

MEDIA ALERT

UBM TechInsights Commentary: Apple maintains profit margin while introducing few technology changes

Extensive database of teardowns and trends analysis aid in the speculation of cost of the iPhone 4S

OTTAWA, October 5, 2011/PR Newswire/ -- UBM TechInsights, leveraging its extensive library of teardowns and semiconductor analysis, has taken a closer look at the iPhone 4S announcement and is issuing an estimate of the cost of the phone. When taking into account current market prices, the iPhone 4S will achieve the same healthy profit margin that they have experienced in previous iPhone launches.

“Technology-wise, you aren’t seeing anything revolutionary or unexpected from the iPhone 4S”, says Jeffrey Brown, Vice-President of Business Intelligence. “As we predicted in July, the iPhone 4S is a moderate improvement over the iPhone 4 – featuring an A5 processor that has been in use for approximately nine months, an image sensor that puts the handset on par with its competitors, and improved battery life.”

The introduction of the iPhone 4S across GSM and CDMA networks in a singular design was also alluded to in the introduction of the Verizon model of the iPhone 4. “When the CDMA version of the iPhone 4 was brought to market, it featured a Qualcomm baseband modem that was capable of working across both networks”, says Jeffrey Brown, “this was the single biggest indicator that Apple was moving towards a ‘world phone’ that would reduce design times and production costs. There would no longer be the need to produce two phones for different carriers to choose from. We expect the new antenna design to be very similar to what we saw in the CDMA version of the iPhone 4”.

UBM TechInsights Vice-President of Technical Intelligence, David Carey, views today’s announcement of the iPhone 4S as par for the course for Apple. “Just as we saw a modest technology bump from the iPhone 3G to the iPhone 3GS, Apple is adopting the same model of iterative improvement and incrementalism as they gear up for the iPhone 5 platform. By continuing down the hardware evolution path, more powerful and useful software such as natural voice-recognition, highly-rendered gameplay, wireless video mirroring, and complex image processing all become possible. The software experience - enabled by ‘good-enough’ hardware - is arguably what customers care about most in the end”.

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One interesting revelation from today's announcement was Apple's decision to forego the implementation of LTE in the iPhone 4S. "Apple is making a rather large statement on their confidence in LTE by focusing a lot of their presentation on the comparable rates of transfer of HSPA+ to LTE", says David Carey. "LTE implementation has brought about concerns of power consumption, but I believe in Apple's case, the decision to shy away from LTE comes from its slow adoption. For example, AT&T, the iPhone's original carrier, has yet to introduce 4G networks to their customers."

Using previous costing history and estimates on the major components of the iPhone 4S, UBM TechInsights estimates the bill-of-materials to be in the same range at where the iPhone 4 model was at launch in mid-2010. Using preliminary specs and cost analysis, we estimate the 32GB model of the iPhone 4S will have a BOM of \$203 at launch. This estimate includes an estimated cost of \$26 for the Apple A5 processor and \$31 for the retina display.

For more information on the costing of the iPhone 4S and how it compares in pricing in today's market to the iPhone 4, please contact UBM TechInsights for a comparison table highlighting the costs of key components. For more information on the iPhone 4 teardown visit:

<http://www.ubmtechinsights.com/teardowns/apple-iphone-4-teardown/>

UBM TechInsights will be conducting a comprehensive teardown of the iPhone 4S, including detailed information on many of the key components and semiconductors and confirmation of our earlier costing estimates. Visit www.ubmtechinsights.com on October 14th for the iPhone 4S teardown.

About UBM TechInsights

UBM TechInsights provides professional services and essential intelligence to manage technology and Intellectual Property (IP) portfolios. With over 20 years of experience in technical analysis and IP matters UBM TechInsights provides a comprehensive IP management process that delivers maximum strategic advantage and financial returns for customers around the world. The company provides information and customized services in IP, Technical Intelligence, and Business Intelligence for each stage of the IP lifecycle. Global markets served include Automotive, Clean Technologies, Consumer Electronics, Investment, Legal, Medical Devices, Semiconductors, and Software. For more information, please visit www.ubmtechinsights.com.

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