

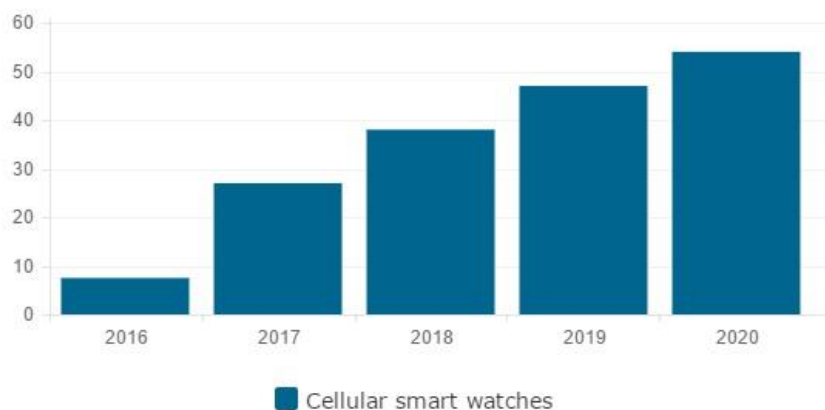
## Media alert: 7.5 million cellular smart watches will ship in 2016

Palo Alto, Shanghai, Singapore and Reading (UK) - Monday, 11 July 2016

Canalys forecasts that 7.5 million smart watches with cellular connectivity will ship in 2016, rising to 53.6 million in 2020. This represents a compound annual growth rate of 63% from 2016 to 2020. In the short term, shipments are likely to be driven by a new Apple Watch with cellular connectivity. Samsung and LG have been very aggressive in bringing new cellular technologies to market, with smart watches such as the Gear S2 classic 3G/4G and the Watch Urbane 2<sup>nd</sup> Edition LTE, and will also play significant roles. Both the Tizen and Android Wear smart watch platforms already support cellular connectivity.



Smart watches, Worldwide, forecast of units (millions), 2016 - 2020



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‘The phase 2 eSIM specification will enable more independent smart watches with a smoother user experience around cellular connectivity. Users will soon be able to easily choose among cellular providers and pay for monthly service,’ said Daniel Matte, Analyst. ‘Many more smart watches with LTE and GPS/GNSS will also be released this year, thanks to the availability of new LTE Category 1 chipsets.’

After a full year of availability, these new technologies will have the biggest impact on shipments in 2017. Integration of additional health and fitness sensors, expanded activity tracking and battery life improvements will further drive smart watch growth over the next few years. Though hardware and software constraints have limited growth until now, the app ecosystems around watchOS and Android Wear will accelerate over the medium term.

Smart watch forecast data is taken from Canalys' Wearable Technology Analysis service, which provides quarterly market tracking, including country-level estimates. Canalys defines smart watches as multi-purpose devices that serve as accessories to smart devices, are designed to be wrapped around the body and not carried, run an operating system and are capable of running third-party computing applications.

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