



PC Market Growth Continues, Boosted By Portable Adoption In EMEA As Growth In Asia Slows, According to IDC

FRAMINGHAM, Mass., July 16, 2008 – Worldwide PC shipments continued to grow at a healthy pace in the second quarter of 2008 (2Q08), according to IDC's Worldwide Quarterly PC Tracker. Shipments were up 15.3% from a year ago – slightly more than second quarter projections and first quarter growth of 14.9%. Solid growth in the EMEA (Europe, Middle East, Africa) helped offset slower growth in Asia Pacific excluding Japan (APeJ).

“Despite the continuing economic headwinds, the PC market continued to show its resilience,” said Loren Loverde, director of IDC's Worldwide Quarterly PC Tracker. “Product refreshes, vendor competition for channels, and aggressive pricing add to the continuing trend toward Portable computing in attracting buyers. The steady growth, despite the pressure on consumer finances, reflects the increasingly important role of PCs within personal technology, and steady improvements in price and design. Nevertheless, the economic pressure is mounting and PC market growth is expected to decline over the next year. The relatively strong PC market in recent quarters does not mean that the sector is immune to the changing economic environment.”

“As expected, the U.S. market had a sluggish performance, with growth in low single-digits due to budgetary constraints among both consumers and businesses. Despite a tough economic environment, some vendors executed well, in particular Dell with its channel and retail expansion,” says David Daoud, research manager, Personal Computing. “Given the current economic fundamentals, demand could remain depressed in the coming quarters if economic pressures continue, even with sustained price decreases.”

Regional Outlook

- In line with expectations, demand in the **United States** suffered from the ongoing economic pressure. Growth was in low single-digits as consumer and businesses tightened their PC spending budgets. From a competitive standpoint, Dell continued its recovery with another quarter of double-digit growth, while HP saw year on year growth rise from the first quarter. Portable adoption continues to be a key driver, even though consumer share is generally at its lowest during the second quarter.
- **EMEA** continued to see strong PC sales driven by unabated notebook demand across the region and the additional momentum created by new ultra low cost offerings. Total shipment growth came in slightly faster than in the first quarter of 2008 as the strong Euro and aggressive competition continued to support PC purchasing despite rising energy costs.
- The **Japan** market remained sluggish overall, although growth in mid-single digits was up from the first quarter with contributions from both consumer and commercial segments. The depreciation of the US Dollar has helped vendors such as HP and Dell make inroads, and the troubles of Everskill Technology have also benefited other players.
- **Asia/Pacific (excluding Japan)** saw lower than expected growth in most markets as rising energy costs and inflation concerns cut into spending. Year on year growth remained in mid teens, though several percentage points slower than in recent quarters. The slowing market affected most vendors, with the top 5 all showing slower growth than last quarter.

Vendor Highlights

- **HP** remains the worldwide market leader with solid growth of 16.8%. The company's extensive product refresh leverages the HP's leadership position and should help the

company target specialized niches. The company recovered from a slower first quarter in the United States, although worldwide growth was down slightly.

- **Dell** had a solid quarter with growth outpacing the market in all regions and made strong gains in EMEA and APeJ. The company also continued to see double-digit growth in its core U.S. market. Dell's aggressive channel partner program and retail expansion should help drive volume going forward. On the retail front, Dell recently launched a fleet of service centers within Wal-Mart stores to compete with the likes of Best Buy's Geek Squad.
- **Acer** continued to expand worldwide shipments by roughly 64% year on year for a second consecutive quarter. Volume increased nearly as fast in EMEA which accounted for roughly 50% of global shipments. Combined with Gateway, shipments in the United States declined from a year ago for the second quarter. Growth in APeJ slowed, but remained strong, while gains in other markets improved.
- **Lenovo** continued to see double-digit growth, although gains were slower than the market. Slower demand in APeJ, which represents about 60% of Lenovo volume limited overall growth. Nevertheless, the company continued to see volume increase by more than 20% in EMEA – its second largest region.
- **Toshiba** had a solid quarter, with growth rising to 28.5% worldwide. Although growth slowed in the US and Japan, gains in EMEA and APeJ accelerated.

Top 5 Vendors, Worldwide PC Shipments*, Second Quarter 2008 (Preliminary)

(Units Shipments are in thousands)

Rank	Vendor	2Q08 Shipments	Market Share	2Q07 Shipments	Market Share	2Q08/2Q07 Growth
1	HP	13,322	18.9%	11,405	18.6%	16.8%
2	Dell	11,560	16.4%	9,521	15.5%	21.4%
3	Acer	6,966	9.9%	4,261	7.0%	63.5%
4	Lenovo	5,610	7.9%	4,896	8.0%	14.6%
5	Toshiba	3,104	4.4%	2,416	3.9%	28.5%
	Others	30,083	42.6%	28,774	47.0%	4.5%
	All Vendors	70,644	100.0%	61,272	100.0%	15.3%
	3 Acer (Merged)	6,966	9.9%	5,350	8.7%	30.2%

Notes:

* Some IDC estimates prior to financial earnings reports.

Shipments include shipments to distribution channels or end users. OEM sales are counted under the vendor/brand under which they are sold.

PCs include Desktops, Notebooks, Ultra Portables, and x86 Servers and do not include handhelds. Data for all vendors are reported for calendar periods.

Data for Acer includes shipments for Gateway starting in Q4 2007, and only Acer data for prior quarters. This reflects the legal status of the companies, which merged during the fourth quarter of 2007.

Source: IDC, July16, 2008

Top 5 Vendors, United States PC Shipments*, Second Quarter 2008 (Preliminary)

(Units Shipments are in thousands)

Rank	Vendor	2Q08 Shipments	Market Share	2Q07 Shipments	Market Share	2Q08/2Q07 Growth
1	Dell	5,443	32.0%	4,854	29.6%	12.1%
2	HP	4,259	25.1%	4,022	24.5%	5.9%
3	Acer	1,331	7.8%	888	5.4%	49.9%
4	Apple	1,329	7.8%	1,010	6.2%	31.7%
5	Toshiba	888	5.2%	882	5.4%	0.6%
	Others	3,743	22.0%	4,743	28.9%	-21.1%
	All Vendors	16,992	100.0%	16,399	100.0%	3.6%
	3 Acer (Merged)	1,331	7.8%	1,851	11.3%	-28.1%

Notes:

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IDC's Worldwide Quarterly PC Tracker gathers PC market data in 55 countries by vendor, form factor, brand, processor brand and speed, sales channel and user segment. The research includes historical and forecast trend analysis as well as price band and installed base data.

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