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Samsung Sings of Handset Strength

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There is no letup in sight for global mobile-phone sales growth.

Solid handset sales at No. 3 **Samsung** suggest another strong performance is in the books for the third quarter at cell-phone leaders **Nokia** ([NOK](#)) and **Motorola** ([MOT](#)).

South Korea's Samsung said Friday that mobile phone sales jumped 10% over the previous quarter to 26.8 million units shipped in the period ended Sept. 30. And though Samsung projects no growth in phone sales in the current quarter, the company raised its estimate for total industry growth this year to 15% over 2004 levels.

Reading into Samsung's results, analysts were encouraged by the fact that the company raised worldwide industry shipment-growth guidance despite calling for its own flat sequential handset sales in the fourth quarter.

"This is the second time in as many quarters that Samsung has said market growth is stronger than it expected. Yet its shipments should remain at the same level, leading us to believe that Samsung is losing share," writes JP Morgan Chase analyst Ehud Gelblum in a research note Friday.

And if Samsung is sliding, chances are others are inching up. And just which phone shops are benefiting seems clear to at least one analyst.

"Samsung phone sales suggest Motorola and Nokia are gaining market share," says Charter Equity Research analyst Ed Snyder.

Compelling multifeature phones and the spread of wireless networks to developing countries has fed record demand for new handsets. The pace of cell-phone sales had already passed last year's breakneck rate in the second quarter, when the Gartner analysts clocked it at 21% growth over the year-ago period.

The torrid sales pace in the typically slower first half of the year, combined with a usually robust Christmas season, promises a record year that will surpass last year's 20% growth.

Analysts say Nokia's strength in Europe and Motorola's continued leadership in popular designs, combined with the advent of the \$40 phone in new markets like South Asia, Africa and Latin America, will help the top two players maintain their dominance.

But Samsung says it expects to see some signs this quarter that it is cutting into the higher-tier price range with greater sales of third-generation or 3G phones. And by early next year, the company will have its own version of super-thin handsets aimed at competing with Motorola's successful Razr phone.

Nokia shares were up a dime to \$16.91 and Motorola was up 35 cents to \$20.26 in late-morning trading Friday. Wireless-chip maker and tech-license giant **Qualcomm** ([QCOM](#)) was also up on the Samsung strength. Qualcomm shares rose 54 cents to \$42.24.

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