

Over 100 million mobile phones to ship in Southeast Asia this year, says Canalys

Smart phones will account for 68% of mobile phone shipments in 2011 in the advanced Singapore market

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For immediate release

Canalys today announced that it expects 106 million mobile phones to ship in Southeast Asia this year, up 19% from the 90 million units that shipped in 2010.¹ Driven primarily by smart phone growth, Canalys estimates that this number will increase to 163 million by 2015. Over the next four years, smart phone shipments will achieve a compound annual growth rate (CAGR) of 39%, with particularly strong momentum anticipated in emerging markets such as Indonesia, the Philippines and Vietnam.

The analyst firm highlights several key factors fuelling the region's smart phone market expansion, including: Southeast Asia's positive economic outlook; operator eagerness to grow average revenue per user (ARPU) from increased data subscriptions; strong social media usage among end-users; robust demand for mobility products; and competitively priced phones.

'Southeast Asia has a diverse but incredibly dynamic smart phone market right now', said Managing Director of Canalys, Mobile & Asia Pacific Rachel Lashford. 'Consumers and vendors are in a win-win situation, thanks to a powerful combination of mobile-savvy end-users and a favorable economic landscape.'

Both within the region and globally, Singapore particularly stands out as having one of the most advanced markets in terms of smart phone penetration. In 2010, smart phones accounted for 61% of all mobile phones shipped in the country, significantly higher than the global average of 23%. Phones priced at the premium end of the market found favor with local consumers, with more than 50% of smart phone sales priced over \$550.² Canalys forecasts that this trend will continue through 2011, with high-end devices accounting for the majority of the 3.1 million smart phones expected to ship in Singapore.

'The three major operators in Singapore have successfully enticed consumers through their wide product portfolios, competitively priced bundled data contract plans, attractive subsidies, and

¹ In this forecast, Canalys defines Southeast Asia as Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

² Price excludes taxes and operator subsidies.

strong marketing campaigns to promote the latest smart phones’, said Canalys Principal Analyst Daryl Chiam. ‘SingTel, for example, has worked closely with HTC for the exclusive launch of the ChaCha smart phone last week.’

In contrast to Singapore, Canalys anticipates competitively priced mid- and lower-tier products to generate growth in other parts of Southeast Asia.

Meanwhile, on the vendor front, Nokia will continue to face pressure as a result of its ongoing strategy and platform transitions. With its wide distribution network capable of pushing significant volumes, Canalys believes that the vendor is still well-placed and should not be underestimated.

‘Once Nokia is through this transitional period and has delivered a Windows Phone-based product portfolio across several price points, it will re-establish itself as a formidable force in the smart phone market’, said Chiam. ‘Until then, other manufacturers will be looking to fill the gap.’

RIM is predicted to expand further into Southeast Asia, building on its success in Indonesia. HTC will focus on growing its market share through a range of devices, including aggressively priced smart phones such as the Wildfire S. Local brand names that, until now, have been successful in the feature phone segment will also be keen to participate in smart phone growth. In particular, Spice has demonstrated its intent to develop quickly via its acquisitions of robust local handset brands in Malaysia, Thailand and Indonesia over the past year.

| Southeast Asia mobile phone market | | | | |
|---|---|--|---|--|
| Annual smart phone shipments as a proportion of total mobile phone shipments | | | | |
| Country | 2010 | | 2015 | |
| | smart phones (%) of total mobile phone shipments | | smart phones (%) of total mobile phone shipments | |
| Southeast Asia Total | 17.1% | | 51.2% | |
| Indonesia | 12.9% | | 55.8% | |
| Malaysia | 30.5% | | 60.6% | |
| Philippines | 12.4% | | 49.0% | |
| Singapore | 61.3% | | 80.8% | |
| Thailand | 17.2% | | 49.6% | |
| Vietnam | 9.3% | | 36.7% | |

Source: Canalys estimates and forecasts © Canalys 2011

About the Canalys Smart Phone Analysis Service

For hardware and software vendors, mobile operators, and application, content and component providers, Canalys' industry-leading service covers both worldwide market overviews, as well as local market breakdowns by country in Asia Pacific, EMEA, and North and South America. We deliver overall volume forecasts and market shares for all mobile phone categories, while providing insight on the qualitative factors behind evolving trends to equip our customers with a complete market overview.

We do not release preliminary, incomplete data and use standard definitions and methodologies to ensure consistency across all of the market data that appears in this service. We simultaneously publish final market data every quarter, for every country tracked.

About Canalys

Canalys serves the technology industry with high-quality analysis, produced via a rigorously consistent methodology that is complemented by attentive customer service. Its talented, ambitious and globally integrated team are leading-edge users of technology. We deploy innovative web-based solutions to gather research, connect communities and provide customer-friendly deliverables. These investments underpin the company's long-term approach to consistent, profitable global growth.

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Americas: Suite 316, Town & Country Village, 855 El Camino Real, Palo Alto, CA 94301, US | t: +1 650 681 4488

APAC: 1 Pickering Street, Great Eastern Centre, #07-02, Singapore 048659 | t: +65 6671 9399

EMEA: Diddenham Court, Lambwood Hill, Grazeley, Reading, Berkshire RG7 1JQ, UK | t: +44 118 984 0520

www.canalys.com