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# Samsung unwraps latest Galaxy rival to iPhone

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By Paul Sandle and Tarmo Virki

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(Reuters) - Samsung Electronics unveiled a new top-of-the-range Galaxy smartphone in London on Thursday, updating the most direct rival to Apple's iPhone with a larger touch screen and more powerful processor.

The South Korean technology group, which overtook Finnish company Nokia as the world's biggest cellphone maker earlier this year, said the new Galaxy SIII model would go on sale in some markets in late May and around the world from June.

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Last week, Samsung reported a record \$5.2 billion (3.21 billion pounds) quarterly profit, boosted by Galaxy smartphone range whose sales outstripped the iPhone.

Samsung sold around 45 million smartphones in the first quarter and contributed most of its operating profit.

The new Galaxy SIII model will have a 4.8 inch touch screen, 8 megapixel camera and will use the latest version of Google's Android software.

Analysts said the expected massive marketing campaign and features of the handset - billed as the official smartphone of the London 2012 Olympics - were likely enough to generate strong sales, but the launch left many of them unexcited.

"It is not an eye-catching device that will overwhelm consumers," said IDC analyst Francisco Jeronimo.

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The blue lights in the launch venue downtown London, echoing the cold rainy day outside, and the background sounds of nature, which Samsung said inspired the design, resulted in a fairly muted atmosphere in the room.

BIGGER BUDGET, BIGGER SALES

Won-Pyo Hong, head of product strategy at Samsung's mobile business, said it expected sales of the Galaxy SIII to outstrip predecessor SII's more than 20 million units.

"Definitely, we expect so. The level of interest from our partners has been bigger," Hong told Reuters in an interview. He said the marketing budget would also increase, even if brand awareness was already quite high.

"We need to spend more on marketing to address consumer interest and to meet requirements of our partners," he said.

Analysts said the new device represented a formidable challenge to rivals, given a combination of the Galaxy brand, sales support from operators and heavy marketing.

"Samsung must make the most of a 4 months - 5 month window of opportunity with the Galaxy SIII before Apple changes the [game](#) once more with its next generation iPhone," said Geoff Blaber, analyst at CCS Insight.

The new Galaxy will be powered by Samsung's quad-core microprocessor, which the company hopes will also be used in handsets made by HTC and Motorola, as well as Apple, its biggest customer for components.

The Exynos 4 Quad, based on British chip designer ARM Holdings Cortex A9 technology, enables more tasks in a shorter period of time - for example streaming video can run on one core while the other cores update applications, connect to the web and scan virus-check, simultaneously.

ON TOP OF SMARTPHONE WORLD

Apple and Samsung's near duopoly in high-end smartphones was not expected to come under threat this year or next.

"Samsung is now the only company that can compete with Apple and challenge it in the smartphone segment," said IDC's Jeronimo.

Samsung shares hit a lifetime high after its first-quarter results, pushing its market value to \$190 billion, 11 times that of Japanese rival Sony, though still only a third of Apple's, the world's most valuable company.

In stark contrast shares in Nokia, whose betting on a tie-up with Microsoft to revive its fortunes in the lucrative smartphone market, are at a 15-year low. Nokia said last month it would make a first-half loss as it struggles to revamp its product line.

Technology research firm Ovum said in a note on Thursday it expected Microsoft to establish its Windows Phone as a relevant smartphone platform only by 2017.

At its annual meeting on Thursday, Nokia's chairman-designate defended the group's turnaround strategy to investors losing patience with its efforts to catch up.

(Reporting By Tarmo Virki and Paul Sandle; Editing by Dan Lalor)

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