Mid-term market forecast on smartphone and tablet

On November 25th, 2011, MCPC in accordance with the joint research by MCPC and Impress, publicized the mid-term forecast of smartphones and tablets. The following is a summary of the report;

1. The mid-term forecast of smartphone market

The number of smartphone subscribers at the end of March 2011 (2010 fiscal year) was 10.02 million (8.83 million private subscriptions and 1.2 million corporate subscriptions). The number at the end of March 2012 (2011 fiscal year) will be increased by 171% to 27.14 million (25.46 million private subscriptions and 1.68 corporate subscriptions).

In 2011 FY, not only iPhone4S but also various Android phones were launched. The increasing trend that the number of services for feature phones has supported smartphones, appears to have accelerated switching from existing phones. Smartphones are expected to grow further to reach 84.56 million subscribers (77.55 million for private users and 7.01 million for corporate users) at the end of March 2017 (2016 FY).

With the average growth rate of 40% pa, applications, music, games, videos, and e-books etc. for smartphones are also expected to grow sharply.
When we look at the breakdown of the number for corporate and private usages, the market mainly for a private usage in 2011FY grew, but with better security support, and enriched applications, and cloud services for a business usage, corporate subscriptions will grow.

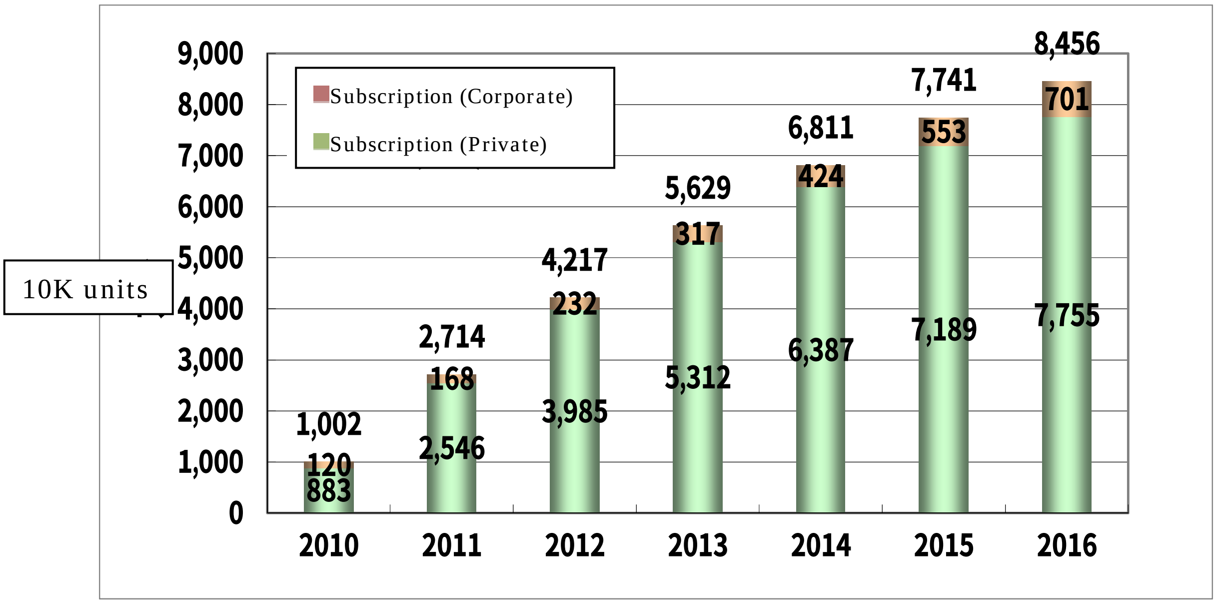

Figure 1　Forecast of smartphone subscriptions

Remarks: Total and the breakdowns may not match due to rounding errors.

The number of smartphone shipments was 6.84 million units in 2010 FY (6.05 million units for private users and 790 K for corporate users), while in 2011 FY, 20.05 million units (19.04 million units for private users and 1 million for corporate users), with a 193% increase on year to year basis. The shipments for private users grew 3 times over the previous year, which is unprecedented. The growth rate for corporate users was 27% that is not as big as that for private users, but still is high among IT industries.

The growth for private users after 2013 FY onward will continue to stay with some ups and downs in growth rate on a 2 year cycle, in response to the sharp increase in this fiscal year. Cell phones normally have a 2 year subscription contract, which means to induce a replacement demand in 2 years. The number in 2016 FY is forecasted as 32.94 million units. The shipments for corporate users will continue to grow at the 20% mark, to reach 2.65 million units in 2016FY.

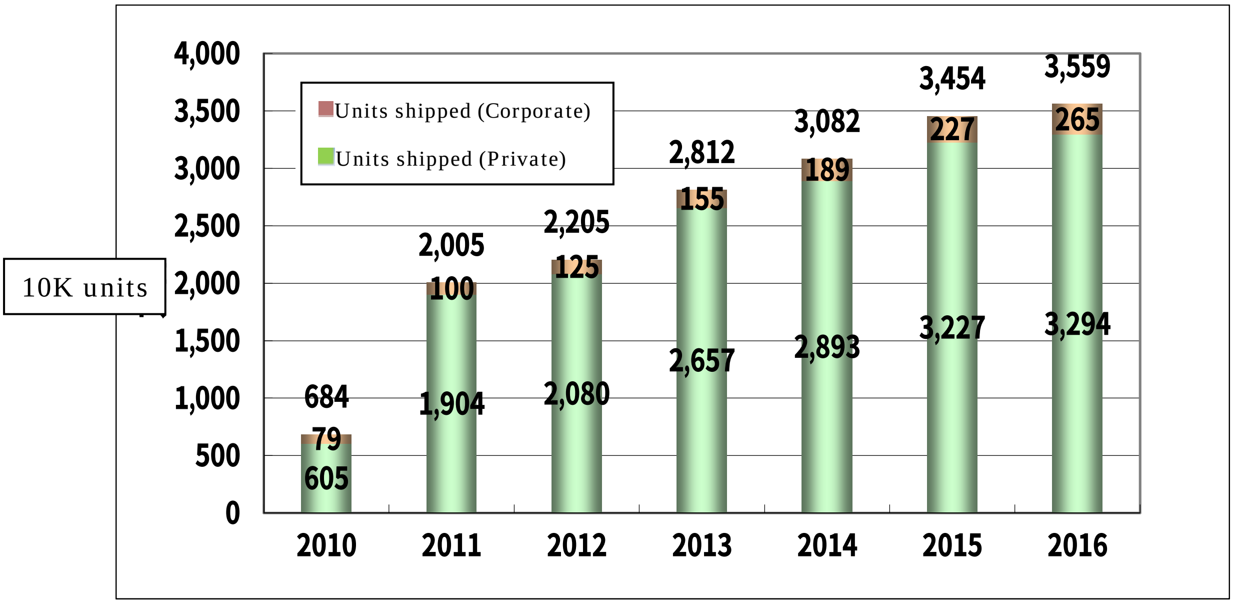

Figure 2　Forecast for Smartphone Shipments

Remarks: Total and the breakdowns may not match due to rounding errors.

2. Mid-term forecast of tablet market

The number of tablets shipped in 2010 FY was 1.29 million units (1.14 million units for private users and 150 K units for corporate users). The shipments in 2011 FY were 2.6 million units with the growth rate of 102% on year to year basis. The shipments for private users will be 2.42 million units with a 112% growth and 180 K units with a 24% growth. The shipments in 2016 FY will be 15.10 million units with a 51% growth during 2010 FY and 2016 FY. The shipments for private users will be 13.70 million with a 51% growth. The shipments for corporate users will be 140K with a 41% growth.

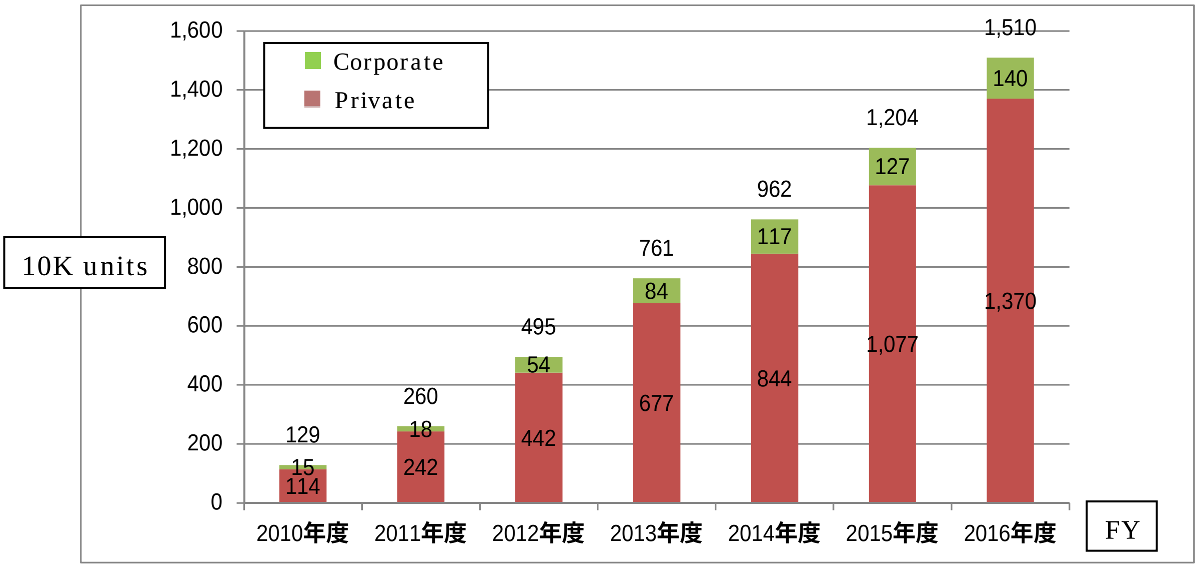

Figure 3　Forecast of tablet shipments

Remarks: Total and the breakdowns may not match due to rounding errors.

Tablets are equipped with communication functionality that normally supports both cell phone (3G) and Wi-Fi or Wi-Fi only. The number of units shipped with cell phone (3G) subscriptions is estimated at 440 K in 2010 FY (370K units for private users and 70 K units for corporate users). The shipments in 2011 FY were 870 K with a 97% growth. The shipments were 780 K units with a 111% growth for private users and 90 K units with a 24% growth for a corporate user.

The shipments in 2016 FY will be 5.12 million units. There will be the average growth rate of 68% over 2010 FY. The shipments for private users will be 4.42 million with the average growth rate of 68%. The shipments for corporate users will be 700 K with the average growth rate of 64%. Since business usages tend to require cell phone connectivity (3G), the shipments for corporate users are high.

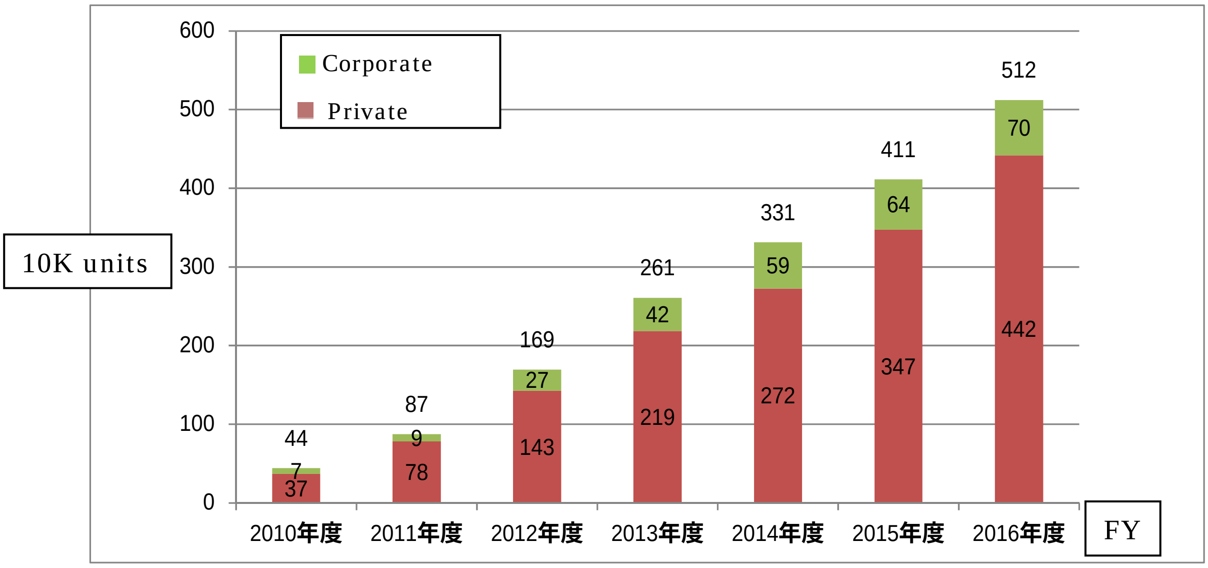

Figure 4　Forecast of Tablet shipments (3G)

Remarks: Total and the breakdowns may not match due to rounding errors.

The number of cumulative subscriptions of 3G phones for tablets in 2010 FY (at the end of March 2011) was identical to the number of tablets (with 3G) shipped, which was 440K units in total (370K units for private users and 70K units for corporate users). The cumulative number of subscriptions includes one that was carried over from the past subscriptions, and shows the larger number than the shipments (3G) in this fiscal year. The number in 2010 FY is assumed to include few subscribers who carried over the past subscriptions, and the cumulative number of subscriptions matches the number of units shipped. In 2011 FY (at the end of March 2012), it was 1.26 million units (1.09 million units for private users and 170 K units for corporate users). The number in 2016 FY will be 1.26 million units (8.43 million units for private users and 1.43 million units for corporate users).

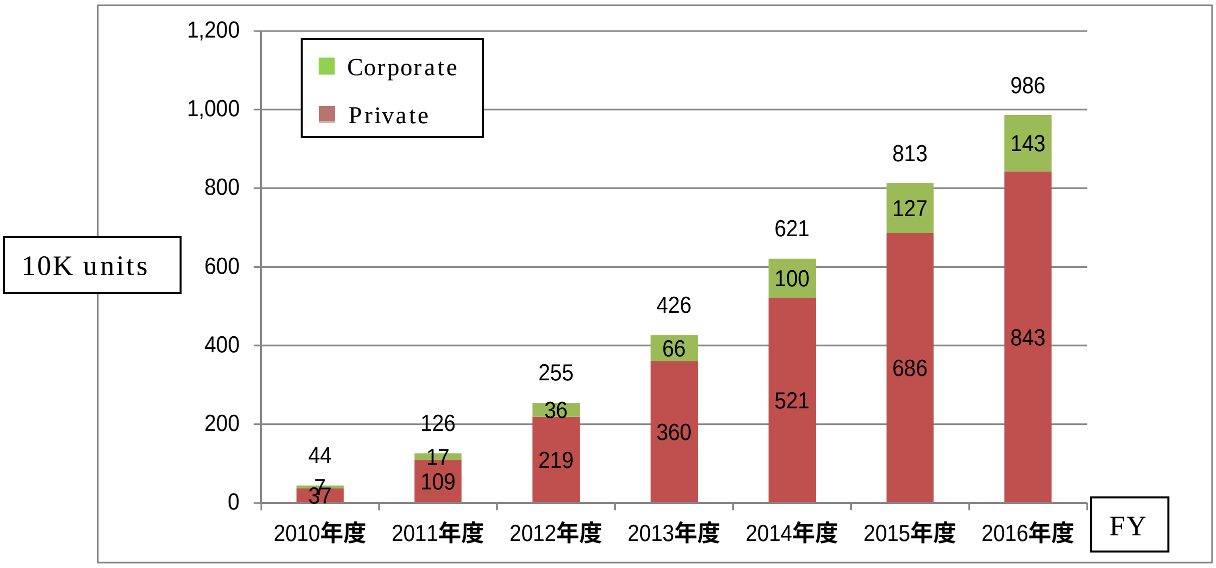

Figure 5　Cumulative number of subscriptions for tablets (3G)

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