DIGITIMES Research: Special report, 2021

Global smartphone shipments – 1H21

Luke Lin, DIGITIMES Research, May 2021

Introduction

The COVID-19 still rampages in most regions of the world through first-half 2021 with some countries in a more desperate situation now than 2020. Smartphone supply however no longer suffers serious disruptions as it did in first-half 2020 but market demand has only recovered to a limited extent.

Based on Digitimes Research's estimates, global smartphone shipments will exhibit double-digit year-over-year growth in both the first and second quarter of 2021 due to a low comparison base a year ago. The combined first-quarter and second-quarter 2021 shipments are expected to come to 650 million units while whole-year 2021 shipments are estimated to arrive at 1.32 billion units, up 6.4% from the prior year.

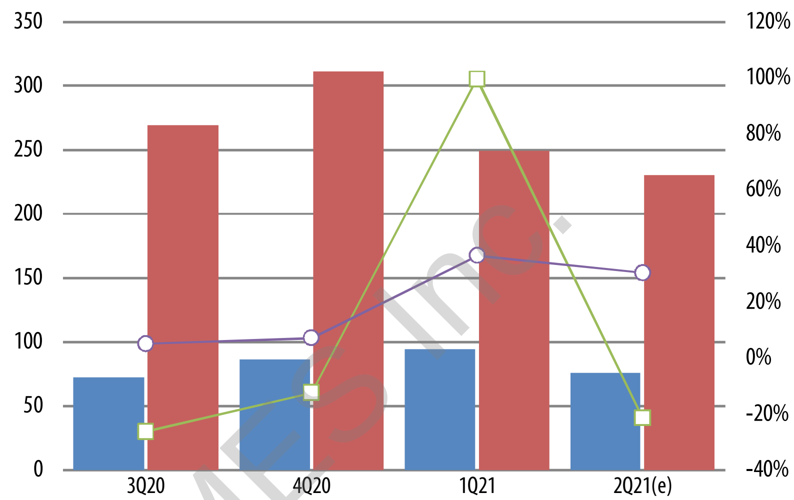
The top-5 brands in terms of first-half 2021 smartphone shipments are Samsung, Apple, Xiaomi, Oppo and Vivo, each of which enjoys large annual growth with Xiaomi doubling its growth.

With respect to 5G phone shipments, Digitimes Research forecasts 2021 global shipments will be in the range between 500 million and 530 million units, soaring 70% to 80% from the 2020 level, and Apple will rise to No. 1. There will be 18 million to 20 million foldable phones shipped in 2021. Samsung will deliver the largest volume of foldable phones but its share will fall below 40%.

Global smartphone shipments

Shipments by China and non-China markets

Chart 1: Global shipments by China and non-China markets, 3Q20-2Q21 (m units)



	3Q20	4Q20	1Q21	2Q21(e)
China shipments	72.7	86.7	94.6	76.3
Non-China shipments	269.1	311.2	249.6	230.4
China Y/Y	-26.2%	-12.4%	99.5%	-21.3%
Non-China Y/Y	5.1%	7.1%	36.5%	30.5%

Source: Digitimes Research, May 2021

First-quarter 2021 smartphone shipments to China nearly doubled from the level seen in the corresponding period of 2020. The large growth can be attributed to the low first-quarter 2020 base period as the COVID-19 outbreak seriously disrupted both supply and demand at the time. On top of that, China-based brands Xiaomi, Oppo and Vivo aggressively launched new phones and ramped up shipments to sales channels in an effort to grab Huawei's lost market share in first-quarter 2021.

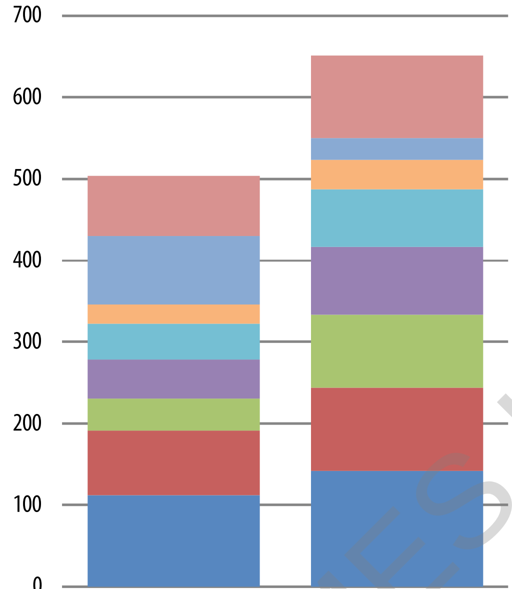
Smartphone sales after the Lunar New Year came short of expectation while channel inventory was running higher and higher since March and April, prompting smartphone vendors to slow down their shipment momentum. Moreover, with the higher base period in the corresponding period of 2020, second-quarter 2021 shipments are estimated to show more than 20% decline year-over-year. Smartphone shipments therefore ended up showing drastic changes in terms of annual growth between the first two quarters of 2021.

First-quarter and second-quarter 2021 smartphone shipments to markets outside of China are expected to each increase more than 30% on a year-over-year basis due to a low comparison base in the corresponding period of 2020.

The COVID-19 outbreak in India and several other developing countries in 2021 is worse than 2020 so second-quarter 2021 shipments are to come short of the low-season volume seen in first-quarter 2021.

Shipments by top brands

Chart 2: Global shipments by top brands, 1H20 and 1H21 (m units)



	1H20	1H21(e)
Others	73.9	100.5
Huawei	83.7	26.7
Transsion	23.9	36.3
Vivo	43.7	70.7
Oppo	47.4	83.7
Xiaomi	39.5	89.2
Apple	79.3	102.1
Samsung	112.3	141.7

Source: Digitimes Research, May 2021

Based on Digitimes Research's preliminary estimates, the top-5 brands in terms of first-half 2021 global smartphone shipments are Samsung, Apple, Xiaomi, Oppo and Vivo.

Samsung already debuting its 2021 flagship Galaxy S21 series in mid-January will boost its first-half shipments to 140 million units, up nearly 30 million units from the level seen in the corresponding period of 2020.

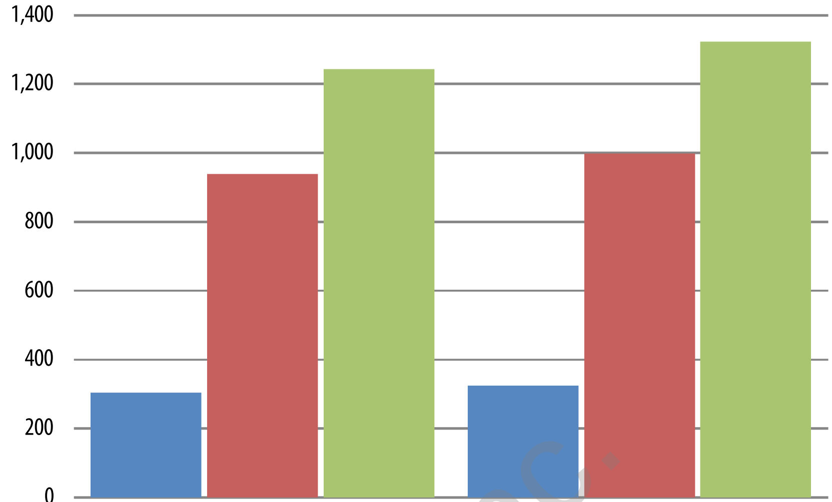
Apple still enjoyed brisk sales of iPhone 12 Pro and iPhone 11 in first-quarter 2021, which is expected to drive its first-half shipments to stand above the 100-million-unit mark.

Continuing to make progress in overseas markets while enjoying growing sales in China, Xiaomi shipped close to 90 million phones in first-half 2021, representing more than 100% growth from a year ago.

As part of their efforts to grab Huawei's lost market share in China, Oppo and Vivo will ship 80 million units and 70 million units respectively in first-half 2021.

Subject to the U.S. government's sanctions and expanding restrictions on its suppliers, Huawei experienced a huge decline in first-half 2021 shipments compared to a year ago and has fallen behind Transsion in its ranking.

Chart 3: Global shipments by China and non-China markets, 2020-2021 (m units)



	2020	2021(f)
China shipments	303.7	324.6
Non-China shipments	939.7	998.6
Total	1,243.4	1,323.2

Source: Digitimes Research, May 2021

Based on the surveys Digitimes Research conducted on smartphone supply chains in China and Taiwan, 2021 global smartphone shipments are estimated to amount to 1.32 billion units, up 6.4% from 2020 but still short of the 1.36 billion units shipped in 2019.

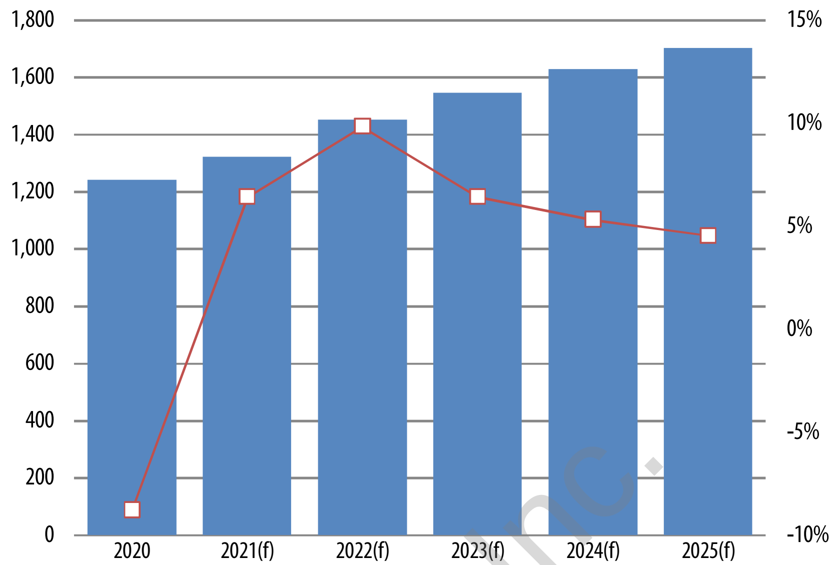
Although the China market is gradually recovering from the COVID-19 pandemic, consumer spending remains weak. Smartphone shipments to China are estimated to grow 6.9% to reach 320 million units in 2021.

As to smartphone supply in markets outside of China, there were no longer COVID-19 disruptions as serious as in first-half 2020 but market demand has yet to strongly recover. As such, whole-year 2021 shipments are estimated to rebound to 1 billion units, up 6.3% from the prior year.

A number of developing countries started to suffer worse COVID-19 outbreak in second-quarter 2021 than 2020, which not only dampened market demand recovery but also affected smartphone production in India.

COVID-19 situations are getting contained in developed countries with increasing vaccination rates. Governments are therefore lifting restrictions on economic activities, allowing people to resume daily routines. It is foreseeable that consumers will shift to buying things that they could not purchase or had difficulty purchasing during the pandemic (items other than consumer electronics). This will cause the demand for consumer electronics including smartphones to fall weaker in second-half 2021 compared to the corresponding period of 2020.

Chart 4: Global smartphone shipments, 2020-2025 (m units)



	2020	2021(f)	2022(f)	2023(f)	2024(f)	2025(f)
Shipments	1,243.4	1,323.2	1,453.3	1,546.5	1,628.6	1,702.4
Y/Y	-8.8%	6.4%	9.8%	6.4%	5.3%	4.5%

Source: Digitimes Research, May 2021

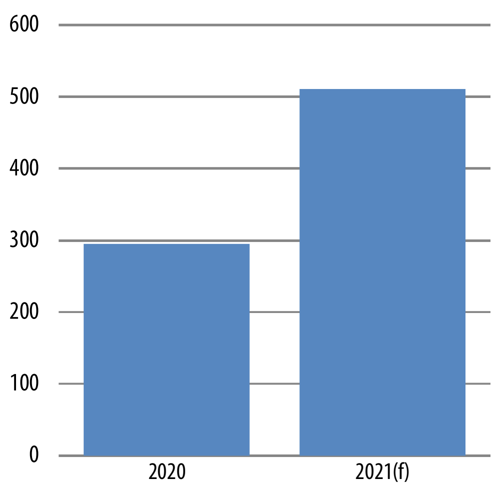
Digitimes Research has updated the forecast on smartphone shipments 2022 through 2025 based on market condition and supply chain information January through May 2021.

In 2022, with COVID-19 vaccines being available to more countries, the pandemic will get better contained in developing countries so consumer confidence and market demand can recover to a larger extent. Smartphone shipments are thus expected to show double-digit annual growth and the market scale is set to exceed the 2019 level.

The growth momentum will slow down year after year starting 2023. However, continuing 5G phone upgrade demand on top of feature phone users increasingly switching to smartphones will drive smartphone shipments to reach 1.7 billion units by 2025.

5G smartphones

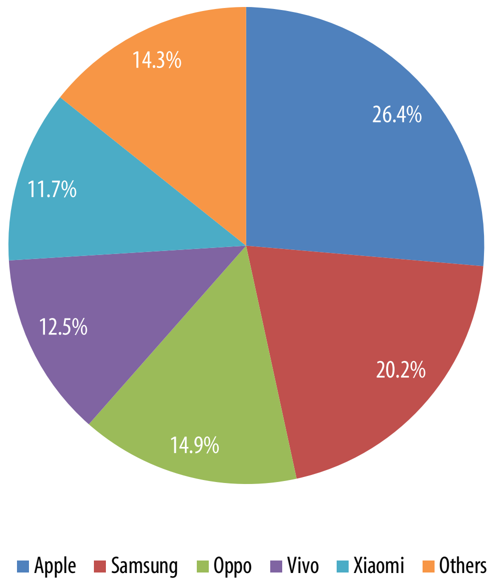
Chart 5: 5G smartphone shipments, 2020-2021 (m units)



	2020	2021(f)
5G shipments	294.7	510.8

Source: Digitimes Research, May 2021

Chart 6: 5G smartphone shipment share by brand, 2021



Source: Digitimes Research, May 2021

Digitimes Research estimates that 500 million units to 530 million units of 5G phones will be shipped in 2021, surging 70% to 80% from the 2020 level.

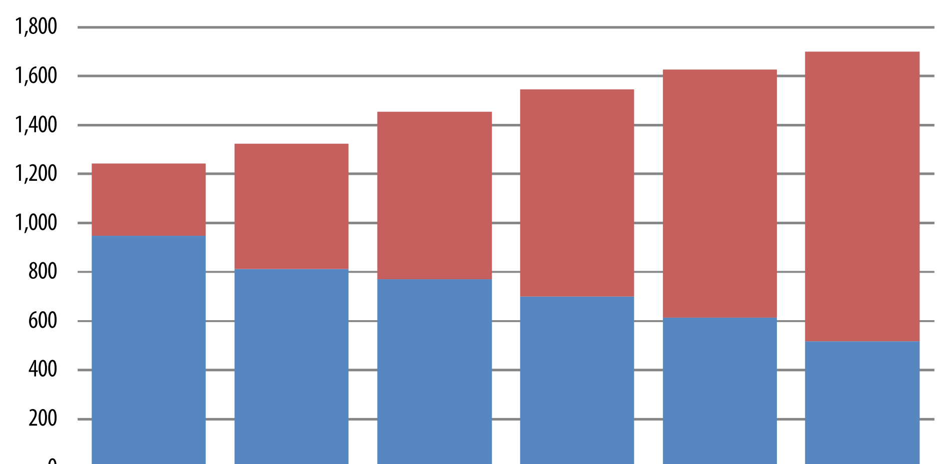
The top-5 brands in terms of 2021 5G phone shipments will be Apple, Samsung, Oppo, Vivo and Xiaomi, together shipping 85% of 5G phones on the market.

As opposed to only shipping 5G phones in the fourth quarter of 2020, Apple will be selling 5G-capable iPhones in all four quarters of 2021 and will rise to the No.1 place in terms of market share.

Samsung will be the only other vendor that enjoys a more than 20% market share. Oppo, Vivo and Xiaomi will each represent more than 10% of the market.

Despite making the largest volume of shipments in 2020, Huawei will drop out of the top-5 list as the U.S. government's ban prevents it from getting access to components. Its market share will only be in the single digit range.

Chart 7: Global 5G and non-5G smartphone shipments, 2020-2025 (m units)



	2020	2021(f)	2022(f)	2023(f)	2024(f)	2025(f)
5G	294.7	510.8	682.2	845.7	1,015.1	1,185.2
Non-5G	948.7	812.4	771.1	700.8	613.5	517.2

Source: Digitimes Research, May 2021

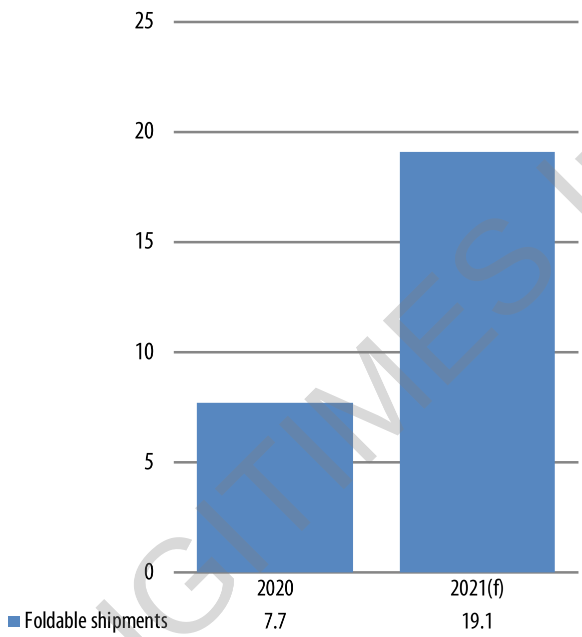
As to whole-year 2021 5G phone shipments, Digitimes Research makes a neutral forecast of 510 million units based on market condition and supply chain information January through May 2021.

The annual growth of 5G phone shipments will slow down 2022 through 2025, increasing 160 million units to 170 million units each year.

Among all smartphones shipped in 2023, more than half will be 5G-capable. Whole-year 2024 5G phone shipments are expected to reach 1 billion units.

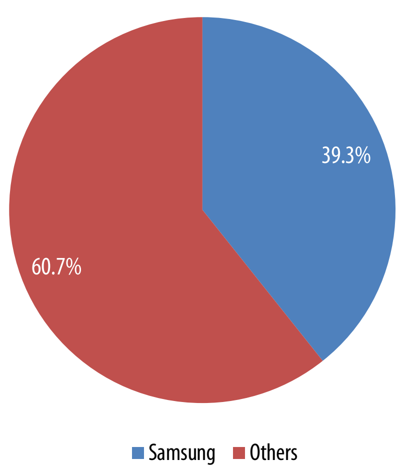
Foldable smartphones

Chart 8: Foldable smartphone shipments, 2020-2021 (m units)



Source: Digitimes Research, May 2021

Chart 9: Foldable smartphone shipment share by brand, 2021



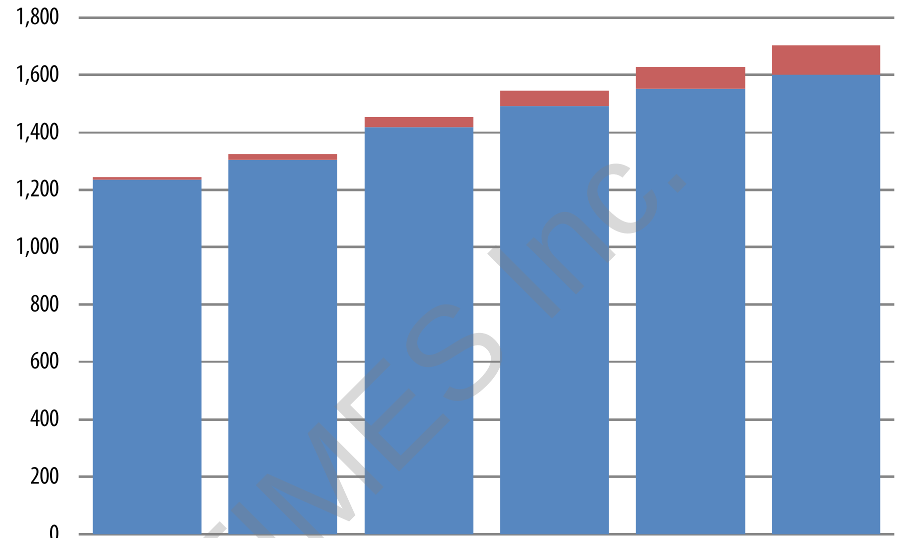
Source: Digitimes Research, May 2021

From the order information of foldable screen and bearing suppliers, Digitimes Research preliminarily estimates that 2021 global foldable phone shipments will be in the range between 18 million and 20 million units, growing 200% to 300% from the 2020 level.

Samsung will account for 40% of the foldable phone market. More Galaxy Z Flip phones will be shipped than Z Fold phones but their gap will largely narrow.

The other vendors will altogether ship 11 million units to 12 million units, with a high concentration on China-based brands.

Chart 10: Global foldable and non-foldable smartphone shipments, 2020-2025 (m units)



	2020	2021(f)	2022(f)	2023(f)	2024(f)	2025(f)
Foldable	7.7	19.1	36.2	55.4	76.6	102.2
Non-foldable	1235.7	1304.1	1417.1	1491.1	1552	1600.2

Source: Digitimes Research, May 2021

As the price range for foldable phones becomes wider, increasing foldable screen supply prompts vendors to introduce more foldable phone models. Moreover, the market has certain demand for foldable phones so Digitimes Research raises the forecast on foldable phone shipments 2021 through 2025.

Foldable phone shipments are expected to exceed 50 million units by 2023 and stand a chance of breaking through the 100-million-unit mark by 2025.

If Apple markets foldable iPhone in 2023, global foldable phone shipments will come close to 100 million units by 2024 and reach 150 million units by 2025.