

Global Smartphone Shipment Preliminary Result

2 November 2018

This report is based on preliminary survey result, figures are subject to change in the quarterly deliverable reports

Jusy Hong, Director, jusy.hong@ihsmarkit.com

Zaker Li, Senior Analyst, zaker.li@ihsmarkit.com

Gerrit Schneemann, Senior Analyst, gerrit.schneemann@ihsmarkit.com



Global smartphone shipment declined two consecutive quarters from the previous year

Mil. Units	Q3'18	Market Share	YoY	Q2'18	Q3'17
Samsung	70.9	20%	-15%	70.8	83.4
Huawei	52.0	15%	33%	54.2	39.1
Apple	46.9	13%	0%	41.3	46.7
Xiaomi	32.4	9%	17%	32.1	27.6
Oppo	31.2	9%	-1%	31.9	31.6
vivo	28.9	8%	14%	28.6	25.4
LG	11.6	3%	-16%	11.2	13.7
Motorola	10.7	3%	-19%	10.0	13.2
TCL-Alcatel	5.8	2%	23%	3.2	4.7
Nokia	4.5	1%	33%	3.1	3.4
Tecno	3.7	1%	13%	4.0	3.3
iTel	3.3	1%	-6%	3.4	3.5
Meizu	3.1	1%	-13%	3.3	3.6
Micromax	2.2	1%	22%	1.8	1.8
Infinix	2.0	1%	52%	1.7	1.3
ZTE	1.7	0%	-86%	1.3	12.5
Sony	1.6	0%	-53%	2.0	3.4
Coolpad	0.7	0%	-46%	0.5	1.4
HTC	0.5	0%	-27%	0.4	0.6
Lenovo	0.4	0%	-80%	0.5	2.2
Gionee	0.3	0%	-95%	1.5	6.0
Others	40.4	11%	-3%	41.8	41.8
Total	354.8	100%	-3%	343.5	366.9

- Global smartphone shipments recorded a negative year-over-year growth rate for two consecutive quarters in 2018. Shipments reached 354.8 million units in the third quarter of 2018, declining by 3.3 percent over the previous year . Second quarter smartphone shipments declined by 2.1 percent.
- The cumulative unit-shipment volume of global smartphones during the first three quarters of 2018 exceeded 1 billion units, which is down 1 percent down from the same period last year.
- Based on shipment results so far this year, supply chain study, longer replacement cycles, and increasing uncertainty in the global economy due to tensions between the United States and China, IHS Markit expects global smartphone shipments to decline this year for the first time.

Source: Smartphone Intelligence Service, IHS Markit

Decreasing sales in China and severe competition with Chinese OEM led Samsung to continue a negative YoY growth four consecutive quarters

Rank	Company	Million Units							
		Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18
1	Samsung	79.1	79.4	83.4	74.3	316.2	78.0	70.8	70.9
2	Huawei	34.6	38.5	39.1	41.0	153.1	39.3	54.2	52.0
3	Apple	50.8	41.0	46.7	77.3	215.8	52.2	41.3	46.9
4	Xiaomi	12.8	23.2	27.6	28.2	91.7	29.3	32.1	32.4
5	Oppo	28.1	30.5	31.6	27.4	117.6	25.9	31.9	31.2
6	vivo	22.5	23.8	25.4	23.5	95.2	21.2	28.6	28.9
7	LG	14.8	13.3	13.7	13.9	55.6	11.3	11.2	11.6
8	Motorola	6.8	7.1	13.2	11.4	38.5	8.7	10.0	10.7
9	TCL-Alcatel	6.3	5.1	4.7	4.8	20.9	3.7	3.2	5.8
10	Nokia	0.1	1.4	3.4	4.4	5.5	3.3	3.1	4.5

- Samsung electronics continued to lead the market in the third quarter, shipping 70.9 million units. Due to severe competition with Chinese rivals in many regions, Samsung's year-over-year shipment growth rate has been negative since the fourth quarter of 2017, which caused the company's market share to fall to 20 percent – the lowest share in the third quarter. Samsung has ceded a lot of volume in China, the home country of Huawei, Oppo, Vivo and Xiaomi. Competitive pricing from Chinese manufacturers has improved brand awareness, and in many countries Huawei and Xiaomi have already become the biggest players.
- Huawei, which beat Apple unit shipments for the first time in the second quarter, retained its second-ranked position in the global smartphone market in the third quarter. Huawei shipments grew 33 percent, reaching 52 million units. Huawei shipments are growing in most of regions, except North America, with especially strong growth posted in Europe, Middle East and Africa. For the past two years, Huawei has been focusing on aggressively expanding its multi-camera feature to across its smartphone line-up. Three-quarters of Huawei smartphones shipped in the second quarter featured double or triple cameras, which is much higher than Apple (43 percent), and Samsung (13 percent). The company also has a strong mobile-network business, which bolsters sales of smartphones through operators, especially in Europe, where operators play a strong role in smartphone distribution.
- Apple iPhone unit shipments fell 1.5 percent to 46 million units in the third quarter. Apple's latest smartphone launches occurred in the third quarter; however, iPhone XR, which is an entry model among the new models, was not available until the fourth quarter. As these new models start shipping in the fourth quarter – the biggest sales season for Apple – the company is likely to regain the second-ranked position from Huawei.

Source: Smartphone Intelligence Service, IHS Markit

Huawei increase sales volume in the most of regions except North America, while India is the biggest market for Xiaomi

- Xiaomi also continued to enjoy double-digit growth in the third quarter, shipping a record 32.4 million units. Successful sales of its Redmi series in India boosted the company's overall sales. In an effort to increase its revenue and average selling prices, Xiaomi recently launched a new smartphone brand called POCO. The first POCO-branded smartphone F1, equipped Qualcomm's premium Snapdragon 845 chipset and other high-end features at a price of around \$285 – about half the price of similar-grade smartphones offered by its competitors. While Oppo shipments declined to 31.2 million units in the third quarter, Vivo increased its shipments by 13.6 percent over the previous year, reaching 28.9 million units.
- The combined smartphone shipments of the four leading Chinese manufacturers – Huawei, Oppo, Vivo and Xiaomi – reached 144.5 million units, which accounts for 41 percent of the global smartphone market. Strong performance and huge shipment volumes of these four companies has made it harder for smaller-scale manufacturers to compete. In fact, shipments from manufacturers ranked seventh and below are declining every year.
- The growth engine of the four Chinese manufacturers is their speed to market, which means they can address customer needs and market trends more quickly, spreading new features to their mid-level and low-end smartphones. For example, wide edge-to-edge displays, notched displays, multi-camera and display-embedded fingerprint scanners became widely available from Chinese manufacturers much faster than other global manufacturers. This ability empowers their brand image and awareness, which leads to increasing sales volumes.

OEMs out of top 6 ranking continuously see its shipment declining every year

Million Units									
Rank	Company	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18
11	Tecno	2.9	3.2	3.3	3.7	13.1	3.6	4.0	3.7
12	iTel	2.1	2.6	3.5	3.6	11.8	2.9	3.4	3.3
13	Meizu	4.8	3.8	3.6	4.0	16.2	3.1	3.3	3.1
14	Micromax	1.4	2.5	1.8	1.8	7.5	1.6	1.8	2.2
15	Infinix	1.1	1.2	1.3	1.8	9.3	1.5	1.7	2.0
16	ZTE	11.2	12.1	12.5	10.6	46.4	8.6	1.3	1.7
17	Sony	2.9	3.4	3.4	4.0	13.7	2.7	2.0	1.6
18	Coolpad	1.9	2.3	1.4	1.0	6.6	0.8	0.5	0.7
19	HTC	1.8	2.3	0.6	0.8	5.5	0.9	0.4	0.5
20	Lenovo	4.9	4.1	2.2	0.9	12.1	0.8	0.5	0.4
21	Gionee	6.6	7.2	6.0	4.2	24.0	1.2	1.5	0.3

- Combined shipment volume of sub-brands of Transsion holdings (Tecno, iTel & Infinix) reached to 9 million units in the third quarter. This is 11 percent increased from the previous year, but down 1 percent from the quarter earlier. Transsion holdings is now facing strong competition from Huawei in Africa where is the main market of the company.
- Sony shipped only 1.6 million units in the quarter, down 53.1 percent. Sony explained sales in Europe and Japan decreased. Sony announced revised shipment forecast of 7 million units in 2018 fiscal year, ended Mar 2019, down from 9 million.
- LG continued to ship 11.6 million units per quarter. Average quarterly shipment volume of LG used to be bigger than 13 million units since Q2 2014. Although LG keeps releasing flagship models, the latest flagship model is V40 ThinQ released in October, LG couldn't leverage the flagship models to pull the overall shipment volume to grow. New mid-end series of LG, Q series are ramping up. However, it couldn't offset the decreasing volume of K series, last year's mid-end line up.
- ZTE hasn't recovered from the impact of a denial order which halted entire operation of ZTE for more than a quarter in the beginning of this year. 12 million units of average quarter shipment volume declined less than 2 million in 2018. Although the US government released ZTE from the sanction, its smartphone business is already damaged seriously therefore, going back on track looks very difficult.

Source: Smartphone Intelligence Service, IHS Markit

IHS Markit Customer Care

CustomerCare@ihsmarkit.com

Americas: +1 800 IHS CARE (+1 800 447 2273)

Europe, Middle East, and Africa: +44 (0) 1344 328 300

Asia and the Pacific Rim: +604 291 3600

Disclaimer

The information contained in this presentation is confidential. Any unauthorized use, disclosure, reproduction, or dissemination, in full or in part, in any media or by any means, without the prior written permission of IHS Markit Ltd. or any of its affiliates ("IHS Markit") is strictly prohibited. IHS Markit owns all IHS Markit logos and trade names contained in this presentation that are subject to license. Opinions, statements, estimates, and projections in this presentation (including other media) are solely those of the individual author(s) at the time of writing and do not necessarily reflect the opinions of IHS Markit. Neither IHS Markit nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate, or projection (collectively, "information") changes or subsequently becomes inaccurate. IHS Markit makes no warranty, expressed or implied, as to the accuracy, completeness, or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, IHS Markit shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined, by it or any third party, whether or not based on any information provided. The inclusion of a link to an external website by IHS Markit should not be understood to be an endorsement of that website or the site's owners (or their products/services). IHS Markit is not responsible for either the content or output of external websites. Copyright © 2018, IHS Markit™. All rights reserved and all intellectual property rights are retained by IHS Markit.

