalys is holding its first Navigation Forum in Geneva in September with a view to bringing all parts of the industry together to discuss how the market could be developed over the next few years. More information can be found at www.canalys.com/navigation.

The 15% decline in the handheld segment in EMEA is also partly due to the increasing shift toward converged devices, with real-time e-mail becoming the first critical application, after voice, for enterprise customers. Shipments of converged devices in EMEA rose 34% year-on-year, with the top five vendors in this area (Nokia, RIM, Qtek, i-mate and HP) all growing by 25% or more. In acknowledgement of how important the market for mobile e-mail is becoming, in addition to tracking the devices, Canalys has launched a new service – "Mobile Messaging Analysis EMEA" – focused on monitoring the performance of the leading mobile e-mail solution providers, the issues facing vendors and operators in such a fragmented market and how adoption by consumers and enterprises is developing. More information can be found at www.canalys.com/services.

Many industries would be more than happy with year-on-year growth of 25%, but this represents quite a slowdown compared to what smart mobile device vendors in EMEA are used to. For example, growth in Q4 2005 was 60%, and in Q3 2005 a tremendous 117%. Having recently expanded its research to provide more detail on countries within the CEMA region, Canalys can now reveal the extent to which these emerging markets are contributing to the overall EMEA growth and hence how important they are becoming for vendors.

"Smart mobile device shipments in Q1 fell 10% year-on-year in Western Europe," said Canalys research analyst Nick Spencer, "But growth for EMEA was achieved by rises of 76% in South Africa, 128% in Poland, 101% in Russia, and with markets such as Saudi Arabia, Turkey and the UAE almost doubling. A year ago Western Europe accounted for more than 70% of all smart mobile device shipments in EMEA. In the first quarter of this year it was just over 50%. The vast majority of the devices shipping in CEMA, as elsewhere in Europe, are Nokia S60 smart phones, but vendors such as Mio Technology, Motorola, Orange, Qtek and RIM are all enjoying year-on-year growth in excess of 200% there, albeit from fairly small bases."

About the Smart Mobile Device Analysis EMEA and CEMA services

The shipment estimates discussed in this release come from the market-leading Canalys Smart Mobile Device Analysis family of services, specifically those focused on EMEA and on the fast-growing countries within CEMA. 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

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

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