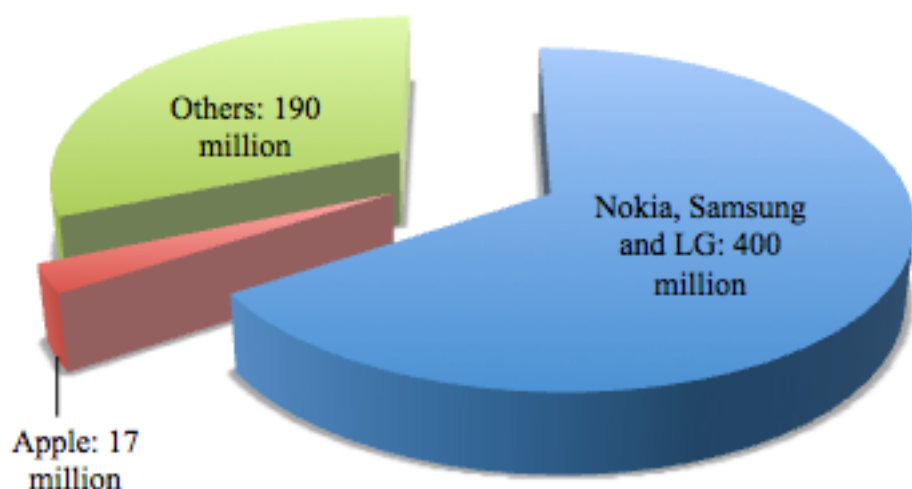
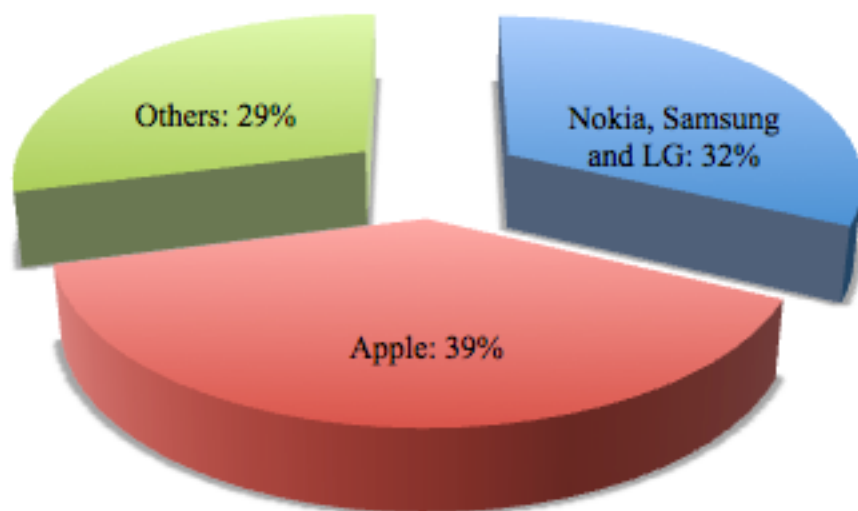


Mobile handsets sold Jan. to June 2010



Share of industry profits Jan. to June 2010





APPLE 2.0

Pie chart: Apple's outrageous share of the mobile industry's profits

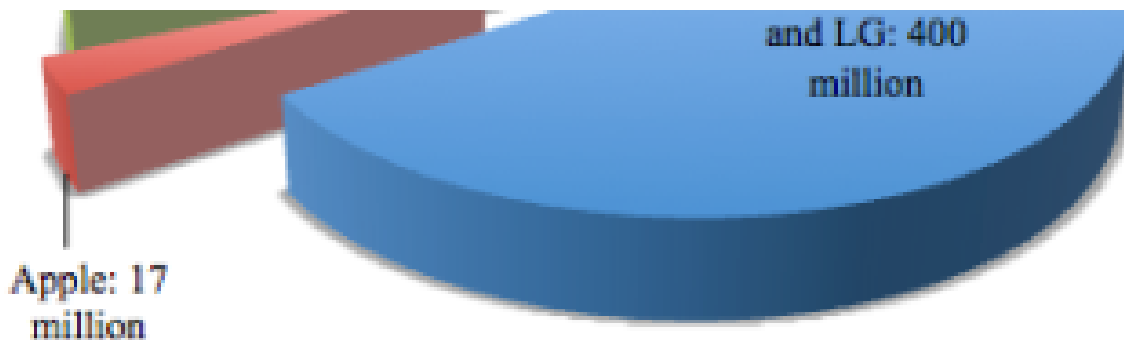
by Philip Elmer-DeWitt

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SEPTEMBER 21, 2010, 4:10 PM EDT

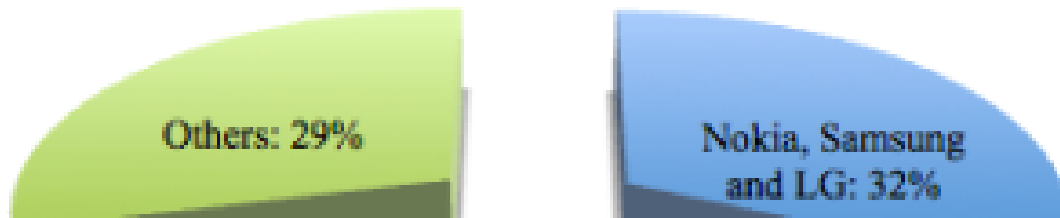


Cupertino is raking in the cash as its competitors struggle to post any profit at all



Share of industry profits

Jan. to June 2010



Click to enlarge. Source: Canaccord Genuity and IDC

Canaccord Genuity initiated coverage of Apple (**AAPL ▲ 0.35%**) Tuesday with a “buy” rating and a price target of \$356 per share.

In the long, laudatory accompanying note by T. Michael Walkley, their new Apple specialist, the two paragraphs that jumped out at us were the ones that talked about the company’s ability not just to innovate, but to turn those innovations into cash.

For example, he writes, Apple sold 17 million mobile handsets in the first half of 2010, compared with 400 million handsets sold by Nokia (**NOK ▼ -0.44%**), Samsung and LG. Yet it pulled in 39% of the industry’s profit during that period, more than the 32% earned by the world’s three largest handset makers combined.

To get a sense of the enormity of this disparity you really have to see it in pie chart form (an earlier version of which failed to include “Others.”) Meanwhile, to give you a feel for how hot Walkley is for Apple, we’ve pasted the text of the two paragraphs that caught our eye below the fold.

“

We are also impressed with Apple’s ability to monetize its innovative products through selling high-margin consumer products that drive strong earnings results and growth trends for Apple shareholders. A case in point is the mobile phone market, where most handset OEMs struggle to post a profit or even 10% operating margins (except RIM and recently HTC), while we estimate Apple boasts roughly 50% gross margin and 30%+ operating margin for its iPhone products.

In fact, Nokia, Samsung and LG combined sold roughly 400M mobile handsets worldwide in the first half of 2010 with a combined value share of 32% of handset industry profits, while Apple sold roughly 17M units over the same time period and captured an estimated 39% of industry profits, or greater than the top three global handset OEMs combined. Apple leads the industry in every metric except for unit share...

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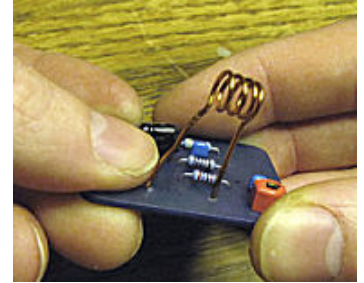
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